Annual Report 2022

BELSHIPS

Content

FINANCIAL CALENDAR 2023

Annual General Meeting 8 May
Result for the 1st quarter 9 May
Result for the 2nd quarter 21 August
Result for the 3rd quarter 9 November

Letter to the shareholders

We are pleased to present you with Belships' Annual report together with our ESG report for 2022. It reflects a year with continued growth and profitability – and our best financial results ever.

As many countries experienced an end to restrictions and measures to fight the pandemic, events were surpassed by the atrocious war and invasion of Ukraine. An energy crisis ensued with rising interest rates, inflation and geopolitical tensions not experienced in decades.

Despite the challenges navigating a business in these times, we have been able to keep our vessels running safely and without any material incidents. Shipping and its seafarers can stand tall in having played its part in keeping the world supplied with food, energy and goods. The world economy is highly dependent on efficient transportation at sea, and dry bulk shipping is at the heart of this global trade.

During the year, we continued to increase our contract coverage for our owned fleet and effectively securing profitability for 2023. We also acquired five new Ultramax bulk carriers after having divested every single older and non-economical vessel the year before. This underpins the rapid and effective growth and modernisation exercise we have completed and we today operate the most modern fleet of Ultramax bulk carriers of this scale. These acquisitions influenced our cash holdings marginally and all new vessels immediately contributed positively to cash flow. In line with our dividend policy we continued to distribute quarterly cash dividends totalling NOK 4.50 per share (USD 115.3m). This compared to our net result of USD 175.1m for the full year. Capital discipline remains fundamentally important to our strategy, and with robust contract coverage paired with financing secured for many years ahead, we are set up to endure volatile market conditions.

Lighthouse Navigation, operating out of offices in Oslo, Bangkok, Melbourne and Singapore, continues to deliver very strong results and has proved to be a solid commercial platform.

We take the environmental impact of shipping seriously and we support initatives to reduce the carbon footprint from the maritime industry. It is encouraging that we have made progress and achieved results from the modernisation of our entire fleet. We continue to study and monitor new vessel designs and alternative fuels which might offer further improvements in terms of sustainability in the future. In the meantime, we strongly believe the best solution is to operate the newest possible and highest quality vessels available today.

Dry bulk shipping displays promising supply/demand prospects. Belships is well positioned as a fully integrated shipowning and operating company stocklisted in Oslo. Our owned fleet now counts 34 Supramax and Ultramax vessels with an average age of about 4 years.

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
Chair of the Board

Lars Christian Skarsgård
Chief Executive Officer

Highlights 2022-2023
Proven ability to execute growth strategy

Vessel acquisitions
Entered into agreements to acquire five modern bulk carriers

Commercial platform
Continued strong results from Lighthouse Navigation with an EBITDA of USD 60.0m in 2022

Refinanced loan facility
Financing secured until Q2 2027

Ship management
Continued growth in number of ships under technical management to 31 in total

Fleet renewal
Divestment of the two last non-eco vessels, leaving only modern ships in the fleet

Declared dividend distribution
NOK 4.5 per share (USD 115.3m)

Number of shareholders:
3000 -> 4500

Market capitalization increase
USD 330m -> USD 500m

Key financial figures

As at 31 December

USD 1000		Footnote	2022	2021
INCOME STATEMENT				
Operating income			730 721	650 674
EBITDA		1	221 960	178 279
EBIT		2	206 545	160 829
Net result before tax			177 144	142 130
Net result for the year			175 060	133 422
BALANCE SHEET				
Non-current assets			788 203	599 673
Current assets			212 090	197 961
Total assets			1 000 293	797 634
Equity			297 335	272 919
Non-current liabilities			556 931	414 638
Current liabilities			146 027	110 077
Total equity and liabilities			1 000 293	797 634
KEY FINANCIAL FIGURES				
Cash and cash equivalents			139 984	105 389
EBITDA		1	221 960	178 279
Interest expenses			26 106	15 881
Interest coverage ratio		3	7.91	10.13
Current ratio		4	1.45	1.80
Net profit ratio		5	0.24	0.21
EQUITY				
Share capital as at 31 December			59 466	59 466
Equity ratio		6	0.30	0.34
Return on total assets	%	7	20.32	19.81
Return on equity	%	8	58.88	48.89
KEY FIGURES SHARES				
Market price as at 31 December	USD		1.45	1.60
Market price as at 31 December	NOK		14.28	14.10
Number of shares as at 31 December			253 136 666	253 136 666
Diluted average number of shares (excluding treasury shares)			257 764 866	250 609 708
Equity per share	USD	9	1.17	1.08
Earnings per share	USD		0.68	0.53
EBITDA per share	USD		0.86	0.71
Price/earnings ratio		10	2.13	3.00
Price/book ratio		11	4.87	4.67
Price/EBITDA ratio			1.68	2.25

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
12) 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 2022

Belships is a shipping company listed on the Oslo Stock Exchange and is a fully integrated shipowner and operator of dry bulk carriers. We own a modern fleet of Supra/Ultramax vessels with an average age of about four years. All services and key functions are in-house and run by a management team with proven track record.

Operating Income
730 721
thousand USD

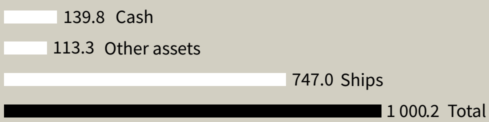
EBITDA
221 960
thousand USD

Net result
175 060
thousand USD

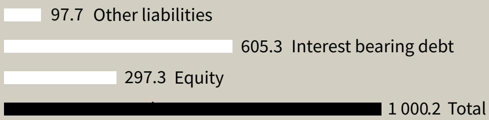
Cash break-even 2022
10 500
USD per shipday

Financial highlights
Consolidated balance sheet as per December 31, 2022 ($ million)

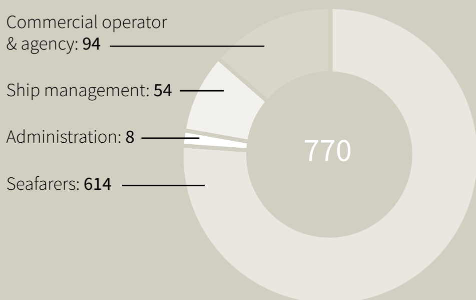
Assets



Equity and liabilities



Employees

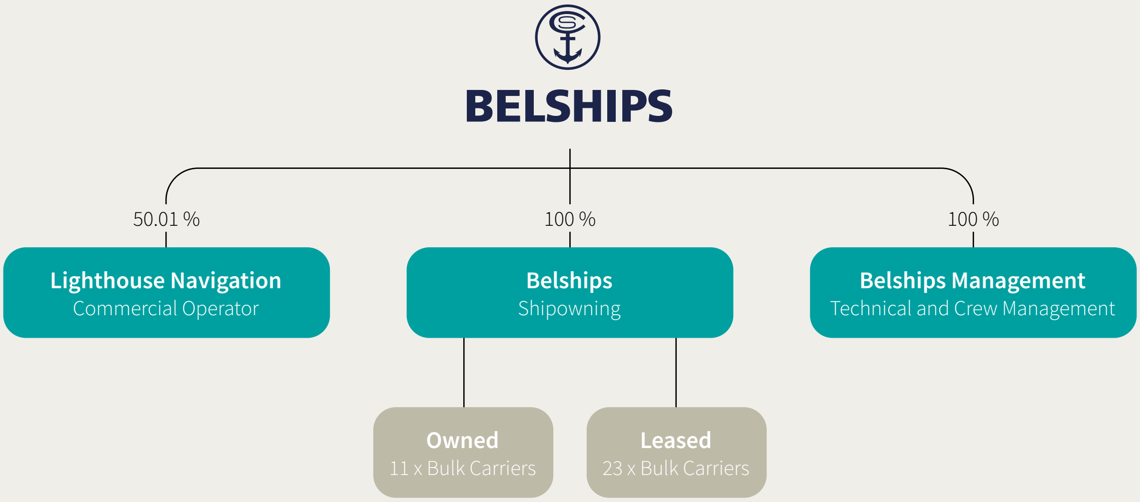


Sailed distance
1 246 016
nautical miles

Number of shipdays
9 975

Average fleet age
4
years

Operational structure



Offices

Lighthouse Navigation
Commercial operations

Lighthouse Navigation is a dry bulk operating company, with a long track record of positive results. Lighthouse provides chartering and operations for the Belships fleet in addition to operating a fleet of chartered-in tonnage in the Ultra-Supramax and Handy-size segments.

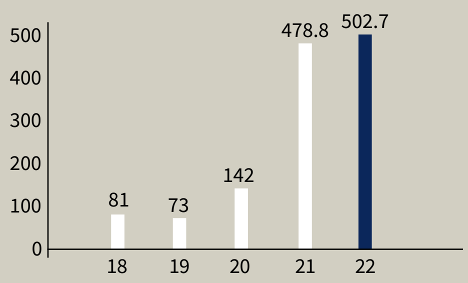
Lighthouse Navigation has its roots and experience tracing back to the 1990s and the senior management founded the Company together with Mr. Frode Teigen in 2009. Following the merger with Belships ASA in 2018 the Company has developed and expanded its commercial platform.

Lighthouse Navigation works 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 solutions to trading houses and industrial groups. The annual volume carried is about 10 million tonnes, and the annual turnover exceeded USD 500 million. The Company is represented in Bangkok, Oslo, Singapore and Melbourne and serves customers on a worldwide 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 (OAL) 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 a leading agent. Lighthouse Navigation is a dynamic organisation which aims to continue growing in order to develop new business and operations for parcel and commodity trades.

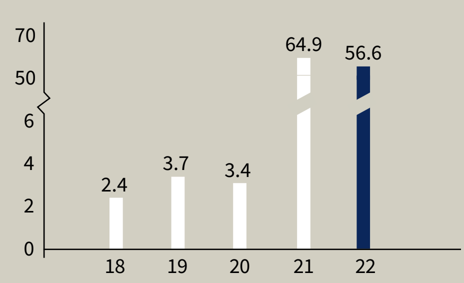
Revenue and profit

Strong financial development and a profitable track record

Revenue mUSD



Profit before tax mUSD



EBITDA (mUSD)
60

Employees
94

Average number of vessels operated

Belships vessels
28

External vessels
60


BELMONDO
BELMONDO

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 know-how, 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 40 years of history Belships Management has experience with 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 retrofitting new equipment to existing vessels. The Company also provides agency 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.

Ships under technical and crew management

31

Seafarers

614

Crew retention

98 %

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


IMO 9791999
BELAFONTE
EGERSUND


BELMOIRA

ESG summary

Sustainability at Belships

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

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

We work proactively to ensure that ESG factors are considered in everything we do. We have established policies and procedures to ensure consistent ESG management and risk mitigation. Our sustainability policy sets out our approach, priorities and ambitions to sustainability. In 2022, we strengthened our focus on human rights to ensure that we comply with the new Norwegian Transparency Act.

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

Our ESG priorities represent those issues that we believe are most material to our industry and the company.

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

ENVIRONMENT

Belships is committed to continuously improving energy efficiency, meeting its GHG reduction obligations and satisfying all other requirements related to the environment. Investments in new vessels, a low average fleet age and deployment of new technologies means we have a best-in-class energy efficiency performance in our segment. We strive to operate to high environmental standards, complying with 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.

GHG emissions

As concerns for climate change continues to grow, major efforts will be required throughout the sector to meet the IMOs 2050 GHG reduction ambition – to reduce absolute emissions 50 per cent by 2050 and by 70 per cent on an intensity basis. Climate change is shaping the course of the maritime industry. Growing awareness, increasing customer expectations and increasing regulations make our response to this issue a priority.

Belships owns a modern fleet of 34 vessels with an average age of about 4 years. Over the last few years, Belships has completely modernised its fleet, and we have phased out all 'non-eco' design vessels. Therefore, we are of the opinion that we are operating the best possible existing vessels available in the market in our segment. Towards 2030, we have considerable flexibility in our leasing agreements to only acquire vessels which meet potential future technical and environmental regulatory standards. There is uncertainty related to low and zero- carbon fuels, but we are monitoring developments to ensure that we are in a position to adopt cleaner technology as soon as it is ready and economically viable.

In 2022, our scope 1 GHG emission were 372 787 metric tonnes carbon dioxide equivalents (CO2e), measured using a financial control approach (2021: 309 159). The 21 per cent increase in emissions seen in 2022 was primarily a result of 36 per cent increase in number of operational days, partially offset by lower emissions per operational days from a more modern fleet. Despite increases in overall CO2e emissions, Belships continues to see a positive development in energy efficiency and reduction in emissions on an intensity basis.

All emissions data are verified by DNV.

Emissions	2022	2021	2020
GHG emissions (tonnes CO_2e)	372 787	309 159	280 471
SO_x (tonnes)	971	847	738
NO_x (tonnes)	8 496	6 981	6 319
PM (tonnes)	607	503	359

Emissions indices [1]	2022	2021	2020
EEOI (g CO_2e/ tonne-nm)	8.05	8.46	9.59
EEDI (g CO_2e/ tonne-nm)	3.64	3.94	4.06
AER (g CO_2e/dwt-nm)	4.85	4.89	5.13

Climate risk

Our industry is impacted by climate change, such as rising sea levels, more frequent and severe storms and changes in temperature and weather patterns. This may affect our operations as well as the infrastructure and supply chains supporting the shipping industry. We take steps to mitigate our climate risk and reduce our carbon footprint by investing in more fuel-efficient vessels. We assess our divestment/investment strategy on a regular basis, taking into consideration the fleets emission profile and how the Company may be impacted by stricter regulations, technological development, market demand and physical climate risks. Decarbonisation of the fleet has been a part of our strategy ever since we commenced a major growth and modernisation strategy in 2019. From a financial perspective, energy efficiency and a low emission fleet means flexibility in terms of speed and potentially lower carbon tax. We will continue to assess our climate risk to ensure that potential risks are mitigated.

Biodiversity and ecosystems

Marine transportation may have negative impact on biodiversity and ecosystems if not managed properly. We recognize our responsibility to safeguard the oceans and have policies and procedures in place to comply with applicable rules and regulations. Our focus areas are on managing fuels and chemical substances to avoid spills into water, proper waste management and to avoid the spread of invasive species by meeting the requirements of the Ballast Water Management Convention.

In 2022, Belships maintained its track record of zero incidents related to untreated ballast water, oil spills or waste disposal (2021:0). All vessels are fully fitted with Ballast Water Treatment Systems.

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

SOCIAL

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

Creating a responsible safety culture

We are dedicated to ensuring the safety of our operations for our employees, our customers and any personnel associated with our operations. Our approach to health and safety is documented in Belships' Health and Safety Policy. Management communicates frequently with company personnel to promote safety and instil safe work habits through the use of company media directed at, and training of, both our crew and shore-based personnel.

In 2022, Belships was able to uphold our track record of no serious injuries or work-related fatalities. However, our lost time injury frequency (LTIF) increased from 1.00 to 2.00. All recorded injuries were minor. We are, therefore, in 2023 increasing shipboard and shore safety training to keep our personnel safe.

Injury rates	2022	2021	2020
LTIF	2.00	1.00	0.35
Serious injuries	0	0	0
Fatalities	0	0	0

Employee development and welfare

Belships' employees are our key resource and essential to the future success of the Company. Our focus is on creating favourable employment conditions which in turn lead to the attraction and retention of the right employees. A key component to our approach is the investment we make in the training and development of our personnel. To ensure our onshore employees are up to date on relevant issues, regulations and trends both within sustainability and for the shipping industry in general, we rely on external consultants with expertise within relevant areas. We continuously develop and implement crew welfare initiatives to meet our goal of maintaining high retention rates and thereby create safe and high performing vessels. In 2022, our retention rates are back to the historical average in Belships of above 90 per cent.

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

Retention rates	2022	2021	2020
Shore-based personnel (Belships Administration)	100%	90%	88%
Officers	98%	83%	94%
Ratings	99%	80%	92%

Human and labour rights

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

The Norwegian Transparency Act came into force in July 2022. The law requires businesses to carry out human rights due diligence (HRDD) throughout their supply chain. Throughout 2022, we have focused our effort on ensuring compliance with the law. An important first step in HRDD is to identify salient human rights issues. These are issues where Belships may have the biggest adverse impacts on people if not managed properly. The identification of salient issues provides us with a platform to start developing our HRDD processes and integrating responsible business practices within the Company to manage the identified risks. To provide a basis for this work, we published a Human Rights Policy in 2022 which is available on our website. The policy is communicated to suppliers and other relevant business partners.

There were no reported incidents related to human and labour rights in 2022.

GOVERNANCE

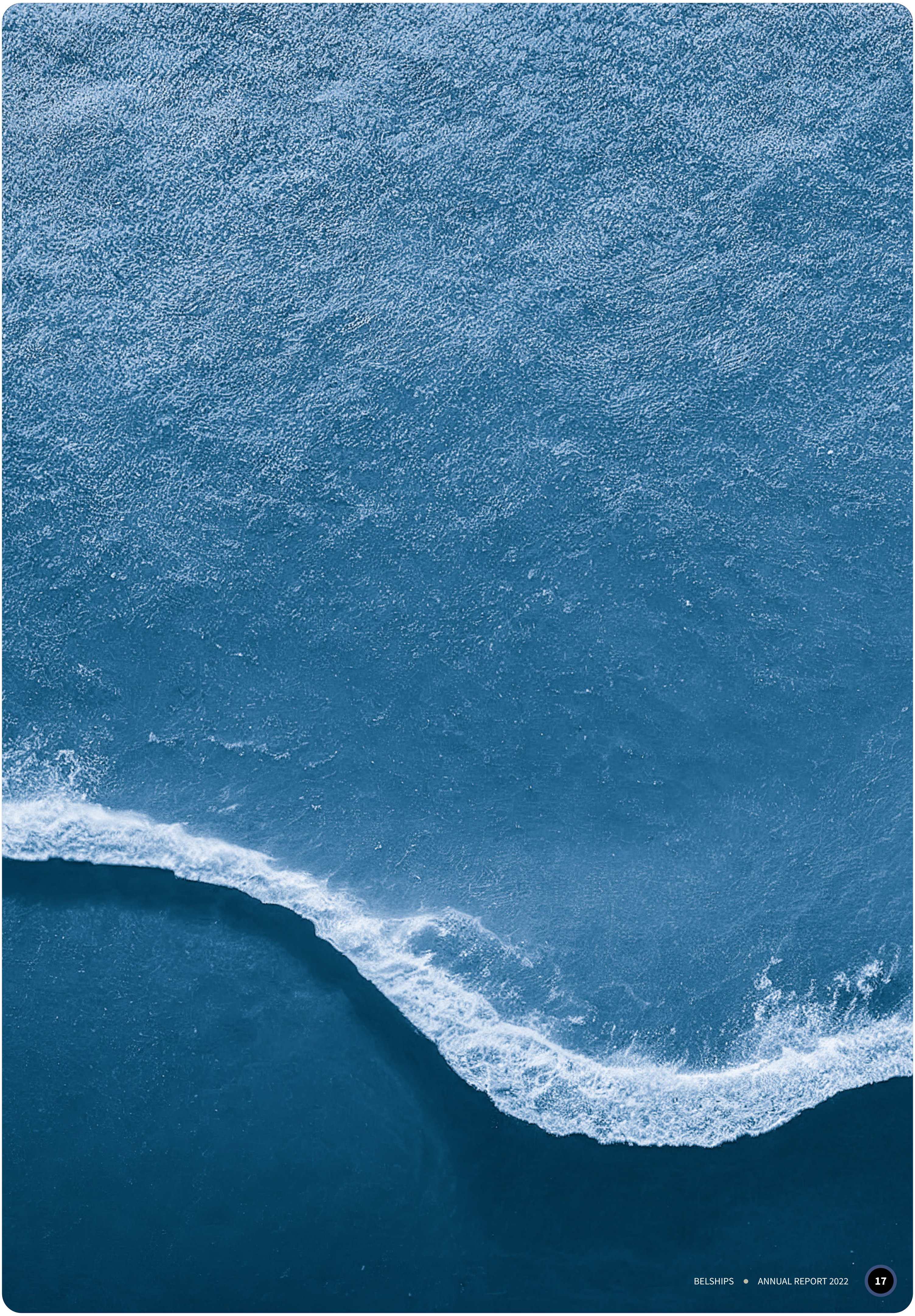
The Belships BoD and Board committees have responsibility for strategic oversight of all company activity, including sustainability. The BoD is guided by Belships' Corporate Governance Policy, which is publicly available on our website. Our governance procedures and related control mechanisms are essential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

Belships has a zero-tolerance policy for corruption in any form. Our stance on anti-corruption, as well as our policies for ensuring that employees and business partners adhere to high standards of business and personal ethics, are laid out in our Code of Conduct. Our Code of Conduct is available online and circulated internally through ISM. Regular anti-corruption training is provided to relevant employees throughout the year. There were no reported ethics or corruption incidents in 2022 (2021: 0).

Employees who observe or become aware of a situation that they believe to be a violation of the Code of Business Conduct are to report on such incidents. There were no whistle-blowing reports made in 2022 (2021:0).

Data privacy and security

Protecting employee, customer and company data held at Belships is critically important to us. We comply with all applicable data privacy and protection requirements in the countries in which we operate, including the EU's General Data Protection Regulation (GDPR). With the Company becoming increasingly digital as we employ more technologically advanced and sophisticated software, we have invested in secure systems and professionals to better protect our assets against cybercrime in addition to adopting new regulatory requirements. As a result, we changed IT suppliers in 2022. There were no reports of data privacy or security breaches in 2022 (2021:0).



Directors' report 2022

Growth and profitability

THE DRY BULK MARKET 2022

Supramax spot market rates started the new year at USD 24 000, after 2021 had turned out to be the best year for dry bulk in over a decade. From thereon 2022 was a year of two halves, with the first six months keeping the strong momentum and posting strong gains in the second quarter well above USD 30 000 per day. In addition to a strong demand side it became evident that increasing port congestion was tying up a significant portion of the fleet. Therefore, the expected low supply of new ships was exacerbated with an estimated 7-8 per cent of existing vessels tied up waiting in ports. With this, ship values continuously increased and peaked around June.

Thereafter, congestion started to reverse and contributed to the decline in spot rates for most of the remaining year. The continued efforts in China to fight the pandemic also hampered dry bulk demand significantly. Macro-economic data continued to be weak and interest rates increased to stagger inflation, both signalling more difficult conditions for industrial production and demand. With this, ship values followed suit and we recorded an approximate decline in ship values of about 20 per cent at year end. The value for modern eco-design ships appeared to hold better than for older less economical vessels.

Steel products shipments declined by 10.5 per cent, and fertilizer shipments declined by 7.9 per cent, according to Fearnleys. Shipment volumes of both these commodity groups were negatively impacted by the war in Ukraine. Grain volumes declined by 3.2 per cent, primarily due to lost volumes of corn and wheat from Ukraine. Iron ore volumes declined by 2.7 per cent as China was in lockdown and there were supply issues in Brazil. Positive demand contributions came from minor bulks which grew by 6.7 per cent and continuing to be supportive for Supra/Ultramax segments.

Nonetheless, overall for the year, the Supramax index averaged about USD 22 000 per day, posting yet another strong year for dry bulk and contributing to the best financial result ever for the Belships group of companies. Fleet growth and increasing contract coverage were the main drivers in addition to strong results from Lighthouse Navigation.

According to Fearnleys, for the full year, 109 vessels were delivered, about the same as the year before, and representing a rate of supply growth of just 3 per cent. According to Clarksons about the same low number of ships are expected to be delivered in 2023 and 2024 before reducing further in 2025. Relatively low newbuilding activity continued as the lack of conviction and alternatives for fuel and propulsion systems appear to restrain demand for ordering. Equally important, the demand for newbuildings in other segments than dry cargo is absorbing most of the shipbuilding capacity for 2023-2025. Therefore, despite the low orderbook within dry bulk, newbuilding prices have increased on the back of limited shipbuilding capacity, relatively high steel prices and other inflationary pressures.

OPERATIONS

Belships currently has a modern uniform fleet of 34 bulk carriers with an average age of about 4 years and all ships operated satisfactorily without significant off-hire. The operating expenses continued at a competitive level.

Ship transactions during the year include delivery of the BELYAMATO newbuilding, delivery of the 5 secondhand vessels BELAFONTE, BELVEDERE, BELNIKE, BELTANGO and BELFORTE and sale of BELPAREIL.

Belships subsequently entered into agreements for the acquisition of three newbuilding resales all fully financed as part of the transactions. BELMONDO was delivered in January 2023.

Net earnings in 2022 per ship for the entire fleet amount to USD 24 038 versus BSI index of USD 22 152 gross per day. Relative performance versus spot indices is affected by a high number of fixed period time charter contracts that contribute to our coverage for 2023 and 2024 at levels far above current market rates.

In addition, Lighthouse Navigation operated on average 60 ships on short-term charter during 2022. Belships Management (Singapore) Pte. Ltd. expanded its number of ships under technical management during 2022 to 31 ships.

RESULTS

The Group had an operating income of USD 730.7m in 2022 (USD 650.7m), giving an EBITDA of USD 222.0m (USD 178.3m) and a consolidated operating result of USD 206.5m (USD 160.8m). Net result for the Group was USD 175.1m (USD 133.4m). The parent Company's net result for the year was USD 116.5m (USD 163.3m).

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

Transfer to other retained earnings	116.5m
Total allocations	116.5m

FINANCIAL AND CORPORATE MATTERS

At the end of 2022, the book equity ratio was 30 per cent. Value-adjusted equity ratio is significantly higher. Interest bearing bank debt amounted to USD 141.8m and lease liabilities amounted to USD 463.5m. The consolidated cash balance was USD 139.9m.

The Group's solvency and financial position is strong.

At the end of each reporting period, the Company assesses whether there are any impairment indicators present. The Company has concluded that the recent decline in freight rates seen is an impairment indicator pursuant to IAS 36. Consequently, Belships carried out an impairment test of ships owned or recognised as right-of-use assets at the end of the quarter.

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

At the end of 2022, Belships held 371 800 treasury shares at an average cost of NOK 10.70 per share. The CEO held 5 000 000 options while outstanding employee share options totalled 100 000 at year-end.

The Group's market risk exposure mainly relates to changes in freight rates, and to a lesser extent interest rates and fuel prices. Belships aims to minimise counterpart risk and time charter contracts are entered into with highly reputable charterers. The Group had no research and development costs in 2022. All ships are owned by Norwegian companies and substantially all of the company's Norwegian operations are within the Norwegian tonnage tax regime as of year-end. The Group had tax losses carried forward of USD 28.5m as at 31 December 2022. No deferred tax benefits were recognised in the balance sheet.

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 2023. 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 minimise 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 our ships are equipped to meet regulatory standards and requirements and the modern fleet of Belships represents lower emissions and energy consumption compared to industry averages. There were no serious or material incidents in 2022.

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

The Group employed 156 office staff at the end of 2022. Ships under technical management employed 614 officers and crew members. Sick leave was less than 2 per cent in 2022. The Group was not subject to any serious work-related accidents in 2022. We are an equal opportunity employer with all qualified applicants receiving consideration for employment. 50 per cent of the employees in Belships ASA are women. The working environment in the companies within the Group is considered good.

Belships ASA has taken out liability insurance that covers potential liabilities up to NOK 100m for the Board of Directors and CEO of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Belships is a shipping company with global reach and a hundred years of history. The Board is well aware of the direct and indirect impact Belships' activities have on the outside world as well as the Company's shareholders. Belships is determined to create long-term shareholder values and at the same time act as a responsible participant in the society. The most important issues for our business and our 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 we also strive to uphold moral and ethical behaviour as part of 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 pays attention to the working conditions and safety within our operations. Please see the separate statement of corporate social responsibility.

CORPORATE GOVERNANCE

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

OUTLOOK

The sentiment in dry bulk markets continued to soften in January and February, and the Baltic Exchange Supramax spot index has averaged USD 10 400 year to date. However, the market and sentiment has recently improved, and the index is currently about USD 12 400.

Even though spot market rates have been soft, both the Forward Freight Agreements (FFA) and period rates are holding steady and indicating that we have passed the bottom of the market. The FFA currently indicate a market average of about USD 16 000 for the remaining part of the year, with Ultramax bulk carriers earning an additional premium of about 15 per cent.

Belships has contract coverage ensuring higher profitability than current market levels. Available ship days in Q1 2023 were covered at around USD 20 000 per day, and 80 per cent of ship days in the next four quarters are fixed at about USD 19 000 per day. All period contracts are fixed with highly reputable and recognised charterers in the dry bulk market. Belships financing has been secured for many years ahead, and most of the debt is secured with fixed interest rates.

Lighthouse Navigation continues to deliver very good results. We expected somewhat lower activity in Q1 2023 in line with seasonality in the dry bulk market. However, we continue to see very good profitability and Lighthouse is expected to continue contributing to Belships' dividend capacity.

With normal seasonality, it is likely that spot market rates will increase from Q2 onwards, and towards second half of this year we expect a positive market development based on increased activity from China reopening and some pent-up demand effects after last year. However, geopolitical risks remain high with the ongoing war in Ukraine, energy shortages and inflationary pressures remain, creating volatile conditions in financial markets. Therefore, the pace of this recovery is uncertain, and we are comfortably positioned with highly profitable contract coverage for the meantime.

Looking further ahead, the supply side as observed from the number of deliveries and the publicly quoted orderbook for dry bulk is historically low. We therefore remain optimistic in terms of medium to long term market prospects.

We are focused on capital discipline and returning capital to shareholders. A competitive return for our shareholders is to be obtained through an increase in the value of the Company's shares and the payment of dividends, as measured by the total return. Since we announced a new dividend policy in Q2 2021, we have returned a total of NOK 6.35 per share (USD 168.3m) to shareholders and at the same time we have continued to deliver profitable growth and fleet expansion.

Belships owns a modern fleet of 34 Supra/Ultramax bulk carriers with an average age of about four years and daily cash breakeven for 2023 of about USD 10 900 per vessel. Based on Belships' current contract coverage, we expect to generate significant free cash flow and continue to pay quarterly dividends as announced with our dividend policy.

Oslo, 13 April 2023

Peter Frølich
Chair of the Board

Sten Stenersen
Board member

Jorunn Seglem
Board member

Marianne Møgster
Board member

Frode Teigen
Board member

Carl Erik Steen
Board member

Birthe Cecilie Lepsøe
Board member

Lars Christian Skarsgård
Chief Executive Officer

Directors' responsibility statement

The Board and Chief Executive Officer have today considered and approved the annual report and financial statements for the Belships group and its parent company Belships ASA for 2022.

The Board has based this declaration on reports and statements from the Group's chair and CEO, on the results of the group's activities and on other inform ation 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 2022 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 2022
- 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, 13 April 2023

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

Fleet overview

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

Vessel	Type	Built	DWT	Yard	Flag
NEWBUILDING	Ultramax	2026	64 000	Japan	Norwegian
NEWBUILDING	Ultramax	2025	64 000	Japan	Norwegian
NEWBUILDING	Ultramax	2024	64 000	Japan	Norwegian
BELMONDO	Ultramax	2023	64 000	Imabari	Norwegian
BELYAMATO	Ultramax	2022	64 000	Imabari	Norwegian
BELTOKYO	Ultramax	2021	64 000	Imabari	Norwegian
BELFORCE	Ultramax	2021	61 000	Dacks	Norwegian
BELKNIGHT	Ultramax	2021	61 000	Dacks	Norwegian
BELTRADER	Ultramax	2021	61 000	Dacks	Norwegian
BELGUARDIAN	Ultramax	2021	61 000	Dacks	Norwegian
BELMAR	Ultramax	2021	64 000	Imabari	Norwegian
BELFAST	Ultramax	2021	64 000	Imabari	Norwegian
BELAJA	Ultramax	2020	61 000	Shin Kurushima	Norwegian
BELMOIRA	Ultramax	2020	61 000	Shin Kurushima	Norwegian
BELFUJI	Ultramax	2020	63 000	Imabari	Panama
BELNIKE	Ultramax	2020	63 000	Imabari	Marshall Islands
BELTANGO	Ultramax	2020	64 000	Mitsui	Panama
BELFORTE	Ultramax	2019	64 000	Mitsui	Singapore
BELRAY	Ultramax	2019	61 000	Shin Kurushima	Norwegian
BELNIPPON	Ultramax	2018	63 000	Imabari	Norwegian
BELAFONTE	Ultramax	2017	63 000	Imabari	Norwegian
BELHAVEN	Ultramax	2017	63 000	Imabari	Norwegian
BELTIGER	Ultramax	2017	63 000	New Times	Norwegian
BELISLAND	Ultramax	2016	61 000	Imabari	Norwegian
BELINDA	Ultramax	2016	63 000	Hantong	Norwegian
BELMONT	Ultramax	2016	63 000	Hantong	Norwegian
BELATLANTIC	Ultramax	2016	63 000	Hantong	Norwegian
BELLIGHT	Ultramax	2016	63 000	New Times	Norwegian
BELFRIEND	Supramax	2016	58 000	Tsuneishi	Norwegian
BELTIDE	Supramax	2016	58 000	Tsuneishi	Norwegian
BELVEDERE	Ultramax	2015	66 000	Mitsui	Norwegian
BELFOREST	Ultramax	2015	61 000	Imabari	Norwegian
BELHAWK	Ultramax	2015	61 000	Imabari	Norwegian
BELSOUTH	Ultramax	2015	63 000	Hantong	Norwegian

Total	Average age	DWT
34 Vessels	4 years	2.125 million

Consolidated financial statements

Consolidated statement of income

USD 1000	Note	2022	2021
Operating income			
Gross freight income		926 494	808 237
Voyage expenses		-204 769	-164 929
Net freight income		**721 725**	**643 308**
Management fees		8 996	7 366
Total operating income	**4,5**	**730 721**	**650 674**
Operating expenses			
Share of result from j/v and associated companies	11	31 065	14 323
T/C hire expenses	7	-450 524	-400 710
Ship operating expenses	20	-55 571	-50 457
Operating expenses ship management	20	-26 663	-30 756
Payroll expenses	14	-5 250	-2 691
Other general administrative expenses	15	-1 818	-2 104
Total operating expenses		**-508 761**	**-472 395**
EBITDA		**221 960**	**178 279**
Depreciations and amortisation	6	-39 031	-28 735
Gain on sale of ships		22 274	15 333
Other gains/(losses)		1 342	-4 048
Operating result (EBIT)		**206 545**	**160 829**
Financial income and expenses			
Interest income		962	815
Interest expenses	7,10	-26 106	-15 881
Other financial items		-1 895	-2 308
Currency exchange gain/(loss)		-2 362	-1 325
Net financial items		**-29 401**	**-18 699**
Net result before tax		177 144	142 130
Tax	19	-2 084	-8 708
Net result for the year		**175 060**	**133 422**
Hereof majority interests		146 886	103 983
Hereof non-controlling interests	11	28 174	29 439
Earnings per share (USD)	13	0.69	0.54
Diluted earnings per share (USD)	13	0.69	0.53

Consolidated statement of comprehensive income

USD 1000	Note	2022	2021
Net result for the year		**175 060**	**133 422**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/(loss) on defined benefit plan	17	13	3
Items that may be subsequently reclassified to profit or (loss):			
Exchange differences		-129	-74
Total comprehensive income		**174 944**	**133 351**
Hereof majority interests		146 770	103 912
Hereof non-controlling interests		28 174	29 439

Consolidated statement of financial position

As at 31 December

USD 1000	Note	2022	2021
ASSETS			
Non-current assets			
Tangible fixed assets			
Ships	6	747 042	580 628
Prepayment of ships		6 900	-
Property, Plant, and Equipment	6	3 702	4 227
Total tangible fixed assets		757 644	584 855
Financial fixed assets			
Investments in j/v and associated companies	11	29 483	13 997
Cash and cash equivalents (restricted)	8	113	185
Other non-current receivables		963	636
Total financial fixed assets		30 559	14 818
Total non-current assets		788 203	599 673
Current assets			
Ships held for sale	6	0	23 933
Bunker inventory		14 675	16 492
Trade debtors		14 885	19 086
Other receivables		42 659	33 246
Cash and cash equivalents (restricted)	8	2 638	200
Cash and cash equivalents	8	137 233	105 004
Total current assets		212 090	197 961
TOTAL ASSETS		1 000 293	797 634

Consolidated statement of financial position

As at 31 December

USD 1000	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Paid-in capital		158 359	158 802
Retained earnings		98 864	82 739
Non-controlling interests		40 112	31 378
Total equity	**12**	**297 335**	**272 919**
Liabilities			
Non-current liabilities			
Pension obligations	17	865	842
Long term interest bearing debt	10	555 202	412 881
Other non-current liabilities		864	915
Total other non-current liabilities		**556 066**	**413 796**
Current liabilities			
Current portion of interest bearing debt	10	50 053	24 467
Tax payable	19	1 842	8 620
Public taxes and duties payable		5 572	657
Trade creditors		6 909	6 813
Other current liabilities		81 651	69 520
Total current liabilities		**146 027**	**110 077**
Total liabilities		**702 958**	**524 715**
TOTAL EQUITY AND LIABILITIES		1 000 293	797 634

Oslo, 13 April 2023

Peter Frølich
Chair of the Board

Sten Stenersen
Board member

Jorunn Seglem
Board member

Marianne Møgster
Board member

Frode Teigen
Board member

Carl Erik Steen
Board member

Birthe Cecilie Lepsøe
Board member

Lars Christian Skarsgård
Chief Executive Officer

Consolidated statement of cash flow

USD 1000	Note	2022	2021
CASH FLOW FROM OPERATIONS			
Net result before tax		177 144	142 130
Adjustments to reconcile result before tax to net cash flows:			
Depreciations/impairment on fixed assets	6	39 031	28 735
Gain on sale of ships	6	-23 616	-15 333
Share-based compensation expense	16	1 057	500
Share-based compensation payment	16	-8 150	0
Difference between pension expenses and paid pension premium	17	13	-19
Share of result from j/v and associated companies	11	-16 419	-14 323
Net finance costs		29 401	18 699
Working capital adjustments:			
Change in trade debitors and trade creditors		4 297	-13 210
Change in other current items		-67	19 462
Interest received		962	815
Interest paid	7	-26 106	-15 881
Financing costs		-1 270	-1 276
Income tax paid	19	-4 718	-852
Net cash flow from operating activities		**171 559**	**149 447**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of ships	6	66 097	62 541
Payment of ships	6	-86 580	-90 454
Received instalments from sale of ships		0	12 661
Payment of other investments		-2 516	-5 022
Net cash flow from investing activities		**-22 999**	**-20 274**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current debt	7,18	66 569	52 360
Paid-in capital (net)		0	15 952
Repayment of non-current debt	7,18	-37 014	-95 015
Sold treasury shares		0	129
Dividend paid		-143 448	-31 380
Net cash flow from financing activities		**-113 893**	**-57 954**
Net change in cash and cash equivalents during the period		34 667	71 219
Cash and cash equivalents at 1 January		105 204	33 985
Cash and cash equivalents at 31 December *		**139 871**	**105 204**

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

Consolidated statement of changes in equity

USD 1000	Majority interest						
	Paid-in				Retained		
	Share capital	Treasury 2022	Share premium	Other equity	Other equity	Non-controlling interest*	Total equity
2022							
Equity as at 31 December 2021	59 466	-128	62 228	37 236	82 739	31 378	272 919
Share-based payment expense	0	0	0	1 057	0	0	1 057
Share-based compensation payment	0	0	0	-1 500	-6 650	0	-8 150
Dividend paid	0	0	0	0	-124 008	-19 440	-143 448
NCI transactions	0	0	0	0	13	0	13
Net result for the year	0	0	0	0	146 886	28 174	175 060
Other comprehensive income	0	0	0	0	-116	0	-116
Total comprehensive income	**0**	**0**	**0**	**0**	**146 770**	**28 174**	**174 944**
Equity as at 31 December 2022	**59 466**	**-128**	**62 228**	**36 793**	**98 864**	**40 112**	**297 335**
2021							
Equity as at 31 December 2020	53 617	-166	47 775	36 736	5 956	6 099	150 017
Share issue	5 849	0	14 453	0	0	0	20 302
Sale of treasury shares	0	38	0	0	91	0	129
Share-based payment expense	0	0	0	500	0	0	500
Dividend paid	0	0	0	0	-27 220	-4 160	-31 380
Net result for the year	0	0	0	0	103 983	29 439	133 422
Other comprehensive income	0	0	0	0	-71	0	-71
Total comprehensive income	**0**	**0**	**0**	**0**	**103 912**	**29 439**	**133 351**
Equity as at 31 December 2021	**59 466**	**-128**	**62 228**	**37 236**	**82 739**	**31 378**	**272 919**

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

Notes to the consolidated accounts

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

NOTE 1 GENERAL INFORMATION

Belships ASA is a fully integrated owner and operator of dry bulk ships. Belships ASA is a public limited liability company that is incorporated and domiciled in Norway and listed on the Oslo Stock Exchange. The head office is located 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 13 April 2023.

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) Standards, amendments and interpretations
The financial statements have been prepared based on standards, amendments and interpretations effective for 2022. The Group has early adopted amendments to IAS 1 and IFRS Practice Statement 2 regarding disclosure of material accounting policy information instead of significant accounting policies. There was no material impact of new accounting standards or amendments adopted in the period. The Group has not early adopted other than above mentioned mandatory amendments and interpretations to existing standards that have been published and are relevant to the Group's annual accounting periods beginning on 1 January 2023 or later periods.

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

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

Transactions in foreign currency
Transactions in foreign currency are converted to the functional currency at the rate at time of the transaction. Monetary items in foreign currency are converted into functional currency using the rate at the balance sheet date. Non-monetary items which are measured at historical cost expressed in foreign currency, are converted into functional currency using the currency rate at the time of the transaction. Non-monetary items, which are measured at fair value expressed in foreign currency, are converted at the currency rate on the date of measurement. Currency rate changes are recognised continuously against profit and loss during the accounting period. Currency rates at year end was NOK 0.1014 (2021: NOK 0.1134) and SGD 0.7199 (2021: SGD 0.7385).

D) Accounts receivable
Trade and other receivables are measured at transaction price upon initial recognition and subsequently measured at amortized costs using the effective interest method.

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 excluding capitalized drydocking are depreciated as one unit, as the value of any part of the ship with a useful lifetime other than 25 years is considered to be insignificant. Depreciation is calculated on a straight-line basis over the estimated useful life of the ships taking its residual value into consideration. The useful life, which is also considered as the economic life of the ships, has been estimated to 25 years. Residual value is estimated based on steel prices of the ships less cost to demolish and is reassessed every year-end. Dry docking expenses are depreciated until next planned dry docking, typically 30-60 months. Other assets have a useful life of 3-5 years, 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 equity investments (see note 11) in unlisted shares. Financial assets at FVTPL are carried in the statements of financial position at fair value with net changes in fair value 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 to bunker prices and the freight market. 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 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 16 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 amortized cost in the consolidated statement of financial position. Restricted cash consists of the Norwegian tax withholding bank account and is considered part of cash and cash equivalents.

T) 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 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.

U) Related party transactions
Transactions with related parties are carried out at market terms. See note 9 for further information.

V) 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.

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

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

or

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

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

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

or

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

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

X) 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

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.

NOTE 4 REVENUE

Belships has entered into period time charters with various parties during 2022. The remaining fleet have been operated in the spot market by Belships' subsidiary Lighthouse Navigation. Gross earnings in 2022 per ship for the entire owned fleet amount to USD 24 038 versus BSI index of USD 22 152 gross per day. The inherent lag in our business means that when the spot markets fall, our outperformance will tend to be higher. Conversely, when the market rises, our performance will tend to lag on a short-term basis. It is also affected by a certain number of period time charter contracts which contribute to our contract coverage for 2023-2024.

Revenue types	2022	2021
Time Charter revenues	415 243	332 490
Voyage charter revenues	511 251	475 747
Other revenues	8 996	7 366
Total	**935 490**	**815 603**

Future lease payments from chartered out vessels

	2023	2024	2025	2026	2027	Subsequent	Total
Time Charter revenues	160 361	18 901	-	-	-	-	179 262
Voyage charter revenues	38 357	-	-	-	-	-	38 357
Other revenues	-	-					-
Total	**198 718**	**18 901**	**-**	**-**	**-**	**-**	**217 619**

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. 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.

1 January - 31 December 2022	Own ships	Lighthouse Navigation	Ship management	Administration	Group transactions	Total
Gross freight revenue	241 261	683 865	0	0	1 368	926 494
Voyage expenses	-14 341	-193 173	0	0	2 745	-204 769
Net freight revenue	**226 920**	**490 692**	**0**	**0**	**4 113**	**721 725**
Management fees	0	12 041	4 768	0	-7 813	8 996
Operating income	**226 920**	**502 733**	**4 768**	**0**	**-3 700**	**730 721**
Share of result from j/v and assoc. companies	0	30 963	102	0	0	31 065
T/C hire expenses	-1 747	-448 777	0	0	0	-450 524
Ship operating expenses	-56 551	-2 720	0	0	3 700	-55 571
Operating expenses ship management	0	-22 209	-4 454	0	0	-26 663
General and administrative expenses	-555	0	0	-6 513	0	-7 068
Operating expenses	**-58 853**	**-442 743**	**-4 352**	**-6 513**	**3 700**	**-508 761**
Operating result (EBITDA)	**168 067**	**59 990**	**416**	**-6 513**	**0**	**221 960**
Depreciation and amortisation	-32 961	-5 779	-110	-181	0	-39 031
Gain on sale of ship	22 274	0	0	0	0	22 274
Other gains/(losses)	0	1 342	0	0	0	1 342
Operating result	**157 380**	**55 553**	**306**	**-6 694**	**0**	**206 545**
Interest income	519	345	4	94	0	962
Interest expenses	-25 697	-365	-4	-40	0	-26 106
Other financial items	-2 135	286	-18	-28	0	-1 895
Currency gains/(-losses)	-677	819	-179	-2 325	0	-2 362
Net financial items	**-27 990**	**1 085**	**-197**	**-2 299**	**0**	**-29 401**
Result before tax	**129 390**	**56 638**	**109**	**-8 993**	**0**	**177 144**
Tax	-19	-2 022	-43	0	0	-2 084
Net result	**129 371**	**54 616**	**66**	**-8 993**	**0**	**175 060**
Hereof majority interests	129 371	26 441	67	-8 993	0	146 886
Hereof non-controlling interests*	0	28 175	-1	0	0	28 174
Assets	800 321	166 449	4 108	29 415	0	1 000 293
Liabilities	612 967	87 662	1 326	1 003	0	702 958
Cash flow from operating activities	139 484	43 983	1 108	-13 126	0	171 559
Cash flow from investing activities	-22 999	0	0	0	0	-22 999
Cash flow from financing activities	29 555	-19 362	-78	-124 008	0	-113 893

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

1 January - 31 December 2021	Own ships	Lighthouse Navigation	Ship manage-ment	Admini-stration	Group trans-actions	Total
Gross freight revenue	190 530	616 583	0	0	1 124	808 237
Voyage expenses	-19 871	-147 278	0	0	2 220	-164 929
Net freight revenue	**170 659**	**469 305**	**0**	**0**	**3 344**	**643 308**
Management fees	0	9 530	4 576	0	-6 740	7 366
Operating income	**170 659**	**478 835**	**4 576**	**0**	**-3 396**	**650 674**
Share of result from j/v and assoc. companies	0	14 305	18	0	0	14 323
T/C hire expenses	0	-400 710	0	0	0	-400 710
Ship operating expenses	-52 174	-1 679	0	0	3 396	-50 457
Operating expenses ship management	0	-26 609	-4 147	0	0	-30 756
General and administrative expenses	-970	0	0	-3 825	0	-4 795
Operating expenses	**-53 144**	**-414 693**	**-4 129**	**-3 825**	**3 396**	**-472 395**
Operating result (EBITDA)	**117 515**	**64 142**	**447**	**-3 825**	**0**	**178 279**
Depreciation and amortisation	-26 460	-1 872	-159	-244	0	-28 735
Gain on sale of ship	15 333	0	0	0	0	15 333
Other gains/(losses)	-6 739	2 691	0	0	0	-4 048
Operating result	**99 649**	**64 961**	**288**	**-4 069**	**0**	**160 829**
Interest income	763	45	4	3	0	815
Interest expenses	-15 700	-125	-10	-46	0	-15 881
Other financial items	-2 022	-11	-12	-263	0	-2 308
Currency gains/(-losses)	-1 492	48	42	77	0	-1 325
Net financial items	**-18 451**	**-43**	**24**	**-229**	**0**	**-18 699**
Result before tax	**81 198**	**64 918**	**312**	**-4 298**	**0**	**142 130**
Tax	0	-8 666	-42	0	0	-8 708
Net result	**81 198**	**56 252**	**270**	**-4 298**	**0**	**133 422**
Hereof majority interests	81 198	26 914	169	-4 298	0	103 983
Hereof non-controlling interests*	0	29 338	101	0	0	29 439
Assets	639 162	136 090	6 067	16 315	0	797 634
Liabilities	447 787	73 451	1 495	1 982	0	524 715
Cash flow from operating activities	99 584	54 396	-880	-3 653	0	149 447
Cash flow from investing activities	-19 598	-676	0	0	0	-20 274
Cash flow from financing activities	-42 655	-4 160	0	-11 139	0	-57 954

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

NOTE 6 SHIPS AND OTHER FIXED ASSETS

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

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

	Ships	Capitalis. drydock. expenses	Total	Ships	Capitalis. drydock. expenses	Total	Ships total	Property, plant and equipm.
2021								
Cost per 1 January	250 905	14 067	264 972	165 745	4 225	169 970	434 942	4 195
Additions	75 650	5 709	81 359	210 112	8 522	218 634	299 993	486
Disposals	-56 307	-5 052	-61 359	-50	0	-50	-61 409	-140
Cost per 31 Dec.	**270 248**	**14 724**	**284 972**	**375 807**	**12 747**	**388 554**	**673 526**	**4 541**
Depreciations per 1 Jan.	38 217	6 344	44 561	11 547	1 280	12 827	57 388	23
Depreciation for the year**	9 451	2 359	11 810	13 676	1 381	15 057	26 867	658
Disposals	-12 788	-2 502	-15 290	0	0	0	-15 290	-1
Depreciations per 31 Dec.	**34 880**	**6 201**	**41 081**	**25 223**	**2 661**	**27 884**	**68 965**	**680**
Book value per 31 Dec.	**235 368**	**8 523**	**243 891**	**350 584**	**10 086**	**360 670**	**604 561**	**3 861**
Other non-depreciable assets	0	0	0	0	0	0	0	366
Total book value per 31 Dec.	**235 368**	**8 523**	**243 891***	**350 584**	**10 086**	**360 670**	**604 561**	**4 227**
Useful life	25 years				30-60 months			3-5 years

*) The amount includes "Ships held for sale" amounting to 23 933 in 2021.

**) Total depreciations in Consolidated statement of profit and loss includes depreciations on charter-party agreements which amounted to 1 210 in 2021.

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

Specification of the Group's ships	Built year	Ownership	Cost price	Accum. ordinary deprec.	Capital. drydock. expenses	Accum. deprec. on dd expens.	Book value
Belsouth	2015	100%	24 535	-6 427	1 143	-571	18 680
Belinda	2016	100%	24 569	-6 132	920	-447	18 910
Belmont	2016	100%	24 596	-6 076	986	-401	19 105
Belatlantic	2016	100%	24 360	-5 739	920	-230	19 311
Belnippon	2018	100%	32 531	-8 933	121	0	23 719
Belhaven	2017	100%	23 410	-2 428	1 265	-472	21 775
Beltiger	2017	100%	21 650	-1 207	1 227	-184	21 486
Beltide	2016	100%	27 000	-1 423	1 000	-233	26 344
Belfriend	2016	100%	27 000	-1 244	1 000	-200	26 556
Belvedere	2015	100%	27 347	-575	633	-17	27 388
Ships, owned			**256 998**	**-40 184**	**9 215**	**-2 755**	**223 274**
Belforest	2015	BBC	24 920	-4 183	777	-349	21 165
Belisland	2016	BBC	25 838	-4 266	738	-246	22 064
Belray	2019	BBC	27 351	-3 103	1 050	-443	24 855
Belaja	2020	BBC	26 962	-2 813	1 000	-583	24 566
Belmoira	2020	BBC	26 961	-2 813	1 005	-584	24 569
Belfast	2021	BBC	26 964	-1 805	1 000	-383	25 776
Beltrader	2021	BBC	24 953	-1 167	1 000	-267	24 519
Belguardian	2021	BBC	24 953	-1 171	1 000	-266	24 516
Belknight	2021	BBC	25 453	-1 230	1 000	-267	24 956
Belforce	2021	BBC	26 343	-1 203	1 000	-250	25 890
Belmar	2021	BBC	27 083	-1 274	1 000	-267	26 542
Belhawk	2015	BBC	21 437	-1 159	783	-233	20 828
Beltokyo	2021	BBC	32 925	-1 294	1 000	-217	32 414
Bellight	2016	BBC	22 825	-3 203	1 009	-252	20 379
Belyamato	2022	BBC	32 013	-97	1 000	-17	32 899
Belfuji	2020	TC	15 876	-5 871	0	0	10 005
Belafonte	2017	TC	29 713	-616	0	0	29 097
Beltango	2020	TC	32 801	-699	0	0	32 102
Belnike	2020	TC	36 205	-772	0	0	35 433
Belforte	2019	TC	35 363	-772	0	0	34 591
Texel Island	2012	TC	10 766	-4 164	0	0	6 602
Ships, right-to-use assets			**557 705**	**-43 675**	**14 362**	**-4 624**	**523 768**
Total fleet			**814 703**	**-83 859**	**23 577**	**-7 379**	**747 042**

Fleet

The group controlled a fleet of 31 ships at the end of the year. Ship transactions during the year include delivery of the newbuildings BELYAMATO, delivery of the 5 secondhand vessels BELAFONTE, BELVEDERE, BELNIKE, BELTANGO and BELFORTE and sale of the 3 oldest vessels BELPAREIL, BEL-OCEAN and BELSTAR.

Impairment tests

At the end of each reporting period, the Group assesses whether there are any impairment indicators present. The Group has concluded that the recent decline in freight rates seen is an impairment indicator pursuant to IAS 36. Consequently, Belships carried out an impairment test of ships owned or recognised as right-of-use assets at the end of the quarter. Based on carried out impairment test of ships there is a significant headroom between value in use and book value for all vessels in the fleet.

The Group considers each ship as a separate cash-generating unit and has compared recoverable amounts against carrying amounts at the end of the quarter. Recoverable amounts are based on value-in-use and have been derived from calculation of present value of estimated cash flows over the useful life of the ship. Assumptions represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the ships. The value-in-use calculations are mainly sensitive to changes in revenue and cost of capital assumptions. Revenues have been based on current contracts and long-term historical rates for equivalent ships derived from the Baltic Supramax index (BSI-58). OPEX and CAPEX estimates have been derived from the budgets approved by Board of Directors.

NOTE 7 INTEREST BEARING DEBT

The Group's interest bearing debt consists of both lease agreements for vessels and bank debt. Management considers that all of its bareboat agreements to meet the lease definition under IFRS 16, while the long-term time charter contracts contain both lease and service components. During 2022 the group entered into several lease agreements.

T/C hire expenses

T/C hire expenses of USD 450.5m relates to chartering activity in Lighthouse Navigation. Expenses comprise short term hire of tonnage and services from other shipowners.

Specification of lease agreements

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

Vessel	Built year	Leased year	Ownership	Lease maturity	Purchase option	Discount rate	NPV of lease payments	NPV of purchase option	Current	Non-current
BELYAMATO	2022	2022	Bareboat	2032	2026-2032	4.4%	12 981	15 809	1 294	27 496
BELTOKYO	2021	2021	Bareboat	2033	2025-2033	4.6%	11 282	17 191	1 330	27 143
BELFORCE	2021	2021	Bareboat	2031	2024-2031	4.7%	9 377	13 423	1 218	21 581
BELKNIGHT	2021	2021	Bareboat	2028	2024-2028	5.2%	10 836	11 180	1 147	20 869
BELTRADER	2021	2021	Bareboat	2031	2025-2031	5.1%	10 587	11 283	1 109	20 762
BELGUARDIAN	2021	2021	Bareboat	2031	2025-2031	5.1%	10 587	11 283	1 109	20 762
BELMAR	2021	2021	Bareboat	2031	2025-2031	5.2%	17 004	9 628	1 106	25 526
BELFAST	2021	2021	Bareboat	2031	2025-2031	6.3%	14 470	8 954	845	22 579
BELAJA	2020	2020	Bareboat	2027	2024-2027	5.7%	8 595	13 314	1 167	20 743
BELMOIRA	2020	2020	Bareboat	2027	2024-2027	5.7%	8 431	13 381	1 174	20 637
BELFUJI	2020	2020	Time Charter	2028	2024-2028	6.4%	10 945	-	1 885	9 060
BELNIKE	2020	2020	Time Charter	2027	2025-2027	5.0%	9 478	20 259	931	28 806
BELTANGO	2020	2020	Time Charter	2027	2025-2027	5.0%	9 167	20 176	874	28 468
BELFORTE	2019	2019	Time Charter	2026	2022-2026	5.0%	7 448	18 485	854	25 080
BELRAY	2019	2019	Bareboat	2026	2023-2026	5.6%	7 978	13 626	1 212	20 392
BELAFONTE	2017	2017	Time Charter	2023	Declared	5.1%	567	20 331	20 899	-
BELISLAND*	2016	2021	Bareboat	2032	2024-2032	4.4%	10 917	8 081	1 375	17 624
BELLIGHT*	2016	2022	Bareboat	2032	2024-2032	4.4%	10 178	9 203	1 380	18 001
BELFOREST*	2015	2022	Bareboat	2033	2025-2033	4.2%	10 491	10 817	1 402	19 907
BELHAWK*	2015	2021	Bareboat	2031	2024-2031	4.5%	11 506	6 784	1 467	16 823
Lighthouse Navigation vessels										
Texel Island	2012	2022	Time Charter	2023	N/A	5.3%	6 724	-	6 082	642
Total Ships							209 550	253 209	49 857	412 902
Offices	N/A	N/A	Lease	021-2063	N/A	5-6%	675		175	500

*) The bareboat charters for BELHAWK, BELFOREST, BELLIGHT and BELISLAND are accounted for as financial liability under IFRS 9. Belships has elected to present these vessels under lease agreements in the disclosure as this is how the vessels are managed internally.

Payment Schedule

	2023	2024	2025	2026	2027	Subsequent	Total
Lease payments	-47 362	-47 007	-46 831	-45 730	-33 931	-28 678	-249 539
Exercising purchase options	-20 500	-	-	-55 800	-105 000	-160 095	-341 395
Total	**-67 862**	**-47 007**	**-46 831**	**-101 530**	**-138 931**	**-188 773**	**-590 934**

The payment schedule takes into account subsequent events, refer to disclosure 23.

Loan facilities

The group entered into a new USD 116m loan facility in Q1 2022. The first tranche of USD 116m replaced existing loan arrangements. The second accordion tranche of USD 100m was made available for fleet expansion. During the year the vessels BELNIPPON, BELVEDERE were financed under the accordion tranche. The vessel BELAFONTE will be financed under the same accordion tranche during Q1 2023. The interest rate for all loan facilities is LIBOR + 2.25% and the facility matures during Q1 2027.

Total outstanding under the loan facilities at the end of the year was USD 141.8m. Arrangement fee and other transaction costs related to the mortgage debt were initially recorded as a reduction of the debt in the balance sheet, and subsequently amortised over the loan period in accordance with the amortised cost principle. The 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 during and at the end of the year.

Repayment Schedule

	2023	2024	2025	2026	2027	Subsequent	Total
Instalments	-	-12 798	-12 798	-12 798	-104 610	-	-143 004
Interests	-9 541	-9 246	-8 365	-7 510	-1 720	-	-36 382
Total	**-9 541**	**-22 044**	**-21 163**	**-20 308**	**-106 330**	**-**	**-179 386**

NOTE 8 BANK DEPOSITS

The Group's bank balance amounted to USD 139 984 (2021: 105 389) at year end. Short-term restricted cash is related to employees withholding tax.

NOTE 9 RELATED PARTIES

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

NOTE 10 RECEIVABLES AND LIABILITIES

Current receivables 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:

	Business location	Main activity	Ownership/ voting percentage
Belships Shipholding AS	Oslo	Shipping	100.00%
Belships Shipholding II AS	Oslo	Shipping	100.00%
Bel Ship I AS	Oslo	Shipping	100.00%
Bel Ship II AS	Oslo	Shipping	100.00%
Belpareil AS	Oslo	Shipping	100.00%
Belsouth AS	Oslo	Shipping	100.00%
Belinda AS	Oslo	Shipping	100.00%
Belmont AS	Oslo	Shipping	100.00%
Belatlantic AS	Oslo	Shipping	100.00%
Belhaven AS	Oslo	Shipping	100.00%
Beltiger AS	Oslo	Shipping	100.00%
Beltide AS	Oslo	Shipping	100.00%
Belfriend AS	Oslo	Shipping	100.00%
Belpacific AS	Oslo	Shipping	100.00%
Belnor Ship AS	Oslo	Shipping	100.00%
Belocean AS	Oslo	Shipping	100.00%
Bellight AS	Oslo	Shipping	100.00%
Belnippon AS	Oslo	Shipping	100.00%
Belvedere Ship AS	Oslo	Shipping	100.00%
Belships Lighthouse AS	Oslo	Shipping	100.00%
1 Lighthouse Navigation Management AS	Oslo	Commercial management	50.05%
2 Lighthouse Navigation Pte Ltd	Singapore	Commercial management	50.01%
3 Belships Management (Singapore) Pte Ltd	Singapore	Technical management	100.00%
1 Lighthouse Navigation Management AS			
Lighthouse Navigation AS	Oslo	Commercial management	100.00%
2 Lighthouse Navigation Pte Ltd			
Afri-Bulk Navigation Private Limited	Singapore	Commercial management	100.00%
Lighthouse Maritime Limited	Hong Kong	Commercial management	100.00%
Lighthouse Navigation Co Ltd	Thailand	Commercial management	100.00%
Siam Thara Agency Co Ltd	Thailand	Agency	57.50%
3 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 venture (JV) and associated companies (AC)

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%
Belchem Philippine Incorporation	Philippine	AC	24.00%

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

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

2021			
Gross revenue	1 075	0	1 075
EBITDA	671	-5	666
EBIT	671	-5	666
Net result	671	27 938	28 609
Total comprehensive income	671	27 938	28 609
Groups share of profit for the year	**335**	**13 969**	**14 305 ***
Non-current assets	0	25 472	25 472
Current assets	1 068	2 218	3 286
Total assets	**1 068**	**27 690**	**28 758**
Non-current liabilities	0	0	0
Current liabilities	376	15	391
Total liabilities	**376**	**15**	**391**
Total equity opening balance	70	3 988	4 058
Profit for the year	671	27 938	28 609
Capital distribution/reduction	-49	-4 888	-4 937
Total equity closing balance	**692**	**27 039**	**27 731**
Owners interest	346	13 519	13 865
Minor share in other associated companies			132
Book value of owner interest			**13 997**

* A share of the result amounting to 62 (2021: 18) in a minor associated company is not included in the table.

NOTE 12 EQUITY

Share capital

Belships ASA's 253 136 666 shares, each with a face value of NOK 2.00, was as of 31 December 2022 distributed among 4 441 shareholders. Each share has one vote.

Number of shares	2022	2021
Ordinary shares, issued and paid-in per 1 January	253 136 666	228 175 404
Share issue	0	24 961 262
Ordinary shares, issued and paid-in per 31 December	**253 136 666**	**253 136 666**
Dividend paid (NOK per share)	4.65	0.95

Treasury shares

The company holds 371 800 treasury shares in total with an average cost price of NOK 10.70 as of 31 December 2022.

Authorisation to issue new shares

At the Annual general meeting in 2022 the Board received authorisation to issue up to 125 million new shares.

The 20 largest shareholders in Belships ASA at 31 December 2022

		Number of shares	Percentage
1	KONTRARI AS	104 000 000	41.08%
2	KONTRAZI AS	32 500 000	12.84%
3	JAKOB HATTELAND HOLDING AS	11 000 000	4.35%
4	LGT BANK AG	10 059 379	3.97%
5	DNB BANK ASA	9 762 122	3.86%
6	WENAASGRUPPEN AS	8 149 330	3.22%
7	JAHATT AS	5 000 000	1.98%
8	AL MARITIME HOLDING PTE LTD	3 290 000	1.30%
9	CLEARSTREAM BANKING S.A.	2 808 490	1.11%
10	SAXO BANK A/S	2 782 739	1.10%
11	UBS SWITZERLAND AG	2 615 792	1.03%
12	STATE STREET BANK AND TRUST COMP	1 899 471	0.75%
13	SIX SIS AG	1 830 988	0.72%
14	STAVANGER FORVALTNING AS	1 618 035	0.64%
15	CACEIS BANK SPAIN SA	1 412 614	0.56%
16	SONATA AS	1 000 000	0.40%
17	VERDIPAPIRFONDET DNB SMB	930 903	0.37%
18	KAI LASSE KRISTIANSEN	875 000	0.35%
19	AUGUST RINGVOLD AGENTUR AS	810 509	0.32%
20	AS TORINITAMAR	775 000	0.31%
Total 20 largest shareholders		**203 120 372**	**80.24%**
Other shareholders		50 016 294	19.76%
Total number of shares		**253 136 666**	**100.00%**

Number of shares owned by board members in Belships ASA

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

Number of shares owned by the management in Belships ASA

		Number of shares	Outstanding options *
Lars Christian Skarsgård, CEO *	2	794 900	5 000 000
Yngve Aslaksen Gram, CFO *	3	300 000	100 000

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

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

NOTE 13 EARNINGS PER SHARE

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

When calculating diluted earnings per share, net result attributable to ordinary equity holders and the number of issued average outstanding shares are adjusted for share options. In “the denominator” all share options (see note 16) which are “in-the-money” and exercisable are taken into consideration.

Average number of shares

	2022	2021
Average number of issued shares	253 136 666	245 981 508
Treasury shares	-371 800	-371 800
Average number of options outstanding	1 009 434	5 049 300
Diluted average issued number of shares	**253 774 300**	**250 659 008**

Earnings per share

	2022	2021
Net result for the year	175 060	133 422
Earnings per share	0.69	0.54
Diluted earnings per share	0.69	0.53

NOTE 14 SALARIES, NUMBER OF EMPLOYEES

	2022	2021
Salaries	1 569	1 704
Social security tax	277	310
Pension expenses	121	140
Share-based payments *)	2 979	502
Other allowances	305	35
Total payroll expenses	**5 250**	**2 691**

*) Incl. social security tax

Number of full-time office staff in 2022 was 160 (2021: 154) for the Group of which 21 in the Norwegian companies. Payroll expenses in Singapore and Bangkok are reclassified as operating expenses ship management. See note 20 for more details.

Loan to employees

No loans to employees exist at year-end 2022.

Remuneration

	Chief executive officer	Financial director
Salary	467	424 *
Share-based payment expense	8 150 **	228 *
Pension expenses	19	29
Other remuneration	2	7
Total	**8 637**	**688**

* Includes salary and severance pay to the previous CFO

** Includes the difference between previously expensed amount and cash settlement of share options.

Remuneration in accordance with the Accounting Act § 7-31b is presented in note 9 in the parent company accounts. Other remuneration includes telephone, insurance agreements etc.

Bonus

No bonus scheme was adopted for 2022.

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

	2022	2021
The Board	208	233
Audit committee	18	20
Nomination committee	5	6

Board members are not awarded share options.

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

	2022	2021
Remuneration for audit services	299	288
Other assurance services	18	17
Assistance related to tax	65	49
Other audit related assistance	21	52
Total	**403**	**406**

NOTE 15 OTHER GENERAL ADMINISTRATIVE EXPENSES

	2022	2021
Office expenses	137	179
Furniture, office supplies	270	336
Travelling, entertainment costs	58	17
Other services	857	1 227
Other general administrative expenses	496	345
Total administrative expenses	**1 818**	**2 104**

Administration expenses in Singapore and Bangkok are reclassified as operating expenses ship management.
See note 20 for more details.

NOTE 16 OPTIONS TO EMPLOYEES

At the Annual general meeting (AGM) in 2021, the Board was authorised to issue up to 400 000 share options to employees. The option exercise 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 400 000 shares at NOK 8.07 were awarded in May 2022. Of this, 300 000 options have been exercised. In addition, 49 300 options from an earlier option program were exercised in 2022.

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	2022	2021
Outstanding options 1 January	5 049 300	5 400 000
Awarded	5 400 000	0
Exercised	-5 349 300	-16 200
Not exercised	0	-334 500
Outstanding options 31 December	**5 100 000**	**5 049 300**

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 2021 was NOK 1.87. 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 684 in 2022.

The following forms the basis for the calculation:

Share price at the time the option was awarded: The share price is set as equal to the stock exchange share price when the option was awarded.

Exercise price per option: The exercise price was 105 % of the stock exchange market price when the option was awarded.

Volatility: Historic volatility set as indication of future volatility. Expected volatility equals a historic volatility of 39%.

Duration of options: It is assumed that all employees will exercise their options when the service period has been completed.

Risk free interest rate: Interest rate used as a basis for calculating options is equal to the interest rate on government bonds over the duration of the options, i.e. 0.74% for 2022.

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

Share option plan chief executive officer

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

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

The fair value of the options at time of award in March 2022 was NOK 6.89 per share. The calculated cost of USD 958 (excluding social security tax) has been recognised as an expense in 2022.

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 144 (144) in 2022. Pension costs in Belships Management Singapore and Lighthouse Navigation Management AS in Oslo are reclassified as under operating expenses in management companies and amounted to 347 (221) in 2022.

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 3 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 79 (111) in 2022, and includes 20 persons.

Assumptions

	2022	2021
Discount rate	1.90%	1.90%
Future wage adjustment	2.75%	2.75%
Pension adjustment	0%	0%
G-adjustment	3.25%	2.50%
Return on pension plan assets	1.90%	1.90%

Changes in the present value of the defined benefit obligation

	2022	2021
1 January	842	760
Interest cost	86	118
Benefits paid	-25	-25
Actuarial losses on obligation	-13	-3
Currency exchange gain/(loss)	-25	-8
31 December	**865**	**842**

Pension expenses in consolidated accounts

	2022	2021
Pension expenses defined benefit scheme	-21	-4
Pension expenses defined contribution scheme	117	144
Net pension expenses in consolidated accounts	**96**	**140**

Pension expenses in Singapore and Bangkok are reclassified as operating expenses ship management.
See note 20 for more details.

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

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

Sensitivity to changes in interest rate levels

	2022	2021
Change in the interest rate level in basis points	-100/100	-100/100
Effect on result before tax	1 189/-1 189	1 109/-1 109

Average effective interest rate on debt (%)

	2022	2021
Interest bearing loans	4.30	3.11
Financial leases	5.08	5.34

Capital structure and equity capital

	2022	2021
Total equity as at 31 December	297 335	272 919
Total assets	1 000 293	797 634
Equity ratio as at 31 December	30 %	34 %
Interest bearing debt	605 255	437 348
Other current liabilities	95 974	85 610
Cash reserves	139 871	105 389
Net debt	**561 358**	**417 569**
Equity	297 335	272 919
Total equity and net debt	**858 693**	**690 488**
Net debt ratio	35 %	40 %

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 2022 the Group has outstanding interest bearing debt of USD 605.3 million. Available cash and cash equivalents amount to USD 139.9 million.

Credit risk

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

Currency risk

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

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:

Climate-related risks

Climate-related risks include both transition risks and physical risks with focus on transition risks as this is considered to have a larger impact and probability for the Group. Transition risks mainly relate to effect of reduced demand for the Group's services and the risk of stranded assets and new regulations as the fleet moves to low-carbon fuel.

Summary of financial assets and obligations

		Cash Flows		Non-cash charges		
	01.01.2021	Proceeds	Repayment	Interest Charges	New leases	31.12.2021
Interest bearing loans	141 737	52 360	-80 580	-2 604		110 913
Financial leases	139 740	-	-14 435	-584	201 714	326 435
Total	**281 477**	**52 360**	**-95 015**	**-3 188**	**201 714**	**437 348**

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

The bareboat charters for BELHAWK, BELFOREST, BELLIGHT and BELISLAND are accounted for as financial liability under IFRS 9. Belships has elected to present these vessels under lease liabilities in the disclosure as this is how the vessels are managed internally.

Financial liabilities measured at amortized cost

	2022	2021
Interest bearing loans	141 821	110 913
Financial leases	463 434	326 435
Total	605 255	437 348

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 2021 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 is recognized as an operating expense.

Ordinary taxation

In Norway, Thailand and Singapore the Group has management companies subject to ordinary income tax, with a tax rate from 16 % to 22 %.

In Singapore and Thailand there are minimal temporary differences related to the commercial and ship management operation. In Thailand the Company has a tax payable related to ordinary company taxation of USD 1 506 (2021: USD 4 914) and payable tax in Singapore amounting to USD 43 (2021: USD 42).

Reconciliation of the year's income tax expense	2022	2021
Result for the year before tax	177 144	142 130
Result from companies within the tonnage tax regime	-122 715	-43 380
Net result for companies subject to ordinary company taxation	**54 429**	**98 750**
Statutory tax rate (Norway)	22 %	22 %
Estimated tax expense at statutory rate	11 974	21 725
Net non tax related expenses/(income)	-208	-970
Results from joint venture and associated companies	-6 834	-3 151
Difference between Norwegian, Singapore and Thailand regional national tax	-456	-4 115
Tax effect of deferred tax asset not recorded in the balance sheet including exchange rate effect	-2 393	-4 781
Total income tax expense/(income)	2 084	8 708

Tax loss carried forward

The Group had a tax loss carried forward of 28 483 as at 31 December 2022 in Norway. No deferred tax benefits are recognised in the balance sheet.

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

In accordance with IAS 12 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.

Deferred tax per 31 December	2022	2021
Temporary differences		
Deferred sale gain/(loss) fixed asset	29 851	32 373
Property, plant and equipment	-46	7 125
Pensions	-188	-244
Other temporary differences	1 700	-2 547
Total temporary differences	**31 317**	**36 707**
Non-deductible interest cost carry forward ordinary tax regime	-2 347	-2 730
Tax loss carried forward ordinary tax regime	-28 483	-66 436
Net temporary differences	**487**	**-32 459**
Nominal tax rate on deferred tax	22 %	22 %
Deferred tax assets	0	-7 141
Deferred tax liability	107	0
Deferred tax recognised in the Balance sheet	107	0
Deferred tax assets not recognised in the Balance sheet	0	-7 141

NOTE 20 SPECIFICATIONS OPERATING EXPENSES AND OTHER FINANCIAL ITEMS

	2022	2021
Ship operating expenses		
Crew expenses	25 476	23 949
Maintenance and spare parts	9 224	4 759
Insurance	3 374	2 529
Other ship operating expenses	17 497	19 220
Total ship operating expenses	**55 571**	**50 457**
Operating expenses management companies		
Administration costs	19 449	25 017
General & selling expenses	5 792	4 481
Fixed costs	1 422	1 258
Total operating expenses management companies	**26 663**	**30 756**

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 2022.

NOTE 23 SUBSEQUENT EVENTS

BELMONDO, an Ultramax newbuilding of 64 000 dwt was delivered in January 2023 from Imabari Shipyard in Japan, the vessel is financed through a bare boat charter lease agreement.

Belships entered into agreements for the acquisition of four new 64 000 Ultramax bulk carriers which are being constructed at Japanese shipyards. Delivery of the first vessel is expected in Q4 2024, with the remaining vessels being delivered in Q4 2025 and Q1 2026. The vessels are fully financed through time charter lease agreements, each for a period of 7 up to 10 years, with purchase options at current market levels during the charter. There is no obligation to purchase the vessels. Belships is not required to make any down payment for this transaction. Cash breakeven for the vessels upon delivery will be about USD 14 000 per day. The agreements are conditional upon certain steps to be completed by the parties involved.


BELTRADER
PANAMA

Belships ASA Financial statements

Income statement

USD 1000	Note	2022	2021
Operating income			
Freight income		0	22 270
Other operating income		637	793
Gain on sale of lease agreements	2	9 997	17 505
Total operating income		**10 635**	**40 568**
Operating expenses			
T/C hire		0	-8 636
Ship operating expenses		-49	-3 924
Payroll expenses	3, 4, 5	-5 250	-2 691
Other general administrative expenses	6	-1 139	-1 748
Depreciation of fixed assets	2	-91	-2 634
Total operating expenses		**-6 530**	**-19 632**
Operating result		**4 105**	**20 936**
Financial income and expenses			
Share dividend		117 380	0
Interest income		94	3
Interest income on loan to subsidiary	9	2 309	4 117
Interest expenses		-2	-3 086
Interest expenses on loan to subsidiary	9	-232	0
Other financial items	8	-3 029	142 200
Currency exchange gain/-loss		-2 157	-876
Net financial items		**114 363**	**142 358**
Net result before tax		118 468	163 294
Income tax expense	7	-2 005	0
Net result for the year		**116 464**	**163 294**
Appropriations of net result:			
Transfer from/(to) other retained earnings		-116 464	-163 294
Total		**-116 464**	**-163 294**

Balance sheet

As at 31 December

USD 1000	Note	2022	2021
ASSETS			
Fixed assets			
Tangible fixed assets			
Ship		0	80
Other fixed assets	2	16	209
Total tangible fixed assets		**16**	**289**
Financial fixed assets			
Shares in subsidiaries	8	144 065	38 701
Loan to subsidiaries	9	80 375	133 327
Other non-current receivables		0	2
Total financial fixed assets		**224 440**	**172 030**
Total fixed assets		**224 456**	**172 318**
Current assets			
Trade debtors		312	186
Intercompany balances	9	148 444	158 881
Other receivables		291	1 820
Cash and cash equivalents	11	32 395	14 002
Total current assets		**181 442**	**174 889**
TOTAL ASSETS		**405 898**	**347 207**

Balance sheet

As at 31 December

USD 1000	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital		59 466	59 466
Treasury shares		-125	-125
Share premium		62 228	62 228
Other paid-in capital		9 575	10 018
Total paid-in capital		**131 144**	**131 587**
Retained earnings			
Other equity		126 456	140 637
Total equity	12	**257 599**	**272 224**
Liabilities			
Non-current liabilities			
Deferred tax	7	2 005	0
Pension obligations	5	188	244
Intercompany balances	9	47 445	47 445
Total non-current liabilities		**49 638**	**47 689**
Current liabilities			
Public taxes and duties payable		337	206
Trade creditors		107	1 043
Intercompany balances	9	97 425	23 976
Other current liabilities		792	2 069
Total current liabilities		**98 661**	**27 294**
Total liabilities		**148 299**	**74 983**
TOTAL EQUITY AND LIABILITIES		**405 898**	**347 207**

Oslo, 13 April 2023

Peter Frølich
Chair of the Board

Sten Stenersen
Board member

Jorunn Seglem
Board member

Marianne Møgster
Board member

Frode Teigen
Board member

Carl Erik Steen
Board member

Birthe Cecilie Lepsøe
Board member

Lars Christian Skarsgård
Chief Executive Officer

Cash flow statement

USD 1000	Note	2022	2021
CASH GENERATED FROM OPERATIONS			
Net result before tax		118 468	163 294
Adjustments to reconcile result before tax to net cash flows:			
Gain on sale of lease agreements	2	-9 997	-17 505
Depreciation of fixed assets	2	91	2 634
Share-based payment transaction expense	4	1 057	502
Share-based payment transaction payment	4	-8 150	0
Difference between pension expenses and paid pension premium	5	-13	-19
Net finance items		-114 363	-142 358
Working capital adjustments:			
Change in trade debitors and trade creditors		-1 062	1 694
Change in current intercompany balances		13 712	-118 809
Change in other short-term items		912	912
Interest received		94	4 120
Interest paid		-2	-3 086
Net other financial items		-1 356	141 323
Net cash flow from operations		**-608**	**32 702**
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in fixed assets		0	-13 113
Sale proceeds from fixed asset disposals		129	508
Dividends and group contribution received		142 880	0
Cash issue in subsidiary	8	-55 300	-11
Change in intercompany balances		0	5 754
Change in other investments		0	15
Net cash flow from investing activities		**87 709**	**-6 847**
CASH FLOW FROM FINANCING ACTIVITIES			
Share issue		0	16 286
Dividend paid	12	-124 008	-27 220
Change in intercompany balances		55 300	0
Instalments lease commitments		0	-3 155
Net cash flow from financing activities		**-68 708**	**-14 089**
Net change in cash and cash equivalents		18 393	11 766
Cash and cash equivalents at 1 January		14 002	2 236
Cash and cash equivalents at 31 December		**32 395**	**14 002**
Restricted bank deposits	11	110	116

Notes to the parent accounts

NOTE 1 ACCOUNTING POLICIES

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

The company is also providing commercial management 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 13 April 2023. 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.

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 shortterm 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.

D) 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. The company has no financial leases.

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.

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

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

F) Accounts receivable
Accounts receivable are booked at nominal amount less expected loss.

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

H) 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.

I) 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.

J) 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.

K) Revenue recognition
Belships ASA delivers administrative, commercial and project management services such as accounting, legal, IT, project and office services which are taken to income as the services are delivered. 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.

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

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

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

N) Related party transactions
Transactions with related parties are carried out at market terms. See note 14 for further information.

O) 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.

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

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

NOTE 2 FIXED ASSETS

	2022			2021		
	Other fixed assets			Other fixed assets		
	Depreciable assets	Non depreciable assets	Total	Depreciable assets	Non depreciable assets	Total
Cost price						
As at 1 January	506	61	567	490	469	959
Additions	0	0	0	78	0	78
Disposals	-299	-61	-360	-62	-408	-470
As at 31 December	**207**	**0**	**207**	**506**	**61**	**567**
Depreciations						
As at 1 January	278	0	278	163	57	220
Depreciation for the year	91	0	91	156	0	156
Disposals	-178	0	-178	-41	-57	-98
As at 31 December	**191**	**0**	**191**	**278**	**0**	**278**
Book value at 31 December	**16**	**0**	**16**	**228**	**61**	**289**

The charter contracts for Belnippon and Belfuji were transferred to the subsidiary Belships Shipholding II AS in January 2022. A gain of 9 989 related to the transfer is recognized in the income statement.

NOTE 3 SALARIES, NUMBER OF EMPLOYEES

	2022	2021
Salaries	1 569	1 704
Social security tax	277	310
Pension expenses	121	140
Share-based payments *	2 979	502
Other allowances	305	35
Total	**5 250**	**2 691**

* Incl. social security tax

The average number of employees in 2022 was 9 (2021: 9).

Remuneration	CEO	CFO
Salary	467	424*
Share-based payment transaction expense	8 150	228*
Pension expenses	19	29
Other allowances	2	7
Total	**8 637**	**688**

* Includes salary and severance pay to the previous CFO

Other allowances include telephone, insurance agreements etc.

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	2022	2021
The Board	208	233
Audit committee	18	20
Nomination committee	5	6
Total	**231**	**259**

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)	2022	2021
Remuneration for audit services	98	79
Other assurance services	6	9
Assistance related to tax matters	2	5
Other audit related assistance	5	28
Total	**111**	**121**

Loans to employees

There exist no loans to employees at year-end 2022.

NOTE 4 OPTIONS TO EMPLOYEES

At the Annual general meeting (AGM) in 2021, the Board was authorised to issue up to 400 000 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 400 000 shares at NOK 8.07 were awarded in May 2022. Of this, 300 000 options have been exercised. In addition, 49 300 options from an earlier option program were exercised in 2022.

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	2022	2021
Outstanding options 1 January	5 049 300	5 400 000
Awarded	5 400 000	0
Exercised	-5 349 300	-16 200
Not exercised	0	-334 500
Outstanding options 31 December	**5 100 000**	**5 049 300**

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 2021 was NOK 1.87. 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 684 in 2022.

The following forms the basis for the calculation:
Share price at the time the option was awarded: The share price is set as equal to the stock exchange share price when the option was awarded.

Exercise price per option: The exercise price was 105 % of the stock exchange market price when the option was awarded.

Volatility: Historic volatility set as indication of future volatility. Expected volatility equals a historic volatility of 39%.

Duration of options: It is assumed that all employees will exercise their options when the service period has been completed.

Risk free interest rate: Interest rate used as a basis for calculating options is equal to the interest rate on government bonds over the duration of the options, i.e. 0.74% for 2022.

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

Share option plan chief executive officer
The CEO in Belships, Lars Christian Skarsgård was in March 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 were exercised in March 2022, and new options to subscribe for up to five million shares with an exercise price of NOK 18.64 per share were granted.

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

The fair value of the options at time of award in March 2022 was NOK 6.89 per share. The calculated cost of USD 958 (excluding social security tax) has been recognised as an expense in 2022.

NOTE 5 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 117 in 2022.

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 3 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	2022	2021
Discount rate	1.90%	1.90%
Future wage adjustment	2.75%	2.75%
Pension adjustment	0%	0%
G-adjustment	3.25%	2.50%
Return on pension plan assets	1.90%	1.90%
Composition of the net pension obligations		
Net pension obligations as at 1 January	244	276
Interest on accrued pension obligations	4	-4
Employer benefits paid	-22	-25
Actuarial (gains)/losses on obligation	-38	-3
Net pension obligations as at 31 December	**188**	**244**

Net pension expenses	2022	2021
Pension expenses defined benefit plan	4	-4
Pension expenses defined contribution scheme	117	144
Total pension expenses	**121**	**140**

NOTE 6 OTHER GENERAL ADMINISTRATIVE EXPENSES

	2022	2021
Office expenses	137	179
Other services	419	703
Data, office equipment a.o.	266	333
Communication, advertising	52	40
Travel expenses	58	17
Other general administrative expenses	208	476
Total	**1 139**	**1 748**

NOTE 7 TAX

Tax result for the year	2022	2021
Result for the year before tax	118 468	163 294
Change in temporary differences	4 001	2 967
Permanent differences / other	-94 709	-137 161
Translation differences		
Tax basis for the year	**27 761**	**29 100**
Group contribution received	6 209	0
Use of tax losses carry forward	-33 970	-29 100
Basis for tax payable	**0**	**0**
Taxes payable (22/22%)	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	2022	2021
Result for the year before tax	118 468	163 294
Statutory tax rate	22%	22%
Estimated tax expense at statutory rate	26 063	35 925
Permanent differences / other	-20 836	-30 175
Expected tax expense	**5 227**	**5 749**
Translation differences	-327	375
Change in recognized deferred taxes	2 005	0
Change in not recognized deferred tax assets	-4 900	-6 124
Actual tax expense	**2 005**	**0**
Effective tax percentage	2%	0%

Deferred tax per 31 December	2022	2021
Deferred sale fixed asset gain/(loss)	15 747	22 001
Pension obligations	-188	-244
Temporary differences fixed assets	-46	-52
Sum temporary differences included in change in temporary differences	**15 513**	**21 705**
Impairment loss shares in subsidiaries abroad	0	0
Tax loss carried forward	-6 401	-43 976
Net temporary differences	**9 112**	**-22 273**
Nominal tax rate on deferred tax	22%	22%
Deferred tax liability/assets	2 005	-4 900
Deferred tax liability/assets in Balance sheet	2 005	0
Deferred tax assets not in Balance sheet	0	-4 900

NOTE 8 SHARES

	Business office	Time of purchase	Cost price	Ownership/ Voting share	Equity	Result of the year	Book value
Shares in subsidiaries							
Belships Management (Singapore) Pte Ltd	Singapore	31/12/83	1 375	100%	2 785	141	1 375
Belships Lighthouse AS	Oslo	27/01/93	25 191	100%	723	0	616
Belships Shipholding AS[1]	Oslo	05/02/19	25 595	100%	38 885	2 924	133 958
Belships Shipholding II AS	Oslo	20/05/21	12	100%	9	64 884	12
Bellight AS[2]	Oslo	03/06/19	11 100	100%	8 302	5 767	8 100
Lighthouse Navigation Management AS	Oslo	09/12/85	4	34%	98	-213	4
Total							144 065

1) The company's equity has been strengthened during 2022 through debt conversion of 53 063 and a cash issue of 55 300.
2) The shares in Bellight AS are written down with 3 000 in 2022.

NOTE 9 INTERCOMPANY BALANCES

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

Interest at market terms is calculated on non-current intercompany balances, and the balance fall due when the cash position allows it. Calculated interest income and expenses on noncurrent intercompany balances amounted to 2 309 (2021: 4 117) and 232 accordingly.

NOTE 10 RECEIVABLES AND LIABILITIES

All current receivables and liabilities are due within 12 months.

NOTE 11 BANK DEPOSITS

Total bank deposit amounted to 32 395 (14 002) at yearend.
Restricted funds for withholding tax for employees amounted to 110 (116) at 31 December 2022.

NOTE 12 EQUITY

	Paid-in				Retained	
	Share capital	Treasury shares	Share premium	Other equity	Other equity	Total equity
Equity per 31 December 2021	59 466	-125	62 228	10 018	140 637	272 224
Dividend	0	0	0	0	-124 008	-124 008
Remeasurements loss	0	0	0	0	13	13
Share-based expenses	0	0	0	1 057	0	1 057
Share-based payments	0	0	0	-1 500	-6 650	-8 150
Result for the year	0	0	0	0	116 464	116 464
Equity per 31 December 2022	**59 466**	**-125**	**62 228**	**9 575**	**126 456**	**257 599**

Share capital

Belships ASA's 253 136 666 shares, each with a face value of NOK 2.00, was as of 31 December 2022 distributed among 4 441 shareholders. Each share has one vote.

Number of shares	2022	2021
Ordinary shares, issued and paid-in per 1 January	253 136 666	228 175 404
Share issue	0	24 961 262
Ordinary shares, issued and paid-in per 31 December	**253 136 666**	**253 136 666**
Dividend paid (NOK per share)	4.65	0.95

Treasury shares

The company holds 371 800 treasury shares in total with an average cost price of NOK 10.70 as of 31 December 2022.

Authorisation to issue new shares

At the Annual general meeting in 2022 the Board received authorisation to issue up to 125 million new shares.

The 20 largest shareholders in Belships ASA at 31 December 2022

		Number of shares	Percentage
1	KONTRARI AS	104 000 000	41.08%
2	KONTRAZI AS	32 500 000	12.84%
3	JAKOB HATTELAND HOLDING AS	11 000 000	4.35%
4	LGT BANK AG	10 059 379	3.97%
5	DNB BANK ASA	9 762 122	3.86%
6	WENAASGRUPPEN AS	8 149 330	3.22%
7	JAHATT AS	5 000 000	1.98%
8	AL MARITIME HOLDING PTE LTD	3 290 000	1.30%
9	CLEARSTREAM BANKING S.A.	2 808 490	1.11%
10	SAXO BANK A/S	2 782 739	1.10%
11	UBS SWITZERLAND AG	2 615 792	1.03%
12	STATE STREET BANK AND TRUST COMP	1 899 471	0.75%
13	SIX SIS AG	1 830 988	0.72%
14	STAVANGER FORVALTNING AS	1 618 035	0.64%
15	CACEIS BANK SPAIN SA	1 412 614	0.56%
16	SONATA AS	1 000 000	0.40%
17	VERDIPAPIRFONDET DNB SMB	930 903	0.37%
18	KAI LASSE KRISTIANSEN	875 000	0.35%
19	AUGUST RINGVOLD AGENTUR AS	810 509	0.32%
20	AS TORINITAMAR	775 000	0.31%
Total 20 largest shareholders		**203 120 372**	**80.24%**
Other shareholders		50 016 294	19.76%
Total number of shares		**253 136 666**	**100.00%**

Number of shares owned by board members in Belships ASA

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

Number of shares owned by the management in Belships ASA

		Number of shares	Outstanding options *
Lars Christian Skarsgård, CEO *	2	794 900	5 000 000
Yngve Aslaksen Gram, CFO *	3	300 000	100 000

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

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

NOTE 13 FINANCIAL MARKET RISK

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

The company does not use hedge accounting.

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

NOTE 14 RELATED PARTIES

The company receives a commission for acting as guarantor for mortgage debt in the subsidiaries Belships Shipholding AS and Belships Shipholding II AS. The fee amounted to 2 708 (1 947) in 2022. The company received a management fee of 557 in 2022 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.

The company's timecharter contracts were transferred to the subsidiary Belships Shipholding II AS during 2022. A gain of 9 989 related to the transfer is recognized in the income statement.

NOTE 15 SUBSEQUENT EVENTS

No material events have taken place after year-end 2022.

Auditors report

To the General Meeting of Belships ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- the financial statements of the parent company Belships ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Belships ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, 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.

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

Basis for Opinion

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

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

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on 23 May 2019 for the accounting year 2019.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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 Group's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new Key Audit Matters for our audit of the 2022 financial statements. *Impairment assessments of ships* continues to be an area of focus this year, which this year is expanded to also include management's impairment test.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment assessments of ships	
The Group holds ships with a carrying amount of tUSD 747 042 on 31 December 2022. The ships comprise 75% of total assets. Indicators of impairment were assessed by management and considered present for the Group's vessels during 2022 due to decline in freight rates. As such, an impairment test was deemed necessary. Management considered, among other, the ships' estimated fair value less cost of sale, and assessed market conditions in the dry bulk market, including factors such as contract rates and contract coverage. Management also considered other external and internal factors of relevance. The estimated fair value less cost of sale was based on valuation reports from two external ship brokers. For four of the Group's vessels, the carrying value was considered to be lower than the fair value less cost of sale. Consequently, a value-in-use calculation for those vessels was performed by management. Management's assessment of recoverable amounts of vessels, particularly as it relates to calculation of value-in-use, requires estimates and assumptions relating to operational and market factors and involves a high degree of judgement. Further, the calculation of value-in-use requires financial modelling of the cash flows related to the cash generating units, which can be complex and may require use of additional judgement. We focused on impairment assessments of ships due to the magnitude of amounts involved and the high degree of judgement applied by	We evaluated and challenged management's assessment of impairment indicators and the process by which the assessment was performed. We assessed management's accounting policy against the requirements in IFRS, and we obtained explanations on how the requirements of IAS 36 were met. We also assessed the consistency year on year of how the accounting policy was adhered to. Furthermore, management's process and related control activities for determining estimated recoverable amounts were evaluated. We obtained the valuation reports used by management when estimating the ships' fair value less cost of sale. We assessed the competence and objectivity of the external brokers, and had interviews with representatives from the broker firms to understand how the fair value estimates were compiled. We also satisfied ourselves that the brokers were provided with the appropriate input to perform an estimate of fair value, such as build date, build location and key metrics of the vessels. We concluded that management had a sufficient understanding of the valuation reports and of the basis of which they were prepared. Furthermore, we did a reperformance of the comparison of estimated fair values less cost of sale to the carrying amount of each ship. Based on the procedures described, we agreed that value-in-use calculations were needed for four vessels. We obtained management's value-in-use calculations. For each cash generating unit, we assessed the key inputs in the calculation of value-in-use and assessed the mathematical

management. As always, when dealing with management judgement and complex calculations, there is an inherent risk of errors that may materially impact net profit.

Management identified no impairment recognition for the vessels.

Refer to notes 2E, 2O (important accounting policies) and note 6 (owned ships and right to use assets), where management explains how they assessed values of ships, as well as the impairment assessments carried out.

and methodological integrity of management's impairment models. We challenged management on key assumptions applied in the model. Our procedures included tracing input data to contracts and budgets approved by the Board of Directors and considering whether charter hire rates and utilization were consistent with our knowledge of the industry. We also compared management's assessment of charter hire to the external source; the Baltic Index (BSI 58). In addition, we compared utilization levels against historical utilization for such vessels. When we considered management's analysis of sensitivity, we noted that the forecasted cash flow was sensitive to changes to assumptions, and most of all day rates.

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

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

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

No matters of consequence arose from the procedures described above.

Other Information

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

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

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation 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 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.

Auditors report

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

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

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

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

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

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

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

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

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

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

Opinion

As part of the audit of the financial statements of Belships ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXJCKO49-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

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

Management's Responsibilities

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

Auditor's Responsibilities

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

Stavanger, 13 April 2023

PricewaterhouseCoopers AS

Tom Notland

Tom Notland

State Authorised Public Accountant

6 / 6

Corporate governance

as adopted by the board on 13 April 2023

Transparency and fairness creates value

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

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

Belships' competitiveness hinges on stakeholders' and prospective customers' trust in the company's integrity and ethical 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 14 October 2021 and issued by the Norwegian Corporate Governance Policy Board. The policy is designed to establish a basis for good corporate governance to support achievement of the company's core objectives on behalf of its shareholders, including the achievement of sustainable profitability.

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

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

THE BUSINESS

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

EQUITY AND DIVIDEND

Capital structure

As at 31 December 2022, the company had a total equity of USD 297 million, corresponding to an equity ratio of 30 per cent. Value adjusted equity is significantly higher. The board deems the liquidity position of the company to be strong, with cash and cash equivalents of USD 139.9 million, whilst interest bearing bank debt amounted to USD 141.8m. Leasing liabilities at the end of the quarter amounted to USD 463.4m

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

Dividend policy

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

The board will ask for an authorization to distribute dividend at the general meeting in 2023.

Authorisations to the board of directors

At the general meeting in 2022, the board was granted an authorization to increase the share capital with up to NOK 1 200 000 (corresponding to 600 000 new shares, each with a par value of NOK 2). The authorization can be used in connection with the company's share option program for employees. The authorization is valid until the general meeting in 2023, but not longer than 30 June 2023. At the general meeting in 2022, the board was also granted an authorization to increase the share capital with up to NOK 250 000 000 (corresponding to 125 000 000 new shares, each with a par value of NOK 2). This 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 2023, but not longer than 30 June 2023. The board was also granted an authorization to, on behalf of the company, acquire up to 25 000 000 treasury shares (corresponding to a total par value of NOK 50 000 000) at the board's discretion. The authorization is valid until the general meeting in 2023, but not longer than 30 June 2023 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 2022.

The board was given an authorization at the general meeting in 2022 to acquire treasury shares. No such transactions have taken place in 2022.

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

SHARES AND NEGOTIABILITY

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

GENERAL MEETING

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

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

The board has previously considered the need for an independent chair for the general meeting on a case to case basis. Stig Berge was elected to chair the company's annual general meeting for 2022. The general meeting is always able to elect an independent chair for the general meeting if it wishes to.

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

NOMINATION COMMITTEE

The company's articles of association state that the company shall have a nomination committee of two or three members. The members of the committee, including the chair, shall be elected by the general meeting. Unless otherwise resolved by the general meeting, the elections shall be held every two years. The nomination committee shall make recommendations to the general meeting for the election of shareholder elected board members and members of the nomination committee and the remuneration to the members of the board and the nomination committee. The remuneration to the members of the nomination committee shall be resolved by the general meeting. The general meeting has established guidelines for the nomination committee. The nomination committee does not include any executive personnel or any member of the company's board of directors. The committee will hold individual discussions with each member of the board of directors. The members of the nomination committee are currently Vegard Gjerde and Olav Kristian Falnes, both elected by the annual general meeting in 2021. The Nomination Committee has held formal and informal meetings in preparation for the Annual General Meeting to discuss board composition, board remuneration and committee remunerations. The Nomination Committee has also discussed the committee's work.

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

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

BOARD – COMPOSITION AND INDEPENDENCE

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

THE WORK OF THE BOARD OF DIRECTORS

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


BELMONDO

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

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

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

Audit committee

The audit committee consists of Birthe Cecilie Lepsøe (chair) and Peter Frølich. The committee's objective is to act as a preparatory working committee and support in connection with the board's supervisory roles with respect to financial reporting and the effectiveness of the company's internal control system. The members of the audit committee are independent of the company and at least one member of the audit committee is competent in respect of finance and audit. The board has prepared rules of procedure for the audit committee. The committee has held 5 meetings since the annual general meeting in 2022.

Remuneration committee

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

REMUNERATION TO THE BOARD

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

INFORMATION AND COMMUNICATION

Belships regards timely and accurate information as essential for obtaining a price for the share that will reflect the company's underlying value and prospects. The company keeps Oslo Stock Exchange, the stock market and shareholders fully updated through interim reports, annual reports and press releases on important events. The company 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.


BELLIGHT

Corporate social responsibility

as adopted by the board on 13 April 2023

Strong commitment to quality and responsibility

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

MISSION AND CORE VALUES

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

Our mission

- To be a leading provider of shipping transportation services

Our core values

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

Our core values are 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. All of our ships have ballast water treatment systems in place. 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' subsidiary in Singapore. They 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. There were no fatal accidents in 2022.

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 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 2022.

Anti-corruption

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

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