



BELSHIPS



BELSHIPS

QUARTERLY REPORT – Q2 2022

17 August 2022

Belships ASA

Lilleakerveien 6D, N-0283 Oslo, Norway

www.belships.com

Enterprise no: NO 930776793 MVA



CONTINUED GROWTH, PROFITABILITY, AND DIVIDEND

HIGHLIGHTS

- Operating income of USD 194.0m (USD 140.4m)
- EBITDA of USD 48.9m (USD 36.0m) including USD 9.4m from Lighthouse Navigation
- Net result of USD 31.6m (USD 22.5m)
- Declared dividend of USD 19.5m (NOK 0.75 per share)
- TCE of USD 24 437 gross per day for owned fleet
- Acquired five modern Ultramaxs and divested one vessel, net cash invested USD 6m
- Entered into time charter contracts for five vessels for periods of about 2 years
- 97 per cent of ship days in Q3 are fixed at about USD 24 200 gross per day. 72 per cent of ship days in the next four quarters are fixed at about USD 23 500 gross per day.
- Modern fleet of 31 vessels with an average age below four years and daily cash breakeven for 2022 of about USD 10 000 per vessel

Financial results commentary

Belships reports a net result of USD 31.6m for Q2 2022, compared to a net result of USD 22.5m for Q2 2021. The increase in net result is mainly caused by the improved freight market and Belships' increased fleet. EBITDA contribution from Lighthouse Navigation was USD 9.4m in Q2 2022 compared to USD 14.5m in Q2 2021. The reduction in EBITDA contribution from Lighthouse Navigation is mainly due to an increase in provisions for potential lossmaking contracts in Q2 2022.

Net freight revenue for owned vessels was USD 54.6m in Q2 2022 compared to USD 32.6m in Q2 2021. The increase in net freight revenue is driven by an increase in TCE on owned vessels from 18 980 in Q2 2021 to 24 437 in Q2 2022 and an increase in vessel days of about 30 per cent. Ship operating expenses were USD 13.2m in Q2 2022 compared to USD 9.8m in Q2 2021. The increase is due to growth in active days of about 30 per cent, stemming from fleet expansion. Ship operating expenses include non-recurring costs Covid-19 related crewing expenses of USD 1.4m.

Fleet status

Time charter equivalent (TCE) earnings per ship in the quarter was recorded at USD 24 437 gross per day versus BSI index of USD 28 901 gross per day for the same period. Relative performance versus spot indices is affected by a high number of fixed period time charter contracts that contribute to our coverage for 2022-2024.

Five two-year period time charter contracts have been entered into during the quarter increasing contract coverage for 2023 to 47 per cent at highly profitable levels. Cash breakeven for remaining open days in 2023 is below zero.

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Contract coverage	97%	79%	65%	50%	40%	33%
TCE rate (USD/day)	24 200	23 400	23 200	22 600	22 200	22 000



BELHAVEN was drydocked in the quarter, the remaining fleet sailed without significant off-hire with a total of 2 392 on-hire vessel days.

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

Transactions

Belships entered into agreements for the acquisition of two modern 64 000 dwt Ultramax bulk carriers built at Japanese shipyards in 2019 and 2020. The vessels are financed through time charter lease agreements for a fixed period of about 5 years with options to extend for a further 2 years. Cash breakeven for each vessel is about USD 11 200 per day. Belships paid a total of USD 12.0m as downpayment upon delivery of the vessels. The agreements come with options to repurchase the vessels significantly below current market levels. The vessels were delivered in June.

Belships has declared an option to purchase the Ultramax bulk carrier BELNIPPON (2018). The strike price is significantly below current market levels. Conclusion is expected within Q3 2022. Belships will finance the vessel under available bank financing substantially covering the amount due for the purchase option.

Belships entered into an agreement for the acquisition of a modern 64 000 dwt Ultramax bulk carrier built at a Japanese shipyard in 2020. The vessel is financed through a time charter lease agreement for a fixed period of about 5 years with options to extend for 3 years. Belships paid a total of USD 6.0m upon delivery of the vessel. Cash breakeven for the vessel is about USD 11 600 per day. The agreement comes with an option to purchase the vessel during the charter significantly below current market levels. The vessel was delivered in June.

Belships entered into an agreement for the sale of BELPAREIL. The 63 000 dwt bulk carrier was built in 2015, and was the oldest ship in Belships' fleet. The vessel was delivered to its new owners in July and Belships will realise a gain of approximately USD 11.0m in Q3 2022. Total net cash flow after delivery of the vessel was approximately USD 28.5m.

Belships entered into agreements for the acquisition of two modern Ultramax bulk carriers built at Japanese shipyards in 2015 and 2017. Belships paid a total of USD 15.5m as downpayment upon delivery of the vessels. The vessels are currently on time charter lease agreements with purchase options significantly below current market levels. Belships has declared the purchase options for both vessels and will finance the vessels under available bank financing substantially covering the amounts due. The vessels were delivered in July.

Belships' fleet has increased and improved with only modest cash investments, signaling the competitive advantage Belships has in sourcing ship finance. The Japanese-designed bulk carriers entering the fleet represent the highest quality and lowest fuel consumption available in the market today.

Lighthouse Navigation

Lighthouse Navigation delivered another good quarter with an EBITDA of USD 9.4m, however, the underlying EBITDA totalled USD 20.1m. Provisions for potential loss-making contracts of USD 10.7m based on the forward freight market at the end of the quarter have been deducted. This brings the year-to-date EBITDA to USD 32.0m and average EBITDA last eight quarters to USD 12.7m.

**Sustainability**

Belships aims for the highest standards in corporate governance and is well placed to deliver emission cuts in line with industry ambitions for 2030. Belships recently published a comprehensive sustainability report for 2021 (ESG Report) reflecting our ongoing commitment to transparency and meeting investor and stakeholder expectations.

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

The new Norwegian Transparency Act entered into force 1 July 2022 and Belships has taken the necessary steps to be compliant.

Financial and corporate matters

At the end of the quarter, cash and cash equivalents totalled USD 130.8m, whilst interest bearing bank debt amounted to USD 114.6m.

Net leasing liability at the end of the quarter was USD 452.7m. Leasing liabilities have been calculated under the assumption that all purchase options to acquire Ultramax bulk carriers on bareboat charters will be exercised. All lease agreements have fixed interest rates for the entire duration of the charters. Belships have no contractual obligations to acquire any of its leased vessels.

At the end of the quarter, book value per share amounted to NOK 10.5 (USD 1.05), corresponding to a book equity ratio of 28 per cent. Value-adjusted equity is significantly higher.

Dividend policy

Belships ASA aims to distribute quarterly cash dividends targeting about 50 per cent of net result adjusted for non-recurring items. Other surplus cash flow may be used for accelerated amortisation of debt, share buy-backs or vessel acquisitions considered to be accretive to shareholders' value.

Dividend payment

Based on the financial result in the second quarter 2022 the Board declared a dividend payment of USD 19.5m (NOK 0.75 per share) equivalent to about 72 per cent of net result adjusted for net minority interests.

This brings the total dividends paid out since the inception of the dividend policy in Q2 2021 to USD 131.4m (NOK 4.85 per share).

Market highlights

In the second quarter, the Baltic Supramax Index (BSI-58) averaged USD 28 873 per day – up from USD 25 115 in the first quarter. In May rates peaked above USD 30 000 per day.

According to Fearnleys, total Supramax shipment volumes ended at 249 million tons in Q2 2022, up from 235 million tons in Q1 2022. Towards the end of the quarter rates receded and a weak period followed despite a record shipment of 92 million tons observed in July.



The war in Ukraine sparked an energy crisis and spurred inflationary pressures in most economies. China has continued to fight the pandemic with severe lockdowns in major cities. In sum, this has resulted in lower GDP forecasts and fears of demand destruction from increasing commodity prices and rising interest rates.

Considerable variations in the demand growth for each commodity group continued in Q2 2022. Breakbulk and other minor bulks grew by 8 per cent, year on year, whereas iron ore dropped significantly, displaying the relative weakness for larger bulk carriers versus the more versatile Supra/Ultramax segments. The strong growth in minor bulk commodities reflect relatively high rates of global industrial production. Iron ore continues to be impacted both by lower demand from China and disappointments in output from South America. Grain volumes were 6 per cent lower than last year, notably impacted by the lack of Ukrainian exports where ports remained closed. Coal has now returned to growth with stock building in Europe and with the recent ban on Russian coal into the EU, this growth is expected to accelerate. Europe has imported majority of its coal from Russia until now, whereas after the ban, Russian volumes have started to move longer to China and India. EU countries, on the other hand, will have to source imports from the Americas in addition to Asia and Australia, which would benefit ton mile demand.

Port congestion has abated somewhat from earlier this year but is still notable in most regions and reduced vessel sailing efficiency is still supporting the market balance. In addition, high bunker prices have aided a reduction in sailing speeds.

According to Clarksons, 58 Supra/Ultramax vessels have been delivered YTD, which totals 3.46m dwt compared to 4.35m dwt delivered by the same time last year, evidencing the falling rate of newbuilding supply. 41 vessels remain on schedule for delivery this year and 103 for next year. However, given the pace of deliveries year-to-date and considering that there are often order cancellations, slippage or even incorrectly reported orders, the numbers may be lower.

Low newbuilding activity for dry bulk continues as the lack of conviction and alternatives for fuel and propulsion systems appear to restrain demand for ordering. Newbuilding prices increased in the second quarter as higher input costs as well as full orderbooks for container and gas vessels dictate the position with shipyards. Also, available delivery positions with shipyards appear to remain distant, at least two years ahead. Current second-hand vessel values appear attractive in comparison with the cost of a newbuilding lending support to rather buy existing ships on the water.

Outlook

The sentiment in dry bulk markets softened significantly in July, however spot market rates for Supra/Ultramax are still very profitable. The Baltic Exchange Supramax spot index is currently about USD 18 000 and has averaged about USD 22 000 per day so far in Q3 2022. Freight Forward Agreements (FFA) for Supramax currently indicate a market average of about USD 19 000 for the remaining part of the year, with Ultramax bulk carriers earning an additional premium.

Belships has covered 97 per cent of ship days in Q3 2022 at about USD 24 200 per day, and 72 per cent of ship days in the next four quarters are fixed at about USD 23 500 per day. All period contracts are fixed with highly reputable and recognised charterers in the dry bulk market.



Lighthouse Navigation continues to deliver good results. The rapidly falling spot market in July affected the start to Q3 2022, however, they remain positioned for a market rebound in 2H 2022.

Looking ahead, towards 2023 and 2024, the supply side as observed from the number of deliveries and the publicly quoted orderbook for our segment is historically low. On the back of stable demand, we remain optimistic in terms of market prospects.

The purpose of growth has been to increase profitability and the value and attractiveness of owning our shares. We are focused on capital discipline and returning capital to shareholders. A competitive return for our shareholders is to be obtained through increase in the value of the company's shares and the payment of dividends, as measured by the total return. Since we announced a new dividend policy in Q2 2021, we have returned a total of USD 131.4m (NOK 4.85 per share) to shareholders.

Belships owns a modern fleet of 31 Supra/Ultramax bulk carriers with an average age below four years and daily cash breakeven for 2022 of about USD 10 000 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.

17 August 2022

THE BOARD OF BELSHIPS ASA

Peter Frølich
Chairman

Frode Teigen
Carl Erik Steen

Sten Stenersen
Birthe Cecilie Lepsøe

Marianne Møgster
Jorunn Seglem

Lars Christian Skarsgård
CEO

**Responsibility statement**

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2022 has been prepared in accordance with IAS 34 - Interim Financial Reporting, and gives a true and fair view of the Company's assets, liabilities, financial position and result for the period.

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

17 August 2022
THE BOARD OF BELSHIPS ASA

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Chairman

Frode Teigen
Carl Erik Steen

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Marianne Møgster
Jorunn Seglem

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

USD 1 000		Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021	2021
Gross freight revenue	Note	251 431	165 691	509 718	272 981	808 237
Voyage expenses		-61 712	-27 006	-92 514	-59 360	-164 929
Net freight revenue	2	189 719	138 685	417 204	213 621	643 308
Management fees		4 298	1 719	6 301	3 172	7 366
Operating income	2	194 017	140 404	423 505	216 793	650 674
Share of result from j/v and assoc. comp.		6 521	1 723	18 887	2 483	14 323
T/C hire expenses		-128 402	-88 253	-285 220	-134 925	-400 710
Ship operating expenses		-13 698	-9 550	-27 060	-20 365	-50 457
Operating expenses management companies		-7 839	-6 953	-16 403	-10 916	-30 756
General and administrative expenses		-1 650	-1 404	-4 251	-2 373	-4 795
Operating expenses		-145 068	-104 437	-314 047	-166 096	-472 395
EBITDA		48 949	35 967	109 458	50 697	178 279
Depreciation and amortisation	3	-9 099	-6 313	-17 335	-13 853	-28 735
Gain on sale of ships	3	0	0	12 308	0	15 333
Other gains/(-losses)		1 075	-5	4 569	-6 739	-4 048
Operating result (EBIT)		40 925	29 649	109 000	30 105	160 829
Interest income		96	212	100	431	815
Interest expenses		-5 637	-3 325	-10 716	-6 841	-15 881
Other financial items		-3 818	-196	-5 446	-344	-2 308
Currency gains/(-losses)		690	99	49	-148	-1 325
Net financial items		-8 669	-3 210	-16 013	-6 902	-18 699
Result before taxes		32 256	26 439	92 987	23 203	142 130
Taxes		-696	-3 951	-1 893	15 792	-8 708
Net result		31 560	22 488	91 094	38 995	133 422
Hereof majority interests		27 015	15 565	73 753	30 479	103 983
Hereof non-controlling interests		4 545	6 923	17 341	8 516	29 439
Earnings per share		0.12	0.09	0.36	0.16	0.54
Diluted earnings per share		0.12	0.09	0.35	0.16	0.53

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD 1 000		Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021	2021
Net result		31 560	22 488	91 094	38 995	133 422
<i>Other comprehensive income not to be reclassified to profit or (loss) in subsequent periods:</i>						
Actuarial gain/(loss) on defined benefit plans		0	0	0	0	3
<i>Items that may be subseq. reclassified to profit or (loss):</i>						
Exchange differences		-62	-46	-85	-20	-74
Total comprehensive income		31 498	22 442	91 009	38 975	133 351
Hereof majority interests		26 953	15 519	73 753	30 459	103 912
Hereof non-controlling interests		4 545	6 923	17 256	8 516	29 439

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

USD 1 000		30 Jun 2022	30 Jun 2021	31 Dec 2021
NON-CURRENT ASSETS				
Intangible assets	Note	0	17 074	0
Ships	3	677 316	383 190	580 628
Prepayment of ships		13 500	12 210	0
Property, Plant, and Equipment		3 955	4 836	4 227
Investments in j/v and assoc. companies		18 295	4 176	13 997
Other non-current assets		472	2 553	821
Total non-current assets		713 538	424 039	599 673
CURRENT ASSETS				
Assets held for sale	3	18 651	0	23 933
Bunker inventory		33 607	12 220	16 492
Current receivables		66 899	39 586	52 332
Cash and cash equivalents		130 797	63 363	105 204
Total current assets		249 954	115 169	197 961
Total assets		963 492	539 208	797 634
EQUITY AND LIABILITIES				
Equity				
Paid-in capital		157 637	154 319	158 802
Retained earnings		64 002	36 499	82 739
Non-controlling interests		44 820	13 115	31 378
Total equity		266 459	203 933	272 919
NON-CURRENT LIABILITIES				
Deferred tax		4 595	0	0
Long-term interest bearing debt	4	516 445	254 434	412 881
Other non-current liabilities		1 676	2 247	1 757
Total non-current liabilities		522 716	256 681	414 638
CURRENT LIABILITIES				
Current portion of interest bearing debt	4	50 839	24 858	24 467
Other current liabilities		123 478	53 736	85 610
Total current liabilities		174 317	78 594	110 077
Total equity and liabilities		963 492	539 208	797 634

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

USD 1 000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Cash flow from operating activities			
Net result before taxes	92 987	23 203	142 130
Adjustments to reconcile profit before tax to net cash flows:			
Depreciations/impairment on fixed assets	17 335	13 853	28 735
Gain on sale of ships and other gains	-16 877	6 739	-15 333
Share-based compensation expense	-7 815	271	500
Difference between pension exps and paid pension premium	0	0	-19
Share of result from j/v and associated companies	-18 887	-2 483	-14 323
Dividend received from j/v and associated companies	14 564	0	0
Net finance costs	16 013	6 902	18 699
Change in current items	11 924	7 647	6 252
Interest received	100	431	815
Interest paid	-10 716	-6 841	-15 881
Financing costs	-1 015	0	-1 276
Income tax paid	-4 982	-281	-852
Net cash flow from operating activities	92 631	49 441	149 447
Cash flow from investing activities			
Proceeds from sale of ships	36 597	0	62 541
Payment of ships	-30 073	-8 389	-90 454
Received instalments from sale of ships	0	1 093	12 661
Additions to ships	-2 177	-2 629	0
Other investments	0	0	-5 022
Net cash flow from investing activities	4 347	-9 925	-20 274
Cash flow from financing activities			
Proceeds from non-current debt	29 816	0	52 360
Paid-in capital (net)	0	16 048	15 952
Repayment of non-current debt	-11 547	-24 808	-95 015
Sold treasury shares	0	122	129
Dividend paid	-89 654	-1 500	-31 380
Net cash flow from financing activities	-71 385	-10 138	-57 954
Net change in cash and cash equivalents during the period	25 593	29 378	71 219
Cash and cash equivalents at 1 January	105 204	33 985	33 985
Cash and cash equival. at end of period (incl. restricted cash)	130 797	63 363	105 204

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

USD 1 000

	Majority interest				Retained	Non-controlling interests	Total equity
	Paid-in		Share premium reserves	Other paid-in equity			
	Share capital	Treasury shares					Other equity
As at 30 June 2022							
Equity as at 31 December 2021	59 466	-128	62 228	37 236	82 739	31 378	272 919
Share issue, net of transaction costs	0	0	0	0	0	0	0
Share-based payment expense	0	0	0	-1 165	-6 650	0	-7 815
Dividend paid	0	0	0	0	-85 755	-3 899	-89 654
Net result for the period	0	0	0	0	73 753	17 341	91 094
Other comprehensive income	0	0	0	0	-85	0	-85
Total comprehensive income	0	0	0	0	73 668	17 341	91 009
Equity as at 30 June 2022	59 466	-128	62 228	36 071	64 002	44 820	266 459
As at 30 June 2021							
Equity as at 31 December 2021	53 617	-166	47 775	36 736	5 956	6 099	150 017
Share issue, net of transaction costs	4 715	0	11 787	-454	0	0	16 048
Sale of treasury shares	0	38	0	0	84	0	122
Share-based payment expense	0	0	0	271	0	0	271
Dividend paid	0	0	0	0	0	-1 500	-1 500
Net result for the period	0	0	0	0	30 479	8 516	38 995
Other comprehensive income	0	0	0	0	-20	0	-20
Total comprehensive income	0	0	0	0	30 459	8 516	38 975
Equity as at 30 June 2021	58 332	-128	59 562	36 553	36 499	13 115	203 933

**KEY FINANCIAL FIGURES**

		30 Jun 2022	30 Jun 2021	31 Dec 2021
EBITDA	USD 1000	109 458	50 697	178 279
Interest coverage ratio		10.17	4.40	10.13
Current ratio		1.43	1.47	1.80
Equity ratio		0.28	0.38	0.34
Earnings per share	USD	0.36	0.17	0.53
Earnings per share	NOK	3.59	1.44	4.65
Equity per share	USD	1.05	0.88	1.08
Equity per share	NOK	10.49	7.55	9.51
Average issued shares		253 136 666	231 096 752	253 136 666
Diluted average issued shares (excl. treasury shares)		257 764 866	235 708 752	250 609 708

DEFINITION OF NON-IFRS FINANCIAL MEASURES

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

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

- *Time charter equivalent (TCE)* – is defined as freight revenues less voyage expenses divided by the number of available on-hire days
- *Current ratio* - is defined as total current assets, divided by total current liabilities
- *EBITDA* - is the earnings before interest, taxes, depreciation and amortisation
- *EBIT* - is the earnings before interest and taxes. It can be calculated by the result before tax added by the interest
- *Equity ratio* - is equal to shareholders' equity including non-controlling interest, divided by total assets
- *Interest coverage ratio* - is equal to earnings before interest and taxes (EBIT), divided by interest expenses
- *Book equity per share* - is defined as total equity, divided by number of issued shares at end of period

**NOTES TO THE CONSOLIDATED ACCOUNTS**

The consolidated financial statements are presented in USD thousands unless otherwise indicated

Note 1 Accounting principles

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial reporting and should be read in conjunction with the consolidated financial statements of Belships for the year ended 31 December 2021.

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

This report was approved by the Board of Directors on 17 August 2022.

Note 2 Segment information

January - June 2022						
USD 1 000	Own ships	Lighthouse Navigation	Ship managm.	Admin.	Group transactions	Total
Gross freight revenue	118 036	391 042	0	0	640	509 718
Voyage expenses	-8 242	-85 666	0	0	1 394	-92 514
Net freight revenue	109 794	305 376	0	0	2 034	417 204
Management fees	0	6 916	3 363	0	-3 978	6 301
Operating income	109 794	312 292	3 363	0	-1 944	423 505
Share of result from j/v and assoc. co.	0	18 800	87	0	0	18 887
T/C hire expenses	-908	-284 312	0	0	0	-285 220
Ship operating expenses	-27 813	-1 191	0	0	1 944	-27 060
Operating exps. management co.	0	-13 607	-2 796	0	0	-16 403
General and administrative expenses	-246	0	0	-4 005	0	-4 251
Operating expenses	-28 967	-280 310	-2 709	-4 005	1 944	-314 047
EBITDA	80 827	31 982	654	-4 005	0	109 458
Depreciation and amortisation	-15 092	-2 072	-69	-102	0	-17 335
Gain on sale of ship	12 308	0	0	0	0	12 308
Other gains/-losses	0	4 569	0	0	0	4 569
Operating result (EBIT)	78 043	34 479	585	-4 107	0	109 000
Interest income	42	41	2	15	0	100
Interest expenses	-10 588	-106	-2	-20	0	-10 716
Other financial items	-5 462	78	-17	-45	0	-5 446
Currency gains/(-losses)	15	2	-39	71	0	49
Net financial items	-15 993	15	-56	21	0	-16 013
Result before taxes	62 050	34 494	529	-4 086	0	92 987
Taxes	0	-1 854	-39	0	0	-1 893
Net result	62 050	32 640	490	-4 086	0	91 094
Hereof majority interests	62 050	15 328	461	-4 086	0	73 753
Hereof non-controlling interests	0	17 312	29	0	0	17 341
Assets	736 770	206 957	4 484	15 280	0	963 492
Liabilities	575 907	117 408	1 433	2 284	0	697 033

**Note 2 Segment information, continued**

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

**Note 2 Segment information, continued**

USD 1 000	Q1 - 2022					Q1 - 2021				
	Own ships	LHN	Ship mgmt	Adm/ Grp.trs	Total	Own ships	LHN	Ship mgmt	Adm/ Grp.trs	Total
Gross freight revenue	58 606	199 361	0	320	258 287	27 504	79 197	0	589	107 290
Voyage expenses	-4 343	-27 212	0	753	-30 802	-4 354	-28 000	0	0	-32 354
Net freight revenue	54 263	172 149	0	1 073	227 485	23 150	51 197	0	589	74 936
Management fees	0	2 820	1 301	-2 118	2 003	0	1 687	1 089	-1 323	1 453
Operating income	54 263	174 969	1 301	-1 045	229 488	23 150	52 884	1 089	-734	76 389
Share of result from j/v and assoc. co.	0	12 339	27	0	12 366	0	761	-1	0	760
T/C hire expenses	0	-156 818	0	0	-156 818	0	-46 672	0	0	-46 672
Ship operating expenses	-13 993	-414	0	1 045	-13 362	-11 135	-414	0	734	-10 815
Operating exps management comp.	0	-7 514	-1 050	0	-8 564	0	-3 049	-914	0	-3 963
General and administrative expenses	-167	0	0	-2 434	-2 601	-95	0	0	-874	-969
Operating expenses	-14 160	-152 407	-1 023	-1 389	-168 979	-11 230	-49 374	-915	-140	-61 659
Operating result (EBITDA)	40 103	22 562	278	-2 434	60 509	11 920	3 510	174	-874	14 730
Depreciation and amortisation	-7 672	-470	-30	-64	-8 236	-6 982	-469	-42	-47	-7 540
Gain on sale of ship	12 308	0	0	0	12 308	0	0	0	0	0
Other gains/-losses	0	3 494	0	0	3 494	-6 734	0	0	0	-6 734
Operating result (EBIT)	44 739	25 586	248	-2 498	68 075	-1 796	3 041	132	-921	456

USD 1 000	Q2 - 2022					Q2 - 2021				
	Own ships	LHN	Ship mgmt	Adm/ Grp.trs	Total	Own ships	LHN	Ship mgmt	Adm/ Grp.trs	Total
Gross freight revenue	59 430	191 681	0	320	251 431	36 840	128 917	0	-66	165 691
Voyage expenses	-3 899	-58 454	0	641	-61 712	-4 267	-23 513	0	774	-27 006
Net freight revenue	55 531	133 227	0	961	189 719	32 573	105 404	0	708	138 685
Management fees	0	4 096	2 062	-1 860	4 298	0	2 108	1 016	-1 405	1 719
Operating income	55 531	137 323	2 062	-899	194 017	32 573	107 512	1 016	-697	140 404
Share of result from j/v and assoc. co.	0	6 461	60	0	6 521	0	1 725	-2	0	1 723
T/C hire expenses	-908	-127 494	0	0	-128 402	0	-88 253	0	0	-88 253
Ship operating expenses	-13 820	-777	0	899	-13 698	-9 828	-419	0	697	-9 550
Operating exps management comp.	0	-6 093	-1 746	0	-7 839	0	-6 053	-900	0	-6 953
General and administrative expenses	-79	0	0	-1 571	-1 650	-82	0	0	-1 322	-1 404
Operating expenses	-14 807	-127 903	-1 686	-672	-145 068	-9 910	-93 000	-902	-625	-104 437
Operating result (EBITDA)	40 724	9 420	376	-1 571	48 949	22 663	14 512	114	-1 322	35 967
Depreciation and amortisation	-7 420	-1 602	-39	-38	-9 099	-5 720	-467	-42	-84	-6 313
Other gains/-losses	0	1 075	0	0	1 075	-5	0	0	0	-5
Operating result (EBIT)	33 304	8 893	337	-1 609	40 925	16 938	14 045	72	-1 406	29 649

**Note 3 Ships**

At the end of each reporting period, the Company assesses whether there are any impairment indicators present. The Company has concluded that there are no impairment indicators pursuant to IAS 36.

Belships entered into agreements for the acquisition of two modern 64 000 dwt Ultramax bulk carriers built at Japanese shipyards in 2019 and 2020. The vessels are financed through time charter lease agreements for a fixed period of about 5 years with options to extend for a further 2 years. Cash breakeven for each vessel is about USD 11 200 per day. Belships paid a total of USD 12.0m as downpayment upon delivery of the vessels. The agreements come with options to repurchase the vessels significantly below current market levels. The vessels were delivered in June.

Belships entered into an agreement for the acquisition of a modern 64 000 dwt Ultramax bulk carrier built at a Japanese shipyard in 2020. The vessel is financed through a time charter lease agreement for a fixed period of about 5 years with options to extend for a further 3 years. Belships paid a total of USD 6.0m and the vessel has been delivered. Cash breakeven for the vessel is about USD 11 600 per day. The agreement comes with an option to purchase the vessel at the end of the charter significantly below current market levels. The vessel was delivered in June.

Belships entered into an agreement for the sale of BELPAREIL. The 63 000 dwt bulk carrier was built in 2015, and was the oldest ship in Belships' fleet. The vessel was delivered to its new owners in July 2022 and Belships will realise a gain of approximately USD 11.0m in Q3 2022. Total net cash flow after delivery of the vessel was approximately USD 28.5m.

Belships entered into agreements for the acquisition of two modern Ultramax bulk carriers built at Japanese shipyards in 2015 and 2017. Belships paid a total of USD 15.5m as downpayment and both vessels have been delivered. The vessels are currently financed through time charter lease agreements with purchase options significantly below current market levels. Belships has declared the purchase options for both vessels and will re-finance the vessels under available bank financing covering substantially all the amounts due for the purchase options. The vessels were delivered in July.

Note 4 Interest bearing debt

Interest bearing bank debt at the end of the quarter amounted to USD 114.6m. Transaction costs related to the mortgage debt were initially recorded as a reduction of debt in the balance sheet and is subsequently amortised over the loan period in accordance with the amortised cost principle.

Belships has declared an option to purchase the Ultramax bulk carrier BELNIPPON (2018). The lease was originally not accounted for under the assumption that Belships would utilise the purchase option and the lease liability and corresponding right of use asset has been adjusted to reflect the modification of the lease in accordance with IFRS 16.

Leasing liabilities at the end of the quarter arising from bareboat obligations and long-term time charters were USD 452.7m. Corresponding right-of-use assets, including upfront payments relating to the purchase options, were recorded at USD 499.2m.

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

Belships was in compliance with all covenants during the quarter.

Note 5 Subsequent events

There were no subsequent events after the balance sheet date.



20 LARGEST SHAREHOLDERS

Updated 11 August 2022

Shareholder	Number of shares	%
KONTRARI AS	104 000 000	41.08%
KONTRAZI AS	32 500 000	12.84%
JAKOB HATTELAND HOLDING AS	11 000 000	4.35%
LGT BANK AG	10 078 491	3.98%
MEGLERKONTO INNLAND DNB BANK ASA	10 048 170	3.97%
WENAASGRUPPEN AS	8 149 330	3.22%
JAHATT AS	5 000 000	1.98%
BARCLAYS CAPITAL SEC. LTD FIRM	3 523 022	1.39%
AL MARITIME HOLDING PTE LTD	2 690 000	1.06%
SAXO BANK A/S	2 618 261	1.03%
UBS SWITZERLAND AG	2 615 792	1.03%
THE BANK OF NEW YORK MELLON SA/NV	2 400 567	0.95%
THE NORTHERN TRUST COMP, LONDON BR	2 265 384	0.89%
J.P. MORGAN SE	1 760 871	0.70%
STAVANGER FORVALTNING AS	1 618 035	0.64%
STATE STREET BANK AND TRUST COMP	1 407 922	0.56%
THE BANK OF NEW YORK MELLON SA/NV	1 407 816	0.56%
STATE STREET BANK AND TRUST COMP	1 389 610	0.55%
SIX SIS AG	1 363 488	0.54%
THE BANK OF NEW YORK MELLON SA/NV	1 033 333	0.41%
OTHER SHAREHOLDERS	46 266 574	18.28%
TOTAL OUTSTANDING SHARES	253 136 666	100.00%

**PERIOD CHARTER COVERAGE***Updated 11 Aug 2022*

Vessel	Start	TCE	Duration
BELTOKYO	Aug-22	\$ 22,250	21 - 25 months
BELFORCE	Sep-21	\$ 24,000	22 - 25 months
BELKNIGHT	Mar-22	\$ 25,000	22 - 26 months
BELTRADER	Feb-22	\$ 21,400	21 - 24 months
BELGUARDIAN	Dec-21	\$ 24,700	10 - 12 months
BELMAR	Feb-22	\$ 21,600	24 - 29 months
BELFAST	Dec-21	\$ 25,000	11 - 13 months
BELAJA	Dec-21	\$ 22,250	12 - 14 months
BELMOIRA	Jun-21	\$ 23,000	22 - 24 months
BELFUJI	Jun-21	\$ 24,000	22 - 25 months
BELGRACE*	Feb-22	\$ 30,000	13 - 14 months
BELFORTE*	Jan-22	\$ 21,000	33 - 35 months
BELRAY	Jul-21	\$ 23,000	21 - 24 months
BELNIPPON	Aug-22	\$ 16,750	16 - 20 months
BELHAVEN	Oct-21	\$ 26,250	21 - 24 months
BELTIGER	Mar-22	\$ 23,500	22 - 25 months
BELISLAND	Sep-21	\$ 22,000	21 - 24 months
BELINDA	Sep-21	\$ 27,000	10 - 12 months
BELMONT	Jun-22	\$ 21,000	21 - 25 months
BELLIGHT	Jun-22	\$ 22,500	21 - 25 months
BELFRIEND	Apr-22	\$ 29,500	11 - 13 months
BELTIDE	Jan-22	\$ 24,500	11 - 13 months
BELVEDERE**	Jan-22	\$ 24,500	13 - 15 months
BELFOREST	Jun-22	\$ 20,650	21 - 25 months
BELHAWK	Apr-22	\$ 22,250	21 - 25 months
BELSOUTH	Oct-21	\$ 25,250	23 - 25 months

Entered the fleet Jun-22**Entered the fleet Jul-22*

Table Includes all ongoing period charters above 180 days

**FLEET LIST**

Updated 11 Aug 2022

Ship	Ownership	Built year	Dwt	Yard
BELMONDO (NEWBUILD)	BBC ¹	2023	64 000	Imabari
BELYAMATO (NEWBUILD)	BBC ²	2022	64 000	Imabari
BELTOKYO	BBC ³	2021	64 000	Imabari
BELFORCE	BBC ⁴	2021	61 000	Dacks
BELKNIGHT	BBC ⁵	2021	61 000	Dacks
BELTRADER	BBC ⁶	2021	61 000	Dacks
BELGUARDIAN	BBC ⁶	2021	61 000	Dacks
BELMAR	BBC ⁷	2021	64 000	Imabari
BELFAST	BBC ⁸	2021	64 000	Imabari
BELAJA	BBC ⁹	2020	61 000	Shin Kurushima
BELMOIRA	BBC ⁹	2020	61 000	Shin Kurushima
BELFUJI	TC ¹⁰	2020	63 000	Imabari
BELGRACE	TC ¹¹	2020	63 000	Imabari
BELTANGO	TC ¹¹	2020	64 000	Mitsui
BELFORTE	TC ¹²	2019	64 000	Mitsui
BELRAY	BBC ⁹	2019	61 000	Shin Kurushima
BELNIPPON	TC ¹³	2018	63 000	Imabari
BELAFONTE	TC ¹⁴	2017	63 000	Imabari
BELHAVEN	100%	2017	63 000	Imabari
BELTIGER	100%	2017	63 000	New Times
BELISLAND	BBC ¹⁵	2016	61 000	Imabari
BELINDA	100%	2016	63 000	Hantong
BELMONT	100%	2016	63 000	Hantong
BELATLANTIC	100%	2016	63 000	Hantong
BELLIGHT	BBC ¹⁶	2016	63 000	New Times
BELFRIEND	100%	2016	58 000	Tsuneishi
BELTIDE	100%	2016	58 000	Tsuneishi
BELVEDERE	TC ¹³	2015	66 000	Mitsui
BELFOREST	BBC ¹⁷	2015	61 000	Imabari
BELHAWK	BBC ¹⁸	2015	61 000	Imabari
BELSOUTH	100%	2015	63 000	Hantong

- 1) Expected delivery January 2023, 10 yr bareboat charter with purchase options after fourth year
- 2) Expected delivery November 2022, 10 yr bareboat charter with purchase options after fourth year
- 3) 12 yr bareboat charter with purchase options after fourth year
- 4) 10 yr bareboat charter with purchase options after third year
- 5) 7 yr bareboat charter with purchase options after third year
- 6) 10 yr bareboat charter with purchase options after fourth year
- 7) 10 yr bareboat charter with purchase options after fourth year
- 8) 10 yr bareboat charter with purchase options after fourth year
- 9) 7 yr bareboat charter with purchase options after fourth year
- 10) 8 yr time charter with purchase options after fourth year
- 11) 5 yr remaining time charter with purchase options from H2 2025
- 12) 4.5 yr remaining time charter with purchase options from H2 2022
- 13) Declared option to purchase, conclusion is expected within Q3 2022
- 14) Declared option to purchase, conclusion is expected within Q1 2023
- 15) 11 yr bareboat charter with purchase options after third year
- 16) 10 yr bareboat charter with purchase options after second year
- 17) 10.5 yr bareboat charter with purchase options after third year
- 18) 9.5 yr bareboat charter with purchase options after third year

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