



BELSHIPS



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QUARTERLY REPORT – Q3 2022

10 November 2022

Belships ASA

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www.belships.com

Enterprise no: NO 930776793 MVA



CONTRACT COVERAGE SECURES PROFITABILITY AND DIVIDEND OUTLOOK FOR 2023

HIGHLIGHTS

- Operating income of USD 151.8m (USD 205.3m)
- EBITDA of USD 56.4m (USD 57.1m) including USD 10.1m from Lighthouse Navigation
- Net result of USD 49.8m (USD 35.2m)
- Declared dividend of USD 18.4m (NOK 0.75 per share)
- TCE of USD 24 155 gross per day for owned fleet
- 90 per cent of ship days in Q4 2022 are fixed at USD 22 900 gross per day
- 64 per cent of ship days in the next four quarters are fixed at USD 22 300 gross per day
- Modern fleet of 31 vessels with an average age below four years and daily cash breakeven for 2023 of about USD 10 900 per vessel

Subsequent events

BELYAMATO, an Ultramax newbuilding of 64 000 dwt was delivered in November 2022 from Imabari Shipyard in Japan.

Financial results commentary

Belships reports a net result of USD 49.8m for Q3 2022, compared to a net result of USD 35.2m for Q3 2021. The increase is mainly driven by fleet expansion and the book gain from the sale of BELPAREIL of USD 10.0m.

Net freight revenue for owned vessels was USD 61.4m in Q3 2022 compared to USD 50.3m in Q3 2021. The increase in net freight revenue is driven by an increase in vessel days, partially offset by a reduction in TCE from USD 26 714 in Q3 2021 to USD 24 155 in Q3 2022.

Ship operating expenses were USD 12.8m in Q3 2022 compared to USD 14.7m in Q3 2021. Despite an increase in vessel days, ship operating expenses have decreased significantly. The reduction is due to less Covid-19 related crewing expenses and vessel takeover costs.

Fleet status

Time charter equivalent (TCE) earnings per ship in the quarter was recorded at USD 24 155 gross per day. The fleet sailed without significant off-hire in Q3 with a total of 2 677 on-hire vessel days.

The Baltic Supramax Index (BSI) averaged USD 19 728 gross per day in the third quarter. Relative performance versus spot indices is affected by a high number of fixed period time charter contracts that contribute to our coverage for 2023 at levels far above current market rates.

Several period time charter contracts have been entered into during the quarter increasing contract coverage for 2023 to 50 per cent at highly profitable levels.



	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Contract coverage	90%	70%	55%	43%	33%	17%
TCE rate (USD/day)	22 900	22 500	21 700	21 500	21 500	21 500

Estimated cash breakeven for 2023 is USD 10 900 per vessel per day. This amount includes OPEX of USD 5 300, interest and instalments of USD 4 850 per day, G&A of USD 450 and drydocking expenses of USD 300.

Ultramax newbuilding BELMONDO is expected to be delivered from Imabari Shipbuilding, Japan in January 2023.

Transactions

BELVEDERE (2015) and BELAFONTE (2017), two modern Japanese Ultramax bulk carriers, were delivered in July. Belships paid a total of USD 15.5m upon delivery. The vessels are currently financed through 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 substantially covering the amounts due for the purchase options. The vessels are currently chartered out on time charter contracts until Q1 2023 at USD 18 000 and USD 24 500 per day, respectively.

BELPAREIL (2015) was delivered to its new Owners in July. A book gain of USD 10.0m was realised. Total net cash flow after delivery of the vessel was approximately USD 28.5m.

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 strong quarter with an EBITDA of USD 10.1m, which includes provisions for potential loss-making contracts of USD 4.6m based on the forward freight market at the end of the quarter.

This brings the year-to-date EBITDA to USD 42.1m and average EBITDA in the last 12 quarters to USD 9.6m.

Sustainability

Belships aims for the highest standards in corporate governance and is well placed to deliver emission cuts in line with industry ambitions for 2030. Belships published a comprehensive sustainability report 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 signalling 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 116.3m, whilst interest bearing bank debt amounted to USD 123.6m.



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 and time-charters will be exercised except BELFUJI.

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 12.09 (USD 1.11), corresponding to a book equity ratio of 29 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 third quarter 2022 the Board declared a dividend payment of USD 18.4m (NOK 0.75 per share) equivalent to about 50 per cent of net result adjusted for net minority interests and the sale of BELPAREIL.

This brings the total dividends paid out since the inception of the dividend policy in Q2 2021 to USD 149.8m (NOK 5.6 per share).

Market highlights

In the third quarter, the Baltic Supramax Index (BSI-58) averaged USD 19 700 per day – down from USD 28 900 in the second quarter. With this market correction, asset values have decreased as well. As a general observation, prices have dropped about 10 per cent compared to Q2 2022. According to ship brokers, values for modern vessels appear to hold better than those of older vintages. Supra/Ultramax vessels continue to represent the strongest segment within the dry cargo market.

According to Fearnleys, total Supramax shipment volumes ended at 250 million tons, unchanged from the previous quarter. This is, however, about 5 per cent lower compared to last year, when 264 and 258 million tons were shipped in Q2 and Q3 2021, respectively.

Port congestion has reversed from earlier this year and is now close to pre-Covid normalised levels. This increase in sailing efficiency has affected rates negatively in the quarter markedly.

China has continued to fight the pandemic with severe lockdowns in major cities. The war in Ukraine exposed energy and commodity shortages which has accelerated inflation. Usual volumes of wheat, corn, fertilizers and steel products have been prevented from moving out of the Black Sea or Northwestern Russian ports. In sum, fears of demand destruction from high commodity prices and rising interest rates have subdued near term GDP forecasts.

According to Clarksons, 72 Supra/Ultramax vessels have been delivered year-to-date, which totals 4.91m dwt. With less than two months left of the year, this compares to about 7.0m dwt delivered in all of 2021, evidencing the falling rate of newbuilding supply. 24 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. Fleet growth has been the lowest on record in the last 20 years. With an orderbook of around 7 per cent, we are soon approaching the lowest rate of supply growth in 30 years.

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. Relatively high newbuilding prices persist 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 remain distant, at least two years ahead. Lower 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 Q3 2022, however spot market rates for Supra/Ultramax are still profitable. The Baltic Exchange Supramax spot index is currently about USD 14 000. Forward Freight Agreements (FFA) currently indicate a market average of about USD 13 500 for the remaining part of the year, with Ultramax bulk carriers earning an additional premium.

Belships has contract coverage ensuring higher profitability than current market levels. 90 per cent of ship days in Q4 2022 are covered at about USD 22 900 per day, and 64 per cent of ship days in the next four quarters are fixed at about USD 22 300 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, and most of the debt is with fixed interest rates.

Lighthouse Navigation continues to deliver good results and is expected to continue contributing to Belships' dividend capacity.

Looking ahead, towards 2023 and 2024, the supply side as observed from the number of deliveries and the publicly quoted orderbook for dry bulk is historically low. We therefore remain very 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 USD 149.8m (NOK 5.6 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 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.



10 November 2022

THE BOARD OF BELSHIPS ASA

Peter Frølich
Chairman

Frode Teigen

Sten Stenersen

Marianne Møgster

Carl Erik Steen

Birthe Cecilie Lepsøe

Jorunn Seglem

Lars Christian Skarsgård
CEO

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

USD 1 000		Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021	2021
Gross freight revenue	Note	210 459	238 169	720 177	511 150	808 237
Voyage expenses		-59 381	-34 306	-151 895	-93 666	-164 929
Net freight revenue	2	151 078	203 863	568 282	417 484	643 308
Management fees		726	1 397	7 027	4 569	7 366
Operating income	2	151 804	205 260	575 309	422 053	650 674
Share of result from j/v and assoc. comp.		6 327	3 598	25 214	6 081	14 323
T/C hire expenses		-84 036	-125 262	-369 256	-260 187	-400 710
Ship operating expenses		-12 785	-14 675	-39 845	-35 040	-50 457
Operating expenses management companies		-3 677	-10 689	-20 080	-21 605	-30 756
General and administrative expenses		-1 218	-1 090	-5 469	-3 463	-4 795
Operating expenses		-95 389	-148 118	-409 436	-314 214	-472 395
EBITDA		56 415	57 142	165 873	107 839	178 279
Depreciation and amortisation	3	-10 814	-6 780	-28 149	-20 633	-28 735
Gain on sale of ships	3	9 966	0	22 274	0	15 333
Other gains/(-losses)		-1 695	0	2 874	-6 739	-4 048
Operating result (EBIT)		53 872	50 362	162 872	80 467	160 829
Interest income		303	224	403	655	815
Interest expenses		-7 297	-4 000	-18 013	-10 841	-15 881
Other financial items		553	-950	-4 893	-1 294	-2 308
Currency gains/(-losses)		2 626	-798	2 675	-946	-1 325
Net financial items		-3 815	-5 524	-19 828	-12 426	-18 699
Result before taxes		50 057	44 838	143 044	68 041	142 130
Taxes		-291	-9 619	-2 184	6 173	-8 708
Net result		49 766	35 219	140 860	74 214	133 422
Hereof majority interests		46 674	25 024	120 427	55 503	103 983
Hereof non-controlling interests		3 092	10 195	20 433	18 711	29 439
Earnings per share		0.20	0.14	0.56	0.29	0.54
Diluted earnings per share		0.19	0.14	0.55	0.30	0.53

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD 1 000		Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021	2021
Net result		49 766	35 219	140 860	74 214	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. reclass. to profit or (loss):</i>						
Exchange differences		-162	95	-185	75	-74
Total comprehensive income		49 604	35 314	140 675	74 289	133 351
Hereof majority interests		46 512	25 119	120 242	55 578	103 912
Hereof non-controlling interests		3 092	10 195	20 433	18 711	29 439

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

USD 1 000		30 Sep 2022	30 Sep 2021	31 Dec 2021
NON-CURRENT ASSETS				
	<i>Note</i>			
Intangible assets		0	11 178	0
Ships	3	724 314	511 766	580 628
Prepayment of ships		13 500	0	0
Property, Plant, and Equipment		3 806	4 375	4 227
Investments in j/v and assoc. companies		25 057	5 779	13 997
Other non-current assets		104	2 373	821
Total non-current assets		766 781	535 471	599 673
CURRENT ASSETS				
Assets held for sale		0	21 349	23 933
Bunker inventory		15 288	14 963	16 492
Current receivables		75 893	64 031	52 332
Cash and cash equivalents		116 302	106 461	105 204
Total current assets		207 483	206 804	197 961
Total assets		974 264	742 275	797 634
EQUITY AND LIABILITIES				
Equity				
Paid-in capital		157 839	158 678	158 802
Retained earnings		91 739	49 773	82 739
Non-controlling interests		32 371	23 131	31 378
Total equity		281 949	231 582	272 919
NON-CURRENT LIABILITIES				
Long-term interest bearing debt	4	516 613	386 354	412 881
Other non-current liabilities		1 633	2 189	1 757
Total non-current liabilities		518 246	388 543	414 638
CURRENT LIABILITIES				
Current portion of interest bearing debt	4	69 133	30 243	24 467
Other current liabilities		104 936	91 907	85 610
Total current liabilities		174 069	122 150	110 077
Total equity and liabilities		974 264	742 275	797 634

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

USD 1 000	30 Sep 2022	30 Sep 2021	31 Dec 2021
Cash flow from operating activities			
Net result before taxes	143 044	68 041	142 130
Adjustments to reconcile profit before tax to net cash flows:			
Depreciations/impairment on fixed assets	28 149	20 633	28 735
Gain on sale of ships and other gains	-25 148	2 165	-15 333
Share-based compensation expense	-7 613	375	500
Difference between pension exps and paid pension premium	0	0	-19
Share of result from j/v and associated companies	-25 214	-6 081	-14 323
Dividend received from j/v and associated companies	14 646	0	0
Net finance costs	19 828	12 426	18 699
Change in current items	-3 546	18 556	6 252
Interest received	403	655	815
Interest paid	-18 013	-10 841	-15 881
Financing costs	-580	-379	-1 276
Income tax paid	-4 718	-578	-852
Net cash flow from operating activities	121 238	104 972	149 447
Cash flow from investing activities			
Proceeds from sale of ships	66 097	19 012	62 541
Payment of ships	-69 606	-35 425	-90 454
Received instalments from sale of ships	0	1 579	12 661
Additions to ships	-2 180	-4 346	0
Other investments	0	0	-5 022
Net cash flow from investing activities	-5 689	-19 180	-20 274
Cash flow from financing activities			
Proceeds from non-current debt	48 387	13 050	52 360
Paid-in capital (net)	0	15 952	15 952
Repayment of non-current debt	-28 806	-28 917	-95 015
Sold treasury shares	0	129	129
Dividend paid	-124 032	-13 530	-31 380
Net cash flow from financing activities	-104 451	-13 316	-57 954
Net change in cash and cash equivalents during the period	11 098	72 476	71 219
Cash and cash equivalents at 1 January	105 204	33 985	33 985
Cash and cash equiv. at end of period (incl. restricted cash)	116 302	106 461	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 September 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	-963	-6 650	0	-7 613
Dividend paid	0	0	0	0	-104 592	-19 440	-124 032
Net result for the period	0	0	0	0	120 427	20 433	140 860
Other comprehensive income	0	0	0	0	-185	0	-185
Total comprehensive income	0	0	0	0	120 242	20 433	140 675
Equity as at 30 September 2022	59 466	-128	62 228	36 273	91 739	32 371	281 949
As at 30 September 2021							
Equity as at 31 December 2020	53 617	-166	47 775	36 736	5 956	6 099	150 017
Share issue, net of transaction costs	5 849	0	14 907	-454	0	0	20 302
Sale of treasury shares	0	38	0	0	91	0	129
Share-based payment expense	0	0	0	375	0	0	375
Dividend paid	0	0	0	0	-11 852	-1 678	-13 530
Net result for the period	0	0	0	0	55 503	18 711	74 214
Other comprehensive income	0	0	0	0	75	0	75
Total comprehensive income	0	0	0	0	55 578	18 711	74 289
Equity as at 30 September 2021	59 466	-128	62 682	36 657	49 773	23 132	231 582

**KEY FINANCIAL FIGURES**

		30 Sep 2022	30 Sep 2021	31 Dec 2021
EBITDA	USD 1000	165 873	107 839	178 279
Interest coverage ratio		9.04	7.42	10.13
Current ratio		1.19	1.69	1.80
Equity ratio		0.29	0.31	0.34
Earnings per share	USD	0.56	0.29	0.53
Earnings per share	NOK	6.04	2.57	4.65
Equity per share	USD	1.11	0.91	1.08
Equity per share	NOK	12.09	8.03	9.51
Average issued shares		253 136 666	253 136 666	253 136 666
Diluted average issued shares (excl. treasury shares)		257 764 866	248 198 446	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 10 November 2022.

Note 2 Segment information

January - September 2022						
USD 1 000	Own ships	Lighthouse Navigation	Ship managm.	Admin.	Group transacts.	Total
Gross freight revenue	182 114	537 056	0	0	1 007	720 177
Voyage expenses	-10 889	-143 189	0	0	2 183	-151 895
Net freight revenue	171 225	393 867	0	0	3 190	568 282
Management fees	0	9 426	3 557	0	-5 956	7 027
Operating income	171 225	403 293	3 557	0	-2 766	575 309
Share of result from j/v and assoc. co.	0	25 122	92	0	0	25 214
T/C hire expenses	-1 969	-367 287	0	0	0	-369 256
Ship operating expenses	-40 513	-2 098	0	0	2 766	-39 845
Operating exps management companies	0	-16 970	-3 110	0	0	-20 080
General and administrative expenses	-377	0	0	-5 092	0	-5 469
Operating expenses	-42 859	-361 233	-3 018	-5 092	2 766	-409 436
EBITDA	128 366	42 060	539	-5 092	0	165 873
Depreciation and amortisation	-23 861	-4 063	-81	-144	0	-28 149
Gain on sale of ship	22 274	0	0	0	0	22 274
Other gains/-losses	0	2 874	0	0	0	2 874
Operating result (EBIT)	126 779	40 871	458	-5 236	0	162 872
Interest income	200	167	3	33	0	403
Interest expenses	-17 727	-254	-4	-30	2	-18 013
Other financial items	-2 035	163	-15	-3 006	0	-4 893
Currency gains/(-losses)	2 674	110	-109	0	0	2 675
Net financial items	-16 888	186	-125	-3 003	2	-19 828
Result before taxes	109 891	41 057	333	-8 239	2	143 044
Taxes	-19	-2 096	-69	0	0	-2 184
Net result	109 872	38 961	264	-8 239	2	140 860
Hereof majority interests	109 872	18 524	268	-8 239	2	120 427
Hereof non-controlling interests	0	20 437	-4	0	0	20 433
Assets	791 471	161 393	4 632	16 768	0	974 264
Liabilities	590 739	98 032	1 665	1 879	0	692 315

**Note 2 Segment information, continued**

	January - September 2021					
	USD 1 000					
	Own ships	Lighthouse Navigation	Ship managm.	Admin.	Group transact.	Total
Gross freight revenue	119 678	390 667	0	0	805	511 150
Voyage expenses	-13 681	-81 578	0	0	1 593	-93 666
Net freight revenue	105 997	309 089	0	0	2 398	417 484
Management fees	0	6 155	3 182	0	-4 768	4 569
Operating income	105 997	315 244	3 182	0	-2 370	422 053
Share of result from j/v and assoc. co.	0	6 080	1	0	0	6 081
T/C hire expenses	0	-260 187	0	0	0	-260 187
Ship operating expenses	-36 154	-1 256	0	0	2 370	-35 040
Operating exps management comp.	0	-18 609	-2 996	0	0	-21 605
General and administrative expenses	-197	0	0	-3 266	0	-3 463
Operating expenses	-36 351	-273 972	-2 995	-3 266	2 370	-314 214
EBITDA	69 646	41 272	187	-3 266	0	107 839
Depreciation and amortisation	-18 927	-1 401	-122	-183	0	-20 633
Gain on sale of ship	0	0	0	0	0	0
Other gains/losses	-6 739	0	0	0	0	-6 739
Operating result (EBIT)	43 980	39 871	65	-3 449	0	80 467
Interest income	625	27	3	0	0	655
Interest expenses	-10 697	-101	-8	-35	0	-10 841
Other financial items	-1 285	0	-9	0	0	-1 294
Currency gains/(-losses)	245	52	-3	-1 240	0	-946
Net financial items	-11 112	-22	-17	-1 275	0	-12 426
Result before taxes	32 868	39 849	48	-4 724	0	68 041
Taxes	0	-4 965	-40	11 178	0	6 173
Net result	32 868	34 884	8	6 454	0	74 214
Hereof majority interests	32 868	16 245	-64	6 454	0	55 503
Hereof non-controlling interests	0	18 639	72	0	0	18 711
Assets	583 889	126 180	4 917	27 289	0	742 275
Liabilities	428 241	77 865	2 386	2 201	0	510 693

**Note 2 Segment information, continued**

USD 1 000	Q1 - 2022					Q1 - 2021				
	Own ships	LHN	Ship mgmt	Adm/ Grp.trrs	Total	Own ships	LHN	Ship mgmt	Adm/ Grp.trrs	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.trrs	Total	Own ships	LHN	Ship mgmt	Adm/ Grp.trrs	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

USD 1 000	Q3 - 2022					Q3 - 2021				
	Own ships	LHN	Ship mgmt	Adm/ Grp.trrs	Total	Own ships	LHN	Ship mgmt	Adm/ Grp.trrs	Total
Gross freight revenue	64 078	146 014	0	367	210 459	55 334	182 553	0	282	238 169
Voyage expenses	-2 647	-57 523	0	789	-59 381	-5 060	-30 065	0	819	-34 306
Net freight revenue	61 431	88 491	0	1 156	151 078	50 274	152 488	0	1 101	203 863
Management fees	0	2 510	194	-1 978	726	0	2 360	1 077	-2 040	1 397
Operating income	61 431	91 001	194	-822	151 804	50 274	154 848	1 077	-939	205 260
Share of result from j/v and assoc. co.	0	6 322	5	0	6 327	0	3 594	4	0	3 598
T/C hire expenses	-1 061	-82 975	0	0	-84 036	0	-125 262	0	0	-125 262
Ship operating expenses	-12 700	-907	0	822	-12 785	-15 191	-423	0	939	-14 675
Operating exps ship management co.	0	-3 363	-314	0	-3 677	0	-9 507	-1 182	0	-10 689
General and administrative expenses	-131	0	0	-1 087	-1 218	-20	0	0	-1 070	-1 090
Operating expenses	-13 892	-80 923	-309	-265	-95 389	-15 211	-131 598	-1 178	-131	-148 118
Operating result (EBITDA)	47 539	10 078	-115	-1 087	56 415	35 063	23 250	-101	-1 070	57 142
Depreciation and amortisation	-8 769	-1 991	-12	-42	-10 814	-6 225	-465	-38	-52	-6 780
Gain on sale of ship	9 966	0	0	0	9 966	0	0	0	0	0
Other gains/-losses	0	-1 695	0	0	-1 695	0	0	0	0	0
Operating result (EBIT)	48 736	6 392	-127	-1 129	53 872	28 838	22 785	-139	-1 122	50 362

**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.

BELVEDERE (2015) and BELAFONTE (2017), two modern Japanese Ultramax bulk carriers, were delivered in July. Belships paid a total of USD 15.5m upon delivery. The vessels are currently financed through 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 substantially covering the amounts due for the purchase options. The vessels are currently chartered out on time charter contracts until Q1 2023 at USD 18 000 and USD 24 500 per day, respectively.

BELPAREIL (2015) was delivered to its new Owners in July. A book gain of USD 10.0m was realised. Total net cash flow after delivery of the vessel was approximately USD 28.5m.

Note 4 Interest bearing debt

The company considers all of its bareboat agreements to meet the lease definition under IFRS 16. The long-term time charter contracts contain both lease and service components.

Specification of Lease Agreements

Lease liabilities at the end of the quarter were USD 462.2m. Corresponding right-of-use assets, including upfront payments relating to the purchase options, were recorded at USD 517.7m.

Vessel	Built year	Leased year	Ownership	Lease maturity	Purchase option	Discount rate	NPV of lease payments	NPV of purchase option	Current	Non-current
Belships vessels										
BELHAWK*	2015	2021	Bareboat	2031	2024-2031	4.5%	11 939	6 710	1 451	17 199
BELFOREST*	2015	2022	Bareboat	2033	2025-2033	4.2%	10 951	10 706	1 387	20 271
BELLIGHT*	2016	2022	Bareboat	2032	2024-2032	4.4%	10 573	9 104	1 365	18 312
BELISLAND*	2016	2021	Bareboat	2032	2024-2032	4.5%	11 348	7 990	1 359	17 978
BELRAY	2019	2019	Bareboat	2026	2023-2026	5.6%	8 459	13 443	1 195	20 706
BELMOIRA	2020	2020	Bareboat	2027	2024-2027	5.7%	8 908	13 197	1 158	20 948
BELAJA	2020	2020	Bareboat	2027	2024-2027	5.7%	9 063	13 131	1 150	21 043
BELFAST	2021	2021	Bareboat	2031	2025-2031	6.3%	14 811	8 818	832	22 797
BELMAR	2021	2021	Bareboat	2031	2025-2031	5.2%	17 391	9 506	1 091	25 805
BELGUARDIAN	2021	2021	Bareboat	2031	2025-2031	5.1%	11 003	11 144	1 095	21 052
BELTRADER	2021	2021	Bareboat	2031	2025-2031	5.1%	11 003	11 144	1 095	21 052
BELKNIGHT	2021	2021	Bareboat	2028	2024-2028	5.2%	11 265	11 041	1 132	21 173
BELFORCE	2021	2021	Bareboat	2031	2024-2031	4.6%	9 821	13 277	1 204	21 894
BELTOKYO	2021	2021	Bareboat	2033	2025-2033	4.5%	11 872	17 009	1 315	27 567
BELVEDERE	2015	2015	Time Charter	2022	Declared	5.1%	524	19 326	19 850	-
BELAFONTE	2017	2017	Time Charter	2023	Declared	5.1%	1 175	20 081	21 257	-
BELFORTE	2019	2019	Time Charter	2026	2022-2026	5.0%	7 868	18 260	843	25 285
BELTANGO	2020	2020	Time Charter	2027	2025-2027	5.0%	9 588	19 932	863	28 657
BELGRACE	2020	2020	Time Charter	2027	2025-2027	5.0%	9 892	20 015	919	28 988
BELFUJI	2020	2020	Time Charter	2028	2024-2028	6.3%	11 743	-	1 874	9 869
Lighthouse Navigation vessels										
Alam Mutiara	2012	2020	Time Charter	2023	N/A	5.00%	145	-	145	-
Texel Island	2012	2022	Time Charter	2023	N/A	5.25%	8 205	-	5 993	2 212
Total Ships							187 258	247 121	68 573	392 806
Offices	N/A	N/A	Lease	2021-2063	N/A	5-6%	783		238	545

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

**Payment Schedule**

	Remaining 2022	2023	2024	2025	2026	Subsequent	Total
Lease payments	-13 514	-48 492	-42 500	-41 685	-40 853	-52 723	-239 497
Exercising purchase options*	-19 487	-20 500	-	-	-55 800	-223 295	-319 082
Total	-33 001	-68 992	-42 500	-41 685	-96 383	-276 018	-558 579

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.

Loan Facilities

Interest bearing bank debt at the end of the quarter amounted to USD 123.6m. Transactions 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. The refinancing of the vessel BELNIPPON was finalised during the quarter using available bank financing on similar terms as the other bank financed vessels.

Belships was in compliance with all covenants during the quarter.

Repayment Schedule

	Remaining 2022	2023	2024	2025	2026	Subsequent	Total
Instalments	-	-	-14 631	-14 631	-14 631	-80 795	-124 688
Interests	-2 076	-8 326	-7 982	-6 982	-6 005	-1 330	-32 701
Total	-2 076	-8 326	-22 613	-21 613	-20 636	-82 125	-157 389

Note 5 Subsequent events

BELYAMATO, an Ultramax newbuilding of 64 000 dwt was delivered in November 2022 from Imabari Shipyard in Japan.



20 LARGEST SHAREHOLDERS

Updated 9 November 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	10 159 379	4.01%
DNB BANK ASA, MEGLERKONTO INNLAND	9 922 507	3.92%
WENAASGRUPPEN AS	8 149 330	3.22%
JAHATT AS	5 000 000	1.98%
AL MARITIME HOLDING PTE LTD	3 290 000	1.30%
SAXO BANK A/S	2 834 740	1.12%
CLEARSTREAM BANKING S.A.	2 693 703	1.06%
UBS SWITZERLAND AG	2 615 792	1.03%
STATE STREET BANK AND TRUST COMP	1 970 832	0.78%
BARCLAYS CAPITAL SEC. LTD FIRM	1 832 010	0.72%
SIX SIS AG	1 665 988	0.66%
THE NORTHERN TRUST COMP, LONDON BR	1 665 702	0.66%
STAVANGER FORVALTNING AS	1 618 035	0.64%
THE BANK OF NEW YORK MELLON SA/NV	1 237 818	0.49%
CACEIS BANK SPAIN SA	1 179 494	0.47%
SONATA AS	1 000 000	0.40%
VERDIPAPIRFONDET DNB SMB	951 123	0.38%
OTHER SHAREHOLDERS	47 850 213	18.90%
TOTAL OUTSTANDING SHARES	253 136 666	100.00%

**PERIOD CHARTER COVERAGE***Updated 10 Nov 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
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*	Mar-22	\$ 30,000	12 - 14 months
BELTANGO	Oct-22	\$ 17,750	10 - 13 months
BELFORTE*	Nov-21	\$ 21,000	35 - 38 months
BELRAY	Jul-21	\$ 23,000	21 - 24 months
BELNIPPON	Sep-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	Oct-22	\$ 16,250	11 - 13 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	12 - 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 1 year or above

**FLEET LIST**

Updated 10 Nov 2022

Ship	Ownership	Built year	Dwt	Yard
BELMONDO (NEWBUILD)	BBC ¹	2023	64 000	Imabari
BELYAMATO	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	Owned	2018	63 000	Imabari
BELAFONTE	TC ¹³	2017	63 000	Imabari
BELHAVEN	Owned	2017	63 000	Imabari
BELTIGER	Owned	2017	63 000	New Times
BELISLAND	BBC ¹⁴	2016	61 000	Imabari
BELINDA	Owned	2016	63 000	Hantong
BELMONT	Owned	2016	63 000	Hantong
BELATLANTIC	Owned	2016	63 000	Hantong
BELLIGHT	BBC ¹⁵	2016	63 000	New Times
BELFRIEND	Owned	2016	58 000	Tsuneishi
BELTIDE	Owned	2016	58 000	Tsuneishi
BELVEDERE	TC ¹⁶	2015	66 000	Mitsui
BELFOREST	BBC ¹⁷	2015	61 000	Imabari
BELHAWK	BBC ¹⁸	2015	61 000	Imabari
BELSOUTH	Owned	2015	63 000	Hantong

1) Expected delivery January 2023, 10 yr bareboat charter with purchase options after fourth year

2) Delivered 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 purchase option, conclusion is expected within Q1 2023

14) 11 yr bareboat charter with purchase options after third year

15) 10 yr bareboat charter with purchase options after second year

16) Declared purchase option, conclusion is expected within Q4 2022

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.