



**BELSHIPS**



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## QUARTERLY REPORT – Q1 2021

*26 May 2021*

**Belships ASA**

Lilleakerveien 6D, N-0283 Oslo, Norway

[www.belships.com](http://www.belships.com)

Enterprise no: NO 930776793 MVA



## IMPROVED MARKET OUTLOOK AND INTRODUCTION OF DIVIDEND POLICY

### HIGHLIGHTS

- Operating income of USD 76.4 million (USD 31.7m)
- EBITDA of USD 14.7m (USD 4.9m)
- Net result of USD 16.5m (USD 0.2m)
- Net TCE per ship of USD 12 162 per day versus BSI index of USD 16 140 net per day
- EBITDA of USD 3.7m from management companies proving continued strong performance
- Private placement successfully completed
- Entered into agreement to acquire 4xUltramax newbuilding resales with delivery 2H 2021 financed through bareboat agreements with average cash breakeven of USD 10 800 per day
- Acquired a 2017-built bulk carrier for USD 21.75m in a cash and shares transaction
- Two vessels fixed for 1 year time charter at USD 21 250 and USD 22 000 gross per day
- 31 per cent of available ship days in the next four quarters are booked at about USD 16 200 net per day
- Introduction of dividend policy
- Modern fleet of 26 vessels with an average age of 5 years and average cash breakeven of about USD 10 500 per day

### Fleet status

Time charter earnings per ship in the quarter were recorded at USD 12 162 net per day versus BSI index of USD 16 140 net per day for the same period. 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 rapidly our performance will tend to lag on a short-term basis.

Approximately 88 per cent of available ship days in Q2 are booked at about USD 16 300 net per day. Approximately 31 per cent of available ship days in the next four quarters are booked at about USD 16 200 net per day.

BELFOREST and BELNIPPON has been fixed for time charter contracts to a global agricultural corporation for about 1 year duration at a rate of USD 21 250 and USD 22 000 gross per day. The contracts will commence by the end of May and June 2021, respectively.

Belships currently does not have any cargo contracts or active hedging instruments. Forward Freight Agreements (FFA) are measured at fair value at the end of each reporting period. Net loss from realised positions amounting to USD 6.7m in the quarter have been included in other gains and losses. At the end of the quarter all positions have been realised and Belships has no further exposure.

BELOCEAN was drydocked in the quarter. The remaining fleet sailed without significant off-hire in the quarter with a total of 1 903 on-hire days. Three vessels in the fleet are scheduled for drydocking during Q2-Q4 2021.

BELFORT and BELORIENT were delivered to its new owners in March and April 2021. Net cash flow upon delivery was approximately USD 1.0m after repayment of outstanding loans.



BELFAST, an Ultramax newbuilding of 64 000 dwt was delivered in January 2021 from Imabari Shipyard in Japan. A second Ultramax newbuilding of 64 000 dwt to be named BELMAR is expected to be delivered by the end of Q3 2021.

### **Transactions**

In February, Belships entered into an agreement for the acquisition of two newbuilding resales of 61 000 dwt to be named BELTRADER and BELGUARDIAN. Delivery is expected during Q3 2021. The vessels will be financed through 10-year bareboat charters. The estimated cash breakeven for the vessels upon delivery is about USD 10 700 per day including operational expenses. Belships has paid USD 2.6m per vessel after signing contracts in Q2 2021. The agreements come with purchase options below current market values and can be exercised after the fourth year until the end of the charters. There are no obligations to purchase the vessels.

In March, Belships entered into an agreement for the acquisition of a newbuilding resale of 61 000 dwt to be named BELKNIGHT. Delivery is expected during Q4 2021. The vessel will be financed through a 7-year bareboat charter. The estimated cash breakeven for the vessel upon delivery is about USD 10,900 per day including operational expenses. Belships has paid a sum of USD 2.9m after signing contract in Q2 2021. The agreement comes with purchase options below current market values and can be exercised after the third year until the end of the charter. There are no obligations to purchase the vessel.

In April, Belships entered into an agreement for the acquisition of a 2017-built Ultramax to be named BELTIGER. Delivery of the vessel is expected within Q2 2021 whilst an existing time charter party at a marginally cash-positive rate will follow the vessel and is expected to run until the end of October 2021. The purchase price is USD 21.75m, of which 80 per cent will be paid in cash. The remaining consideration will be settled through an issue of 4,988,000 new Belships shares to the seller of the vessel. The agreed share price in the transaction is NOK 7.50 per share. The vessel is intended to be financed with bank financing for approximately 60 per cent of the purchase price. The estimated cash breakeven for the vessel upon delivery is about USD 9 500 per day including operational expenses.

In May, Belships entered into agreement for the acquisition of a newbuilding resale of 61 000 dwt financed through a bareboat agreement for 10 years. The vessel will be named BELFORCE and delivery is expected during Q4 2021. The estimated cash breakeven for the vessel upon delivery is about USD 10 900 per day including operational expenses. Belships has paid a sum of USD 3.0m upon signing contract in Q2 2021. The agreement comes with purchase options below current market values and can be exercised after the third year until the end of the charter. There are no obligations to purchase the vessel.

Belships' fleet continues to increase and improve with only modest cash investments, signalling the competitive advantage Belships has in sourcing ship finance. The Japanese-designed Ultramax bulk carriers entering the fleet represent the highest quality and lowest fuel consumption available in the market today.

### **Technical and commercial platforms**

Lighthouse Navigation expanded its commercial platform in 2020 and now have offices in Bangkok, Oslo, Singapore and Melbourne. The aim of this expansion is to further enhance the vessels earning capability and to generate profits around cargo trading opportunities in the market. The fleet under technical and crewing management has doubled in the last two years. We are now seeing the impact of this growth with another strong quarter from these platforms combined showing an EBITDA of



USD 3.7m. We expect that the results will fluctuate, however we do expect that these platforms will continue to be positive on an annual basis.

**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 in 2020 (ESG Report) reflecting our ongoing commitment to transparency and meeting investor and stakeholder expectations.

Covid-19 has greatly impacted seafarers, and we have signed the Neptune declaration on Seafarer Wellbeing and Crew Change to join forces with more than 600 shipping companies to influence governments and policy makers to adopt relief measures for our essential workers.

**Financial and corporate matters**

At the end of the quarter, cash and cash equivalents was USD 51.6m, while mortgage debt was USD 134.9m. The group's mortgage debt comprises two loan facilities, both with a margin of 275 basis points above LIBOR and maturity in Q2 2024.

Belships ASA successfully completed a private placement 9 March 2021 raising a total of USD 16 million (NOK 140 million) through the allocation of 20 million shares at a subscription price of NOK 7.00 per share. Through the completion of this Private Placement, the company has significantly expanded its shareholder base and increased the liquidity of the Belships share.

Net leasing obligation at the end of the quarter was USD 161.8m. Leasing liabilities have been calculated under the assumption that Belships will exercise its options to acquire all seven Ultramax bulk carriers on bareboat charter, whereas we have assumed that the company will not exercise the purchase options on time-chartered vessels BELNIPPON and BELFUJI. Belships has no contractual obligation to acquire any of its leased vessels.

The Company has recognised USD 19.8m in deferred tax assets previously not recognized. The deferred tax assets were recognised by the Company after concluding it is likely that the company will have sufficient profit in subsequent periods to utilise the deferred tax assets after the significant improvements seen in the freight market during Q1 2021.

At the end of the quarter, book value per share amounted to NOK 6.83 (USD 0.80), corresponding to a book equity ratio of 35 per cent.

**Dividend policy**

Belships ASA aims to distribute quarterly cash dividends targeting about 50 per cent of net result adjusted for non-recurring items.

Commencement and first payout expected to occur after second quarter 2021.

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.

**Market highlights**

In the first quarter, we observed a strong improvement in the spot rates with the Baltic Supramax 58 index averaging USD 16 140 net per day, up from USD 10 211 net per day in the preceding quarter and the highest Q1 average in the index history. The second quarter has continued even stronger, with the Baltic Supramax 58 index averaging over USD 20 000 per day – the highest since 2010.

Total Supramax shipment volumes ended at 257 million tons in Q1, actually a fraction below the total of 262 million tons in Q4. However, in March alone a record high 93.5 million tons were shipped, beating the previous high of 89.5 million tons set in December last year. In April, another shipment volume record was set at 96.5 million tons. Demand growth is spread across nearly all commodities and all regions on the back of the global boom in manufacturing. Coal shipment volumes were 57 million tons in the first quarter, notably down from 65 million tons in the fourth quarter of last year. As the macroeconomic backdrop continues to be supportive, shipment volumes could make record highs later this year if one assumes that lockdowns in Asia will be lifted completely.

According to Fearnleys, vessel deliveries dropped to 27 in the first quarter, in line with the 28 in the fourth quarter of 2020. Without assuming any slippage or cancellation, the orderbook for the rest of this year indicates 32 vessels during the second quarter, 27 during the third quarter and 18 during the fourth quarter. Number of new vessels is on track to be the lowest since 2007, when 86 vessels were delivered. However, in relative terms, it is approaching the lowest level in several decades.

The publicly quoted orderbook indicates fleet growth will drop towards 2 per cent this year and in 2022 it may drop to less than 1 per cent, according to Clarksons. There will be changes to this outlook for fleet growth as the amount of newbuilding orders being placed over the next 12 months are uncertain and it is also normal that 10-20 per cent of the orderbook ends up being cancelled, deferred or simply incorrect. However, we expect low newbuilding activity as the lack of conviction and alternatives for fuel and propulsion systems will continue to restrain ordering activity in the near term. Importantly, demand for newbuildings in other segments than dry cargo is absorbing the majority of shipbuilding capacity for 2022-2023 leading to increased prices despite the low number of newbuildings for segment in dry bulk. Therefore, current values for modern secondhand bulk carriers still represent a considerable discount to newbuilding prices. We expect this will continue to support a rise in second hand values and restrain the interest for newbuilding contracts.

**Outlook**

The Baltic exchange Supramax index YTD 2021 has averaged USD 17 500 net per day. There has been a remarkable development over the past few months. Freight Forward Agreements (FFA) currently indicate a market for Supramax and Ultramax of about USD 20 000 and 22 350 per day for the remaining part of the year. A cold winter season sparked energy demand, followed by a wider rally in commodity markets resulting in increased cargo volumes in all regions. The Baltic index in June is currently expected to surpass USD 26 000 per day.

As we mentioned in previous reports, the supply side has passed the peak of deliveries and the publicly quoted orderbook for our segment now stands below 5 per cent – which is historically low. Even with increased bunker prices the average sailing speed has increased confirming an improved rate of vessel utilisation. We remain optimistic in terms of market prospects, and with the worst of the pandemic hopefully behind us we are seeing solid demand fundamentals which is supporting a strong dry cargo market. At the time of writing Belships has most of the fleet open for the remaining part of 2021 and onwards.



We will continue to pursue opportunities for further growth whilst being selective and disciplined in the use of our capital. The purpose of the growth has been to increase profitability and the value and attractiveness of owning our shares. A competitive return for our shareholders is to be obtained through growth in the value of the company's shares and the payment of dividends, as measured by the total return. Based on current market expectations, we expect to generate significant free cash flow and aim to pay a quarterly dividend starting with the second quarter 2021 as announced with our new dividend policy.

Belships has a uniform and modern fleet of 26 Supramax/Ultramax bulk carriers well positioned to capitalise on a strong dry bulk market. We are focused on maintaining a solid balance sheet and liquidity position. Our strategy is to continue developing Belships as an owner and operator of geared bulk carriers, through quality of operations and accretive growth opportunities.

26 May 2021

THE BOARD OF BELSHIPS ASA

Peter Frølich  
*Chairman*

Frode Teigen	Sverre Jørgen Tidemand	Sissel Grefsrud
Carl Erik Steen	Birthe Cecilie Lepsøe	Jorunn Seglem
	Lars Christian Skarsgård <i>CEO</i>	

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

USD 1 000		Q1 2021	Q1 2020	2020
Gross freight revenue	Note	107 290	49 475	220 332
Voyage expenses		-32 354	-17 792	-61 065
<b>Net freight revenue</b>	2	<b>74 936</b>	31 683	159 267
Management fees		1 453	1 873	6 095
<b>Operating income</b>	2	<b>76 389</b>	33 556	165 362
Share of result from j/v and assoc. comp.		760	573	3 052
T/C hire expenses		-46 672	-15 583	-90 401
Ship operating expenses		-10 815	-9 901	-38 675
Operating expenses ship management		-914	-961	-3 490
General and administrative expenses		-4 018	-2 831	-11 862
<b>Operating expenses</b>		<b>-61 659</b>	-28 703	-141 376
<b>EBITDA</b>		<b>14 730</b>	4 853	23 986
Depreciation and amortisation	3	-7 540	-6 728	-27 286
Impairment	3	0	0	-4 957
Gain on sale of ships		0	2 469	2 469
Other gains/(-losses)	6	-6 734	2 936	1 165
<b>Operating result (EBIT)</b>		<b>456</b>	3 530	-4 623
Interest income		219	250	985
Interest expenses		-3 516	-3 639	-13 668
Other financial items		-148	-224	-729
Currency gains/(-losses)		-247	272	875
<b>Net financial items</b>		<b>-3 692</b>	-3 341	-12 537
<b>Result before taxes</b>		<b>-3 236</b>	189	-17 160
Taxes	8	19 743	-37	-583
<b>Net result</b>		<b>16 507</b>	152	-17 743
Hereof majority interests		14 914	0	-19 898
Hereof non-controlling interests		1 593	152	2 155
Earnings per share		0.07	0.00	-0.08
Diluted earnings per share		0.07	0.00	-0.08

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

USD 1 000		Q1 2021	Q1 2020	2020
<b>Net result</b>		<b>16 507</b>	152	-17 743
<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	-10
<i>Items that may be subsequently reclassified to profit or (loss):</i>				
Exchange differences		26	0	63
<b>Total comprehensive income</b>		<b>16 533</b>	152	-17 690
Hereof majority interests		14 940	0	-19 761
Hereof non-controlling interests		1 593	152	2 071

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

USD 1 000		31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>NON-CURRENT ASSETS</b>				
	<i>Note</i>			
Intangible assets	8	19 752	3 910	1 770
Ships, owned	3	206 590	206 184	214 494
Ships, right-of-use assets	3	182 205	161 230	157 143
Prepayment of lease obligations on ships		0	0	3 000
Property, Plant, and Equipment		5 002	4 438	4 878
Investments in j/v and assoc. companies		3 492	2 803	2 123
Other non-current assets		119	17 706	5 394
<b>Total non-current assets</b>		<b>417 160</b>	<b>396 271</b>	<b>388 802</b>
<b>CURRENT ASSETS</b>				
Asset held for sale	3	6 701	0	5 917
Bunkers		9 551	7 593	5 344
Current receivables		44 701	11 014	30 431
Cash and cash equivalents		51 570	34 809	33 985
<b>Total current assets</b>		<b>112 523</b>	<b>53 416</b>	<b>75 677</b>
<b>Total assets</b>		<b>529 683</b>	<b>449 687</b>	<b>464 479</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Paid-in capital	7	154 206	126 077	137 962
Retained earnings		20 980	25 717	5 956
Non-controlling interests		7 692	4 623	6 099
<b>Total equity</b>		<b>182 878</b>	<b>156 417</b>	<b>150 017</b>
<b>Non-current liabilities</b>				
Mortgage debt	4	115 942	126 181	119 561
Lease liability	5	151 285	134 412	127 754
Other non-current liabilities		2 264	3 191	2 769
<b>Total non-current liabilities</b>		<b>269 491</b>	<b>263 784</b>	<b>250 084</b>
<b>Current liabilities</b>				
Mortgage debt	4	18 953	3 388	22 176
Lease liability	5	10 482	9 129	11 986
Other current liabilities		47 879	16 969	30 216
<b>Total current liabilities</b>		<b>77 314</b>	<b>29 486</b>	<b>64 378</b>
<b>Total equity and liabilities</b>		<b>529 683</b>	<b>449 687</b>	<b>464 479</b>



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

USD 1 000	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>Cash flow from operating activities</b>			
Net result before taxes	-3 236	189	-17 160
Adjustments to reconcile profit before tax to net cash flows:			
Depreciations/impairment on fixed assets	7 540	6 728	32 243
Gain on sale of ships and other gains	5 480	-5 405	-2 469
Share-based compensation expense	138	150	545
Difference between pension exps and paid pension premium	0	0	-66
Share of result from j/v and associated companies	-760	-573	-3 052
Net finance costs	3 692	3 341	12 537
Change in current items	-3 768	131	4 928
Interest received	219	250	985
Interest paid	-3 516	-3 639	-13 668
Income tax paid	-106	-640	-1 119
<b>Net cash flow from operating activities</b>	<b>5 684</b>	<b>532</b>	<b>13 704</b>
<b>Cash flow from investing activities</b>			
Payment from sale/(buying) ships	6 259	-2 450	-15 250
Received instalments from sale of ships	468	1 380	2 615
Payment from/(of) other investments	-1 225	-725	-5 672
<b>Net cash flow from investing activities</b>	<b>5 502</b>	<b>-1 795</b>	<b>-18 307</b>
<b>Cash flow from financing activities</b>			
Proceeds from non-current debt	0	0	14 700
Paid-in capital (net)	16 068	0	0
Repayment of non-current debt	-9 790	-8 356	-20 101
Sold treasury shares	121	0	0
Dividend to non-controlling interests	0	0	-439
<b>Net cash flow from financing activities</b>	<b>6 399</b>	<b>-8 356</b>	<b>-5 840</b>
Net change in cash and cash equivalents during the period	17 585	-9 619	-10 443
Cash and cash equivalents at 1 January	33 985	44 428	44 428
<b>Cash and cash equivalents at end of period (incl. restricted cash)</b>	<b>51 570</b>	<b>34 809</b>	<b>33 985</b>

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

USD 1 000

	Majority interest						Non-controlling interests	Total equity
	Paid-in				Retained			
	Share capital	Treasury shares	Share premium reserves	Other paid-in equity	Other equity			
<b>As at 31 March 2021</b>								
Equity as at 31 December 2020	53 617	-166	47 775	36 736	5 956	6 099	150 017	
Share issue	4 715	0	11 787	-434	0	0	16 068	
Sale of treasury shares	0	38	0	0	84	0	122	
Share-based payment expense	0	0	0	138	0	0	138	
Net result for the period	0	0	0	0	14 914	1 593	16 507	
Other comprehensive income	0	0	0	0	26	0	26	
Total comprehensive income	0	0	0	0	14 940	1 593	16 533	
<b>Equity as at 31 March 2021</b>	<b>58 332</b>	<b>-128</b>	<b>59 562</b>	<b>36 440</b>	<b>20 980</b>	<b>7 692</b>	<b>182 878</b>	
<b>As at 31 March 2020</b>								
Equity as at 31 December 2019	50 403	-166	39 499	36 191	25 717	4 471	156 115	
Share-based payment expense	0	0	0	150	0	0	150	
Net result for the period	0	0	0	0	0	152	152	
Other comprehensive income	0	0	0	0	0	0	0	
Total comprehensive income	0	0	0	0	0	152	152	
<b>Equity as at 31 March 2020</b>	<b>50 403</b>	<b>-166</b>	<b>39 499</b>	<b>36 341</b>	<b>25 717</b>	<b>4 623</b>	<b>156 417</b>	

**KEY FINANCIAL FIGURES**

		<b>31 Mar 2021</b>	31 Mar 2020	31 Dec 2020
EBITDA	<i>USD 1000</i>	<b>14 730</b>	4 853	23 986
Interest coverage ratio		<b>0.13</b>	0.97	-0.34
Current ratio		<b>1.46</b>	1.81	1.18
Equity ratio		<b>0.35</b>	0.35	0.32
Earnings per share	<i>USD</i>	<b>0.07</b>	0.00	-0.08
Earnings per share	<i>NOK</i>	<b>0.57</b>	0.01	-0.64
Book equity per share	<i>USD</i>	<b>0.74</b>	0.74	0.66
Book equity per share	<i>NOK</i>	<b>6.28</b>	7.74	5.61
Number of issued shares as at end of period		<b>248 175 404</b>	212 224 705	228 175 404

**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 amortization
- *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 2020.

EPS is calculated based on actual outstanding shares in Belships ASA.

This report was approved by the Board of Directors on 26 May 2021.

### Note 2 Segment information

USD 1 000	January - March 2021					
	Own ships	Lighthouse Navigation	Ship managm.	Admin.	Group transactions	Total
Gross freight revenue	27 504	79 197	0	0	589	107 290
Voyage expenses	-4 354	-28 000	0	0	0	-32 354
<b>Net freight revenue</b>	<b>23 150</b>	<b>51 197</b>	<b>0</b>	<b>0</b>	<b>589</b>	<b>74 936</b>
Management fees	0	1 687	1 089	0	-1 323	1 453
<b>Operating income</b>	<b>23 150</b>	<b>52 884</b>	<b>1 089</b>	<b>0</b>	<b>-734</b>	<b>76 389</b>
Share of result from j/v and associated co.	0	761	-1	0	0	760
T/C hire expenses	0	-46 672	0	0	0	-46 672
Ship operating expenses	-11 135	-414	0	0	734	-10 815
Operating expenses ship management	0	0	-914	0	0	-914
General and administrative expenses	-95	-3 049	0	-874	0	-4 018
<b>Operating expenses</b>	<b>-11 230</b>	<b>-49 374</b>	<b>-915</b>	<b>-874</b>	<b>734</b>	<b>-61 659</b>
<b>EBITDA</b>	<b>11 920</b>	<b>3 510</b>	<b>174</b>	<b>-874</b>	<b>0</b>	<b>14 730</b>
Depreciation and amortisation	-6 982	-469	-42	-47	0	-7 540
Impairment	0	0	0	0	0	0
Gain on sale of ship	0	0	0	0	0	0
Other gains/-losses	-6 734	0	0	0	0	-6 734
<b>Operating result (EBIT)</b>	<b>-1 796</b>	<b>3 041</b>	<b>132</b>	<b>-921</b>	<b>0</b>	<b>456</b>
Interest income	218	0	1	0	0	219
Interest expenses	-3 462	-39	-3	-12	0	-3 516
Other financial items	-145	0	-3	0	0	-148
Currency gains/(-losses)	-9	26	2	-266	0	-247
<b>Net financial items</b>	<b>-3 398</b>	<b>-13</b>	<b>-3</b>	<b>-278</b>	<b>0</b>	<b>-3 692</b>
<b>Result before taxes</b>	<b>-5 194</b>	<b>3 028</b>	<b>129</b>	<b>-1 199</b>	<b>0</b>	<b>-3 236</b>
Taxes	0	0	-9	0	19 752	19 743
<b>Net result</b>	<b>-5 194</b>	<b>3 028</b>	<b>120</b>	<b>-1 199</b>	<b>19 752</b>	<b>16 507</b>
Hereof majority interests	-5 194	1 468	87	-1 199	19 752	14 914
Hereof non-controlling interests	0	1 560	33	0	0	1 593
Assets	449 838	55 265	4 833	19 747	0	529 683
Liabilities	309 837	33 757	2 045	1 165	0	346 805

**Note 2 Segment information, continued**

	January - March 2020					
	<i>Own ships</i>	<i>Lighthouse Navigation</i>	<i>Ship managm.</i>	<i>Admin.</i>	<i>Group transactions</i>	<i>Total</i>
Gross freight revenue	20 005	29 470	0	0	0	49 475
Voyage expenses	-5 240	-12 909	0	0	357	-17 792
<b>Net freight revenue</b>	<b>14 765</b>	<b>16 561</b>	<b>0</b>	<b>0</b>	<b>357</b>	<b>31 683</b>
Management fees	0	1 600	1 306	0	-1 033	1 873
<b>Operating income</b>	<b>14 765</b>	<b>18 161</b>	<b>1 306</b>	<b>0</b>	<b>-676</b>	<b>33 556</b>
Share of result from j/v and associated co.	0	573	0	0	0	573
T/C hire expenses	0	-15 583	0	0	0	-15 583
Ship operating expenses	-10 158	-419	0	0	676	-9 901
Operating expenses ship management	0	0	-961	0	0	-961
General and administrative expenses	-138	-1 962	0	-731	0	-2 831
<b>Operating expenses</b>	<b>-10 296</b>	<b>-17 391</b>	<b>-961</b>	<b>-731</b>	<b>676</b>	<b>-28 703</b>
<b>EBITDA</b>	<b>4 469</b>	<b>770</b>	<b>345</b>	<b>-731</b>	<b>0</b>	<b>4 853</b>
Depreciation and amortisation	-6 054	-655	-13	-6	0	-6 728
Gain on sale of ship	2 469	0	0	0	0	2 469
Other gains	2 936	0	0	0	0	2 936
<b>Operating result (EBIT)</b>	<b>3 820</b>	<b>115</b>	<b>332</b>	<b>-737</b>	<b>0</b>	<b>3 530</b>
Interest income	249	0	1	0	0	250
Interest expenses	-3 625	-14	0	0	0	-3 639
Other financial items	-250	0	26	0	0	-224
Currency gains/(-losses)	27	11	98	136	0	272
<b>Net financial items</b>	<b>-3 599</b>	<b>-3</b>	<b>125</b>	<b>136</b>	<b>0</b>	<b>-3 341</b>
<b>Result before taxes</b>	<b>221</b>	<b>112</b>	<b>457</b>	<b>-601</b>	<b>0</b>	<b>189</b>
Taxes	0	-12	-25	0	0	-37
<b>Net result</b>	<b>221</b>	<b>100</b>	<b>432</b>	<b>-601</b>	<b>0</b>	<b>152</b>
Hereof majority interests	221	6	374	-601	0	0
Hereof non-controlling interests	0	94	58	0	0	152
Assets	416 550	24 854	5 246	3 036	0	449 686
Liabilities	276 166	13 151	2 712	1 241	0	293 270



**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.

The vessel BELFORT was successfully delivered to its new owners in March.

**Note 4 Mortgage debt**

Belships entered into a new USD 140m loan facility in April 2019. The first tranche of USD 110m replaced previous loan arrangements. The loan has a margin of 275 basis points over LIBOR and matures in Q2 2024. The next instalment on the first tranche is due in Q2 2021.

The second tranche of USD 30m was made available for fleet expansion and utilised to acquire BELCARGO, BELFRI and BELHAVEN. The second tranche has a margin of 275 basis points over LIBOR and semi-annual repayments.

The USD 14m loan acquired as part of the acquisition of shares in BELLIGHT AS has a margin of 275 basis points over LIBOR and matures in Q2 2024.

Total mortgage debt at the end of the quarter amounted to USD 134.9m. Transaction costs related to the mortgage debt were initially recorded as a reduction of debt in the balance sheet and subsequently amortised over the loan period in accordance with the amortised cost principle.

Belships was in compliance with all covenants at the end of the quarter.

**Note 5 Leasing**

In January, newbuilding BELFAST was delivered. The ship is leased on bareboat charter for a period of 10 years and increased leasing liabilities at the end of the first quarter by USD 25m, including the USD 3m prepayment made in 2020.

Belships ASA has agreed to acquire three Ultramax newbuildings of 61 000 dwt to be named BELTRADER, BELGUARDIAN and BELKNIGHT upon delivery. Two of the vessels are expected to be delivered during Q3 2021, while the third is expected for delivery during Q4 2021. The vessels will be leased on bareboat charter for a period of 7-10 years.

Belships has no obligation to purchase any of the leased vessels.

Leasing liabilities at the end of the quarter arising from bareboat obligations and long-term time charters were USD 138.6m. Corresponding right-of-use assets, including upfront payments relating to the purchase options, were recorded at USD 182.2m.

**Note 6 Financial instruments**

Forward Freight Agreements (FFA) are measured at fair value at the end of each reporting period. Net loss from realised positions amounting to USD 6.7m in the quarter have been included in other gains and losses. At the end of the quarter all positions have been realised and Belships has no further exposure.

**Note 7 Equity**

Belships ASA successfully completed a private placement 9 March 2021 raising a total of USD 16.5m (NOK 140m) through the allocation of 20m shares at a subscription price of NOK 7.00 per share.

**Note 8 Taxes**

The Company has recognized USD 19.8m in deferred tax assets previously not recognized consisting of USD 26.1m in tax loss carried forward offset by USD 6.3m in temporary differences. The deferred tax assets were recognized by the Company after concluding it is likely that the company will have sufficient profit in subsequent periods to utilize the tax assets after the significant improvements seen in the freight market during Q1 2021.

**Note 9 Subsequent events**

Belships ASA has entered into an agreement for the acquisition of a secondhand Ultramax bulk carrier built in 2017 by a Chinese shipyard to be named BELTIGER upon. The vessel is expected to be delivered Q2 2021 and will be financed through bank financing, own cash and shares.

Belships ASA has agreed to acquire one Ultramax newbuilding of 61 000 dwt to be named BELFORCE upon delivery. The vessel is expected to be delivered during Q4 2021 and will be financed through a 10 year bareboat charter. Belships has no obligation to purchase the vessel.



## 20 LARGEST SHAREHOLDERS

Updated 25 May 2021

Shareholder	Number of shares	%
KONTRARI AS	100 822 108	40.63%
KONTRAZI AS	32 463 265	13.08%
SONATA AS	17 747 492	7.15%
LGT BANK AG	12 576 055	5.07%
JAKOB HATTELAND HOLDING AS	11 000 000	4.43%
MEGLERKONTO INNLAND DNB NOR BANK ASA	10 050 670	4.05%
WENAASGRUPPEN AS	9 750 000	3.93%
PERSHING LLC	4 167 444	1.68%
JAHATT AS	4 000 000	1.61%
CITIBANK, N.A.	3 302 221	1.33%
UBS SWITZERLAND AG	3 003 782	1.21%
STAVANGER FORVALTNING AS	2 950 195	1.19%
CLEARSTREAM BANKING S.A.	2 027 115	0.82%
ARCANUM EIENDOM AS	1 500 000	0.60%
OLE KETIL TEIGEN	1 500 000	0.60%
SIX SIS AG	1 280 000	0.52%
OLA RUSTAD AS	1 210 000	0.49%
THE BANK OF NEW YORK MELLON SA/NV	953 472	0.38%
CACEIS BANK SPAIN SA	849 465	0.34%
AUGUST RINGVOLD AGENTUR AS	810 509	0.33%
OTHER SHAREHOLDERS	26 211 611	10.56%
<b>TOTAL OUTSTANDING SHARES</b>	<b>248 175 404</b>	<b>100.00%</b>



**FLEET LIST**

Ship	Ownership	Built year	Dwt	Yard
<b>Ultramax</b>				
Newbuilding tbn BELFORCE	BBC <sup>1</sup>	2021	61,000	Dacks
Newbuilding tbn BELKNIGHT	BBC <sup>2</sup>	2021	61,000	Dacks
Newbuilding tbn BELTRADER	BBC <sup>3</sup>	2021	61,000	Dacks
Newbuilding tbn BELGUARDIAN	BBC <sup>3</sup>	2021	61,000	Dacks
Newbuilding tbn BELMAR	BBC <sup>3</sup>	2021	64,000	Imabari
Newbuilding tbn BELFAST	BBC <sup>4</sup>	2021	64,000	Imabari
BELMOIRA	BBC <sup>5</sup>	2020	61,000	Shin Kurushima
BELAJA	BBC <sup>5</sup>	2020	61,000	Shin Kurushima
BELFUJI	TC <sup>6</sup>	2020	63,000	Imabari
BELRAY	BBC <sup>7</sup>	2019	61,000	Shin Kurushima
BELNIPPON	TC <sup>8</sup>	2018	63,000	Imabari
BELHAVEN	100%	2017	63,000	Imabari
BELTIGER (to be delivered)	100% <sup>9</sup>	2017	63,000	New Times
BELISLAND	BBC <sup>10</sup>	2016	61,000	Imabari
BELINDA	100%	2016	63,000	Hantong
BELMONT	100%	2016	63,000	Hantong
BELATLANTIC	100%	2016	63,000	Hantong
BELLIGHT (ex SOFIE VICTORY)	100%	2016	63,000	New Times
BELFOREST	BBC <sup>11</sup>	2015	61,000	Imabari
BELPAREIL	100%	2015	63,000	Hantong
BELSOUTH	100%	2015	63,000	Hantong
<b>Supramax</b>				
BELOCEAN	100%	2011	58,000	Dayang
BELNOR	100%	2010	58,000	Dayang
BELSTAR	100%	2009	58,000	Dayang
BELORIENT	100% <sup>12</sup>	2008	50,000	PT Pal
BELCARGO	100%	2008	58,000	Tsuneishi
BELFRI	100%	2007	55,000	Kawasaki

- 1) On delivery 2H 2021 10 year bareboat charter with purchase options after third year
- 2) On delivery 2H 2021 7 years bareboat charter with purchase options after third year
- 3) On delivery 2H 2021 10 years bareboat charter with purchase options after fourth year
- 4) Delivered Q1 2021 10 years bareboat charter with purchase options after fourth year
- 5) Delivered Q1 2020 7 years bareboat charter with purchase options after fourth year
- 6) Delivered Q1 2020 8 years time charter with purchase options after fourth year
- 7) 7 years bareboat with purchase options after fourth year
- 8) 8 years time charter with purchase options after fourth year
- 9) Expected delivery Q2/Q3 2021
- 10) 15 years bareboat charter with purchase options after fifth year
- 11) 12 years bareboat charter with purchase options after third year
- 12) Sold and delivered to buyer in April 2021

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

BELFAST and PACIFIC LIGHT have been delivered to Marti Shipping & Ship Management of Turkey for bareboat charter and subsequent sale.