



Second Half Year Report

2021

 **Western Bulk**



Content

01. Key Figures and Highlights	3
02. Dry Bulk Market Highlights	5
03. Outlook	7
04. Financial Statements	8
05. About Western Bulk	13





01. Key Figures and Highlights

WB CHARTERING GROUP (USDM)	2H 2021	2H 2020	FULL YEAR 2021	FULL YEAR 2020
Gross revenues	922.6	355.4	1 487.9	778.7
Net TC result ¹⁾	117.7	18.9	137.9	26.7
Administrative expenses	40.7	12.5	50.7	22.9
EBITDA ¹⁾	77.1	6.4	87.2	3.8
Net profit after tax ¹⁾	72.1	6.1	81.0	3.2
Net TC Margin per ship day (USD) ¹⁾	5 591	1 079	3 376	663
Average number of ships operated	114	95	112	110
Total assets	196.6	79.3	196.6	79.3
Book equity	51.1	19.8	51.1	19.8
Total liabilities	145.5	59.5	145.5	59.5
Interest bearing debt	3.4	24.0	3.4	24.0
Free cash	108.3	18.3	108.3	18.3
Restricted cash	13.9	12.0	13.9	12.0
Total cash	122.1	30.3	122.1	30.3

¹⁾ H2 2021 includes USD 25.8 million gain on positional FFA (Forward Freight Agreements), while full year 2021 includes USD 24.2 million gain on positional FFA. These are derivative positions not qualifying as a hedge, hence booked as financial items in the financial statements in chapter 4.



Comments to the results

For the second half of 2021, Western Bulk generated a net profit after tax of USD 72.1 million, reaching record full year net profit after tax of USD 81.0 million. In 2020, the company recorded a net profit after tax of USD 6.1 million for the second half of the year and USD 3.2 million for the full year.

Net TC reached USD 117.7 million in the second half of 2021, an improvement of USD 98.8 million from USD 18.9 million in the same period in 2020. Net TC for the full year of 2021 was USD 137.9 million, an improvement of USD 111.2 million from USD 26.7 million for the full year of 2020. Market volatility has been significantly higher in 2021 than previous years. The Baltic Supramax Index started the year at about USD 11,000 per day and increased by 265 % to USD 40,000 per day in October before declining by almost 40 % to end the year at about USD 25,000 per day. Throughout the year, the company has been well positioned to benefit from the market increase. By staying loyal to the strategy of utilizing the company's risk capacity in the short-term market, the company also proved an ability to turn positions and benefit from the market decline in November and December. The high market volatility between the Atlantic and the Pacific basins has also provided increased arbitrage opportunities for geographical positioning of vessels.

To a large extent the good results can be attributed to a change in the company's culture, strategic discipline and cooperation between functions and offices. This has allowed for new trading patterns to be developed and a more holistic approach to management of the group's fleet.

Increased focus on operations as a key value driver has also contributed significantly to the results and strengthened Western Bulk's relationship with customers and vessel owners. The combination of investments in data driven decision making and focus on excellence in execution have also been key contributors to the results.

Net TC Margin per ship day for the second half of 2021 reached USD 5,591 compared to USD 1,079 for the same period in 2020. For the full year of 2021, Net TC Margin per ship day was USD 3,376 compared to USD 663 for 2020.

The average number of vessels remained relatively low in the second half of 2021, increasing slightly from an average fleet of 109 vessels in the first half of 2021 to an average of 114 vessels in the second half. Average vessels for the full year 2021 was 112 vessels, relatively stable with 110 vessels in 2020. The company has an ambition to increase the number of vessels provided the right market circumstances and opportunities. As the market reached record levels of almost USD 40,000 per day in October 2021, the Group was cautious with increasing tonnage commitments to build volume. With the market having come down to more sustainable levels at the end of the year, more opportunities for increasing the number of vessels are expected in 2022.

Administration expenses increased to USD 40.7 million in the second half of 2021, from USD 12.5 million for the second half of 2020. For the full year administrative expenses increased to USD 50.7 million from 22.9 million in 2020. The increase was mostly due to bonus accruals following the record results. The company has continued its focus on limiting expenses and being cost efficient.

Financing and available cash

At the end of the period Western Bulk had USD 108.3 million free cash, interest-bearing debt of USD 3.4 million and up to USD 31.6 million in unutilized overdraft facilities. Free cash increased by USD 90 million in 2021, driven by profit after tax of USD 81.0 million in combination with USD 15 million from the private placement in relation with the listing on Euronext Growth in September.

The high market levels through the second half of 2021 have continued to support a higher amount of cash tied up in working capital due to more outstanding receivables and higher prepayments for hire of vessels. Current physical working capital¹ amounts to about USD 32 million. With a total fleet of 111 vessels as per the end of the year, this equals to an average of about USD 300,000 per vessel, an increase from historical levels of between USD 100,000 and USD 200,000. The increase in working capital has been more than offset by positive net results.

Western Bulk has three working capital facilities with credit lines totaling up to USD 35 million. One facility of USD 5 million relates to bunker purchases, one for accounts receivables of up to USD 20 million depending on eligible receivables, and one overdraft facility of USD 10 million. As of 31.12.2021 the company had an interest-bearing debt of USD 3.4 million drawn from the accounts receivables facility, while the overdraft and bunker facilities were unutilized.

¹ Physical working capital includes Accounts Receivables, Bunker Stocks, Other Receivables less; Accounts Payable, Prepaid Freight, Accrued Costs, Accrued Taxes/Pensions and Other current liabilities. It does not include receivables or payables related to derivatives.



Company update

In September 2021 the company listed on Euronext Growth while also raising USD 15 million of new equity.

At the start of 2022, Western Bulk opened an office in Dubai. Some of the employees from the Indian Ocean commercial team will be working out of the Dubai office to get closer to customers in the Middle East.

Following the unprecedented results for 2021, the Board of Directors will propose a dividend for 2021 of USD 65 million to the Annual General Meeting. The dividend is expected to be paid in end of March, following the Annual General Meeting in medio March.

02. Dry Bulk Market Highlights

The dry bulk market has seen an exceptional year in 2021 amid the covid pandemic and disruptions to the global supply-chain. The Baltic Supramax Index 58'(BSI) averaged USD 26,770/day in 2021, more than triple of the USD 8,189/day achieved in 2020. The spread between Atlantic and Pacific markets remained steady YoY at USD 3,622/day even though rates across both basins have increased significantly compared to the previous year.

The Pacific Supramax market was exceptionally strong in the first three quarters of 2021 before correcting heavily in Q4 2021 due to weaker coal imports by China. Coal prices at Chinese ports have been in continuous decline since October due to the government's action to ramp up domestic production, leading to panic selling and order cancelling by the Chinese traders. As a result, international coal prices plunged, prompting other countries including Korea, Japan and India to either cancel orders or re-negotiate prices with the exporters. Lower congestions along the Chinese ports and lack of backhaul shipments also put pressure on the Pacific rates which tanked nearly 50% by early November.

Following a strong start of 2021, the Atlantic Supramax market leaped even higher in the second half of the year. The market started to push in the Mediterranean region during July and August on seasonal grain exports. After a breather in early September, the Atlantic market continued being lifted by strong US grains, coal and petcoke exports until end October when the Pacific market corrected heavily. The trans-Atlantic rates (average of S4A and S4B) averaged at USD 35,836/day in the second half of 2021, up USD 14,305/day (66%) from the first half of the year and USD 22,526/day (169%) from the same period of 2020.

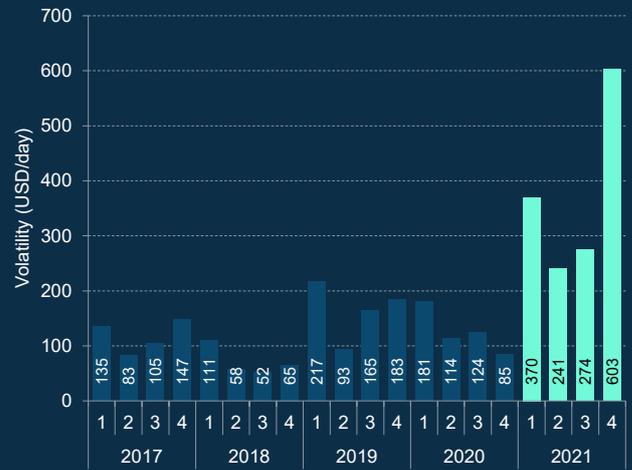
The global dry bulk fleet grew 3.2% during 2021 and is expected to expand another 1.9% for the full year of 2022. In particular, the Supramax fleet increased by 3% in 2021 and growth for 2022 is expected to be about 2%. Meanwhile, growth for the global dry bulk demand is expected to slow down significantly to 1.8% in 2022 from a strong 4.1% growth in 2021. Overall, the supply and demand of the global dry bulk market is expected to be in broad balance in 2022 while the Supramax and Handy sectors are likely to perform better than their larger peers.



BALTIC SUPRAMAX INDEX¹



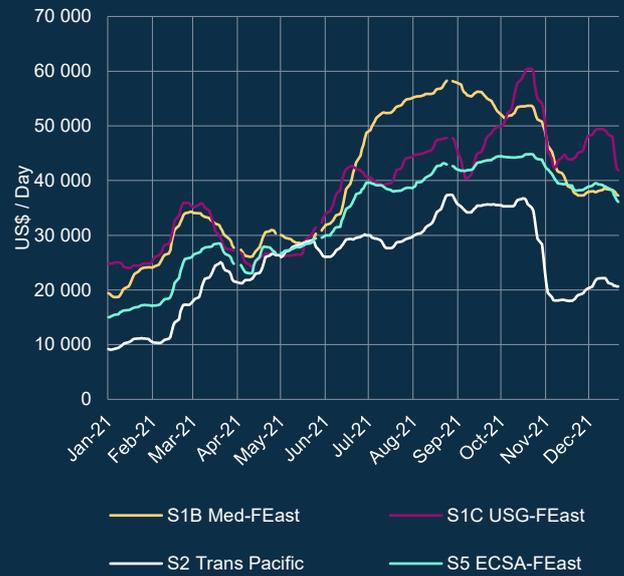
VOLATILITY IN BALTIC SUPRAMAX INDEX¹



BSI ATLANTIC-PACIFIC SPREAD¹



BSI SELECTED ROUTES¹



¹ Source: Baltic Exchange



03. Outlook

By being agile, building a culture with focus on cooperation, and staying loyal to the strategy of utilizing the company's risk capacity in the short-term market, Western Bulk is in a good position entering 2022. The Group is benefitting from increased market volatility and seeing returns on investments in operational improvement, excellence in execution and data driven decision making.

Western Bulk's main risk factors are described in Western Bulk Chartering's annual report for 2020, which is available at www.westernbulk.com.

OSLO, 17.2.2022

THE BOARD OF DIRECTORS OF WESTERN BULK CHARTERING AS

BENGT A. REM
CHAIRMAN

ERIK BORGEN
BOARD MEMBER

TORD MELING
BOARD MEMBER

HANS AASNÆS
CEO

DISCLAIMER

This report includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for Western Bulk Chartering AS and its subsidiaries and affiliates (the "Group") lines of business. These expectations, estimates, and projections are generally identifiable by statements containing words such as "expects," "believes," "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for the Group's businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time. Although the Group believes that its expectations and the information in this release were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in this release. Neither Western Bulk Chartering AS nor any other company within the Group is making any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in the release, and neither Western Bulk Chartering AS, any other company within the Group nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in the release. This release speaks of the date hereof and Western Bulk Chartering AS undertakes no obligation to publicly update or revise any forward-looking information or statements in the release, other than what is required by law. The Group consists of many legally independent entities, constituting their own separate identities. Western Bulk Chartering AS is used as the common brand or trademark for most of these entities. In this release we may sometimes use "Group", "we," or "us," when we refer to Western Bulk Chartering's Group companies in general or where no useful purpose is served by identifying any particular company of the Group.



04. Financial statements

Included in this section are the consolidated interim financial statements for Western Bulk Chartering AS and its subsidiaries.

CONSOLIDATED CONDENSED INCOME STATEMENT WESTERN BULK CHARTERING GROUP

(USD 1,000)	2H 2021	2H 2020	FULL YEAR 2021	FULL YEAR 2020
Gross revenues	922 623	355 397	1 487 878	778 690
Voyage expenses	(249 825)	(140 262)	(467 540)	(358 537)
T/C expenses	(579 846)	(195 211)	(904 668)	(391 355)
Other vessel expenses	(1 010)	(1 006)	(1 992)	(2 062)
Net T/C result	91 943	18 919	113 679	26 737
Administration expenses	(40 651)	(12 475)	(50 720)	(22 918)
Result before depreciation and impairment, finance items and income tax	51 293	6 445	62 959	3 819
Depreciation	(67)	(125)	(151)	(281)
Provision for doubtful debt	(2)	(14)	(2)	(14)
Gain/(loss) on disposal of property, plant and equipment	1	-	(28)	-
Operating profit/(loss)	51 224	6 306	62 778	3 524
Financial income	44	771	97	1 289
Financial expenses	(1 448)	(900)	(2 228)	(1 485)
Gain/(loss) positional FFA	25 761	(57)	24 226	33
Realised gain/(loss) financial assets	-	-	-	1
Net profit before tax	75 582	6 120	87 384	3 362
Income tax expense	(3 524)	(51)	(3 847)	(159)
Net profit for the period	72 059	6 070	81 026	3 203



CONSOLIDATED CONDENSED BALANCE SHEET WESTERN BULK CHARTERING GROUP

(USD 1,000)	2H 2021	2H 2020
ASSETS		
Non current assets		
Deferred tax asset	390	740
Intangible assets	14	23
Tangible fixed assets	358	502
Investment in financial assets	530	630
Long term receivables	604	-
Total non-current assets	1 896	1 895
Current assets		
Bunker stocks	39 409	28 374
Accounts receivable	32 769	18 145
Other receivables	443	634
Bank deposits	122 114	30 297
Total current assets	194 735	77 450
TOTAL ASSETS	196 631	79 345
EQUITY AND LIABILITIES		
Equity		
Share capital	205	174
Share premium	31 693	16 430
Retained earnings	19 229	3 203
Total equity	51 127	19 807
Long term liabilities		
Deferred tax liability	120	153
Pension liabilities	815	1 214
Total long-term liabilities	936	1 367
Current liabilities		
Accounts payable	8 202	8 130
Provision dividend	65 000	-
Other payable	60 278	24 574
Payable derivatives	4 241	661
Taxes payable	3 465	601
Liabilities related company	-	251
Amounts owed to credit institutions	3 383	23 955
Total current liabilities	144 569	58 171
Total liabilities	145 505	59 538
TOTAL EQUITY AND LIABILITIES	196 631	79 345



CONSOLIDATED CONDENSED STATEMENT OF CASH FLOW WESTERN BULK CHARTERING GROUP

(USD 1,000)	2H 2021	2H 2020	FULL YEAR 2021	FULL YEAR 2020
CASH FLOW FROM OPERATIONS				
Profit/(loss) before tax	75 582	6 120	84 873	3 362
Taxes paid	5	(644)	(540)	(1 150)
Ordinary depreciation	67	125	151	281
(Gain)/loss on disposal financial assets	-	-	29	-
Changes in current receivables and current liabilities	5 706	2 460	13 113	(13 496)
Net cash flow from/(to) operating activities (A)	81 360	8 061	97 626	(11 003)
CASH FLOW FROM INVESTMENTS				
Investments in fixed and intangible assets	(46)	(243)	(54)	(253)
Investments in financial assets	100	-	100	-
Disposal of fixed assets	-	-	27	-
Changes in long term receivables	3	-	(604)	5
Net cash flow from investments (B)	58	(243)	(531)	(248)
CASH FLOW FROM FINANCING ACTIVITIES				
Changes in interest-bearing short term and long term debt	(14 794)	(1 329)	(20 572)	3 196
Share capital increase	14 292	-	15 294	623
Net cash flow from financing activities (C)	(502)	(1 329)	(5 278)	3 819
Net change in cash and cash equivalents (A+B+C)	80 916	6 489	91 817	(7 432)
Cash and cash equivalents at start of the period	41 198	23 808	30 297	37 729
Cash and cash equivalents at end of the period	122 114	30 297	122 114	30 297
Restricted bank deposits at end of the period	13 863	12 126	13 863	12 126
Available cash and cash equivalents at end of the period	108 251	18 171	108 251	18 171
(excluding undrawn credit line)				

SELECTED EXPLANATORY NOTES

Note 1. General information

Western Bulk Chartering AS is a private limited company incorporated and domiciled in Norway. The registered address of the office is Henrik Ibsens Gate 100, 0255 Oslo.

Western Bulk Chartering AS and its subsidiaries ("WB Chartering") is a major operator in the dry bulk shipping market and a charterer of primarily Supramax/Ultramax and Handysize dry bulk vessels, running an average fleet of 114 vessels in the second half of 2021.

This financial report is authorized for issue by the Board of Directors as of 17.2.2022.

Note 2. Accounting policies

The condensed financial statements of Western Bulk Chartering AS and its subsidiaries (the "Group") are prepared in accordance with Norwegian Generally Accepted Accounting Principles (N-GAAP). Please refer to the 2020 annual report for a detailed description of the accounting policies. The report is available on www.westernbulk.com.

Note 3. Significant judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions. These estimates are based on the actual underlying business, its present and forecast profitability over time and expectations about external factors such as dry bulk shipping freight rates, interest rates, foreign exchange rates, oil prices and more which are outside the Group's and parent company's control. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group is involved in several disputes, including lawsuits, both as defendant and plaintiff. Based upon the Group's own views as well as opinions received from lawyers, provisions based on best estimate have been made in respect of the Group's total exposure. The actual outcomes of these disputes are unknown, and it could take several years before the disputes and claims are finally settled. Consequently, there are uncertainties related to the estimates for provisions which, depending on the outcome of each case, could prove to be insufficient to cover potential liabilities.

MV Beks Sky loading timber in Chile





Note 4. Equity, number of shares and shareholders

EQUITY (USD 1,000)	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	RESOLVED, BUT NOT YET REGISTERED CAPITAL INCREASE	RETAINED EARNING	TOTAL EQUITY
January 1, 2020	113	1 228	-	14 641	-	15 981
Share capital increase, net	61	15 202	-	(14 641)	-	622
Result for the period	-	-	-	-	3 202	3 202
December 31, 2020	174	16 430	-	-	3 203	19 807
Share capital increase, net	31	15 263	-	-	-	15 294
Proposed dividend	-	-	-	-	(65 000)	(65 000)
Result for the period	-	-	-	-	81 026	81 026
December 31, 2021	205	31 693	-	-	19 229	51 127

SHARE CAPITAL

Nominal value per share	NOK	0,05
Registered share capital 31.12.2021	NOK	1 680 986
Registered share capital 31.12.2021, in USD	USD	205 078
Total number of shares issued as per 31.12.2021		33 619 715
Earnings per share	USD	2,41
Earnings per share, diluted	USD	2,41

MAIN SHAREHOLDERS (NAME)	# OF SHARES	OWNERSHIP %
Kistefos Group	23 093 152	68,7 %
Ojada AS	2 776 792	8,3 %
Employees	979 448	2,9 %
Snipind Invest AS	775 760	2,3 %
Spesialfondet KLP Alfa Global Energi	576 920	1,7 %
Other (635 other shareholders)	5 417 643	16,1 %
	33 619 715	100 %

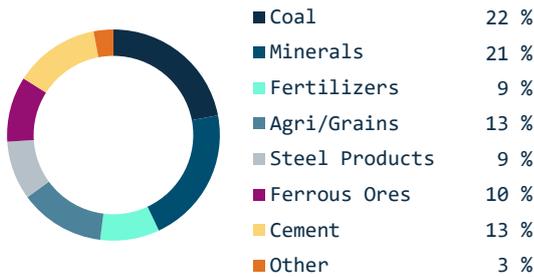


05. About Western Bulk

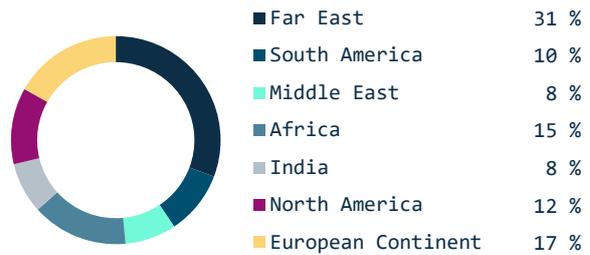
Western Bulk is a major operator of dry bulk vessels in the Handysize, Supramax and Ultramax segments. The Group operates its chartered-in fleet and cargo contracts through its two subsidiaries Western Bulk Carriers AS and Western Bulk Pte Ltd, which are supported by chartering and operations teams in Oslo (Norway), Singapore, Seattle (USA), Santiago (Chile), Dubai (United Arab Emirates) and Casablanca (Morocco).

Western Bulk has a highly diversified customer base with a broad cargo mix and diverse geographical footprint. During 2021, the Group conducted business with more than 300 different cargo customers, of which no single customer exceeded 5,1 % of total revenue. No single commodity accounted for more than 22 % of the volume of transported cargo in 2021. For 2020 segment information, please refer to the Annual Report for 2020 or the H2 2020 Report, both available on our website.

CARGO DIVERSIFICATION 2021



DISCHARGE AREA BY VOLUME 2021



Group structure

The below chart shows the main companies of the group

