Annual Report
2020

Western Bulk

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Key Figures

Western Bulk Chartering Group

USD million	Full year '20	Full year '19	Full year '18
Gross revenues	778.7	1 062.7	1 070.2
Net TC result [1]	26.7	-6.4	31.6
Administrative expenses	22.9	25.4	26.4
EBITDA [1]	3.8	-31.8	5.2
Net profit after tax [1]	**3.2**	**-38.0**	**4.2**
Net TC Margin per ship day (USD) [1]	663	-117	573
Average number of ships operated	110	150	151
Total assets	79.3	118.0	116.4
Book equity	19.8	16.0	24.1
Total liabilities	59.5	102.0	92.3
Free cash	18.3	24.0	23.0
Restricted cash	12.0	13.7	8.1
Total cash	**30.3**	**37.7**	**31.1**

[1] Impairment charges on loss-making contracts primarily related to Chile of USD -26.4 million in 2019 and USD -13.1 million in FY 2018 are included in the figures.

Cargo owners ⟷ **Western Bulk** ⟷ **Vessel providers**

Cargo owners: Producers, trading houses and receivers

Western Bulk: Efficiently matching cargo with vessel to create optimized transportation service

Vessel providers: Vessel owners located worldwide

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Group Description

110-150 vessels

Strong relations with vessel providers as a leading worldwide operator of dry bulk vessels in the Ultramax to Handysize ("geared bulk vessels") segments. Currently operating a fleet of about 110 vessels.

Customer focus

Western Bulk delivers on our customers needs by identifying the most efficient match of cargo and vessels, combined with focus on consistent service delivery through world class operations.

Global presence

Offices located in Oslo, Singapore, Seattle, Santiago and Casablanca – headed by an experienced management team. Flat and decentralised organisational culture enables quick response to local market changes. Local presence allows intimate knowledge of cargo and vessels.

Broad network

More than 300 cargo customers, superior market and business intelligence, operations spread across more than 85 countries, diversified across commodities, and proprietary risk control systems.

210 shareholders

Privately owned by approximately 210 shareholders. The Norwegian privately owned investment company, Kistefos AS is the largest shareholder controlling about 81% of the shares. Experienced Board of Directors and support from the main shareholders.

People

More than 100 employees working in skilled teams developed in-house. Our teams add to our performance, cooperating and supporting each other across functions and regions.

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Building an open and cooperative culture with enhanced customer focus

In Western Bulk we have always had a very strong and agile commercial culture where individuals are given delegated responsibility and room to grow with their tasks. Building on this, we have spent 2020 establishing a more open culture where we share knowledge, information and business across offices and teams – making us more than just the sum of our parts. I am pleased to observe that we are now one company where we all work together to achieve our goals.

I strongly believe that we have a lot to gain from intensifying our work to maintain and develop customer relationships – both towards charterers, owners, and brokers. By being a company that puts its honor into always delivering on our customer's expectations, we believe that we will have a competitive advantage in the years to come.

As part of this we have made several adjustments in our organization the last year. I see our operations managers as one of the key resources delivering on our customer promise. We have therefore enhanced our focus on operations and appointed two Heads of Operations in Singapore and Oslo, respectively. Our goal is to deliver world class operations across the group with consistent high quality both externally towards customers and internally. As part of strengthening our relationships and improving vessel performance we have also established a separate tonnage desk, and a separate function for vessel optimization.

Over time, our ambition is to develop world class competencies and tools for relative pricing of vessels, vessel selection and vessel optimization – adapted to our profile as a vessel operator with a fleet that is primarily fixed in on short term contracts.

We strive to be a dynamic company where we use data, systems, and colleagues to constantly learn and adapt. As part of this we have developed a state-of-the-art cloud-based data infrastructure that combines complex data from various sources for analysis and reporting. On the back of this we are developing decision support tools and tools to simplify the chartering and operations work processes.

In the context of Covid-19 and lockdowns, I am pleased with the organization achieving a full year net profit after tax of USD 3.2 million in 2020. So far in 2021 we have invested in repositioning of vessels and built optionality for the second half of the year.

With our cultural and organizational changes, combined with improved tools for decision making, the prospects for 2021 are promising.

Hans Aasnæs, CEO

Our Values

Agile

Energetic, responsive, flexible and nimble

Reliable

Dependable, sincere, humble, steadfast and attentive

Risk aware

Making informed and calculated decisions, mindful of challenges

Entrepreneurial

Curious, adventurous, ambitious, always pursuing opportunities

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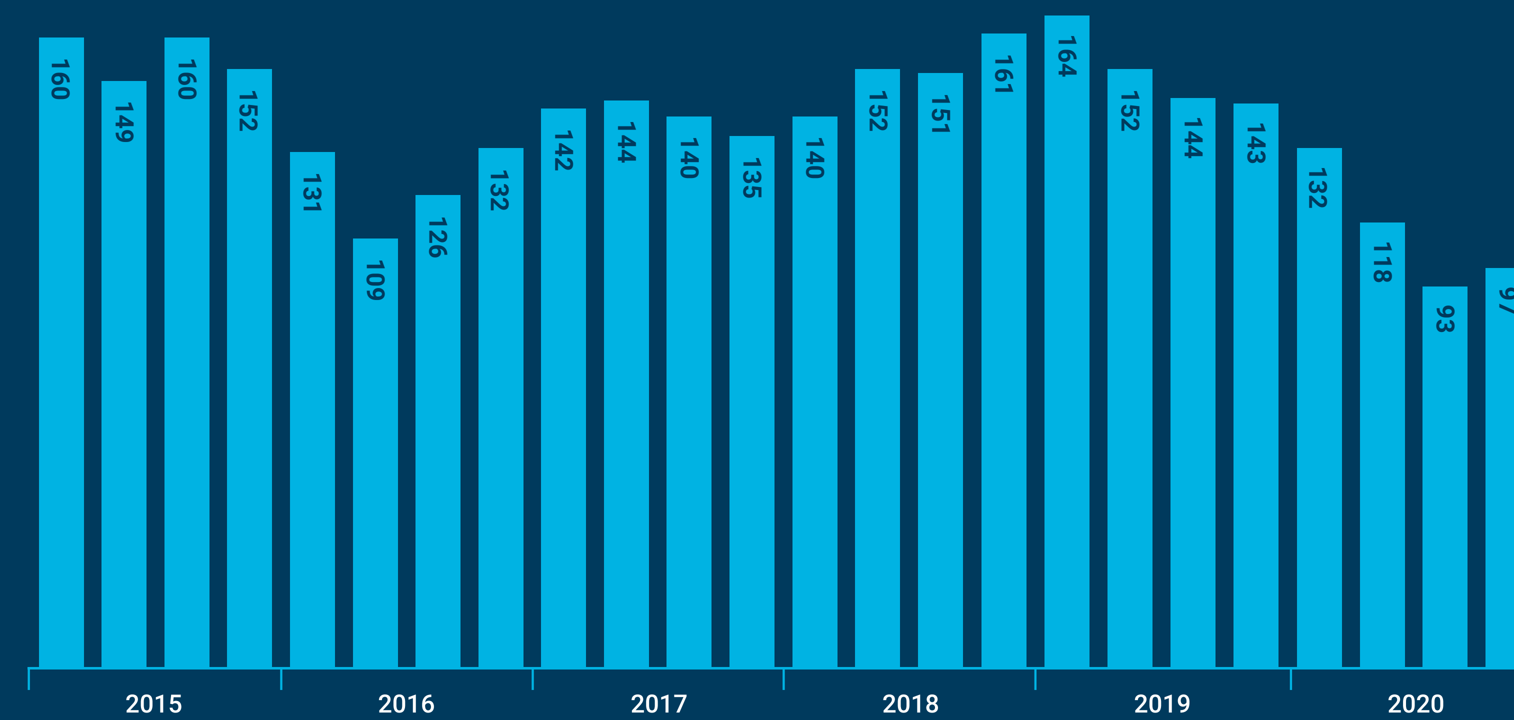
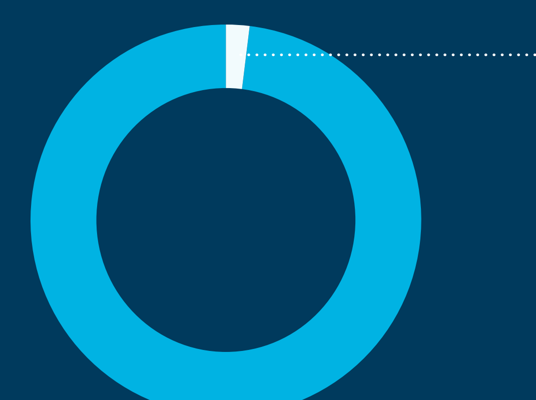
Broad Access to Vessels

Currently operating a chartered-in fleet of around 110 vessels.

- Significant network of Ultramax to Handysize providers serves as foundation for everything from single voyage leases to longer term leases of vessels - basis for a highly flexible fleet.
- Extensive vessel access ensures that Western Bulk always has the opportunity to identify attractive vessels for any cargo load.
- A large vessel market with several vessels to trade creates opportunity to cherry-pick vessels that most efficiently match each cargo load and secure the highest possible margin.
- Selecting the optimal vessel depends on a range of factors, including vessel location and distance from cargo, fuel efficiency and charter hire.
- Western Bulk engages in short- (up to six months), medium- (six to twelve months) and long-term (more than twelve months) leases. The majority of leases are short- to medium-term.
- Any relation with vessel providers undergoes a thorough evaluation of counterparty risk.

Number of vessels operated by quarter





Western Bulk operates ~2% of the global fleet of Supra and Handy size vessels - wide space of available vessels ensure identification of the optimal vessel.

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Well Diversified

- Western Bulk has a wide network of cargo owners diversified across geographies and commodities.
- Our wide network limits our exposure to specific customers, geographies or commodities. It also provides a wide foundation for revenue generation and reduces cyclicality and counterparty risk.
- Our close relations to such a wide range of cargo owners globally provides a high deal flow with opportunities to locate cargo that efficiently match identified and available vessels.

Cargo owner diversification

2020 Figures by Customer

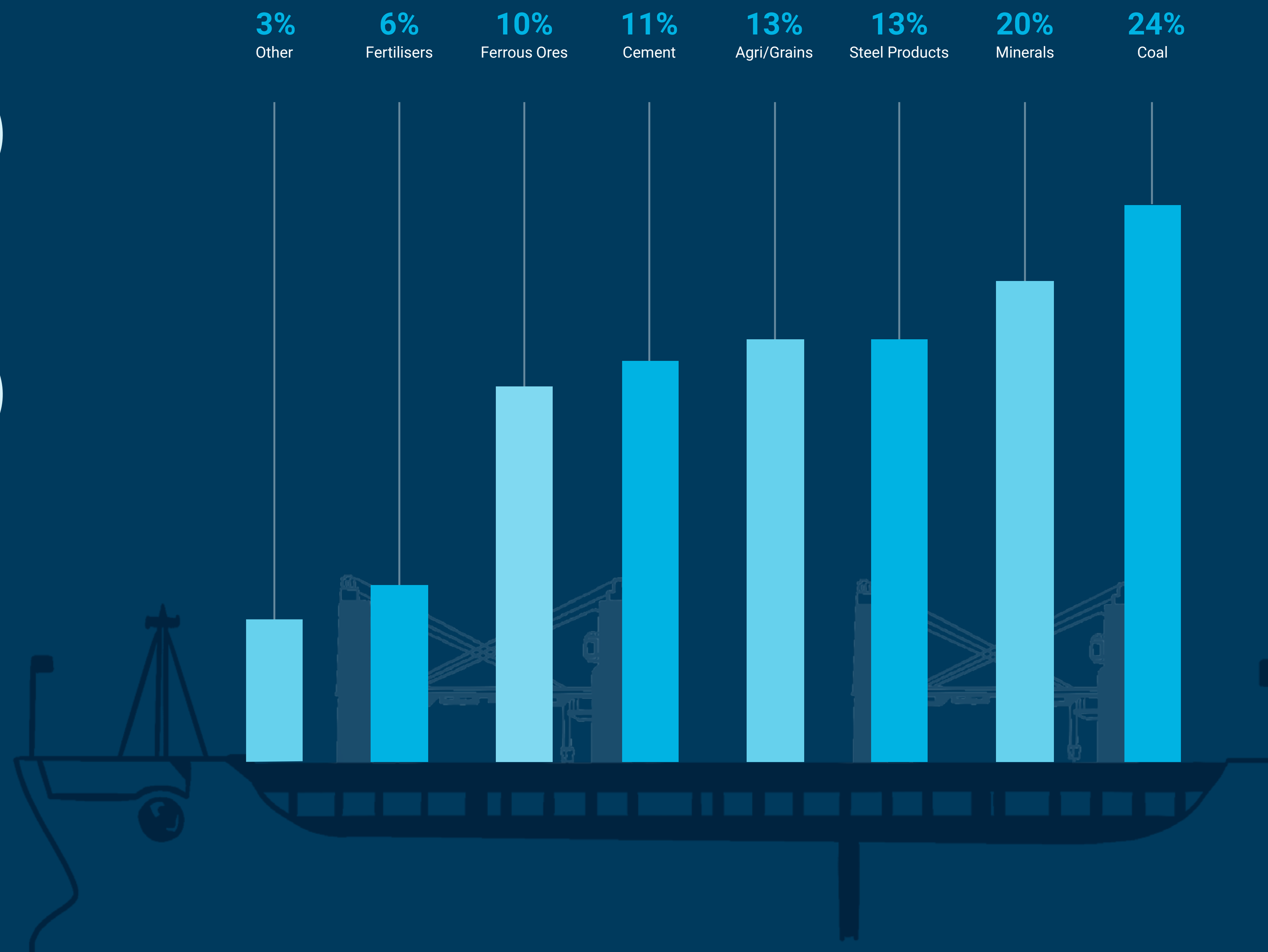
Western Bulk has more than 300 different cargo customers. No single customer accounts for more than 3.4% of revenues.

Geographic diversification

2020 Figures by Discharge area

Commodity diversification

2020 Figures by Commodity



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Customer Focus

Focus

We are working hard on our customer proposition by enhanced focus on customer needs and the importance of consistent service delivery

Relationships

Intensify work to maintain and develop customer relationships

Goals

Goal to deliver world class operations across the group with consistent high quality both externally towards customers and internally.

Patrick Feng (Operations Manager in the Indian Ocean team) and Trang Nguyen (Claims Counsel in the Legal team)

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Organisational Culture

We have a very strong and agile commercial culture in Western Bulk. Building on this, we want to:

Be one company

Be one company working together to achive our goals.

Open culture

Have an open culture where we share knowledge, information and business across offices and teams - making us more than just the sum of our parts.

Dynamic company

Be a dynamic company where we use data, systems and colleagues to constantly learn and adapt.

Nanna Brage (Bunker Procurement Manager) and May Yong (Administrative Officer for the Singapore office).

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Our Offices

Western Bulk has a global reach and a local presence with offices located in strategically important areas for shipping and trade of dry bulk commodities.

1. Oslo Office

The company Western Bulk was incorporated in Oslo, Norway in 1982. The CEO, CFO and CSO are located in the Oslo office. Being situated in Oslo allows us to take part in one of the most complete maritime knowledge hubs in the world, as well as the emerging hub for tech-start-ups and digitalisation. For the last 10 years, the office has been situated in the historic Industry Export building at Solli Plass. The commercial teams South Atlantic, US Gulf, Continent and Black Sea-Mediterranean, are all managed from the Oslo office which has about 60 employees.

2. Singapore Office

Our office in Singapore was established in 2005 and is responsible for the overall activity in the Indian Ocean and South East Asia regions. Singapore's strategic location and infrastructure makes the port one of the busiest in the world, and the city has become a regional center of shipping and finance. The commercial teams Indian Ocean and Pacific/US West Coast are managed from the Singapore office, which has about 45 employees.

3. Seattle Office

The US West Coast office is located in Seattle and has been in operation since Western Bulk acquired the Jebsen Bulk Pool in 1995. Being geographically and strategically well placed in the busy Pacific Northwest, the Seattle office assures day-to-day contact with numerous industries, cargo owners, trading houses, and brokers in USA, Canada and Mexico. The Seattle office also looks after the operations of all Group vessels calling the West coast from Panama to Alaska and Hawaii.

4. Santiago Office

Western Bulk has been active in Chile since 1982, and our Santiago office was opened in 2006. The Chile operations have produced strong relationships with several major Chilean industrial companies. Geographically, with the time differences to Europe and the Far East, the Santiago office complements our other offices to enable 24-hour accessibility to Western Bulk around the world. The West Coast South America portfolio is managed from the Oslo office.

5. Casablanca Office

The office in Casablanca, Morocco was opened in 2016. The office is focusing on closer follow-up and building growing volumes with existing clients, as well as providing personal attention on operational issues on the African West Coast.

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Our Commercial Teams

South Atlantic
The South Atlantic team serves clients loading and/or discharging cargo on the Atlantic coasts of South America and Africa. Cargoes are carried on a trusted base of ships from our core owners and include both spot movements and industrial multi-year contracts.

The South Atlantic team aims to build on growing volumes with our industrial clients, provide personal service and attention on operational issues, and place the Group at the forefront of future trade opportunities.

The South Atlantic team is managed out of the Oslo office and operated on average about 20 vessels during 2020.

US Gulf
The US Gulf team serves the US Gulf/US East Coast/North Coast South America area and a broad base of clients with diverse ocean transportation needs originating from the US Gulf and neighboring loading zones from East Coast Canada to North Coast South America.

The US Gulf team is managed out of the Oslo office and operated on average about 15 vessels during 2020.

Continent
The Continent team's main activity is transport of various steel and bulk cargoes from the Continent and the Baltics.

The team is managed out of the Oslo office and operated on average about 10 vessels during 2020.

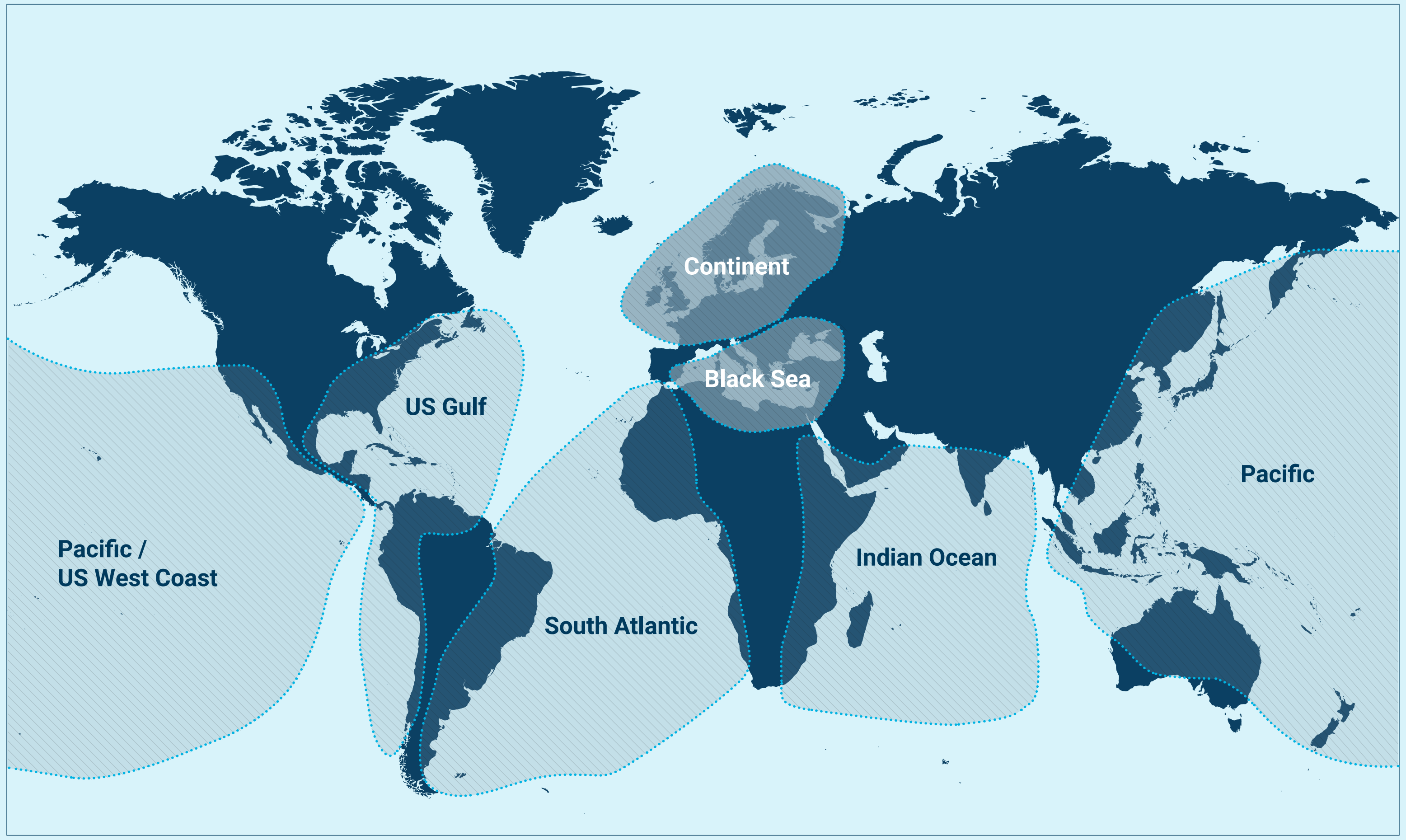
Black Sea/Mediterranean
The Black Sea/Mediterranean team's main activity is transport of various steel and bulk cargoes from Black Sea and the Mediterranean worldwide.

The team is managed out of the Oslo office and operated on average about 15 vessels during 2020.

Indian Ocean
Through its significant customer base, the Indian Ocean commercial team is active in most dry bulk commodities and services clients on spot, short to medium term as well as on long industrial contracts. The commercial team also runs extensive parceling operations within Asia on various bulk and break-bulk commodities.

The Indian Ocean team is based in the Singapore office and operated an average volume of about 25 vessels in the Handysize to Ultramax segment during 2020.

Pacific / US West Coast
The size and diversity of the Pacific basin demands that the Pacific / US West Coast portfolio is not just active in the more established core trades but also in niche cargo flows throughout the region. The team is considered a specialist in slag, fertilizer, clinker, coal, steel products, grains, iron ore and pet-coke.



The substantial intra and cross basin trades in the region necessitate the Pacific portfolio to work closely with all the other commercial teams. The team also represents the Group towards vessel owners based in the Asia region for both spot and period employment.

The Pacific / US West Coast team is run out of the Singapore and Seattle offices and operated a fleet of about 25-30 vessels on average during 2020, ranging from Handysize to Ultramax.

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The Senior Management Team

Hans Aasnæs
Chief Executive Officer

Mr. Aasnæs has previously held the position of Senior Vice President at Umoe Group and was a Director of several of the group's subsidiaries. From 2005 to 2013, he served as CEO of Storebrand Asset Management. Hans Aasnæs is a board member of the Executive Board of Norges Bank, the highest decision making body of the Norwegian Central Bank, which oversees Norges Bank Investment Management (NBIM). He is also chairman of the board at Nordic Trustee AS and Strand Havfiske AS, as well as a board member of Investinor AS. Mr. Aasnæs is an agricultural economist with an MSc from the Norwegian University of Life Sciences (NMBU), has a Graduate Programme in Economics and Business Administration from the Norwegian School of Economics (NHH) and is a certified financial analyst.

Egil Husby
Chief Strategy and Transformation Officer

Mr. Husby is responsible for activities aimed at decisions support, business improvement and business transformation, and has been employed in the Group since late 2004. Until 2019 he served as Chief Risk Officer, responsible for risk management, business analysis and technology. Prior to that, he was at Norsk Hydro where he worked with risk management and structuring for Hydro's energy trading activities. Mr. Husby has an MBA from the University of Adelaide and an MSc in mathematical statistics from the Norwegian University of Science and Technology (NTNU).

Kenneth Thu
Chief Financial Officer

Mr. Thu is responsible for finance, market and counterpart risk, accounting, business control, legal and HR. He has a background from retail, energy and management consulting. Before joining Western Bulk in 2017, he was the Acting CFO in Elkjøp Nordic AS, a part of Dixons Carphone Plc. Mr. Thu has also been employed by Expert AS, PA Consulting Group AS and Orkla Brands AS. He holds an MSc in Economics and Business Administration from the Norwegian School of Economics (NHH)

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The Board of Directors

Bengt A. Rem
Chairman of the Board

Mr. Rem is the CEO of Kistefos AS, which owns 81% of the shares in Western Bulk Chartering AS. Prior to joining Kistefos AS in 2015, Mr. Rem was CEO in Arctic Partners. His previous experience includes Executive Vice President & CFO as well as other leading positions in the industrial investment Group Aker ASA, Head of the Department Responsible for Financial Instruments on the Oslo Stock Exchange and state authorised accountant in Arthur Andersen & Co. Mr. Rem holds an MSc in Business and Administration and Finance from the Norwegian Business School (BI) and a Master in Accounting and Auditing from the Norwegian School of Economics (NHH).

Erik Borgen
Member of the Board

Mr. Borgen is Investment Director at Kistefos AS. Prior to joining Kistefos AS in 2016, Mr. Borgen was a partner at the private equity firm HitecVision. His previous experience includes partner at Arctic Securities AS as well as other positions in Morgan Stanley and Perella Weinberg Partners. He has previously engaged in projects and activities within the fields of mergers and acquisitions, debt capital markets, IPO's and restructuring. Mr. Borgen holds an MSc in Finance from the Norwegian School of Economics (NHH).

Tord Meling
Member of the Board

Mr. Meling is Investment Director at Ojada AS, our second largest shareholder. He has worked more than 10 years in the airline Norwegian ASA, with experience in business development, aircraft financing and corporate finance. He also has experience from Deloitte. Mr. Meling holds an MSc in Finance from the Norwegian School of Economics (NHH).

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Board of Directors' Report 2020

In a year dominated by the Covid-19 pandemic and subsequent global lock-downs, Western Bulk Chartering AS and its subsidiaries (the "Group") was able to achieve a net profit after tax of USD 3.2 million and a Net TC result of USD 26.7 million. The transition to low Sulphur fuel oil following the IMO2020 regulation was handled in a very good manner.

Financial Performance for the Group
The Group was well positioned to benefit from the low market rates in the first quarter of 2020. For the second quarter the results were negatively impacted by Covid-19, combined with port closures and a depressed market. With rates down to levels not seen since early 2016 this led to a net loss after tax of USD -2.9 million for the first half of 2020.

The second half of the year saw improved results and a net profit after tax of USD 6.1 million. The fourth quarter was particularly profitable, benefitting from period vessels carrying spot cargoes in a rising Atlantic market.

The size of the fleet was kept relatively low throughout 2020, reduced from an average fleet of 132 vessels in the first quarter to an average of 97 vessels in the fourth quarter. This was partly due to uncertainties surrounding the development of the Covid-19 pandemic, as well as enhanced focus on profitable volume.

In line with the reduced volume, the Group's turnover, expressed as gross freight revenues, was down to USD 778.7 million in 2020 compared to USD 1,062.7 million in 2019.

Administration expenses were USD 22.9 million in 2020 compared to USD 25.4 million in 2019.

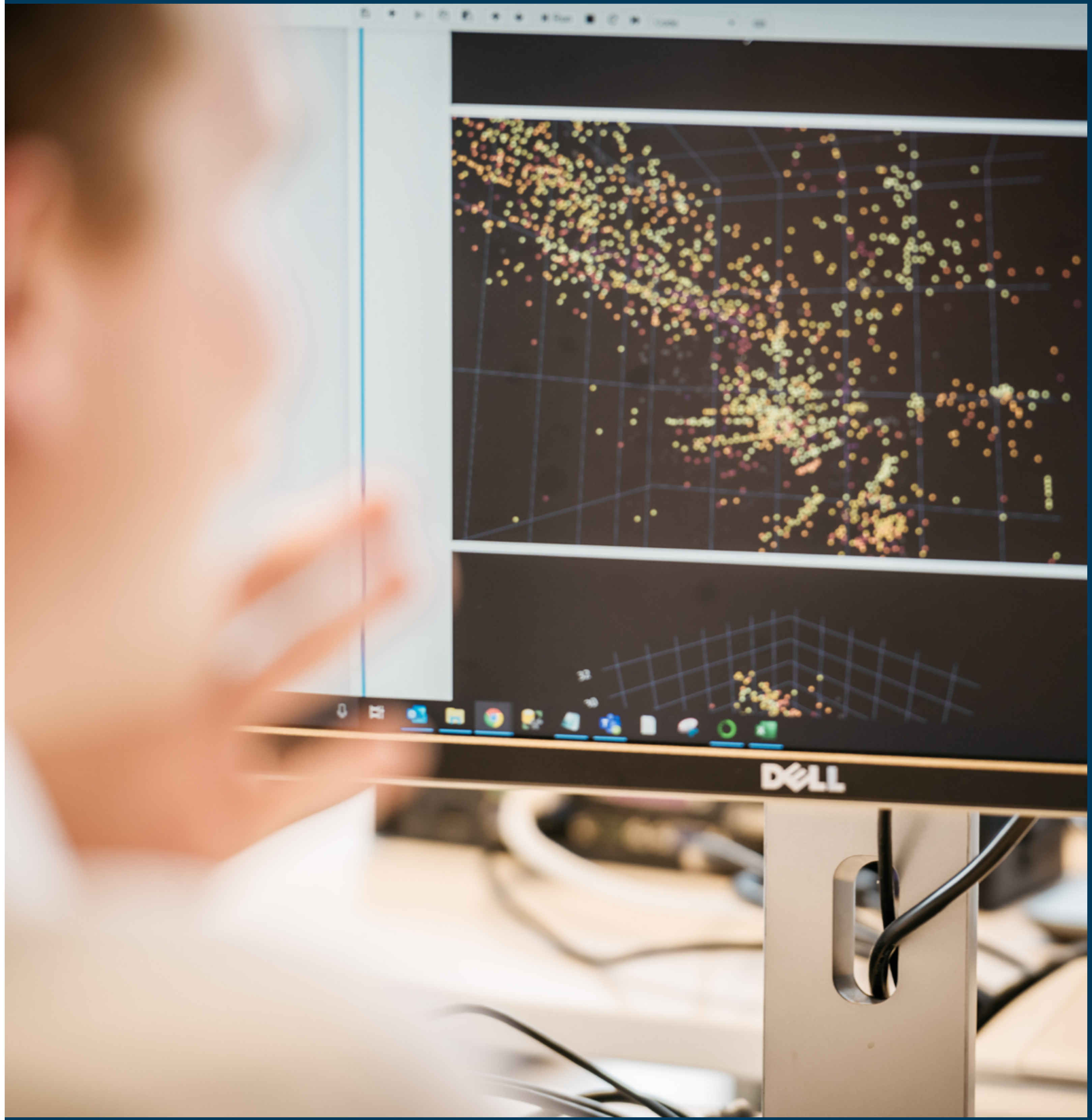
Excluding bonus of USD 2.0 million in 2020, the Group saw savings of USD 4.5 million which was in line with previously communicated cost saving targets. The Group had an average of 108 FTEs employed in 2020 compared to 112 in 2019.

At the end of the year the Group had USD 18.3 million in free cash, a decrease of USD 5.7 million from 2019. The negative net cash flow was mainly due to an increase in working capital.

The balance sheet total was USD 79.3 million at the end of 2020 compared to USD 118.0 million the year before. Book equity totalled USD 19.8 million as of 31.12.2020, an increase of USD 3.8 million from the 31.12.2019 position of USD 16.0 million.

Market Development
The Pacific dry bulk market had a weak start to 2020 with an early Lunar New Year followed by the outbreak of the Covid-19 pandemic in China. The market improved in late February along with the start of the Brazilian grain export season; but it slumped in April and May as worldwide pandemic lockdowns disrupted global supply chains and reduced dry bulk demand. The post-lockdown recovery cycle started gradually from June and extended to the beginning of 2021.

Hence, in the first half of 2020 we saw the Baltic



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Amit Rahul (Head of Operations - Pacific and Indian Ocean) and Yenny Sie (Accounting Manager in the Singapore office).

> "The Group is a world-leading operator within the Handy and Supra dry cargo segment, with a global trading pattern and the experienced staff and robust systems required to handle the large diversity in commodity types, trading routes and operating conditions that these segments offer.

Supramax Index 58'(BSI) posting its second lowest six-month average rate of USD 6,034/day since the index started in 2015, a fall of USD 2,170/day and -26% year on year. Whereas in the second half of 2020, the Baltic Supramax Index 58'(BSI) six-month average rate rebounded over 70% from the first half of the year to USD 10,327/day, yet still 11% below the same period of 2019. Full year 2020 averaged at USD 8,242/day, down 17% from that of 2019 (USD 9,948/day) as the market was yet to fully recover from the pandemic impact.

The spread between the Atlantic and the Pacific market rates widened in the first quarter of 2020 to USD 4,973/day, fell to USD -842/day in the second quarter of 2020, and recovered to USD 4,354/day in the second half of 2020. This reflects how the dry bulk market was first hit in the Pacific and then in the Atlantic, before the Pacific market recovered ahead of the Atlantic post-lockdown. Rising bunker prices have also contributed to the widening Atlantic premiums.

Future Development

The dry bulk market is expected to remain firm in 2021 with strong demand from China and recovered demand from the rest of the world. China, along with a few Asian economies is expected to support the Pacific market throughout most of 2021, while economies in the Atlantic region are expected to gradually recover from the pandemic and drive demand for the dry bulk market towards the second half of 2021.

The total dry bulk fleet is expected to grow less than 2.8% in 2021 due to a record low orderbook. On the other hand, demand for dry bulk vessels is expected to grow more than 3.5% this year due to recovered demand for coal and minor bulk which is expected to increase more than 4%, respectively. Trade volumes for iron ore is projected to grow with a modest rate of 2%, mostly driven by recovered demand from EU and steady demand from China. Global grain trades are also set to see a growth of 2%, reflecting a slowing down after last year's strong increase of 6%.

In addition to the favourable supply and demand growth prospects, the market is also benefiting from the positive expectation of continued economic recovery.

Going Concern

In accordance with §3-3a of the Norwegian Accounting Act, the Board confirms that the financial statements have been prepared under the assumption of going concern. The assumption is based on estimates and expectations for 2021 and the Group's long-term strategy.

Business Overview

The Group is a world-leading operator within the Handy and Supra dry cargo segment, with a global trading pattern and the experienced staff and robust systems required to handle the large diversity in commodity types, trading routes and operating conditions that these segments offer.

The Group combines operational expertise in dry bulk shipping with portfolio and risk management techniques and approaches adapted from the financial industry. Given the diversity and complexity of the markets in which the Group operates, it has chosen to build a flat and decentralized organizational structure where most of the decision-making authority rests with its commercial teams. The risk management team monitors market and counterpart exposures of each commercial team and on an aggregate level for the Group.

Impact on the environment

The Group's activities consist of chartering and operating dry bulk vessels for the transportation of products such as minerals, timber, cement, bauxite,

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steel products, grains, coal and more. The chartering and operation of chartered-in vessels fully complies with international rules and standards in the jurisdictions and sectors in which they operate.

Western Bulk is continuously working to optimize operations in the fleet to minimize running costs and optimise fuel efficiency, which in turn can help reduce overall emissions from the fleet. A specific group role with a focus on optimisation has been established to develop a systematic approach to optimising the factors that affect performance metrics such as fuel consumption, by looking at the choice of ships, sailing speeds, use of weather routing companies. When chartering vessels, Western Bulk always considers vessel fuel performance over the period of the charter. Choosing ships that have better predicted fuel consumptions can in turn lead to lower emissions for the voyages the Company undertakes.

Organization

The Group cares about people, human rights, labour rights, safety and welfare. The Group is actively working to reduce sick leave and improve its working environment. During the year, no serious accidents or injuries have been reported. Total sick leave in the Norwegian Group was 1.45% (2019: 1.17%), divided into 0.80% short time absence, and 0.65% long time absence.

Working conditions for employees are considered to be good. The Group has implemented initiatives to maintain a healthy work environment, annual health checks, social and active events and activities, reimbursement of physical training expenses and individual workplace assessment by physiotherapist. The Group endeavours to offer all employees, regardless of gender, religion, beliefs or nationality, equal and attractive career opportunities. Employee performance is measured through performance appraisals.

The Group aims to be a company with full equality between men and women, and no discrimination based on disability, gender, race, ethnic or cultural background. As of 31.12.2020, 38 of the Group's 104 employees were women (37%), with 31% in Oslo, 46% in Singapore, 20% in Seattle and 50% in Santiago. An unequal recruitment base makes it difficult to achieve an equal mix of gender within certain Group units, but Western Bulk endeavours to have both genders represented in all employment processes.

Risk

The Group is exposed to a number of risks. In addition to the market risks associated with its chartering activity, the Group is also exposed to risks such as counterparty risk, credit risk, currency risk, operational risk and liquidity risk.

The Group operates with a clearly defined risk appetite and has implemented a comprehensive infrastructure of models, measures and internal control routines to mitigate risks or their potential consequences. It has developed a strong risk management culture that emphasise risk awareness in all decisions.

The Board recognises that counterparty risk is likely to prevail and that unexpected changes to demand and supply may cause market rates to fluctuate significantly, at least on a relative basis. Although the Group has a diversified exposure to counterparties, well-managed market exposure and a wide geographical positioning, we anticipate that the Group will be affected by these external factors. The Board is of the opinion that the Group's exposures to the different risks are satisfactorily monitored and that it will be able to contain the risk at acceptable levels, for customers as well as shareholders.

Geopolitical Risk

With a global trading pattern, the Group is exposed to geopolitical risk and instability that exist or may occur in parts of the world. The Group is paying close attention to concentration of geopolitical risks, and is targeting diversification to mitigate exposure that could potentially cause material effects to its results.

> "The Group cares about people, human rights, labour rights, safety and welfare. The Group is actively working to reduce sick leave and improve its working environment. During the year, no serious accidents or injuries have been reported

Market Risk

The Group has invested considerable resources in establishing and maintaining a risk control and monitoring system which on a daily basis quantifies the market exposure in the Group. This system allows the Group to measure risk and adjust its risk profile rapidly if required. The Group actively uses derivatives such as freight forward agreements (FFA), bunker swaps and other financial instruments to hedge its market exposure. The Group is not seeking to minimise the market risk, but rather to quantify and measure it to be able to take calculated positions in the market. The risk system sets absolute limits to the level of exposure taken by the Group. Such exposure may include being long/short on vessels relative to contract coverage, being long/short on geographical areas, vessel sizes and trade routes, utilising options on cargoes and vessels, and more, to take market rate exposures.

Operational Risk

The Group is exposed to various operational risks in conducting its business worldwide, with vessels sailing to and calling at ports in most areas of the world. Operational responsibility rests with the Group's commercial teams, as most operational risks are related to specific vessels, cargoes or markets. While single incidents mainly will have limited impact on the Group, the Group pays close attention to concentration of risks related to cargo type, geographical area and counterparties, targeting diversification to mitigate exposure that potentially could have material effect.

Financial Risk

The Group's credit risk mainly relates to freight payable from our counterparts for voyages being performed. Such freight is mainly due at completion of loading the cargo, and if not paid, the Group will in most cases have a lien on the cargo. As such,

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Allan Jiang (Chartering Manger in the Pacific/US West Coast team), Trang Nguyen (Claims Counsel) and Patrick Feng (Operations Manager in the Indian Ocean team).

credit risk is manageable, and mainly relates to potentially disputed parts of the amount invoiced such as laytime and demurrage upon discharge.

The Group's liquidity risk is mainly related to timing of cash in- and outflows and the Group continuously monitors its cash reserves and available liquidity to ensure sufficient liquidity is available to meet the known obligations of its operations, minimum liquidity covenants in financing agreements, and to meet measured cash flow risks related to the use of derivatives for hedging purposes.

The Group is exposed to currency risk, mainly for expenses incurred in local currency other than US dollar. The Group measures its currency risk applying sensitivity analysis. The Group has hedged the expected NOK denominated administrative expenses for 2021 by entering into NOK/USD currency forward contracts.

The Group is exposed to interest rate risk from its financing facilities. The interest rate risk is negligible and currently unhedged.

Ownership Structure

As of 31.12.2020, Western Bulk Chartering AS is a privately owned company, with about 210 shareholders. The Norwegian privately owned investment company, Kistefos AS controls about 81% of the shares.

Financial Performance for the Parent Company and Allocations

Western Bulk Chartering AS (Parent Company) recorded a loss after tax of USD -0.8 million for 2020 and a net negative cash flow of USD -6.8 million. Equity was USD 37.2 million as of 31.12.2020 with a book equity ratio of 44%.

The Board recommends the following covering of the 2020 net loss for the parent company:

From Share premium	USD	-807 268
Total allocations	**USD**	**-807 268**

Oslo, 18. March, 2021

Bengt A. Rem **Chairman of the Board**	**Tord Meling** **Board member**	**Erik Borgen** **Board member**	**Hans Aasnæs** **CEO**

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Responsible Business Conduct

Western Bulk views responsible business conduct practices, including environmental and social standards, as key to reducing the impact of marine activities. Western Bulk is committed to promoting responsible and sustainable practices as global, corporate citizen and within our sphere of influence as ship operators.

Adhering to high standards in Responsible Business Conduct ("RBC") within the Group's businesses has positive impacts on results and makes Western Bulk competitively stronger in a sector where customers are increasingly driven by such factors when choosing their business partners.

Western Bulk's Code of Conduct and related internal policies establish clear expectations for all parts of the Group's business with regard to good corporate conduct and compliance with applicable laws and regulations. The Code of Conduct includes requirements and clearly communicates the Group's expectations related to dealing with third parties and matters of integrity.

Western Bulk has a compliance program that is aimed at addressing the risks relevant to the Group's business. This program has explicit and visible support from senior management to emphasise the important role of compliance for the Group.

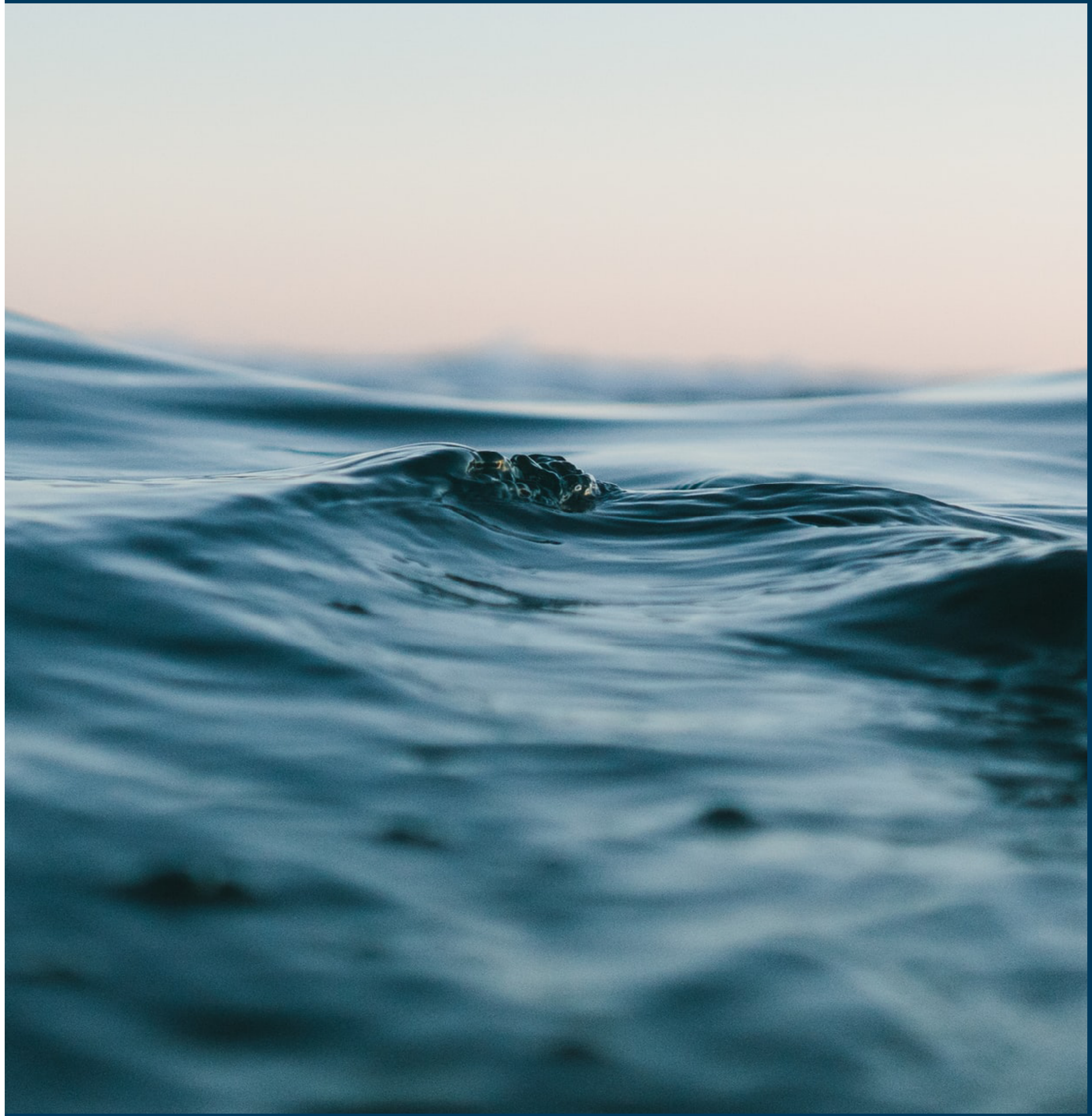
Western Bulk has a whistle-blower policy and reporting channel. Employees are expected and encouraged to report matters that may not comply with the principles set forth in the Code of Conduct or other policies.
Western Bulk has a Counterpart Risk team that evaluates new and existing third parties against several commercial and RBC-related risk criteria. This process is risk based and the extent of the vetting process therefore varies with the special risk of each trade, including e.g. the industry or region. The Group uses external databases and sources to improve the quality of the findings related to each third party.

Western Bulk employees have a strong awareness of RBC related issues, and in particular related to the handling of corruption and sanctions risks. The importance of this area has been highlighted by a top-down promotion of RBC and compliance matters from the CEO and the senior management team.

The Western Bulk group's commitments in the RBC sphere are:

- **Human Rights**

Western Bulk shall support, respect and commit to the principles set out in UN's Universal Declaration on Human Rights and ensure that they are not complicit in human rights abuses.



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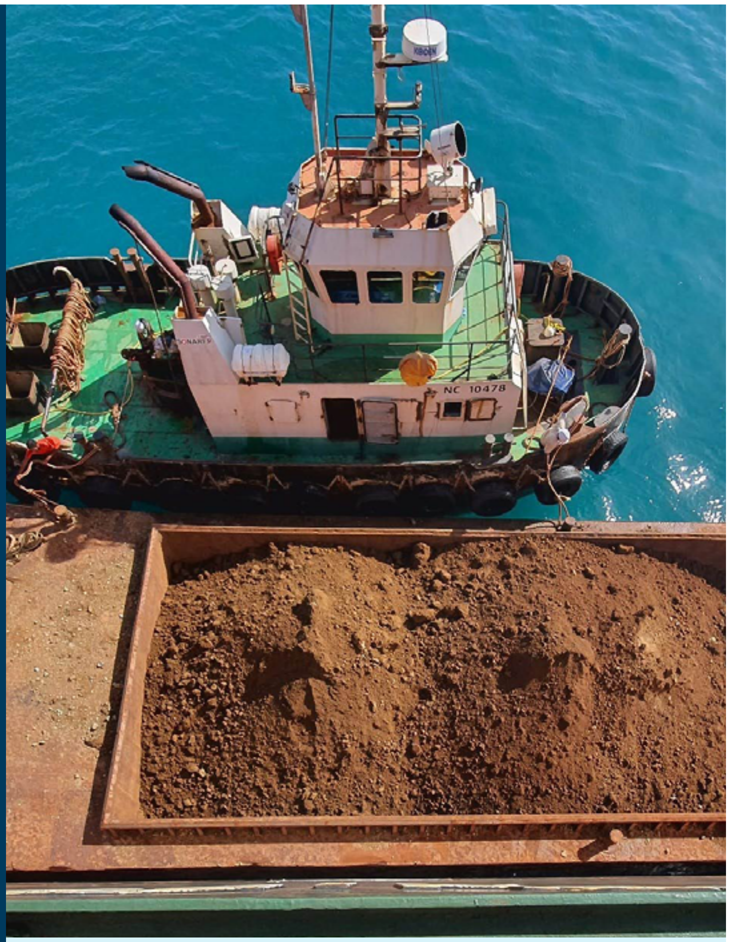
Anti Corruption

Western Bulk conducts its business with integrity. All activities within the Group are done in compliance with all applicable laws and regulations. The Code of Conduct prohibits engagement in corrupt or illegal practices directly or indirectly.

Western Bulk continues to participate in the Maritime Anti-Corruption Network (www.maritime-acn.org). Established in 2011, MACN is an industry group of over 130 industry participants including ship owners and operators, cargo owners and service providers working towards a vision of a maritime industry free of corruption. As part of MACN, Western Bulk supports the efforts of collective industry action to improve the compliance environment and integrity in the sector.

In 2020 Western Bulk completed TRACE certification for Western Bulk Carriers AS and Western Bulk Pte Ltd. TRACE certification means that the companies have completed a comprehensive and internationally recognised due diligence process administered by TRACE, the world's leading anti-bribery standard setting organization. The successful completion of TRACE certification demonstrates a commitment to commercial transparency.



Western Bulk participates in MACN and Trace

MACN
Maritime Anti-Corruption Network

TRACE
Anti-Bribery Compliance Solutions

• **Labour Rights**

Non-Discrimination
Western Bulk's policies prohibit unlawful discrimination on grounds of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, labour union affiliation, social or ethnic origin.

Western Bulk treats all persons with dignity and respect. All employees support a work environment free from discrimination.

Compensation
Wages paid to employees and hired labour are considered fair and meet any national legal standards on minimum wage. Working hours are not excessive and as a minimum complies with applicable local laws or agreements.

Labour standards
Freedom of association and the right to collective bargaining and agreements are respected in all operations of the Group.

Safe working environment
All employees are provided with a safe and healthy work environment.

Seafarers
Owners of tonnage chartered by the Group are required to maintain standards for seafarers meeting at least those set by international standards and conventions.

• **Environment**

Western Bulk supports industry initiatives aimed at making shipping more sustainable, reducing the environmental impact of maritime activities and furthering the IMO 2030 and 2050 emission reduction targets.

Western Bulk is continuously working to optimize operations in the fleet to minimize running costs and optimize fuel efficiency which in turn can help reduce overall emissions from the Group's activities.

• **Competition**

Western Bulk operates in a highly competitive industry. The Group competes in a fair and ethical manner in relation to competitors as well as to customers and suppliers. Western Bulk will under no circumstances cause or be part of any breach of general or special competition regulations or any other behaviour that is in breach of applicable competition (anti-trust) legislation.

• **Taxation**

Western Bulk Chartering AS is domiciled in Norway and controls legal and operational entities in Norway, Singapore, the United States of America, Chile, Sweden and Morocco. Western Bulk complies with tax laws, regulations and filing requirements in the jurisdictions where the Group is located. Western Bulk follows the arm's length principle and complies with the recommendations set out in the OECD Transfer Pricing Guidelines for internal transactions between group companies.

For further details about Western Bulk's taxation, please also refer to the explanatory notes in the Group's financial statements.

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Group Financials

Western Bulk Chartering Group - Profit and Loss Statement

USD 1 000	Note	2020	2019
Gross revenues	3	778 690	1 062 723
Voyage expenses		-358 537	-451 850
Freight revenues on T/C-basis		**420 153**	**610 873**
T/C expenses		-391 355	-613 878
Other vessel expenses		-2 062	-3 396
Administration expenses	8,18	-22 918	-25 448
Operating expenses		**-416 334**	**-642 722**
Depreciations	7	-281	-373
Gain/(loss) on disposal of fixed assets		-	-12
Bad debt provision and write-offs	13	-14	78
Operating profit		**3 524**	**-32 156**

Western Bulk Chartering Group - Profit and Loss Statement

USD 1 000	Note	2020	2019
Net interest income		269	318
Net interest expense		-833	-2 835
Gain/(loss) on foreign exchange		747	-61
Gain/(loss) on financial assets		1	7
Other financial items		-346	-810
Net finance		**-162**	**-3 381**
Profit/(loss) before tax		**3 362**	**-35 538**
Tax income/(expense)	9	-159	-2 431
Profit/(loss) for the year		**3 203**	**-37 969**

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Western Bulk Chartering Group - Balance Sheet

USD 1 000	Note	2020	2019
ASSETS			
Non current assets			
Deferred tax asset	9	740	602
Intangible assets	7	23	135
Property, plant and equipment	7	502	419
Investment in financial assets		630	630
Long term receivable		-	5
Total non current assets		**1 895**	**1 789**
Current assets			
Accounts receivable	12, 13	18 145	32 280
Other receivables	18	634	3 663
Bunker stocks		28 374	42 583
Bank deposits	11,12	30 297	37 729
Total current assets		**77 450**	**116 255**
TOTAL ASSETS		**79 345**	**118 045**

Western Bulk Chartering Group - Balance Sheet

USD 1 000	Note	2020	2019
SHAREHOLDERS` EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital		174	113
Share premium		16 430	1 228
Received, but not yet registered capital increase		-	14 641
Total paid-in capital		**16 604**	**15 982**
Retained earnings			
Other equity / (uncovered loss)		3 203	-
Total retained earnings		**3 203**	**-**
TOTAL SHAREHOLDERS' EQUITY	**14**	**19 807**	**15 982**

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Western Bulk Chartering Group - Balance Sheet

USD 1 000	Note	2020	2019
LIABILITIES			
Long term liabilities			
Deferred tax liability	9	153	185
Pension liabilities	8	1 214	1 747
Other long-term liabilities		-	395
Total long term liabilities		**1 367**	**2 327**
Short term liabilities			
Accounts payable		8 130	10 546
Other payable	17	24 574	63 372
Payable derivatives	5	661	3 678
Taxes payable	9	601	1 382
Short term Interest-bearing debt	12	23 955	20 758
Liabilities to related Group	10	251	-
Total short term liabilities		**58 171**	**99 736**
TOTAL LIABILITIES		**59 538**	**102 063**
TOTAL SHAREHOLDERS` EQUITY AND LIABILITIES		**79 345**	**118 045**

Oslo, 18. March, 2021

Bengt A. Rem
Chairman of the Board

Tord Meling
Board member

Erik Borgen
Board member

Hans Aasnæs
CEO

Western Bulk Chartering Group - Cash Flow Statement

USD 1 000	2020	2019
CASH FLOW FROM OPERATIONS		
Profit/(loss) before tax	3 362	-35 538
Taxes paid	-1 150	-1 067
Depreciations	281	373
Writedown and provisions	-	10 116
Gain/(loss) disposal fixed assets	-	-2
Changes in current receivables and current liabilities	-13 496	14 623
Net cash flow from/(to) operating activities	**-11 003**	**-11 495**
CASH FLOW FROM INVESTMENTS		
Investments in fixed- and intangible assets	-253	-143
Disposal of fixed assets	-	42
Investments in/ disposal of financial assets	-	-462
Changes in long term receivables	5	5
Net cash flow from investments	**-248**	**-559**

Western Bulk Chartering Group - Cash Flow Statement

USD 1 000	2020	2019
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in new short term and long term debt	3 196	20 758
Repayment of bond loan	-	-31 976
Share capital increase	623	29 849
Net cash flow from financing activities	**3 819**	**18 632**
Net change in liquidity during the year	**-7 432**	**6 577**
Liquid assets as of 01.01.	37 729	31 151
Liquid assets as of 31.12.	**30 297**	**37 729**
Restricted bank deposits as of 31.12.	12 126	13 683
Available liquid assets as of 31.12.	**18 171**	**24 046**

Notes to the Accounts

Note 1 - Accounting principles

The accounts have been prepared in accordance with the Accounting Act of 1998 and generally accepted accounting principles in Norway. The main accounting principles are described below. Unless otherwise stated, all figures specified in the notes are quoted in US dollars (USD) 1,000. The annual accounts have been prepared on a going concern basis.

Segment information
The Group's main activity is related to chartering and operation of vessels.

Reporting currency and functional currency
Both the parent company accounts and the consolidated accounts are reported in US dollars (USD). Group business activities are primarily denominated in USD. Based on historical figures for the Group, almost 100% of freight income, operating expenses for the vessels, bank deposits, receivables, accounts payable and external financing are denominated in USD. The consolidated accounts are presented in USD.

Foreign currency
Monetary items, receivables and liabilities in the balance sheet denominated in other currencies than USD are recorded at the year end exchange rates. Profit and loss items in foreign currencies are recorded at exchange rates prevailing at the time of the transaction. Both realized and unrealized gains and losses are included under financial items in the profit and loss statement.

The following exchange rate has been used as of 31.12.2020: USD/NOK 8,5326

Consolidation principles
Included in the Group is the parent company Western Bulk Chartering AS (the "Company") and companies where Western Bulk Chartering AS directly or indirectly has a majority of the voting capital. All intercompany balances and transactions between the companies have been eliminated in the consolidated accounts.

The cost price of shares and partnership shares are eliminated against the equity in the underlying companies at the time of purchase. Any excess of purchase consideration over fair value of assets and liabilities acquired is recorded as goodwill. Goodwill is not amortized. The accounts of foreign subsidiaries are kept in USD as well as in a secondary currency. The Group's consolidated accounts are prepared based on uniform accounting principles.

Classification of assets and liabilities
Current assets and current liabilities include items that fall due within one year as well as items associated with the business flows. Other items are defined as fixed assets/long term liabilities.

Revenue recognition
Revenues are measured at the fair value of the consideration received or receivable, and are presented net of commissions. Revenues and expenses related to a vessel's voyages are accrued based on the number of days before and after the end of each accounting period. A voyage is defined as starting after unloading the previous voyage (discharge-to-discharge). Hence the voyage result is also accrued with the inclusion of actual number of days resulting from the period of ballast, waiting for orders and loading the vessel.

Although the Group has major freight contracts covering several accounting years, accounting is based on individual voyages.

As long as the Group has a controlling interest dividends/group contributions are accounted for even if it is not received. Provisions are made accordingly in the contributing company.

Use of estimates
In accordance with generally accepted accounting principles, the Group's management must make estimates and assumptions that influence the value of assets and liabilities in the balance sheet and the amount of revenues and expenses included in the accounts during the accounting period. The actual figures may vary from these estimates.

When preparing the accounts, best estimates are used based on information available at the time the accounts are prepared.

Intangible assets
Costs for intangible assets are reflected in the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified, and the expenses can be reliably measured. Otherwise such expenses are expensed as and when incurred. Software expenses are depreciated on a straight-line basis over the asset's expected useful life. Expenses related to ordinary maintenance are expensed when incurred.

Gains/losses from sale of intangible assets are shown on a separate line under operating expenses.

Fixed assets
Fixed assets are included in the balance sheet at cost less ordinary depreciation and impairment. The straight-line method for calculating ordinary depreciation for the year has been applied. Fixed assets are depreciated over the expected economic life of the assets. Expenses related to ordinary maintenance are expensed when incurred.

Gains/losses from sale of fixed assets are shown on a separate line under operating expenses.

Impairment of intangible and fixed assets
Impairment is recognised for the amount by which the asset's carrying value exceeds its recoverable amount unless the reduction in value is temporary. The recoverable amount is the higher of net sales value and net present value of future cash flows.

Leases
The Group differentiates between financial leasing and operational leasing based on an evaluation of the lease contract at the time of inception. A lease contract is classified as a financial lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operational leases. When a lease contract is classified as a financial lease where the Group is the lessee, the rights and obligations relating to the leasing contracts are recognised in the balance sheet as assets and liabilities. The interest element in the lease payment is included in the interest costs and the capital amount of the lease payment is recorded as repayment of debt. The lease liability is the remaining part of the principal. For operational leases, the rental amount is recorded as an ordinary operating cost.

Both in 2020 and 2019, all of the Group's leases were classified as operational leases.

Bunkers, other inventory and receivables
Inventories are valued at the lower of historical cost price according to the "first in first out" principle and estimated market value. Receivables are recorded at nominal value less expected losses.

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Financial investments
Financial investments classified as current assets are recorded at the lower of cost price or market value.

Pensions
The Group has defined benefit plans and defined contribution plans. For defined contribution plans the annual contribution is expensed, and there is no pension asset or liability recognised in the balance sheet.

For any defined benefit plans, the annual pension expense is calculated based on actuarial estimates, including the premium paid during the year, and a pension asset or liability is recognised in the balance sheet based on the actuarial reports. The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled.

All pension schemes are valued in accordance with the IAS 19R which can be used under NGAAP (NRS 6) as well as under IFRS.

Taxes
The tax expense in the profit and loss accounts includes both taxes payable for the period and changes in deferred taxes. The change in deferred tax reflects changes in future tax liabilities and assets as a result of timing differences between the tax and the accounts. Deferred tax is the tax that relates to the accumulated result, but is paid in a subsequent period. Deferred tax/deferred tax assets have been calculated on net positive temporary differences between accounting and tax-based balance sheet values and which are reversed within a reasonable period of time together with the deferred tax asset related to tax losses carried forward.

Deferred tax liabilities/deferred tax assets within the same tax system are recorded on a net basis. Deferred tax asset is recorded only if the future utilization is probable.

Contingent loss/gain
Provisions have been made for contingent losses that are likely and quantifiable. Contingent gains are not recorded.

Financial instruments and hedge accounting
The Group has defined a hedging strategy and applies financial instruments such as freight derivatives, bunker derivatives and currency derivatives to hedge future results. In accordance with the Norwegian Accounting Act §4-1 no. 5, profit/(loss) on hedging contracts are recognised in the same period as the profit/(loss) related to the hedged object is recognised for all derivatives entered into as part of the hedging policy. The Group has classified the hedges as cash flow hedges for accounting purposes. The market values of the derivatives are kept off-balance until realised. Option premiums paid/received and for any cleared derivatives the settlements paid or received are recognised as current assets and liabilities respectively, until maturity of the derivative when gain/loss is recognised in the profit and loss statement or whenever the assets are considered impaired.

Impairment is recognised for the amount by which the mark-to-market value of the Group's total contract portfolio (TCs, COAs, FFAs and bunker hedges) is negative. If the negative amount exceeds the assets related to the portfolio, including any prepaid amounts for derivatives, an accrual for the liabilities is made.

Profit and loss from derivatives is classified as T/C expenses for freight derivatives, Voyage expenses for bunker derivatives and as part of the administration expenses for currency derivatives serving as currency hedge for administration expenses in other currencies than USD. Non-hedged trading made by Western Bulk Chartering AS is reported under financial items.

Isabella Kwok (Operations Manager in the Pacific/US West Coast team), Mohneesh Bhutani (Head of Indian Ocean team) and Ting En Lim (Accountant).

Cash flow statements
The cash flow statements are based on the indirect method. Restricted bank deposits are recorded as cash equivalents. Shares are considered to have a high price risk and are not classified as cash equivalents.

Subsequent events
New information related to events that existed on the balance sheet date has been included in the estimates. Important events taking place after the balance sheet date are described in the notes.

Changes in accounting principles
There are no material changes in the accounting principles for the periods presented.

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Note 2 - Risk factors

The Group is exposed to a number of risks affecting its financial performance. The risk management team identifies and measures potential risks and implements the risk management policies set by the Board of Directors.

Dry bulk freight market

The Group is exposed to the global market for dry bulk freight, and its result will vary with freight rates, depending on its positioning in the market. The Group may at times have a surplus or a shortage of chartered tonnage, relative to its cargo commitments. In addition, the Group utilizes freight derivatives to hedge or adjust its exposures in the physical freight market. Its net position will generally be non-zero, and as a consequence it is exposed to changes in freight rates for the net surplus/shortage of vessels.

Operational risk

The Group is exposed to its ability to maintain a high utilization rate for its fleet and the ability to operate the vessels in the most efficient and economical manner. This depends on the skills of its chartering and operations personnel, as well as the general conditions in the freight market. The Group has credit and counterpart risk related to its business activity, and has well-established policies for monitoring counterparty approval and for monitoring counterparties' performance. The procedure for approval of counterparts is based on both external rating services and internal investigations. The Group's credit risk mainly relates to freight payable from our counterparts for voyages being performed. Such freight is mainly due at completion of loading cargo, and if not paid, the Group will in most cases have a lien on the cargo. As such, credit risk is manageable, and mainly related to potentially disputed parts of the amount invoiced such as laytime and demurrage upon discharge.

Bunker prices

Fluctuations in fuel prices is another substantial risk for the Group, as fuel costs constitute a significant part of voyage expenses. Exposures are created when future freight rates are set without indexation to fuel oil prices. The Group hedges its exposures in the energy market using fuel oil swaps and options or similar products.

Foreign exchange and interest rate risk

The Group's transactions are mainly US dollar-denominated, and the functional currency is USD. However, the Group has a foreign exchange exposure related to administrative costs at its offices worldwide denominated in other currencies than USD. The exposures are hedged according to the Group's hedging policy.

Liquidity and cash flow risk

The Group monitors its cash reserves and available liquidity at all times to ensure sufficient liquidity to meet known obligations of its operations, minimum liquidity covenants in financing agreements, and to meet measured cash flow risks related to the use of derivatives for hedging purposes.

Note 3 - Revenues

USD 1 000	2020	2019
By business area		
Chartering and operation	779	1 063
Total	**779**	**1 063**
Geographical distribution		
Singapore	102	147
Switzerland	82	130
U.S.A.	66	60
U.A.E.	57	78
South Africa	37	29
Saudi Arabia	33	27
France	28	60
Malta	27	30
U.K.	26	26
Belarus	21	19
Hong Kong	17	24
Brazil	16	14
India	15	24
China	14	12
Japan	13	16
Panama	12	18
Korea, Republic	11	7
Chile	11	6
Barbados	9	16
Thailand	9	16
Other	173	304
Total	**779**	**1 063**

The geographical distribution of revenues has been based on the customer's (charterer's) location.

Note 4 - Financial instruments

Bunkers instruments

The Group hedges its bunkers exposure related to freight contracts. The mark-to-market value of the hedging contracts as of 31.12.2020 amounted to USD -1.3 million.

USD million	Market value
Bunker hedges (swaps and options) maturing in 2021	-1.3
Total	**-1.3**

Freight instruments

As of 31.12.2020 the Group had entered into FFA contracts (forward freight agreements) and freight options for the period 2021 - 2023. The mark-to-market value of the hedging contracts as of 31.12.2020 amounted to USD 0.6 million.

USD million	Market value
FFA (forward freight agreements incl. options) maturing in 2021	-1.2
FFA (forward freight agreements incl. options) maturing in 2022	1.4
FFA (forward freight agreements incl. options) maturing in 2023	0.5
Total	**0.6**

FX-hedge for G&A expenses

As of 31.12.2020 the Group has hedged its NOK G&A requirements for 2021 with forward currency contracts. The fair value of these derivatives as of 31.12.2020 amounted to USD 0.8 million.

Note 5 - Prepaid income/cost

Prepaid income/cost is related to cleared FFA/Bunker hedge contracts. Prepaid income amounts to USD -0.7 million as of 31.12.2020.

USD million	Book value
Cleared FFA/ Bunker hedge contracts maturing in 2021	-2.5
Cleared FFA/ Bunker hedge contracts maturing in 2022	1.4
Cleared FFA/ Bunker hedge contracts maturing in 2023	0.5
Total	**-0.7**

Note 6 - Shares in subsidiaries

Western Bulk Chartering AS has the following direct ownership in subsidiaries as of 31.12.2020	Ownership share/ voting share	Business office
Western Bulk Management AS	100,0 %	Oslo
Western Bulk Carriers AS	100,0 %	Oslo
Western Bulk Pte Ltd	100,0 %	Singapore
Western Bulk Carriers KS	100,0 %	Oslo
Western Bulk Carriers (Seattle) Inc.	100,0 %	Seattle
Western Bulk Carriers (Sweden) AB	100,0 %	Lerum
Western Bulk Chile Ltda	100,0 %	Santiago
WBC I AS	100,0 %	Oslo
WB Barging AS	100,0 %	Oslo
WBC VI AS	100,0 %	Oslo
Western Bulk Carriers, GBMH (in liquidation)	100,0 %	Hamburg

Note 7 - Fixed- and intangible assets

USD 1 000	Grabs	Intangible	Other	Total
Acquisition cost as of 01.01.2020	275	1 211	2 053	3 539
Additions during the year	-	-	253	253
Disposals during the year	-	-260	-4	-265
Acquisition cost as of 31.12.2020	**275**	**951**	**2 301**	**3 527**
Accumulated depreciation as of 01.01.2020	181	1 076	1 730	2 986
Depreciation for the year	32	111	138	281
Writedown	-	-	-	-
Disposals	-	-260	-4	-265
Acquisition cost as of 31.12.2020	**212**	**928**	**1 863**	**3 003**
Book value as of 31.12.2020	**63**	**23**	**439**	**524**
Economic life time	5 year	5 year	5 year	

Other fixed assets is mainly related to office equipment.

Note 8 - Administrative expenses

USD 1 000	2020	2019
Salaries (incl. bonuses)	14 135	12 318
Employer's part of social security	961	1 113
Pension expenses, contribution plans	540	568
Pension expenses, benefit plans	-239	-106
Other benefits	1 113	1 511
Total salaries and social expenses	**16 510**	**15 404**
Other administrative expenses	6 408	10 044
Total	**22 918**	**25 448**
Persons employed (average for the year)	96	112

A bonus scheme has been established for the employees, based on financial results and other criteria.

Remuneration to the Board of Directors and CEO

The Board of Directors have not received any remuneration.

Principles for determination of compensation for executive management

The focus of the Group is to hire qualified managers and to pay according to the market. Salary and remuneration of the CEO is determined by the Board of Directors, and payment to other employees is determined by the CEO. The CFO and CSO are defined as the other members of the executive management.

The executive management, including the CEO principally have four payment components:
1. Fixed salary
2. Pension scheme
3. Bonus payments (cash) based on financial results
4. Other benefits

Fixed salary and pension scheme for the executive management, including the CEO, are on commercial terms and conditions. The executive management, including the CEO, also have a bonus incentive scheme after which they receive a bonus payment in cash on the basis of the Group's financial results before bonus- and tax payments for the previous financial year.

The members of the executive management have ordinary benefits in kind such as free use of phone, newspaper subscriptions, ordinary pension contributions, life insurance and health insurance.

As a guideline, the Group shall not agree to severance pay for members of executive management unless required under applicable law or required for the Group to secure the necessary expertise and takes place in accordance with the fundamental principle for the Group's salary policy for management as stated above.

Remuneration to the CEO

(USD 1 000)	Hans Aasnæs CEO 2020	Jens Ismar CEO 2019	Hans Aasnæs CEO 2019	Total CEO 2019
Salary	436	425	241	667
Bonus paid	-	-	-	-
Other remuneration	4	362	2	364
Total remuneration	**440**	**787**	**244**	**1 031**
Pension premium/cost	9	129	5	134

Former CEO Jens Ismar's employment terminated in 2019. Jens Ismar has an early retirement agreement with the right to receive 66% of his salary as pension until the age of 67. Jens Ismar has not claimed or received any early retirement pension from Western Bulk during 2020.

Present CEO Hans Aasnæs is entitled to 6 months' severance pay if he is released from his position by the Board.

Auditor fees

Fees to the auditor consist of the following services (USD 1 000)	2020	2019
Statutory audit	104	114
Tax advice	5	8
Other services outside the audit scope	18	23
Total	**127**	**145**

Pensions

The Group has several pension schemes for the employees. The pension schemes satisfy the respective statutory pension schemes in the countries where Western Bulk is located and cover a total of 79 employees. The Group may at any time make alterations to the terms and conditions of the pension schemes and undertake that they will inform the employees of any such changes.

Pension cost recognised in income statement (USD 1 000)	2020	2019
Defined contribution plans - expense	540	568
Defined benefit plan - expense	-212	-166
Defined benefits plan - remeasurements	-26	60
Total	**302**	**462**
Actuarial (gain)/losses recognised in equity	-	-

Defined benefit plans, including cost and assets/liabilities

The secured defined benefit plan was terminated end October 2018 along with the non-secured benefit plan covering pensions for two employees with salaries exceeding 12G. Both agreements were transferred to defined contribution plans as per 31.12.2018. Former employees already receiving pension received a paid-up policy and are no longer included in the Group's pension scheme. The retirement age is 67 years.

Defined contribution plans

In the defined contribution plan, the Group pays an agreed annual contribution to the employee's pension plan. The future pension will be determined by the amount of the contributions and the return on the pension savings. Any risk related to the future pension is borne by the employee. The pension cost related to defined contribution plans will be equal to the contributions to the employee's pension savings in the reporting period.

Defined contribution plan - salary above 12G
For this defined contribution plan, an annual amount is transferred to a secured fund with a security deposit. Contribution to the mutual fund is a pledged asset for the Group, as well as a corresponding gross pension obligation to the members of the executive management. The mutual fund is pledged for the benefit of the executive management. In addition to the annual contribution, the Group accrues for social security cost relating to the contribution and value development of the mutual funds.

Early retirement
The former CEO has an early retirement agreement with the right to retire at the age of 62, receiving 66% of his salary as pension until the age of 67.

Pension obligations
Non-secured pension obligations in the balance sheet consist of early retirement agreement for former CEO and social security cost relating to net defined contribution plan for two employees with salaries exceeding 12G.

Assumptions used in the actuarial calculations
The calculation of pension liabilities involves the use of judgement and estimates across a range of parameters. The discount rate is set at 1.7 % for Norwegian pension schemes and is based on high quality corporate bonds (OMF).

The calculations are based on standard assumptions regarding mortality (K2013) and disability rates (KU), together with other demographic factors, which are prepared by Finance Norway (FNO).

When calculating future pensions for the defined benefit plans the following main assumptions have been made:	2020	2019
Discount rate (OMF)	1.70 %	2.30 %
Expected return on plan assets	1.70 %	2.30 %
Expected rate of compensation increase	2.25 %	2.25 %
Expected increase of social security base amount (G)	2.00 %	2.00 %
Expected rate of pension increase	0.00 %	0.50 %

The discount rate appplied as of year-end 2020 is determined by reference to the market yield on covered bonds, plus an addition that takes into account the relevant duration of the pension commitments. Covered bonds are considered as high quality corporate bonds based on recent market developments.

Net pension expense for the defined benefit plan (USD 1 000)	2020	2019
Current service cost	-216	-199
Interest cost	22	34
Administration cost	6	6
Payroll tax	-24	-7
Pension expense, before remeasurements	**-212**	**-166**

Net pension obligation in the balance sheet (as of 31.12.)

(USD 1 000)	2020	2019
Net defined benefit obligation (asset)	993	1 271
Payroll tax	221	477
Obligation in financial statement	**1 214**	**1 747**

Change in benefit obligation (USD 1 000)		
Defined benefit obligation at the beginning of year	1 746	3 370
Service cost	-193	-83
Interest cost	23	34
Remeasurements	-31	54
Benefits paid	-	-1 684
Defined benefit obligation at end of year	**1 544**	**1 692**

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Change in plan assets (USD 1 000)	2020	2019
Plan assets at beginning of year	433	1 832
Interest income on plan assets	2	-
Employer contributions	94	133
Adjustment of plan assets	23	135
Benefits paid	-	-1 679
Plan assets at end of year	**552**	**421**

Ting En Lim (Accountant), Mohneesh Bhutani (Head of Indian Ocean team), Isabella Kwok (Operations Manager in the Pacific/US West Coast team) and Henrik Klokk (Chartering Manager in the Pacific/US West Coast team).

Note 9 - Tax

USD 1 000	2020	2019
The tax expense for the year consists of:		
Taxes payable	-219	566
Tonnage tax	531	820
Changes in deferred tax	-153	1 045
Total tax expense/(income)	**159**	**2 431**
Deferred tax relates to the following temporary differences:		
Fixed assets	-91	-152
Pensions	-1 790	-3 522
Accruals and provisions	-	-30
Gain/(loss) account for deferral	1 010	1 226
Tax losses carried forward	-6 652	-5 756
Finance loss carried forward	-6 172	-6 884
Total temporary differences	**-13 695**	**-15 117**
Deferred tax liability/(asset), net	-3 014	-3 324
Deferred tax asset not recognised in the balance sheet	2 427	2 907
Net deferred tax liability/(asset) recognised in the balance sheet	**-587**	**-417**
Deferred tax (asset), gross	-740	-602
Deferred tax liability, gross	153	185

Deferred tax liability is related to the tonnage tax system and can not be off-set with the deferred tax asset from ordinary taxation.

Analysis of the effective tax rate of the Group

The parent company Western Bulk Chartering AS is resident in Norway, where the corporate tax rate is 22%, while other parts of the Group are taxed in other jurisdictions. This analysis explains the main reasons for the effective tax rate of the Group differing from 22%.

USD 1 000	2020	2019
Profit before tax	3 362	-35 538
Total tax expense/(income)	159	2 431
Effective tax rate	**5 %**	**-7 %**
Calculated tax expense at 22% tax rate	740	-7 818
Non-deductible expenses:		
Writedown financial assets	-	5
Bad debt provision within ordinary taxation	-	-10
Other non deductable costs	7	831
Non-taxable income:		
Tax credit - SkatteFunn	-111	-
Tax exempt dividends received	-	-3
Difference in pre-tax profit/(loss) between functional currency and NOK, taxable income within tonnage tax system	-647	7 441
Tax not related to result:		
Tonnage tax	531	820
Other tax effects:		
Utilisation of tax loss carried forward	-361	-
Correction for previous years tax provisions	1	-
Writedown deferred tax assets	-	1 166
Total tax expense/(income)	**159**	**2 431**

Note 10 - Related parties

Reference is made to the annual report 2019, note 10 for information about transactions with related parties in 2019.

As of the date of this Annual Report, the main shareholder is Kistefos AS, controlling about 81% of the shares of the Issuer through its wholly owned subsidiary Kistefos Equity Holdings AS. The second largest shareholder, Ojada AS, holds about 10% of the shares.

During 2020, the Group has had the following transactions with the Kistefos group and Ojada AS:

Kistefos Equity Holdings AS

In connection with the reduction of the USD 15 million bunker facility to USD 5 million, and to bridge the transition to the new USD 10 million overdraft facility, the Kistefos group provided a shareholder loan of up to USD 2.8 million through its subsidiary Kistefos Equity Holdings AS. The shareholder loan was repaid in full in July 2020.

Kistefos AS

a. Kistefos AS has provided a parent Group guarantee for the Group's USD 10 million overdraft facility. Kistefos AS receives a guarantee fee in return.

b. Kistefos AS has provided a parent Group guarantee for one of the Group's long term COAs. Kistefos AS will receive a guarantee fee in return.

c. As of 31.12.2020, the total outstanding payable amount to Kistefos AS was USD 0.3 million.

Ojada AS

In connection with the reduction of the USD 15 million bunker facility to USD 5 million, and to bridge the transition to the new USD 10 million overdraft facility, Ojada AS provided a shareholder loan of up to USD 0.5 million. The shareholder loan was repaid in full in July 2020.

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Note 11 - Bank deposits

As of 31.12.2020, USD 3.2 million of the restricted deposits was tied to deposits in favor of clearing houses. USD 7.6 million was temporarily restricted in Collection Accounts connected to the revolving credit facility. USD 0.5 million was tied to security deposit for the new bunker payment facility. USD 0.3 million was taxes withheld from employees and USD 0.3 million was pledged to secure rent commitments. USD 0.1 million was posted as security deposit for FX hedges.

USD 1 000	2020	2019
Unrestricted bank deposits	18 272	24 046
Restricted bank deposits	12 026	13 683
Total bank deposits	**30 298**	**37 729**

Reference is made to note 12 about pledge over unrestricted bank accounts.

Note 12 - Interest-bearing debt

New Overdraft facility

The Group has entered into a new overdraft facility in the amount of USD 10 million. As per 31.12.2020, the facility was fully drawn.

Bunker facility

The Group has entered into an uncommitted USD 15 million frame agreement for up to 90 days extended payment on bunker invoices. The facility amount was reduced to USD 5 million in January 2020.
As per 31.12.2020, a total of USD 4.9 million was drawn on the facility.

Revolving Credit facility

The Group has entered into a revolving credit facility agreement in the amount of USD 20 million for financing of outstanding account receivables. As per 31.12.2020, a total of USD 9.1 million was drawn on the facility.

Shareholder loan

The shareholder loans from the Kistefos group and Ojada AS were repaid in July 2020.

Financial covenants

The revolving credit facility includes a financial covenant requiring that the Group shall ensure a consolidated cash balance at all times of no less than USD 10.0 million. The Group was in compliance with all of its applicable financial covenants as of 31.12.2020.

Security and pledges provided

The Group has provided pledges of accounts receivables and Collection Accounts as security for the Revolving Credit Facility and the Overdraft Facility. The Group has provided a pledge of a Security Account of USD 0.5 million as security for the Bunker Purchase Facility.

Note 13 - Contingencies and provisions

Provisions for disputes

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.

Due to ongoing disputes, the Group chooses not to disclose details of accruals. The total amount provided for where the Group is defendant is USD 5.1 million as of 31.12.2020 compared to USD 4.5 million as of 31.12.2019.

Write-offs and losses

In February 2020 the Group agreed to terminate all legacy commitments in Chile. The provision made in 2019 of USD 7.0 million was then reversed in full. The provision of USD 3.1 million related to the market value of various legacy contracts across the Group has been reduced by USD 1.1 million during 2020. Remaining provision of USD 2.0 million will be reversed over a two year period from 2021 to 2022.

Impairment provisions

No additional provision for future loss has been made as the Group's overall forward book of contracts has a positive value as per 31.12.2020.

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Note 14 - Equity, number of shares and shareholders

USD 1 000	Share capital	Share premium	Received, but not yet registered capital increase	Retained earnings	Total
Equity as of 31.12.2019	113	1 228	14 641	-	15 981
Share capital increase	61	15 202	-14 641	-	622
Profit/(loss) for the year	-	-	-	3 203	3 203
Equity as of 31.12.2020	**174**	**16 430**	**-**	**3 203**	**19 807**

Share capital		
Nominal value per share	NOK	0,05
Registered share capital 31.12.2020	NOK	1 419 781
Registered share capital 31.12.2020, in USD	USD	174 422
Total number of shares issued as of 31.12.2020		28 395 620

Largest shareholders Name	# of shares	Ownership-%
Kistefos Group	22 893 152	80,62 %
Ojada AS	2 776 792	9,78 %
Sniptind Invest AS	645 278	2,27 %
Løren Holding AS	274 891	0,97 %
Skips AS Tudor	266 975	0,94 %
Skeie Alpha Invest AS	250 000	0,88 %
Avant AS	130 970	0,46 %
Piero AS	125 000	0,44 %
Other (202 other shareholders)	1 032 562	3,64 %
	28 395 620	**100 %**

Note 15 - Estimates

Due to the fact that a number of voyage related expenses are received well after a voyage has been completed, expenses are estimated until final invoices are received. As the accounts are based on a number of estimates, the 2020 profit and loss statement has been negatively impacted by USD 0.5 million due to the difference between estimated and actual expenses and provisions related to prior period voyages. The 2019 profit and loss statement had a negative adjustment of USD 4.7 million for prior period voyages.

Note 16 - Leasing and other commitments

TC Contracts - Group as lessee

Vessels chartered in on time charter for a period represent a commitment to pay hire. The minimal nominal hire payable represents a lease commitment of USD 55.7 million exclusive of optional periods. For vessels chartered in on floating rates, an estimate has been applied for the hire commitment.

Charter coverage: For 2021 approximately 8 vessels are chartered in on TC-contracts, 4 vessels short to cover the existing cargo or timecharter contracts, while approximately 1 has firm employment of a fleet of 4 in 2022.

	2021	2022	2023	2024	Beyond	Total
Nominal Hire Commitment (USD 1 000)	32 916	20 423	1 207	1 165	-	55 711
Vessel Hire Days	2 788	1 559	94	91	-	4 532
Average Rate USD/day	11 806	13 100	12 843	12 800	-	12 293
Vessel Equivalent/year (firm period)	8	4	-	-	-	n.a.

TC contracts - Group as a lessor

4 vessels are chartered out on TC-contracts lasting between 30 and 90 days as of 31.12.2020. These non-cancellable leases have terms of renewal but no purchase options or escalation clauses. Future minimum rentals receivable under non-cancellable operating leases are as follows:

	< 30 days	1-3 months	> 3 months	Total
Nominal Hire Receivable (USD 1 000)	2 690	932	-	3 622
Vessel Days	271	119	-	390
Average Rate (USD/Day)	9 930	7 857	-	9 298

Leasing of offices

The Group leases office premises in Norway, Chile, USA, Singapore, Morocco and Sweden. Total annual lease commitments amount to approximately USD 1.3 million. The lease contracts expire in the period of April 2021 to February 2026.

Note 17 - Other payable

The decrease in other payable is mainly due to decreased deductions made in hire payments to Owners relating to bunkers on redelivery. Less vessels were redelivered in January 2021 compared to January 2020 as the volume was taken down during 2020. This payable is not due for payment, but will be offset against bunker stock when ownership of bunkers on board is transferred to Owners by the time of redelivery of the vessel.

Other payable also includes provision made for future losses (see note 13). The provision of USD 7.0 million made in 2019 relating to commitments in Chile was reversed in 2020 and is reflected in the decreased other payable.

Note 18 - Public subsidy

For 2019-2021 Western Bulk Management AS has received approval for a research and development (R&D) project within SkatteFunn. The SkatteFunn R&D tax incentive scheme is a government program designed to stimulate research and development in Norwegian trade and industry. The incentive is a tax credit and comes in the form of a possible deduction from the Group's payable corporate tax. The SkatteFunn R&D Tax credit is reported under Other receivables and will be received in cash as Western Bulk Management AS has no tax payable in 2020.

The deduction rate for 2020 is 19% compared to 18% in 2019 and the cost ceiling is NOK 25 million per year.

SkatteFunn R&D Project (USD 1 000)	2020	2019
Salaries and other indirect costs	401	179
Other project related costs	85	53
Consultant fees	1 057	794
Total costs associated with the project	**1 543**	**1 027**
Total tax credit	**293**	**185**

The tax credit for 2019 was received in 2020. Tax credit reported under Other receivables as per 31.12.2020 is USD 293 245.

Note 19 - Subsequent events

There are no material events subsequent to the balance sheet date of 31.12.2020.

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Parent Company Financials

Parent Company - Profit and Loss Statement

USD	Note	2020	2019
Other operating revenue		-41 387	93 858
Administration expenses	2,3	-442 840	-1 031 405
Provision for future loss	13	300 000	630 000
Operating profit/(loss)		**-184 227**	**-307 547**
Net interest income		259 856	124 019
Net interest expense		-491 388	-2 421 408
Gain/(loss) on foreign exchange		37 911	-620 279
Writedown financial assets		-	-35 407 099
Profit financial items		38 898	-
Group contribution		-	238 088
Other financial expenses		-468 318	-1 073 523
Net finance		**-623 041**	**-39 160 201**
Profit/(loss) before tax		**-807 268**	**-39 467 748**
Tax income/(expense)	4	-	-1 166 684
Profit/(loss) for the year		**-807 268**	**-40 634 432**

Amit Rahul (Head of Operations - Pacific and Indian Ocean) and Lisbeth Nordbø (Operations Manager in the Pacific/US West Coast team)

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Parent Company - Balance Sheet

USD	Note	2020	2019
ASSETS			
Non current assets			
Investment in subsidiaries	7	59 386 774	42 386 784
Total non current assets		**59 386 774**	**42 386 784**
Current assets			
Receivables from group companies	9	4 357 524	5 105 403
Other receivables		452 666	504 349
Bank deposits	10	20 068 677	26 896 179
Total current assets		**24 878 866**	**32 505 931**
TOTAL ASSETS		**84 265 640**	**74 892 715**
SHAREHOLDERS` EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	5,6	174 422	113 369
Share premium		37 042 042	22 647 113
Received, but not yet registered capital increase		-	14 640 572
Total paid-in capital		**37 216 465**	**37 401 054**
Retained earnings			
Other equity		-	-
Total retained earnings		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY	**5**	**37 216 465**	**37 401 054**

Parent Company - Balance Sheet

USD	Note	2020	2019
LIABILITIES			
Long term liabilities			
Interest-bearing debt		-	-
TOTAL LONG TERM LIABILITIES		**-**	**-**
Short term liabilities			
Accounts payable		18 480	3 741
Interest-bearing debt	11	10 000 000	-
Liabilities to parent company		250 556	-
Liabilities to group companies	9	35 489 303	32 880 055
Payable derivatives		660 837	3 677 863
Other current liabilities		630 000	930 000
Total short term liabilities		**47 049 175**	**37 491 660**
TOTAL LIABILITIES		**47 049 175**	**37 491 660**
TOTAL SHAREHOLDERS` EQUITY AND LIABILITIES		**84 265 640**	**74 892 715**

Oslo, 18. March, 2021

Bengt A. Rem
Chairman of the Board

Tord Meling
Board member

Erik Borgen
Board member

Hans Aasnæs
CEO

Parent Company - Cash Flow Statement

USD		2020	2019
CASH FLOW FROM OPERATIONS			
Profit/(loss) before tax		-807 268	-39 467 748
Provision for future loss		-300 000	-630 000
Group Contribution		-	-238 088
Gain/loss disposal of assets		-38 898	-5 855
Writedown financial assets		-	38 686
Writedown investment in subsidiaries		-	35 373 778
Changes in current receivables and current liabilities		-2 700 046	4 025 043
Net cash flow from/(to) operating activities	**A**	**-3 846 212**	**-904 183**
CASH FLOW FROM INVESTMENTS			
Investments in/disposal of financial assets		38 906	5 855
Investments in subsidiaries		-17 000 000	-5 000 000
Net cash flow from investments	**B**	**-16 961 094**	**-4 994 145**

Parent Company - Cash Flow Statement

USD		2020	2019
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term debt		-	-31 975 561
Changes in interest-bearing short term debt		10 000 000	-
Share capital increase		622 677	29 849 928
Change in intra-group balances		3 357 127	22 879 002
Net cash flow from financing activities	**C**	**13 979 805**	**20 753 369**
Net change in liquidity during the year	**A+B+C**	**-6 827 502**	**14 855 041**
Liquid assets as of 01.01.		26 896 179	12 041 138
Liquid assets as of 31.12.		**20 068 677**	**26 896 179**
Restricted bank deposits as of 31.12.		3 744 355	7 583 516
Available liquid assets as of 31.12		**16 324 322**	**19 312 663**

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Notes to the Accounts

Note 1 - Accounting principles

The accounts have been prepared in accordance with the Accounting Act of 1998 and generally accepted accounting principles in Norway. The main accounting principles are described below. Unless otherwise stated, all figures specified in the notes are quoted in US dollars (USD). The annual accounts have been prepared on a going concern basis.

Reporting currency and functional currency

The Company accounts are reported in USD and the functional currency is also USD.

Foreign currency

Monetary items, receivables and liabilities in the balance sheet denominated in other than USD are recorded at the year end exchange rates. Profit and loss items in foreign currency are recorded at exchange rates prevailing at the time of the transaction. Both realised and unrealised gains and losses are included under financial items in the profit and loss statement.

The following exchange rate has been used as at 31.12.2020: USD/NOK 8,5326

Classification of assets and liabilities

Current assets and current liabilities include items that fall due within one year as well as items associated with the business flows. Other items are defined as fixed assets/long term liabilities.

Revenue recognition

Interest income is accounted for when received. Internal interest income is accounted for when invoiced.

Dividends/group contributions are accounted for at the time when such dividend/group contribution is received, or when provided for, when the Western Bulk Chartering Group has controlling interest.

Investments in subsidiaries and associated companies

Subsidiaries and investments in associates are valued by the cost method in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down is no longer present.

Taxes

The tax expense in the profit and loss accounts includes both taxes payable for the period and changes in deferred taxes. The change in deferred tax reflects changes in future liabilities and assets as a result of timing differences between the tax and the accounts. Deferred tax is the tax that relates to the accumulated result, but is paid in a subsequent period. Deferred tax/deferred tax assets have been calculated on net positive temporary differences between accounting and tax-based balance sheet values and which are reversed within a reasonable period of time together with the deferred tax asset related to tax losses carried forward.

Deferred tax liabilities/deferred tax assets within the same tax system are recorded on a net basis. Deferred tax asset is recorded only if the future utilisation is probable.

Financial instruments and hedge accounting

Western Bulk Chartering and its subsidiaries (the “Group”) has a defined hedging strategy. Reference is made to Notes in the Group accounts for information about financial instruments and hedge accounting.

Cash flow statements

The cash flow statements are based on the indirect method. Restricted bank deposits are recorded as cash equivalents. Shares are considered to have a high price risk and are not classified as cash equivalents.

Changes in accounting principles

There are no material changes in the accounting principles for the periods presented.

Note 2 - Administrative expenses

The Company has no employees. All employees in the Norwegian activity of the Western Bulk Chartering Group are employed by the management company Western Bulk Management AS. Consequently Western Bulk Chartering AS is not obliged to have mandatory occupational pension scheme according to the Act relating mandatory occupational pensions. Western Bulk Management AS performs management services for Western Bulk Chartering AS.

Note 3 - Remuneration to the Auditor and members of the Board of Directors

The audit fee to RSM Norge AS for the audit of the Annual accounts was USD 34 500. An additional USD 8 200 has been expensed for other consulting services provided.

The Board of Directors have not received any remuneration.

Note 4 - Tax

USD	2020	2019
The tax expense for the year consists of:		
Taxes payable	-	103
Changes in deferred tax	-	1 166 581
Total tax expense/(income)	**-**	**1 166 684**
Taxes		
Profit/(loss) before tax	-807 268	-39 467 748
Writedown/(reversal of writedown) financial assets	-44 886	35 407 810
Change in temporary differences	-326 998	-2 225 454
Bad debt provision	-	-4 546
Other non deductable costs	-	3 776 813
Utilization of tax loss carried forward	-1 641 808	-
Other	62 388	97 229
Difference in pre-tax profit/(loss) between functional currency and NOK	2 758 573	304 818
Basis for tax payable	**-**	**-2 111 078**
Tax payable 22%	**-**	**-**
Deferred tax relates to the following temporary differences:		
Current assets	-	-
Accruals and provisions	-630 000	-930 000
Other	292 603	355 310
Tax loss carried forward	-4 299 872	-4 939 841
Finance loss carried forward	-6 166 655	-6 883 565
Total temporary differences	**-10 803 924**	**-12 398 096**
Deferred tax asset not recognised in the balance sheet	**2 376 863**	**2 727 584**
Deferred tax liability/(asset)	**-**	**-**

Note 5 - Equity

USD	Share capital	Share premium	Received, but not yet registered capital increase	Other equity	Total
Equity as of 01.01.2020	**113 369**	**22 647 113**	**14 640 572**	**-**	**37 401 054**
Share capital increase, net	61 053	15 202 197	-14 640 572	-	622 678
Profit/(loss) for the year	-	-807 268	-	-	-807 268
Equity as of 31.12.2020	**174 422**	**37 042 042**	**-**	**-**	**37 216 465**

Note 6 - Shares and shareholders

Share capital		
Nominal value per share	NOK	0,05
Registered share capital 31.12.2020	NOK	1 419 781
Registered share capital 31.12.2020, in USD	USD	174 422
Total number of shares issued as of 31.12.2020		28 395 620

Dividend restriction

Western Bulk Chartering AS is restricted by its loan agreements, which prohibits dividend payments unless pre-approved by the lenders.

Largest shareholders	# of shares	Ownership-%
Kistefos Group	22 893 152	80,62 %
Ojada AS	2 776 792	9,78 %
Sniptind Invest AS	645 278	2,27 %
Løren Holding AS	274 891	0,97 %
Skips AS Tudor	266 975	0,94 %
Skeie Alpha Invest AS	250 000	0,88 %
Avant AS	130 970	0,46 %
Piero AS	125 000	0,44 %
Other	1 032 562	3,64 %
	28 395 620	**100 %**

The CEO of the Company owns 30 504 shares, an ownership of 0,1%.

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Note 7 - Shares in subsidiaries

Western Bulk Chartering AS has the following direct ownership as of 31.12.2020	Business office	Ownership share/voting share	Book value (USD)
Western Bulk Management AS	Oslo, Norway	100 %	5 044 737
Western Bulk Carriers AS	Oslo, Norway	100 %	31 614 472
Western Bulk Pte Ltd [3]	Singapore	100 %	22 000 001
Western Bulk Chile Ltda [2]	Santiago, Chile	100 %	51
Western Bulk Carriers (Seattle) Inc	Seattle, USA	100 %	266 496
Western Bulk Carriers (Sweden) AB	Lerum, Sweden	100 %	5 930
WBC I AS	Oslo, Norway	100 %	307 546
Western Bulk Carriers KS [1]	Oslo, Norway	100 %	147 541
Investments in subsidiaries			**59 386 774**

[1] 3 % is owned by the subsidiary Western Bulk Management AS.
[2] 99.9% is owned by the subsidiary Western Bulk Pte Ltd.
[3] Internal loan from the Company of USD 17 million was converted to equity in Western Bulk Pte Ltd in 2020.

Note 8 - Financial instruments

The Company trades all currency-, freight- and bunker derivatives with external counterparts on behalf of the subsidiaries. See Note 4 in the consolidated group accounts for an overview of the market value as of 31.12.2020.

Note 9 - Intra-group balances and transactions with related parties

At the end of the year, the Company had the following amounts outstanding from/(to) group companies:

Company	2020	2019
Western Bulk Carriers AS	-22 577 974	-25 466 313
Western Bulk Pte Ltd	-4 122 280	2 041 649
Western Bulk Management AS	-4 028 279	-3 964 229
WBC I AS	-309 713	-303 532
WB Barging AS	-82 843	-81 854
Western Bulk Carriers (Sweden) AB	-10 534	-373
WBC VI AS	-156	-
Net Receivables/(liabilities) from group companies	**-31 131 779**	**-27 774 652**

Western Bulk Chartering AS is trading derivatives for hedging purpose on behalf of Western Bulk Pte Ltd and Western Bulk Carriers AS. These derivatives require daily margin calls and settlement, and a master agreement allows Western Bulk Chartering AS to forward the margin calls to Western Bulk Pte Ltd and Western Bulk Carriers AS.

Western Bulk Chartering AS and subsidiaries entered into a cash pool structure in 2019 where Western Bulk Chartering AS is the Group Account Holder. As of 31.12.2020, the Company had a net debt due to the subsidiaries of USD 17 651 723 (USD 13 698 601 as of 31.12.2019).

Western Bulk Chartering AS is VAT-registered together with the following companies:

- Western Bulk Management AS
- Western Bulk Carriers AS
- Western Bulk Carriers KS
- WB Barging AS
- WBC VI AS
- WBC I AS

All companies are jointly and severally liable for any debt towards the public authorities.

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The Company has transactions with related companies and all transactions have been carried out as part of the ordinary operations and at arms-length prices. Western Bulk Chartering AS enters into FFA contracts (forward freight agreements), freight options and bunker hedges on behalf of its subsidiaries and receives a commission based on the related contracts. The total commission for 2020 amounted to USD 862 984 The intercompany balances related to these transactions are shown in the table above. See Note 5 in the consolidated group accounts for an overview of the financial instruments.

Other significant transactions are as follows: Management fee for 2020 paid to Western Bulk Management AS amounting to USD 246 530.

As of the date of this Annual Report, the main shareholder is Kistefos AS, controlling about 81% of the shares of the Company through its wholly owned subsidiary Kistefos Equity Holdings AS. The second largest shareholder, Ojada AS, holds about 10% of the shares.

During 2020, the Company has had the following transactions with the Kistefos Group and Ojada AS:

Kistefos Equity Holdings AS
In connection with the reduction of the USD 15 million bunker facility to USD 5 million, and to bridge the transition to the new USD 10 million overdraft facility, the Kistefos Group provided a shareholder loan of up to USD 2.8 million through its subsidiary Kistefos Equity Holdings AS. The shareholder loan was repaid in full in July 2020.

Kistefos AS
a. Kistefos AS has provided a parent company guarantee for the Group’s USD 10 million overdraft facility. Kistefos AS receives a guarantee fee in return.

b. Kistefos AS has provided a parent company guarantee for one of the Group’s long term COAs. Kistefos AS will receive a guarantee fee in return.

c. As of 31.12.2020, the total outstanding payable amount to Kistefos AS was USD 0.3 million.

Ojada AS
In connection with the reduction of the USD 15 million bunker facility to USD 5 million, and to bridge the transition to the new USD 10 million overdraft facility, Ojada AS provided a shareholder loan of up to USD 0.5 million. The shareholder loan was repaid in full in July 2020.

Note 10 - Bank deposits

As of 31.12.2020 the restricted deposits were tied to deposits in favor of clearing houses.

	2020	2019
Unrestricted bank deposits	16 324 322	19 312 663
Restricted bank deposits	3 744 355	7 583 516
Total bank deposits	**20 068 677**	**26 896 179**

The Company had a net debt due to the subsidiaries of USD 17 651 723 as of 31.12.2020 (USD 13 698 601 as of 31.12.2019) included in the numbers above.

Note 11 - Interest-bearing debt

Overdraft facility
The Company has entered into a new overdraft facility in the amount of USD 10 million. As of 31.12.2020, the facility was fully drawn.

Financial covenants
The Revolving Credit Facility mentioned in note 12 below includes a financial covenant requiring that the Group shall ensure a consolidated cash balance at all times of no less than USD 10 million. The Group was in compliance with all of its applicable financial covenants as of 31.12.2020.

Security and pledges provided
The subsidiaries Western Bulk Carriers AS and Western Bulk Pte Ltd have provided pledges of accounts receivables and Collection Accounts as security for the Revolving Credit Facility and the Overdraft Facility. The Company has provided a pledge of a Security Account of USD 0.5 million as security for the Bunker Purchase Facility.

Note 12 - Guarantees

Bunker facility
Western Bulk Carriers AS and Western Bulk Pte Ltd have entered into an uncommitted USD 15 million frame agreement for up to 90 days extended payment on bunker invoices. Western Bulk Chartering AS is a guarantor for the facility. The facility amount was reduced to USD 5 million in January 2020. As of 31.12.2020, a total of USD 4.9 million was drawn on the facility.

Revolving Credit facility
Western Bulk Carriers AS and Western Bulk Pte Ltd have entered into a revolving credit facility agreement in the amount of USD 20 million for financing of outstanding account receivables. Western Bulk Chartering AS is a guarantor for the facility. As of 31.12.2020, a total of USD 9.1 was drawn on the facility.

Western Bulk Chartering AS has provided some parent company guarantees for its subsidiaries' performances under some of their commercial contracts.

Note 13 - Contingencies and Provision

As of 31.12.2020 the Company has reduced its provision for future losses by USD 0.3 million. Reference is made to note 13 in the consolidated group accounts.

Note 14 - Subsequent events

There are no material events subsequent to the balance sheet date of 31.12.2020.

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Auditor's Report

RSM Norge AS

To the General Meeting of Western Bulk Chartering AS

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Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Western Bulk Chartering AS showing a loss of USD 807 268 in the financial statements of the parent company and profit of USD 3 203 000 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company Western Bulk Chartering AS (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Western Bulk Chartering AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 18 March 2021
RSM Norge AS

Cecilie Tronstad

Cecilie Tronstad
State Authorised Public Accountant (Norway)