



# First Half Year Report

2023

 **Western Bulk**



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Kasap



## 01. Key Figures and Highlights

WB CHARTERING GROUP (USDM)	1H 2023	1H 2022	FULL YEAR 2022	FULL YEAR 2021
Gross revenues	574.2	883.1	1 615.8	1 487.9
Net TC result <sup>1)</sup>	7.0	64.5	116.0	137.9
Administrative expenses	12.2	24.6	47.6	50.7
EBITDA <sup>1)</sup>	(5.2)	39.9	68.5	87.2
<b>Net profit (loss) after tax <sup>1)</sup></b>	<b>(4.8)</b>	<b>37.4</b>	<b>66.0</b>	<b>81.0</b>
Net TC Margin per ship day (USD) <sup>1)</sup>	310	3 158	2 870	3 376
Average number of ships operated	125	113	111	112
Total assets	150.7	224.8	162.6	196.6
Book equity	63.3	59.5	68.1	51.1
Total liabilities	87.5	165.3	94.5	145.5
Interest bearing debt	13.0	9.9	-	3.4
Free cash	47.1	53.5	57.1	108.3
Restricted cash	23.0	27.0	11.7	13.9
<b>Total cash</b>	<b>70.1</b>	<b>80.6</b>	<b>68.8</b>	<b>122.1</b>

<sup>1)</sup> 1H 2023 and 1H 2022 Net TC including USD -2.7 million loss and USD 1.6 million gain on positional FFA's (Forward Freight Agreements). Full year 2022 and Full year 2021 Net TC including USD 3.8 million and USD 24.2 million. These are derivative positions not qualifying as a hedge, hence booked as financial items in the financial statements in chapter 4.



## Comments to the results

For the first half of 2023, Western Bulk generated a net loss after tax of USD -4.8 million, compared to a net profit after tax of USD 37.4 million for the first half of 2022. Net TC reached USD 7.0 million in the first half of 2023, down from USD 64.5 million in the same period in 2022.

While the Group had an extraordinarily good start 2022, the results for the first half of 2023 are significantly lower. The market has been more depressed and returning to normal seasonality, while the company has made investments in volume and repositioning of vessels between basins. In Q1 the market was in contango with higher forward rates for Q2 than the spot market in Q1. The Group had a clear expectation that the forward market would come down and took a short position for Q2 (more cargo than vessels). For a short time, the Q2 market increased instead, and the position was reduced to limit losses. Consequently, the company did not benefit from the later market decline for Q2 to the same extent as originally expected and is the main reason for the low results in the first half of 2023.

Entering 2023, the market was at about 10.600 USD/day. It bottomed out at 6.900 USD/day in February before a sharp increase to 14.700 USD/day in March. Since then, the market has been decreasing and ended June at about 8.200 USD/day. Western Bulk benefited from the decline through good spot arbitrage trading, in particular with cargo covered by vessels at lower rates.

Net TC Margin per ship day for the first half of 2023 reached USD 310 compared to USD 3,158 for the same period in 2022.

The average number of vessels increased continuously through the first half of 2023, from an average fleet of 113 vessels in the first half of 2022 to an average of 125 vessels in the first half of 2023 and 138 at the end of June. The company has an ambition to further increase the number of vessels provided the right market circumstances and opportunities.

Administration expenses decreased to USD 12.2 million in the first half of 2023, from USD 24.6 million for the first half of 2022. The decrease was mostly due to lower bonus accruals.

There were no significant related party transactions during the period.

## Financing and available cash

At the end of the period Western Bulk had USD 47.1 million in free cash, USD 13.0 million in interest-bearing debt and up to USD 27.0 million in unutilized overdraft facilities. Free cash decreased by USD 10.0 million during the period, mostly due to Q4 2022 dividend payment of USD 10.0 million in February 2023. Restricted cash increased by USD 11.3 million during the first half of 2023, mostly caused by restricted cash in collection accounts and tax commitments related to 2023 bonus payments. Restricted cash in collection accounts was connected to the account receivables financing, where incoming freight and hire payments are subject to daily sweeping and loan calculations causing temporary daily restriction of incoming funds.

Western Bulk has three working capital facilities with credit lines totaling up to USD 40 million. One facility of USD 10 million relates to bunker purchases, one for accounts receivables of up to USD 20 million depending on eligible receivables, and an overdraft facility of USD 10 million. As of 30.06.2023 the company had drawn USD 13.0 million on the facilities.

## Company update

Following the results for H1 2023, the Board of Directors has decided not to declare a dividend for Q2 2023.

It is proposed that Ørjan Svanevik is elected as a new board member to replace Tord Meling, who is resigning from the board. Ørjan owns 18 000 shares in Western Bulk Chartering AS through the company Oavik Capital AS where he is the sole owner and director.



## 02. Dry Bulk Market Highlights

Following a short-lived market increase from mid-February, the dry bulk market declined from mid-March towards Q3 2023. The Baltic Supramax Index 58'(BSI) averaged at USD 10,457/day in H1 2023, 53% lower than the USD 22,152/day reached in H1 2022. The average spread between the Atlantic and Pacific markets increased from USD -1,518/day to USD 2,837/day due to a much weaker Pacific market.

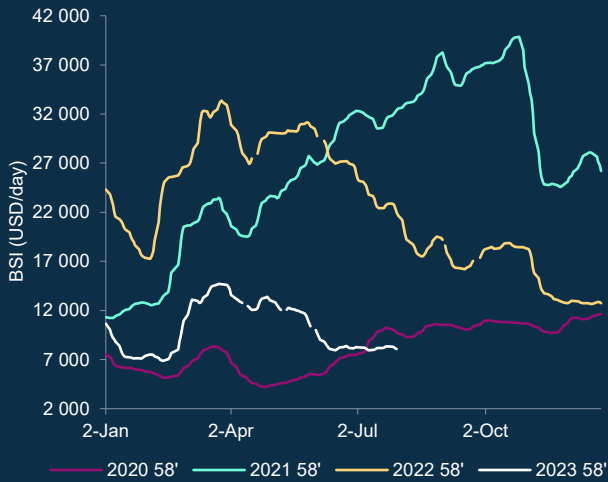
The Pacific Supramax market had a strong rally in Q1 following China's removal of all covid restrictions. However, the positive momentum quickly dissolved when China's recovery turned out weaker than expected amid a recessionary global environment. Coal demand from India has weakened since Q2 as well due to the rainy Monsoon season and strong domestic supplies. Backhaul trades including steel and coal did not come to the rescue either due to much weaker demand from the EU.

The Atlantic Supramax market bottomed out in mid-February after a weak start of the year and stayed higher than the Pacific market since mid-March. Tonnage supply in the Atlantic was tightened by elevated congestion, reduced backhaul shipments and limited inbound ballasters. Grain shipments were strong from the East Coast South America and the Black Sea before Russia restricting Ukrainian shipments via the Black Sea Grain Corridor. The trans-Atlantic rates averaged USD 11,664/day in the first half of 2023, down from the USD 24,710/day in the first half of 2022 and the USD 19,170/day in the second half of 2022.

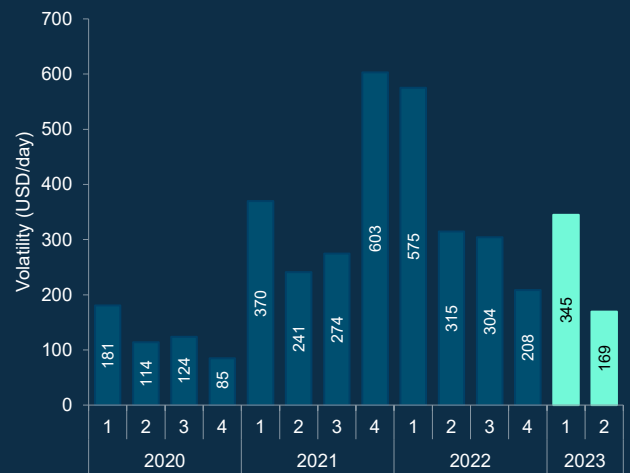
The global dry bulk fleet is expected to expand by about 2.7% for 2023. In particular, the Supramax fleet is expected to grow 2.8% for the full year. Meanwhile, the global dry bulk trade is expected to grow only 0.5% in the 2H 2023. Consequently, the dry bulk market is expected to face continued headwinds in the near term.



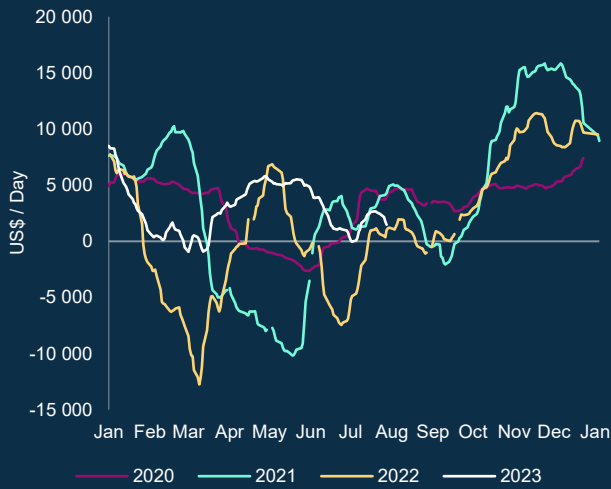
### BALTIC SUPRAMAX INDEX



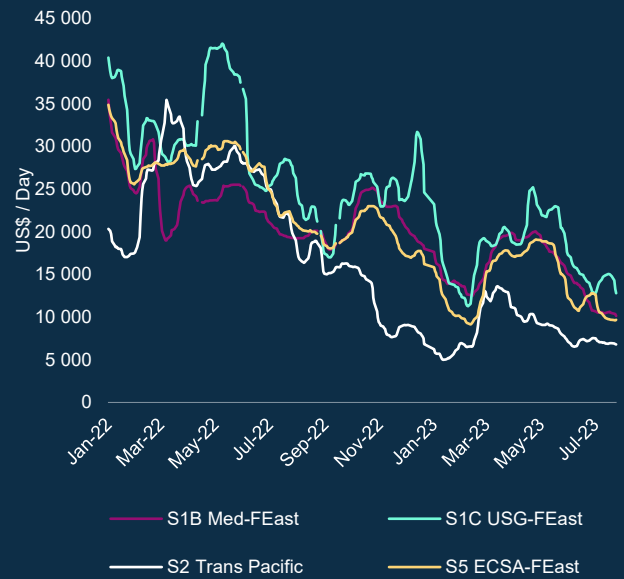
### VOLATILITY IN BALTIC SUPRAMAX INDEX



### BSI ATLANTIC-PACIFIC SPREAD



### BSI SELECTED ROUTES



Source: Baltic Exchange



## 03. Outlook

Based on historical performance, there is a relationship between Western Bulk's Net TC margin on one side, and both the nominal rate level and volatility on the other. Higher market volatility provides more opportunities to take strategic market positions, as well as more potential for market mispricing that can be captured. Historically the company has managed to generate about 7-11 % Net TC margin from the average market levels and the company expects to end in the higher end of this in the second half of 2023 with forward freight agreements (FFA) are indicating rates in the range of 10.000 USD/day. Volume is expected to increase somewhat from the average of 125 vessels for the first half of the year as the company has a clear ambition to increase activity.

Western Bulk's main risk factors are described in Western Bulk Chartering's annual report for 2022, which is available at [www.westernbulk.com](http://www.westernbulk.com).

OSLO, 15.08.2023

THE BOARD OF DIRECTORS OF WESTERN BULK CHARTERING AS

**BENGT A. REM**  
CHAIRMAN

**KRISTOFFER SANDAKER**  
BOARD MEMBER

**TORD MELING**  
BOARD MEMBER

**HANS AASNÆS**  
CEO

### DISCLAIMER

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



## 04. Financial statements

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

### CONSOLIDATED CONDENSED INCOME STATEMENT WESTERN BULK CHARTERING GROUP

(USD 1,000)	1H 2023	1H 2022	FULL YEAR 2022	FULL YEAR 2021
<b>Gross revenues</b>	<b>574 236</b>	<b>883 070</b>	<b>1 615 752</b>	<b>1 487 878</b>
Voyage expenses	(258 969)	(282 955)	(549 438)	(467 540)
T/C expenses	(304 276)	(536 117)	(951 797)	(904 668)
Other vessel expenses	(1 273)	(1 095)	(2 233)	(1 992)
<b>Net T/C result</b>	<b>9 718</b>	<b>62 904</b>	<b>112 284</b>	<b>113 679</b>
Administration expenses	(12 211)	(24 643)	(47 576)	(50 720)
<b>Result before depreciation and impairment, finance items and income tax</b>	<b>(2 493)</b>	<b>38 261</b>	<b>64 708</b>	<b>62 959</b>
Depreciation	(69)	(68)	(140)	(151)
Provision for doubtful debt	-	-	-	(2)
Gain/(loss) on disposal of property, plant and equipment	-	(5)	(5)	(28)
<b>Operating profit/(loss)</b>	<b>(2 562)</b>	<b>38 188</b>	<b>64 564</b>	<b>62 778</b>
Financial income	949	122	781	97
Financial expenses	(51)	(1 857)	(1 209)	(2 228)
Gain/(loss) positional FFA	(2 727)	1 617	3 762	24 226
<b>Net profit before tax</b>	<b>(4 390)</b>	<b>38 071</b>	<b>67 898</b>	<b>84 873</b>
Income tax expense	(444)	(662)	(1 921)	(3 847)
<b>Net profit for the period</b>	<b>(4 835)</b>	<b>37 409</b>	<b>65 977</b>	<b>81 026</b>





## CONSOLIDATED CONDENSED BALANCE SHEET WESTERN BULK CHARTERING GROUP

(USD 1,000)	1H 2023	1H 2022	FULL YEAR 2022	FULL YEAR 2021
<b>ASSETS</b>				
<b>Non current assets</b>				
Deferred tax asset	248	358	267	390
Intangible assets	2	9	5	14
Tangible fixed assets	326	377	384	358
Pension assets	-	-	147	-
Investment in financial assets	-	230	-	530
Long term receivables	-	41	43	604
<b>Total non-current assets</b>	<b>576</b>	<b>1 015</b>	<b>846</b>	<b>1 896</b>
<b>Current assets</b>				
Bunker stocks	56 602	83 690	48 155	39 409
Accounts receivable	22 830	59 094	36 521	32 769
Other receivables	470	462	285	443
Receivables derivatives	159	-	7 987	-
Bank deposits	70 094	80 578	68 818	122 114
<b>Total current assets</b>	<b>150 155</b>	<b>223 825</b>	<b>161 767</b>	<b>194 735</b>
<b>TOTAL ASSETS</b>	<b>150 731</b>	<b>224 839</b>	<b>162 613</b>	<b>196 631</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	205	205	205	205
Share premium	12 267	12 267	12 267	51 267
Other paid-in capital	-	-	-	-
Retained earnings	50 798	47 064	55 633	(345)
<b>Total equity</b>	<b>63 270</b>	<b>59 536</b>	<b>68 104</b>	<b>51 127</b>
<b>Long term liabilities</b>				
Deferred tax liability	79	106	86	120
Pension liabilities	278	617	425	815
Other long-term liabilities	-	-	-	-
<b>Total long-term liabilities</b>	<b>357</b>	<b>723</b>	<b>511</b>	<b>936</b>
<b>Current liabilities</b>				
Accounts payable	25 278	39 471	14 533	8 202
Other payable	47 605	84 101	67 482	60 278
Proposed dividend	-	13 000	10 000	65 000
Payable derivatives	-	14 774	-	4 241
Taxes payable	1 058	3 293	1 860	3 465
Liabilities related company	120	-	120	-
Amounts owed to credit institutions	13 044	9 941	3	3 383
<b>Total current liabilities</b>	<b>87 104</b>	<b>164 580</b>	<b>93 998</b>	<b>144 569</b>
<b>Total liabilities</b>	<b>87 462</b>	<b>165 303</b>	<b>94 509</b>	<b>145 505</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>150 731</b>	<b>224 839</b>	<b>162 614</b>	<b>196 631</b>



## CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY WESTERN BULK CHARTERING GROUP

(USD 1,000)	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	RETAINED EARNING	TOTAL EQUITY
January 1, 2023	205	12 267	-	55 632	68 104
Paid dividend	-	-	-	-	-
Proposed dividend	-	-	-	-	-
Result for the period	-	-	-	(4 835)	(4 835)
<b>June 30, 2023</b>	<b>205</b>	<b>12 267</b>	<b>-</b>	<b>50 798</b>	<b>63 270</b>

SHARE CAPITAL	
Nominal value per share	NOK 0,05
Registered share capital per 30.06.2023	NOK 1 680 986
Registered share capital per 30.06.2023, in USD	USD 205 148
Total number of shares issued as of 30.06.2023	33 619 715

MAIN SHAREHOLDERS (NAME)	# OF SHARES	OWNERSHIP %
Kistefos group	23 093 152	68,7 %
Ojada AS	2 776 792	8,3 %
Øra Industrier AS	640 000	1,9 %
Euroclear Bank S.A./N.V.	480 816	1,4 %
Avanza Bank AB	415 563	1,2 %
Nordnet Livsforsikring AS	367 355	1,1 %
Other (1 200 other shareholders)	5 846 037	17,4 %
	<b>33 619 715</b>	<b>100 %</b>

SHAREHOLDINGS BY CEO AND BOARD OF DIRECTORS		
CEO Hans Aasnæs (through Øra Industrier AS and privately)	672 673	2,0 %
Chairman of the Board, Bengt A. Rem (through Borken AS)	66 666	0,2 %
Board member, Kristoffer Sandaker	-	-
Board member, Tord Meling (through Bergvegg AS)	16 666	0,1 %
	<b>756 005</b>	<b>2,2 %</b>



## CONSOLIDATED CONDENSED STATEMENT OF CASH FLOW WESTERN BULK CHARTERING GROUP

(USD 1,000)	1H 2023	1H 2022	FULL YEAR 2022	FULL YEAR 2021
<b>CASH FLOW FROM OPERATIONS</b>				
Profit/(loss) before tax	(4 390)	38 071	67 898	84 873
Taxes paid	(1 157)	(642)	(3 093)	(540)
Ordinary depreciation	69	68	140	151
(Gain)/loss on disposal financial assets	-	5	5	29
Changes in current receivables and current liabilities	3 677	(3 577)	(9 999)	13 113
<b>Net cash flow from/(to) operating activities (A)</b>	<b>(1 802)</b>	<b>33 924</b>	<b>54 951</b>	<b>97 626</b>
<b>CASH FLOW FROM INVESTMENTS</b>				
Investments in fixed and intangible assets	(22)	(103)	(179)	(54)
Investments in financial assets	-	300	530	100
Disposal of fixed assets	15	-	-	27
Changes in long term receivables	43	563	561	(604)
<b>Net cash flow from investments (B)</b>	<b>36</b>	<b>760</b>	<b>912</b>	<b>(531)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Changes in interest-bearing short term and long term debt	13 041	6 558	(3 380)	(20 572)
Dividend paid	(10 000)	(82 779)	(105 779)	-
Share capital increase	-	-	-	15 294
<b>Net cash flow from financing activities (C)</b>	<b>3 041</b>	<b>(76 221)</b>	<b>(109 159)</b>	<b>(5 278)</b>
<b>Net change in cash and cash equivalents (A+B+C)</b>	<b>1 275</b>	<b>(41 536)</b>	<b>(53 296)</b>	<b>91 817</b>
Cash and cash equivalents at start of the period	68 818	122 114	122 114	30 297
Cash and cash equivalents at end of the period	70 094	80 578	68 818	122 114
Restricted bank deposits at end of the period	23 017	27 044	11 743	13 863
<b>Available cash and cash equivalents at end of the period</b>	<b>47 077</b>	<b>53 534</b>	<b>57 075</b>	<b>108 251</b>
(excluding undrawn credit line)				

## SELECTED EXPLANATORY NOTES

### Note 1. General information

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

Western Bulk Chartering AS and its subsidiaries ("WB Chartering") is a major operator in the dry bulk shipping market and a charterer of primarily Supramax/Ultramax and Handysize dry bulk vessels, running an average fleet of 125 vessels in the first half of 2023.

This financial report is authorized for issue by the Board of Directors as of 15.8.2023.

### Note 2. Accounting policies

The condensed financial statements of Western Bulk Chartering AS and its subsidiaries (the "Group") are prepared in accordance with Norwegian Generally Accepted Accounting Principles (N-GAAP) and NRS 11. Please refer to the 2022 annual report for a detailed description of the accounting policies. The report is available on [www.westernbulk.com](http://www.westernbulk.com).

### Note 3. Significant judgements and estimates

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

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

MV Sagar Ratan discharging clinker in Port Kembla, Australia



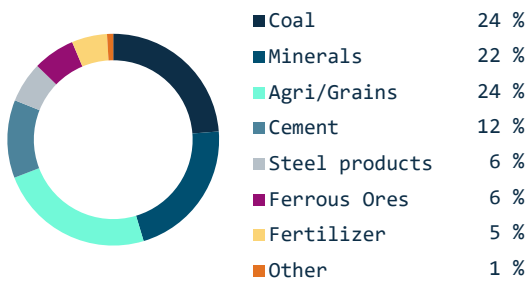


# 05. About Western Bulk

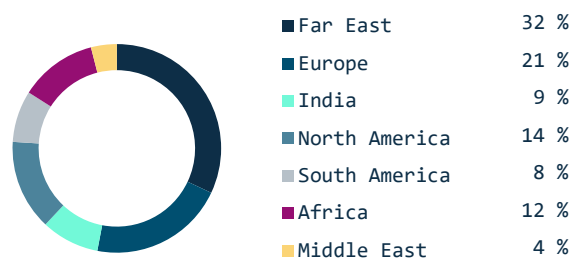
Western Bulk is a major operator of dry bulk vessels in the Handysize, Supramax and Ultramax segments. The Group operates its chartered-in fleet and cargo contracts through its two subsidiaries Western Bulk Carriers AS and Western Bulk Pte Ltd, which are supported by chartering and operations teams in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

Western Bulk has a highly diversified customer base with a broad cargo mix and diverse geographical footprint. During 1H 2023, the Group conducted business with more than 210 different cargo customers, of which no single customer exceeded 4,0 % of total revenue. No single commodity accounted for more than 24 % of the volume of transported cargo in 1H 2023.

**CARGO DIVERSIFICATION 1H 2023**



**DISCHARGE AREA BY VOLUME 1H 2023**



## Group structure

The below chart shows the main companies of the group

