



# Second Half Year Report

2022

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 **Western Bulk**



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Commercial trainees Kristoffer Skagen, Kim Aaberg and Espen Loge Pedersen



## 01. Key Figures and Highlights

WB CHARTERING GROUP (USDM)	2H 2022	2H 2021	FULL YEAR 2022	FULL YEAR 2021
Gross revenues	732.7	1 011.8	1 615.8	1 487.9
Net TC result <sup>1)</sup>	51.5	117.7	116.0	137.9
Administrative expenses	22.9	40.7	47.6	50.7
EBITDA <sup>1)</sup>	28.6	77.1	68.5	87.2
<b>Net profit after tax <sup>1)</sup></b>	<b>28.6</b>	72.1	<b>66.0</b>	<b>81.0</b>
Net TC Margin per ship day (USD) <sup>1)</sup>	2 576	5 591	2 870	3 376
Average number of ships operated	109	114	111	112
Total assets	162.6	196.6	162.6	196.6
Book equity	68.1	51.1	68.1	51.1
Total liabilities	94.5	145.5	94.5	145.5
Net interest bearing debt	-	3.4	-	3.4
Free cash	57.1	108.3	57.1	108.3
Restricted cash	11.7	13.9	11.7	13.9
<b>Total cash</b>	<b>68.8</b>	<b>122.1</b>	<b>68.8</b>	<b>122.1</b>

<sup>1)</sup> 2H 2022 and Full year 2022 Net TC including USD 2.1 million and USD 3.8 million gain on positional FFA's (Forward Freight Agreements). 2H 2021 and Full year 2021 Net TC including USD 25.8 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 second half of 2022, Western Bulk generated a net profit after tax of USD 28.6 million, reaching a full year net profit after tax of USD 66.0 million. That is the second-best full year result in the company's history, only outperformed by last year's net profit after tax of USD 81.0 million for the full year of 2021.

Net TC reached USD 51.5 million in the second half of 2022, down from USD 117.7 million in the same period in 2021. The second half of 2021 was an exceptional period with very high market volatility in USD, large basin spreads, and Supramax rates peaking at 40.000 USD/day. Entering the second half of 2022 market rates were at about 25.200 USD/day and declined more or less continuously over the six-month period, ending the year at about 10.600 USD/day. Western Bulk benefited from the decline through good spot arbitrage trading, in particular with cargo covered by vessels at lower rates, as well as an overall short position with more cargo than tonnage commitments.

Net TC for the full year of 2022 was USD 116.0 million, a reduction of USD 21.9 million from USD 137.9 million for the full year of 2021.

Net TC Margin per ship day for the second half of 2022 reached USD 2,576 compared to USD 5,591 for the same period in 2021. For the full year of 2022, Net TC Margin per ship day was USD 2,870 compared to USD 3,376 for 2021.

The average number of vessels remained relatively low in the second half of 2022, decreasing slightly from an average fleet of 113 vessels in the first half of 2022 to an average of 109 vessels in the second half. The average number of vessels for the full year 2022 was 111 vessels, relatively similar as the 112 vessels in 2021. The company has an ambition to increase the number of vessels provided the right market circumstances and opportunities. As the market continued to decline throughout 2022, there was limited availability of period vessels at competitive levels, as owners' expectations were higher than what could be justified based on the company's own market views and the forward freight market.

Administration expenses decreased to USD 22.9 million in the second half of 2022, from USD 40.7 million for the second half of 2021. For the full year administrative expenses decreased to USD 47.6 million from 50.7 million in 2021. The decrease was mostly due to lower bonus accruals.

## Financing and available cash

At the end of the period Western Bulk had USD 57.1 million free cash, no interest-bearing debt and up to USD 40.0 million in unutilized overdraft facilities. Free cash decreased by USD 51.2 million in 2022, mostly due to dividend payments of total USD 104 million during the year. USD 65 million of paid dividends was related to the 2021 results.

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 31.12.2022 the company had no outstanding drawings on any of the facilities.

## Company update

In September 2022 Western Bulk established a new Panamax commercial team and opened an office in Copenhagen.

Following good results for Q4 2022, the Board of Directors has declared a dividend of USD 10 million (NOK 3 per share) for the period. The ex-dividend date is 13 February, the record date is 14 February, and the payment date is on or around 22 February.



## 02. Dry Bulk Market Highlights

Following a robust start of the year, the dry bulk market declined from mid-year towards year-end in 2022. The Baltic Supramax Index 58'(BSI) averaged at USD 22,152/day in 2022, 17% lower than the USD 26,770/day achieved in 2021. The spreads between Atlantic and Pacific markets were still volatile but the annual average narrowed to USD 1,345 from the USD 3,860/day a year ago.

The Pacific Supramax market softened significantly in the second half of 2022 amid weak performance of the Chinese economy and easing congestions in the Pacific region. The faster than expected lifting of covid restrictions by China has led to further softening of its industrial production and raw material demand due to a large number of workers falling sick, although economic outlook remains positive for 2023 when the country recovers from the pandemic. Likewise, India has rolled back the hefty export tax on iron ore and steel since Q3 2022 and we expect the export volume to recover to pre-pandemic levels in 2023. Lastly, coal demand from EU has been extremely strong during 2H 2022 amid the ongoing sanctions on Russia and it looks likely to continue through 2023, lending support to the Pacific market.

The Atlantic Supramax market was also weaker in the second half of the year, although not as dramatic as the Pacific market. The seasonal Q3 market push in the Black Sea region was absent in 2022 due to the war in Ukraine and sanctions on Russia. The Black Sea Grain Initiative agreement helped some grain exports to recover in September and October, but volumes were restricted by inspection capacity in Istanbul. Q4 grain exports from the Gulf were lower than in 2021 as barge traffic was constrained by critically low water levels at Mississippi River. The trans-Atlantic rates averaged at USD 19,170/day in the second half of 2022, down from the USD 24,710/day in the first half of the year and the record high of USD 35,836/day in the second half of 2021.

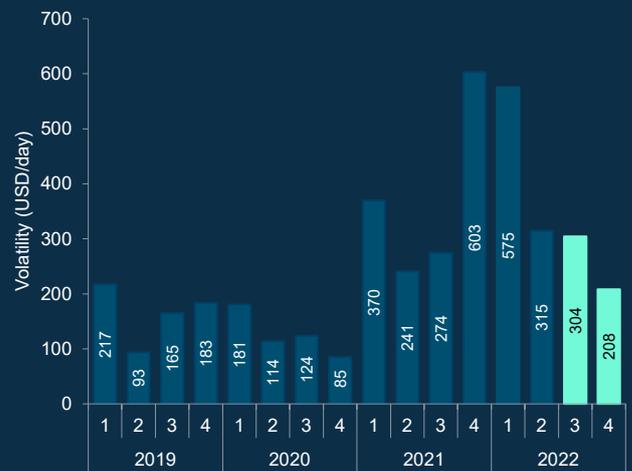
The global dry bulk fleet is estimated to have grown 2.6% (23.7mdwt) in 2022, bringing the total fleet to 928.9mdwt. Current orderbook stands at 74.1mdwt (8% of fleet) while 31.7mdwt (3.4% of fleet) is expected to hit the waters in 2023. Although it may appear to be an untimely large delivery given the challenging market conditions, net fleet growth is expected to remain flat at about 2.6% for 2023 after adjusting for potentially higher demolition and slippage. Meanwhile, the global dry bulk trade is expected to improve significantly from a 1.3% contraction in 2022 to a 1.6% growth in 2023, although the growth rate would still likely be lower than the fleet growth. Consequently, the global dry bulk market is expected to face continued headwinds in the near term before starting another upward cycle towards the end of 2023.



### 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. Forward freight agreements (FFA) are indicating rates of just below 14.000 USD/day for the majority of 2023. Based on this Net TC margins in the range of 1.000 USD/day to 1.500 USD/day should be achievable, although performance is likely to vary between quarters. Volume will depend on market circumstances and opportunities, although 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 2021, which is available at [www.westernbulk.com](http://www.westernbulk.com).

OSLO, 09.02.2023

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)	2H 2022	2H 2021	FULL YEAR 2022	FULL YEAR 2021
<b>Gross revenues</b>	<b>732 682</b>	<b>1 011 817</b>	<b>1 615 752</b>	<b>1 487 878</b>
Voyage expenses	(266 483)	(343 133)	(549 438)	(467 540)
T/C expenses	(415 681)	(604 660)	(951 797)	(904 668)
Other vessel expenses	(1 138)	(1 470)	(2 233)	(1 992)
<b>Net T/C result</b>	<b>49 380</b>	<b>62 554</b>	<b>112 284</b>	<b>113 679</b>
Administration expenses	(22 933)	(26 892)	(47 576)	(50 720)
<b>Result before depreciation and impairment, finance items and income tax</b>	<b>26 447</b>	<b>35 662</b>	<b>64 708</b>	<b>62 959</b>
Depreciation	(72)	(118)	(140)	(151)
Provision for doubtful debt	-	-	-	(2)
Gain/(loss) on disposal of property, plant and equipment	-	(28)	(5)	(28)
<b>Operating profit/(loss)</b>	<b>26 376</b>	<b>35 516</b>	<b>64 564</b>	<b>62 778</b>
Financial income	1 750	100	781	97
Financial expenses	(443)	(1 579)	(1 209)	(2 228)
Gain/(loss) positional FFA	2 145	6 987	3 762	24 226
<b>Net profit before tax</b>	<b>29 827</b>	<b>41 024</b>	<b>67 898</b>	<b>84 873</b>
Income tax expense	(1 260)	(463)	(1 921)	(3 847)
<b>Net profit for the period</b>	<b>28 568</b>	<b>40 561</b>	<b>65 977</b>	<b>81 026</b>



## CONSOLIDATED CONDENSED BALANCE SHEET WESTERN BULK CHARTERING GROUP

(USD 1,000)	2H 2022	2H 2021
<b>ASSETS</b>		
<b>Non current assets</b>		
Deferred tax asset	267	390
Intangible assets	5	14
Tangible fixed assets	384	358
Pension assets	147	-
Investment in financial assets	-	530
Long term receivables	43	604
<b>Total non-current assets</b>	<b>846</b>	<b>1 896</b>
<b>Current assets</b>		
Bunker stocks	48 155	39 409
Accounts receivable	36 521	32 769
Other receivables	285	443
Receivables derivatives	7 987	-
Bank deposits	68 818	122 114
<b>Total current assets</b>	<b>161 767</b>	<b>194 735</b>
<b>TOTAL ASSETS</b>	<b>162 613</b>	<b>196 631</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	205	205
Share premium	51 267	51 267
Other paid-in capital	-	-
Retained earnings	16 633	(345)
<b>Total equity</b>	<b>68 104</b>	<b>51 127</b>
<b>Long term liabilities</b>		
Deferred tax liability	86	120
Pension liabilities	425	815
<b>Total long-term liabilities</b>	<b>511</b>	<b>936</b>
<b>Current liabilities</b>		
Accounts payable	14 533	8 202
Other payable	67 482	60 278
Proposed dividend	10 000	65 000
Payable derivatives	-	4 241
Taxes payable	1 860	3 465
Liabilities related company	120	-
Amounts owed to credit institutions	3	3 383
<b>Total current liabilities</b>	<b>93 998</b>	<b>144 569</b>
<b>Total liabilities</b>	<b>94 509</b>	<b>145 505</b>
<b>TOTAL EQUITY AND LIABILITIES</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, 2022	205	51 267	-	(345)	51 127
Paid dividend	-	-	-	(16 000)	(16 000)
Proposed dividend	-	-	-	(13 000)	(13 000)
Result for the period	-	-	-	37 409	37 409
<b>June 30, 2022</b>	<b>205</b>	<b>51 267</b>	<b>-</b>	<b>8 064</b>	<b>59 536</b>
Paid dividend	-	-	-	(10 000)	(10 000)
Proposed dividend	-	-	-	(10 000)	(10 000)
Result for the period	-	-	-	28 568	28 568
<b>December 31, 2022</b>	<b>205</b>	<b>51 267</b>	<b>-</b>	<b>16 633</b>	<b>68 104</b>

SHARE CAPITAL	
Nominal value per share	NOK 0,05
Registered share capital per 31.12.2022	NOK 1 680 986
Registered share capital per 31.12.2022, in USD	USD 205 148
Total number of shares issued as of 31.12.2022	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 %
Avanza Bank AB	482 955	1,4 %
Euroclear Bank S.A./N.V.	458 330	1,4 %
Nordnet Livsforsikring AS	325 343	1,0 %
Other (1 200 other shareholders)	5 527 907	16,4 %
	<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)	2H 2022	2H 2021	FULL YEAR 2022	FULL YEAR 2021
<b>CASH FLOW FROM OPERATIONS</b>				
Profit/(loss) before tax	29 827	75 582	67 899	84 873
Taxes paid	(2 450)	5	(3 093)	(540)
Ordinary depreciation	72	67	140	151
(Gain)/loss on disposal financial assets	-	-	5	29
Changes in current receivables and current liabilities	(6 422)	5 706	(9 999)	13 113
<b>Net cash flow from/(to) operating activities (A)</b>	<b>21 027</b>	<b>81 360</b>	<b>54 951</b>	<b>97 626</b>
<b>CASH FLOW FROM INVESTMENTS</b>				
Investments in fixed and intangible assets	(76)	(46)	(179)	(54)
Investments in financial assets	230	100	530	100
Disposal of fixed assets	-	-	-	27
Changes in long term receivables	(2)	3	561	(604)
<b>Net cash flow from investments (B)</b>	<b>152</b>	<b>58</b>	<b>912</b>	<b>(531)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Changes in interest-bearing short term and long term debt	(9 938)	(14 794)	(3 380)	(20 572)
Dividend paid	(23 000)	-	(105 779)	-
Share capital increase	-	14 292	-	15 294
<b>Net cash flow from financing activities (C)</b>	<b>(32 938)</b>	<b>(502)</b>	<b>(109 159)</b>	<b>(5 278)</b>
<b>Net change in cash and cash equivalents (A+B+C)</b>	<b>(11 759)</b>	<b>80 916</b>	<b>(53 296)</b>	<b>91 817</b>
Cash and cash equivalents at start of the period	80 578	41 198	122 114	30 297
Cash and cash equivalents at end of the period	68 818	122 114	68 818	122 114
Restricted bank deposits at end of the period	11 743	13 863	11 743	13 863
<b>Available cash and cash equivalents at end of the period</b>	<b>57 075</b>	<b>108 251</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 109 vessels in the second half of 2022.

This financial report is authorized for issue by the Board of Directors as of 9.2.2023.

### 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). Please refer to the 2021 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 Sibulk Tradition loading timber in Tauranga, New Zealand



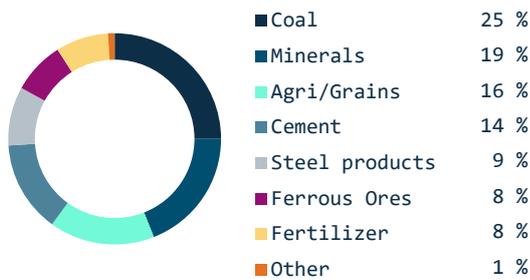


# 05. About Western Bulk

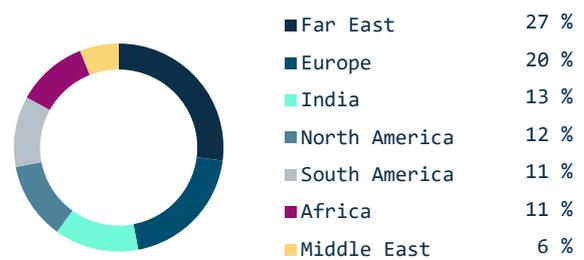
Western Bulk is a major operator of dry bulk vessels in the Handysize, Supramax and Ultramax segments. The Group operates its chartered-in fleet and cargo contracts through its two subsidiaries Western Bulk Carriers AS and Western Bulk Pte Ltd, which are supported by chartering and operations teams in 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 2022, the Group conducted business with more than 310 different cargo customers, of which no single customer exceeded 2,5 % of total revenue. No single commodity accounted for more than 25 % of the volume of transported cargo in 2022.

**CARGO DIVERSIFICATION 2022**



**DISCHARGE AREA BY VOLUME 2022**



## Group structure

The below chart shows the main companies of the group

