Annual Report

2022

Western Bulk

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Key Figures

WESTERN BULK CHARTERING GROUP

USD MILLION	FULL YEAR '22	FULL YEAR '21	FULL YEAR '20
Gross revenues	1 615.8	1 487.9	778.7
Net TC result [1]	116.0	137.9	26.7
Administrative expenses	47.6	50.7	22.9
EBITDA [1]	68.5	87.2	3.8
Net profit after tax [1]	**66.0**	**81.0**	**3.2**
Net TC Margin per ship day (USD) [1]	2 870	3 376	663
Net TC margin per ship day in % of market	13 %	13 %	8 %
Average number of vessels operated	111	112	110
Total assets	162.6	196.6	79.3
Book equity	68.1	51.1	19.8
Total liabilities	94.5	145.5	59.5
Interest bearing debt	-	3.4	24.0
Free cash	57.1	108.3	18.3
Restricted cash	11.7	13.9	12.0
Total cash	**68.8**	**122.1**	**30.3**

[1] Full year 2022 includes USD 3.8 million gain on positional FFA (Forward Freight Agreements) and full year 2021 includes USD 24.2 million gain on positional FFA. These are derivative positions not qualifying as a hedge, hence booked as financial items in the financial statements.

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

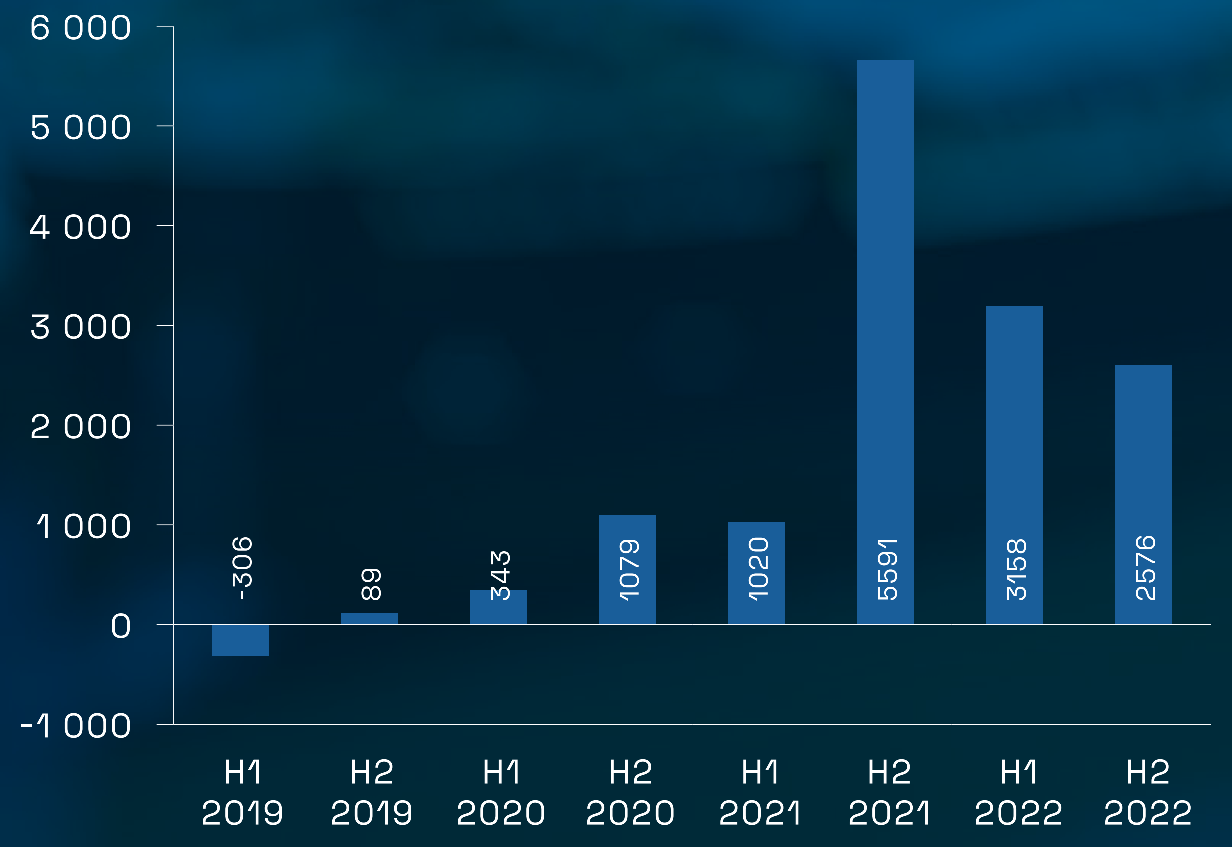
Producers, trading houses and receivers

Efficiently matching cargo with vessel to create optimized transportation service

Vessel owners located worldwide

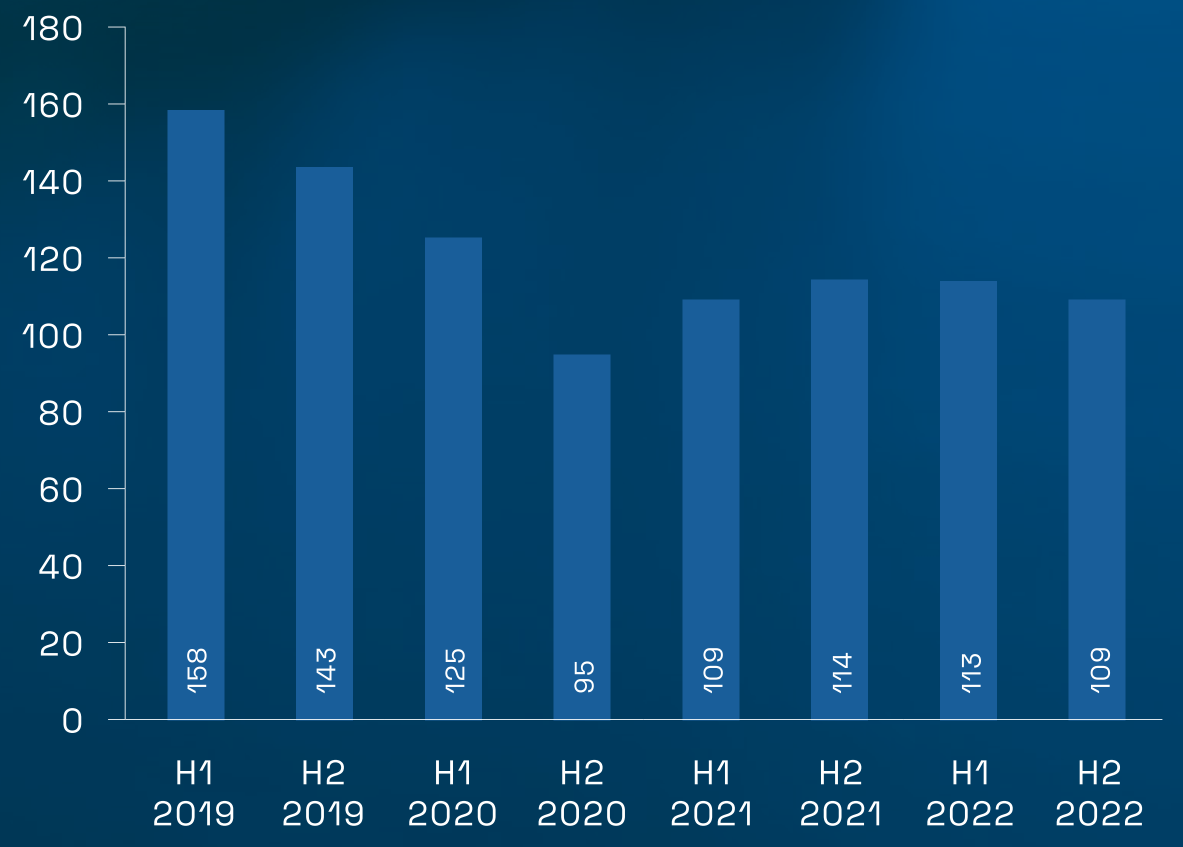
Annual net TC margin per ship day for 2022 of USD 2 870 / day (13% of BSI) with a volume of 111 vessels

NET TC MARGIN PER SHIP DAY (USD)



NET TC MARGIN IN % OF MARKET

AVERAGE NUMBER OF VESSELS OPERATED



Group Description

110–150 vessels

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

Customer focus

Fulfilling our customers needs by providing flexibility and identifying the most efficient match of cargo and vessels, combined with consistent service delivery.

Global presence

Offices located in Oslo, Singapore, Dubai, Seattle, Santiago, Copenhagen 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.

People

118 employees across 30 different nationalities work in skilled teams. Our teams add to our performance, cooperating and supporting each other across functions and regions.

Dividend policy

The Group aims to pay 80% of net profits in quarterly dividends, and has paid out a total of USD 114 million since it was registered on Euronext Growth Oslo in autumn 2021.

An agile approach to market volatility

I was very proud and pleased when we achieved record results in 2021 with net profit after tax of USD 81.0 million. For 2022 I am even more satisfied with us having reached a net profit of USD 66 million in a more difficult and declining market. This proves our ability to read the short-term market and take advantage of fluctuations both in a rising and a declining market. As an operator without ownership of vessels, we have the necessary flexibility and lack of bias to trade on market volatility in all directions.

Having put behind us the two best years in the company's 40-year history, I think we can proudly state that we have done a lot of things right over the last few years. When I joined Western Bulk in 2019, I found a company with a strong commercial culture and the potential to create significant value. Building on this culture, we have developed a clearly defined commercial strategy based on our competitive advantages. By being disciplined in the way we follow that strategy, we want to further excel at what we do.

We are seeing significant benefits from providing individuals with delegated responsibility and room to grow with their tasks while we work as one company, with cooperation across functions and geographies. This has allowed for new trading patterns to be developed and a holistic approach to management of the group's fleet. We are also making better agreements by closer involvement from relevant internal competencies ahead of fixing of vessels and cargo.

Meeting our customer's demands through close dialogue is important to us, and we systematically work to improve our operations and service delivery. We continue to work on developing and maintaining proactive customer relationships, both towards charterers, owners, and brokers. By delivering on our promises combined with a strong market reputation we are getting broad access to opportunities for fixing tonnage and cargo in the market.

Focus on operations as a key value driver is also vital for Western Bulk's relationship with customers and vessel owners, contributing significantly to the results. We have a goal to deliver world class operations across the group with consistent high quality. To achieve that we work on standardizing some processes while leaving significant room for individual creativity in problem solving, building feedback loops, and developing a culture for continuous improvement.

The use of data, systems and colleagues to constantly learn and adapt is another strategic pillar. Data-driven decision making will be increasingly important going forward, and we allocate significant resources on the development of tools that support chartering in timing of contract entry and trading of vessels. At the same time, we are continuously pushing for excellence in execution as our success depends on combining data with our commercial insight, experience and craftmanship. Our employees will always be our key asset, and data is a supplement to support and enhance their decision-making.

Unfortunately, we were not able to achieve our goal of profitably increasing our volume of vessels in 2022. Growth depends on market circumstances, but we will also do what it takes within our organization to make sure we reach our goals. As part of our commitment to growth, but also to realize synergies with our existing business, and to serve our customers better, we formed a new Panamax team in 2022. The team is headed out of our newly established office in Copenhagen, and will focus on organic growth in close collaboration with our other commercial teams.

> HAVING PUT BEHIND US THE TWO BEST YEARS IN THE COMPANY'S 40-YEAR HISTORY, I THINK WE CAN PROUDLY STATE THAT WE HAVE DONE A LOT OF THINGS RIGHT OVER THE LAST FEW YEARS.

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

Our Organisational Culture

WE HAVE A VERY STRONG AND AGILE COMMERCIAL CULTURE IN WESTERN BULK.
BUILDING ON THIS, WE WANT TO:

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

// Thomas Bjastad, Chartering Manager and Anett Sundelius, Executive Secretary

Our Customer Focus

Focus

As a service provider it is crucial for us to understand and accommodate our customers' needs, and we strive to deliver consistent, high-quality service

Relationships

We are continuously working to develop and maintain customer relationships

Goals

Our goal is to deliver world class operations across the group of consistent high quality, both externally towards customers and internally

// Haavard Haaland, Head of Continent team

Optimizing our Fleet

Western Bulk's total chartered-in fleet normally varies between 110-150 vessels, including time charter trip vessels and period vessels. The fleet projects Western Bulk's asset light model – with few long-term commitments and an ability to renew the fleet rapidly.

Although Western Bulk is a leading worldwide operator of drybulk vessels, the Group only operates ~2% of the global fleet, which implies that we have a broad space of available vessels to ensure identification of the optimal vessels. Our strong relations with a significant network of Panamax to Handysize providers serve as foundation for everything from single voyage leases to longer term leases of vessels, creating a solid basis for a highly flexible fleet.

A large vessel market provides us with opportunity to identify 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.

Period Tonnage desk

Western Bulk has established a Period Tonnage desk to handle the long term period fleet.

The Period Tonnage team is a global unit working closely with ship owners across the globe, being a one point of contact for brokers and owners. The unit collaborates with the other portfolios to ensure we have sufficient volume of tonnage available.

The period fleet currently consists of mainly modern Ultramax vessels.

It has been a significant goal for the Group to renew the fleet to best service our clients. The Company's period fleet had an average age of approximately 7 years during 2022, whilst the long-term (more than 12 months) fleet has an average age of only 3,9 years.

Vessel optimization team

As our fleet of TC and Period vessels represent the single largest share of our cost base, we have a special focus on choosing the right vessels and optimizing vessel operations, both to minimize cost but also to reduce emissions and secure best quality service for our customers.

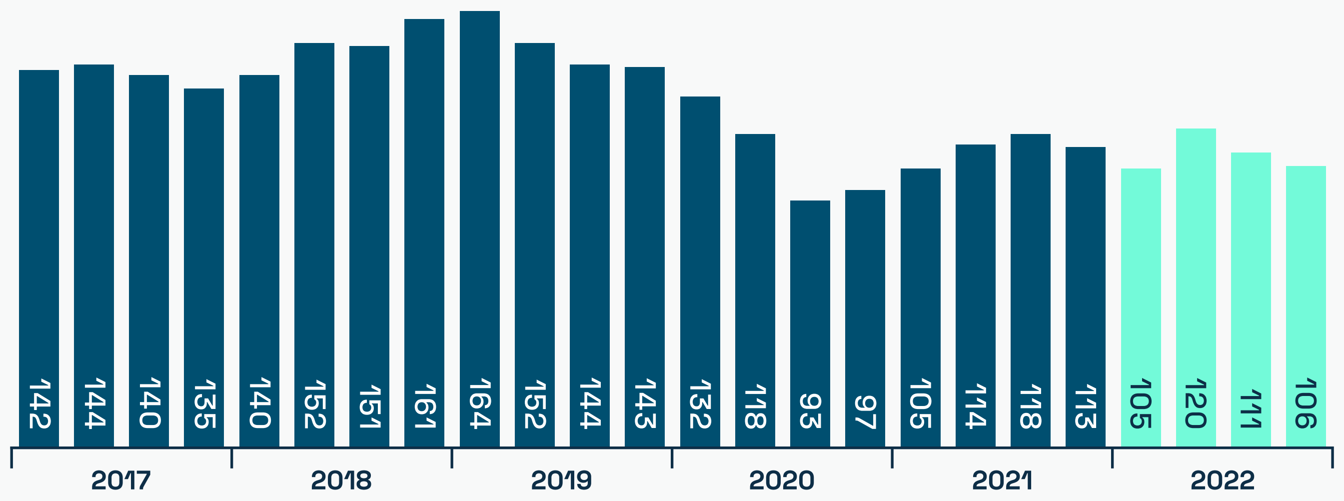
Our Vessel Optimization Team develops tools and knowledge on how to evaluate vessels before fixing in on TC and on how to optimize vessel performance via operational measures.

Focus on due diligence of incoming vessels secures efficient vessel operation and creates a strong position for negotiations. Western Bulk achieves this through internal collaborative processes and state of the art digital tools.

High priority is put on enhancing the charter margin through increased vessel efficiency. Key to obtaining this is collection of high-quality data for further fleet monitoring and analysis. This is fundamental for identifying areas of improvement and for voyage optimization.

Maintaining strong relationships with dedicated head owners reveals new potential for optimization through new technologies. Western Bulk believes that partnerships and transparency is the way forward in a rapidly changing regulatory landscape.

NUMBER OF VESSELS OPERATED BY QUARTER



Well Diversified

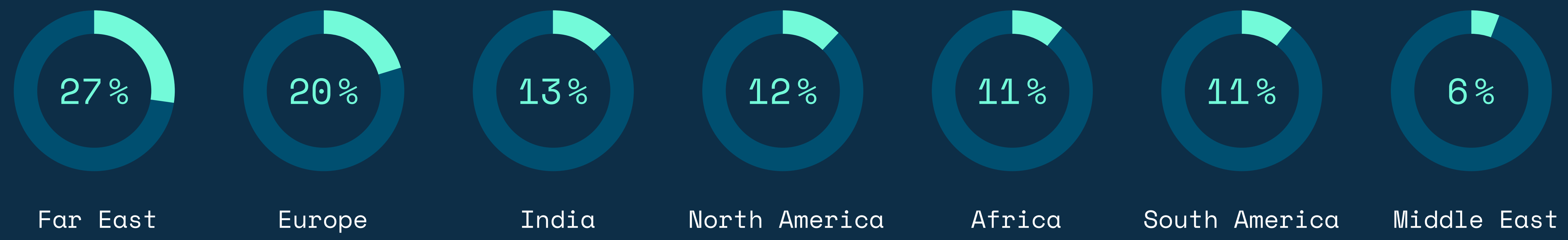
Western Bulk has a wide network of cargo owners diversified across geographies and commodities.

This network limits our exposure to specific customers, geographies or commodities. It also provides a broad 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.

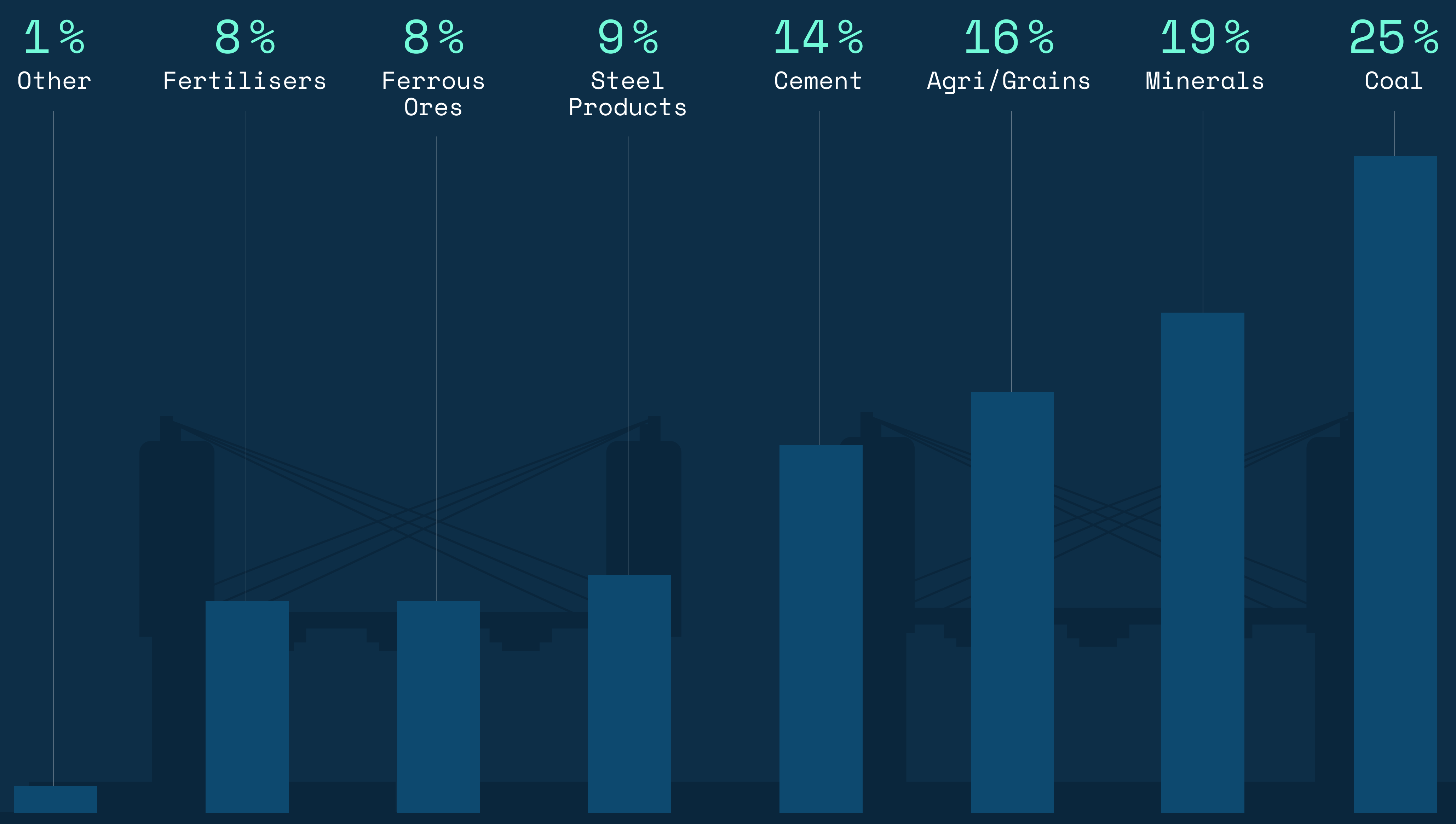
GEOGRAPHIC DIVERSIFICATION

2022 Figures by Discharge area



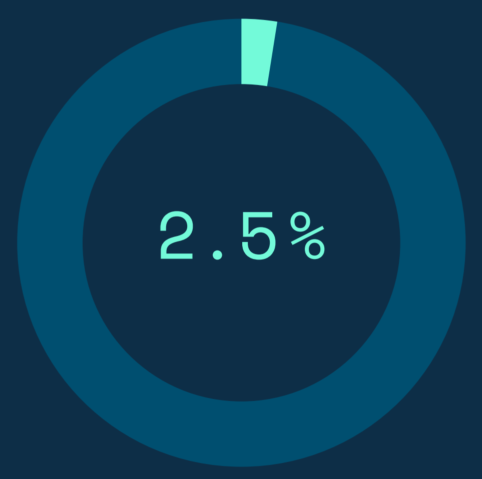
COMMODITY DIVERSIFICATION

2022 Figures by Commodity



CARGO OWNER DIVERSIFICATION

2022 Figures by Customer



Western Bulk has more than 310 different cargo customers. No single customer accounts for more than 2,5% of revenues.

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.

59°54'50"N 10°44'19"E

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. The commercial teams South Atlantic, US Gulf, Continent, Black Sea-Mediterranean and Tonnage are all managed from the Oslo office which has about 60 employees.

55°41'22"N 12°33'49"E

Copenhagen Office

The Panamax portfolio is managed from the Copenhagen office, which opened in September 2022.

47°36'22"N 122°20'1"W

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.

33°35'17"N 7°36'40"W

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.

25°15'53"N 55°18'28"E

Dubai Office

We opened our Dubai office in February 2022 to extend our geographical presence and come closer to our customers in the Middle East and the Indian Ocean.

33°22'57"S 70°31'56"W

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, as part of the US Gulf commercial team.

1°17'3"N 103°51'0"E

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 40 employees.

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 core owners and include both spot movements and industrial multi-year contracts. The South Atlantic team is managed out of the Oslo office and operated on average about 18 vessels during 2022.

US Gulf
The US Gulf team serves the US Gulf / US East Coast / West 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 West Coast South America. The US Gulf team is managed out of the Oslo office and operated on average about 19 vessels during 2022.

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 8 vessels during 2022.

Black Sea / Mediterranean
The Black Sea / Mediterranean team's main activity is transport of various steel and bulk cargoes from the Black Sea and the Mediterranean worldwide. The team is managed out of the Oslo office and operated on average about 13 vessels during 2022.

Indian Ocean
Through its significant customer base, the 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 team also runs extensive parceling operations within Asia on various bulk and break-bulk commodities. The Indian Ocean team is based in the Singapore and Dubai offices and operated an average volume of about 22 vessels in the Handysize to Ultramax segment during 2022.

Pacific / US West Coast
The size and diversity of the Pacific basin demands that the Pacific / US West Coast team is not just active in the more established core trades but also in niche cargo flows throughout the region. The team is considered more of a specialist in slag, fertilizer, clinker, coal, steel products, grains, iron ore and pet-coke. The volume of intra and cross basin trades in the region also necessitates that the team works closely with all the other commercial teams. The Pacific / US West Coast team is run out of the Singapore and Seattle offices and operated a fleet of about 27 vessels on average during 2022, ranging from Handysize to Ultramax.

Period Tonnage
The Period Tonnage team is a global unit working closely with ship owners across the globe, being a one point of contact for brokers and owners. The unit collaborates with the other portfolios to ensure that the Group has sufficient volume of tonnage available. The Period Tonnage team is managed out the Oslo office and operated on average 4 vessels during 2022.

Panamax
The Panamax team supports industrial players in their supply chains, by providing timely and reliable service. Our clients in the panamax segment are primarily involved in iron ore, coal, bauxite, grains and fertilisers. The team is managed out of the Copenhagen office and commenced operations in September 2022.

FFA Trading
The Freight and Derivatives desk trades in the FFA-Market (Forward Freight agreements). FFA contracts made on group level are entered under the FFA Trading commercial team. The team also enters FFA contracts on behalf of the other commercial teams. The FFA Trading team combines model-based algorithmic trading with discretionary strategies.

The Senior Management Team

HANS AASNÆS
// CHIEF EXECUTIVE OFFICER

Before joining Western Bulk in 2019, Mr. Aasnæs 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, which oversees Norges Bank Investment Management (NBIM). He is also chairman of the board at Nordic Trustee AS, Strand Havfiske AS, and 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 decision support, business improvement and business transformation, and has been employed in the company 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, accounting, business control, risk, legal, compliance 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. Mr. Thu has also been employed by Expert AS, PA Consulting Group AS and Orkla Brands AS. Kenneth Thu is a board member of Oslo Rederiforening. He holds an MSc in Economics and Business Administration from the Norwegian School of Economics (NHH) in Bergen.

The Board of Directors

BENGT A. REM
// CHAIRMAN OF THE BOARD

Mr. Rem is the CEO of Kistefos AS, who owns about 69% 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 company 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 an MSc in Accounting and Auditing from the Norwegian School of Economics (NHH).

KRISTOFFER L. SANDAKER
// MEMBER OF THE BOARD

Mr. Sandaker is an Investment Director at Kistefos AS. Prior to joining Kistefos AS in 2022, Kristoffer Sandaker was the CFO of Catenda, a Norwegian software company. Prior to this, Mr. Sandaker was an Equity Partner at Pareto Securities where he spent more than a decade structuring, financing and managing direct investments in the shipping, offshore and energy sectors. Mr. Sandaker holds an MSc in Finance and Macroeconomics from the Norwegian School of Economics (NHH).

TORD MELING
// MEMBER OF THE BOARD

Mr. Meling is an Investment Director at Ojada AS, Western Bulk's 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).

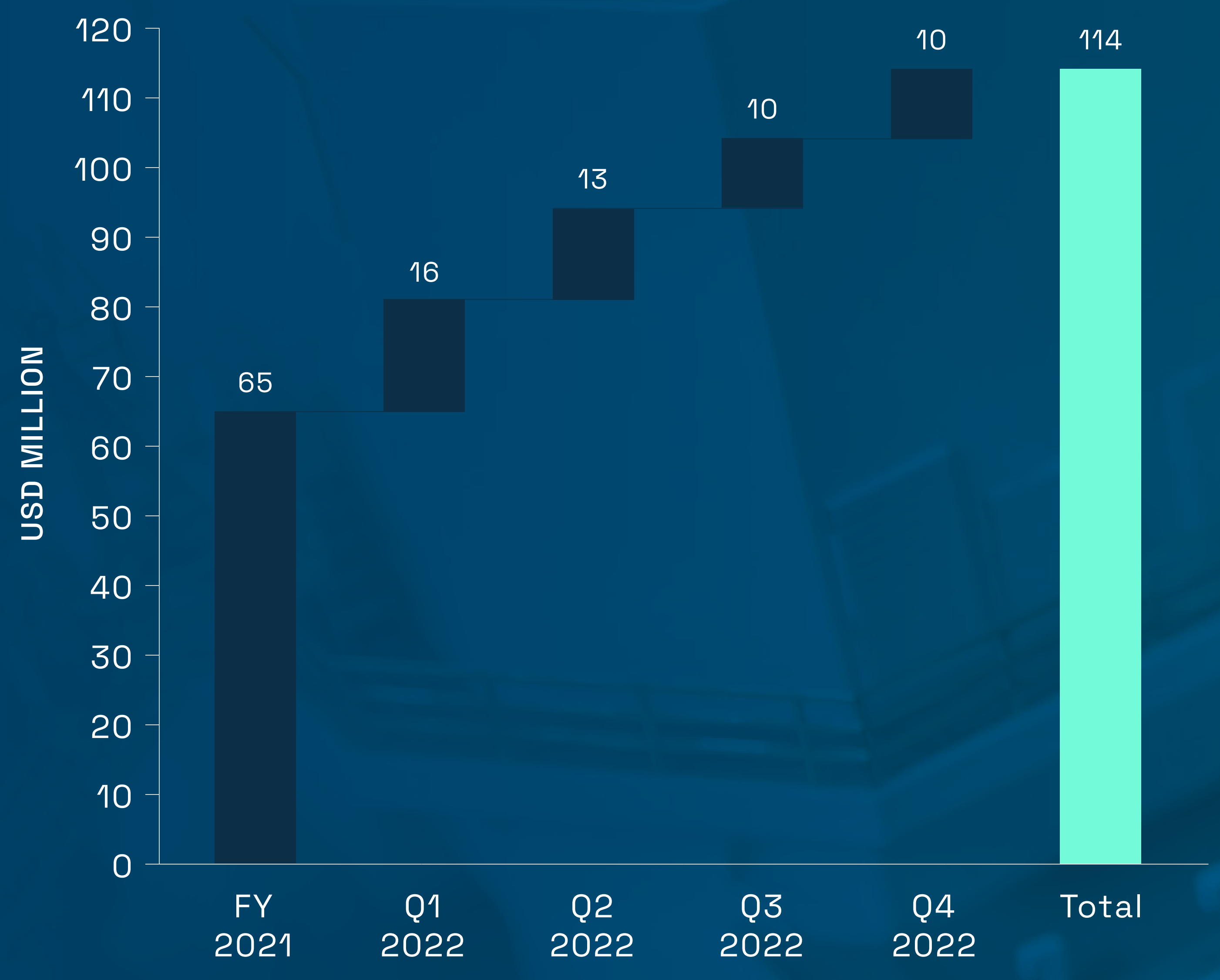
Dividend Policy and History

Western Bulk aims to distribute minimum 80% of net profit in quarterly dividend payments, subject to sufficient free liquidity and working capital to support such payment. The timing and amount of dividends is at the discretion of the Board of Directors.

Since March 2022 the Group has paid out a total of USD 114 million in dividends to our shareholders.

PERIOD	DIVIDEND PER SHARE IN NOK	TOTAL DIVIDEND PAYMENT IN MILLION USD
FY 2021	17,23	65
Q1 2022	4,24	16
Q2 2022	3,85	13
Q3 2022	3,00	10
Q4 2022	3,00	10
Total	**31,32**	**114**

ACCUMULATED PAYOUT SINCE DIVIDEND POLICY



Dry Bulk Market 2022

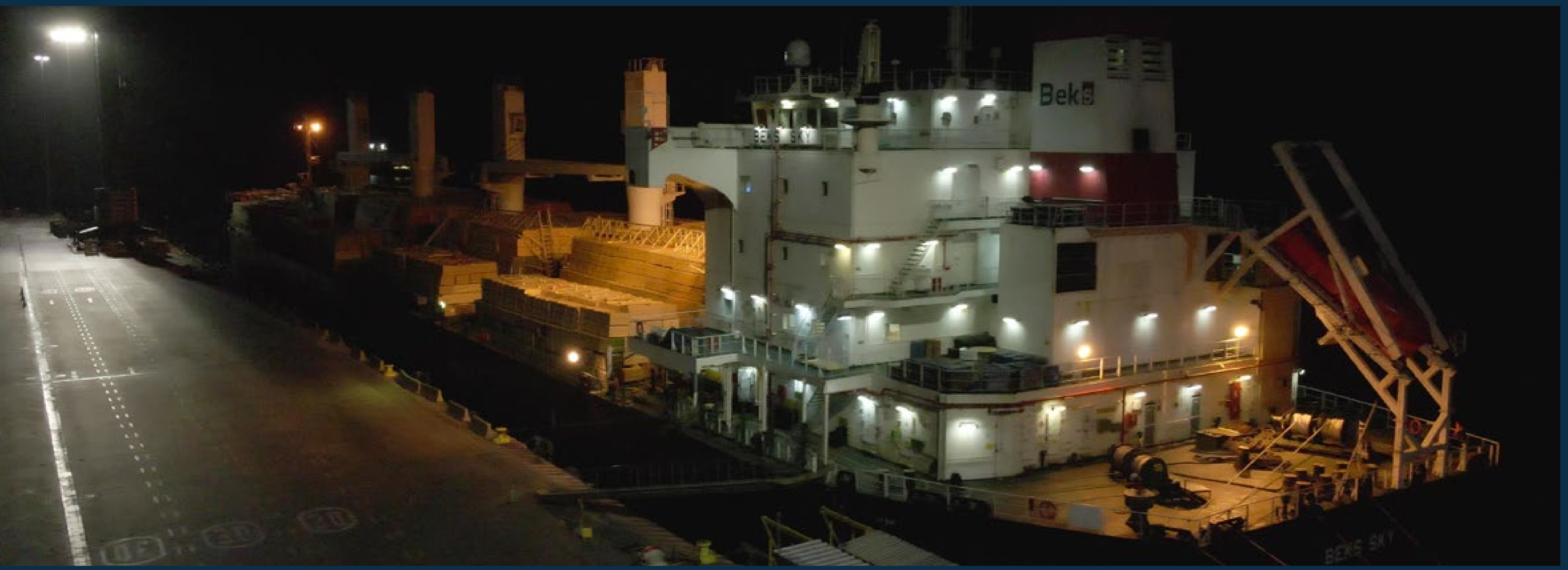
The Baltic Supramax Index 58’ (BSI) started the year at USD 24,300 / day with a seasonal dip to USD 17,300 / day during Chinese New Year.

There was a significant rebound to USD 33,000 / day end of March, fueled by Russia’s invasion of Ukraine. Western sanctions and self-sanctions resulted in increased ton-miles for global trade.

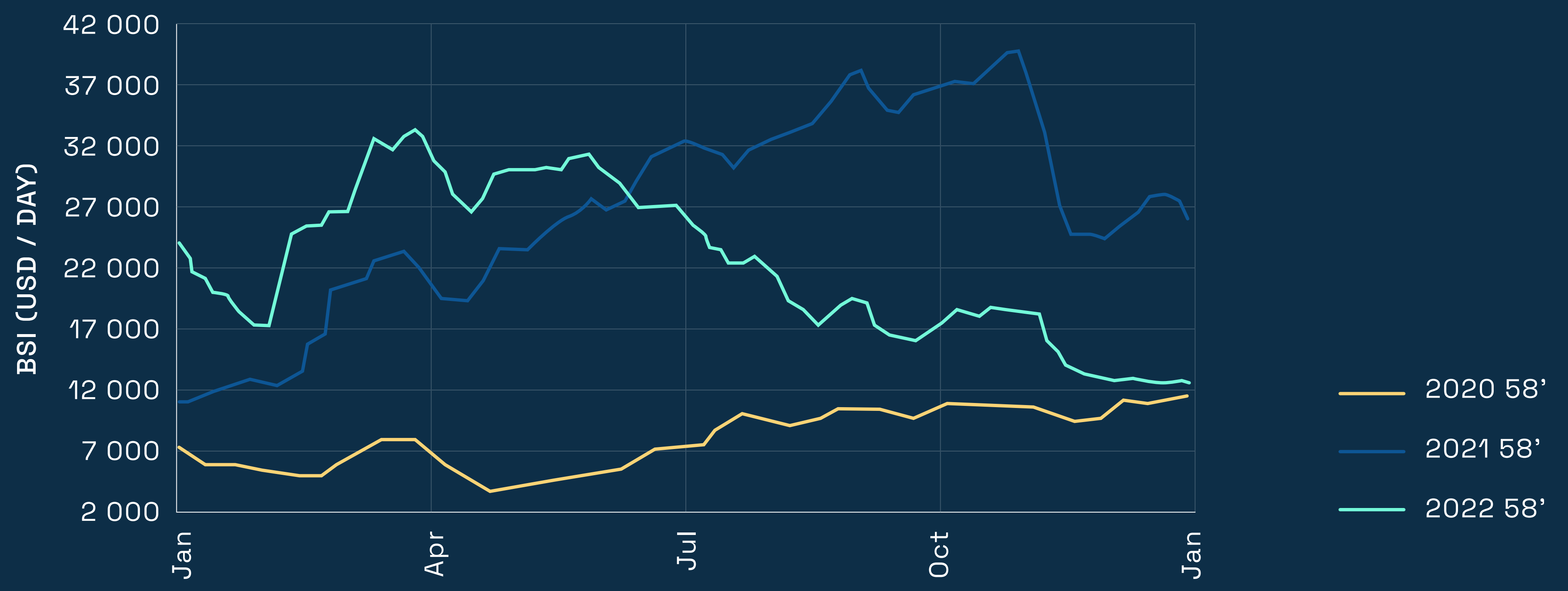
We saw a continuous market decline since mid-May and throughout the second half of 2022. There was a negative sentiment for the world economy and uncertainty related to Chinese demand.

Supramax market rates ended the year at about USD 12,000 / day.

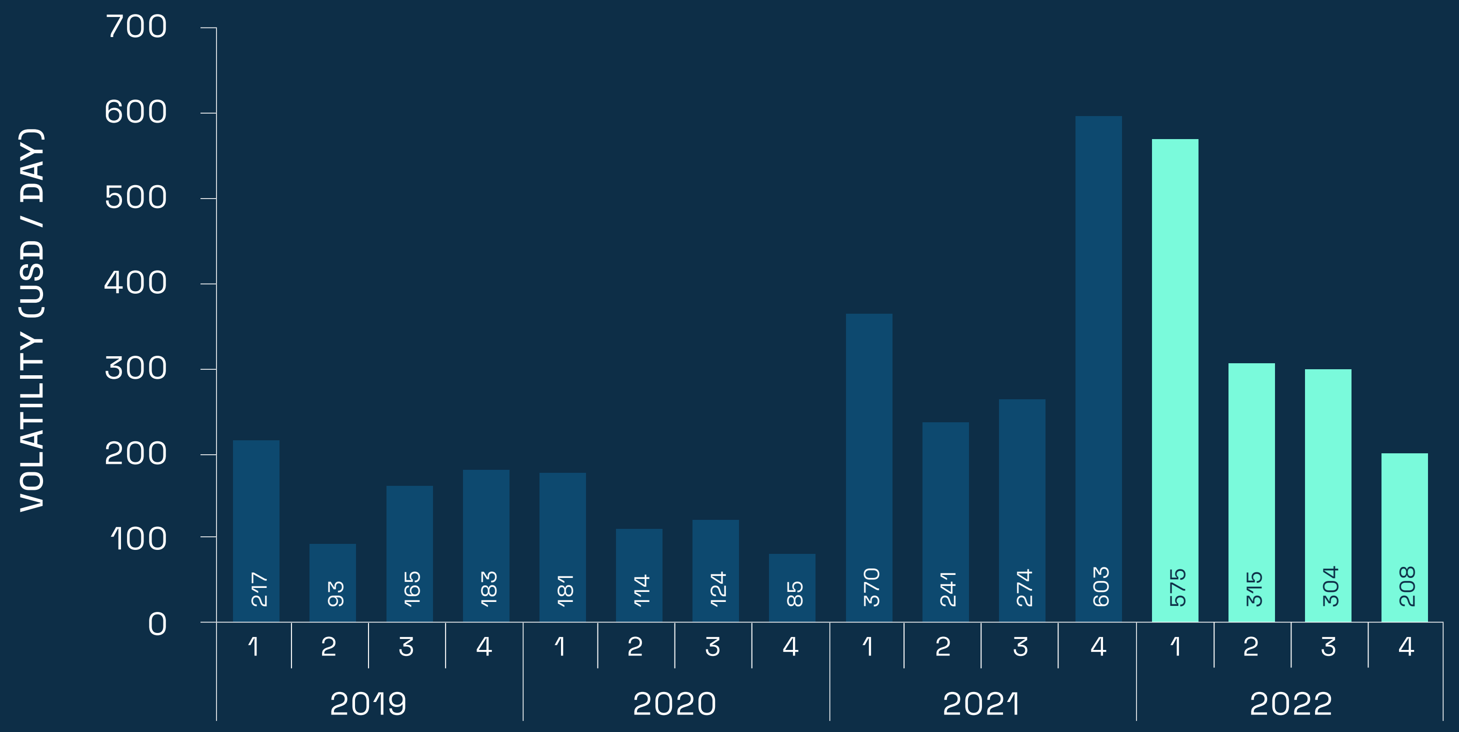
Western Bulk was well positioned throughout the period to benefit from the overall market fluctuations. We benefited from the decline during the second half of 2022 through good spot arbitrage trading, in particular with cargo covered by vessels at lower rates, as well as an overall short position with more cargo than tonnage commitments.



BALTIC SUPRAMAX INDEX



USD VOLATILITY IN BALTIC SUPRAMAX INDEX



The high market volatility seen during the Covid period decreased throughout 2022 following lower rates.

Source: Baltic Exchange

Market volatility between basins provided increased opportunities for geographical positioning of vessels

Both the Pacific and Atlantic Supramax markets were very volatile in the first half of 2022 before weakening in the second half of the period. The spread between the two basins increased gradually throughout the period towards USD 10,500 at the end of December, after a very volatile first half of 2022.

Following a strong surge in the first quarter due to rising demand, the Pacific market quickly turned negative in the second quarter because of covid lockdowns in China and the outbreak of war between Russia and Ukraine and export tariffs by the Indian government.

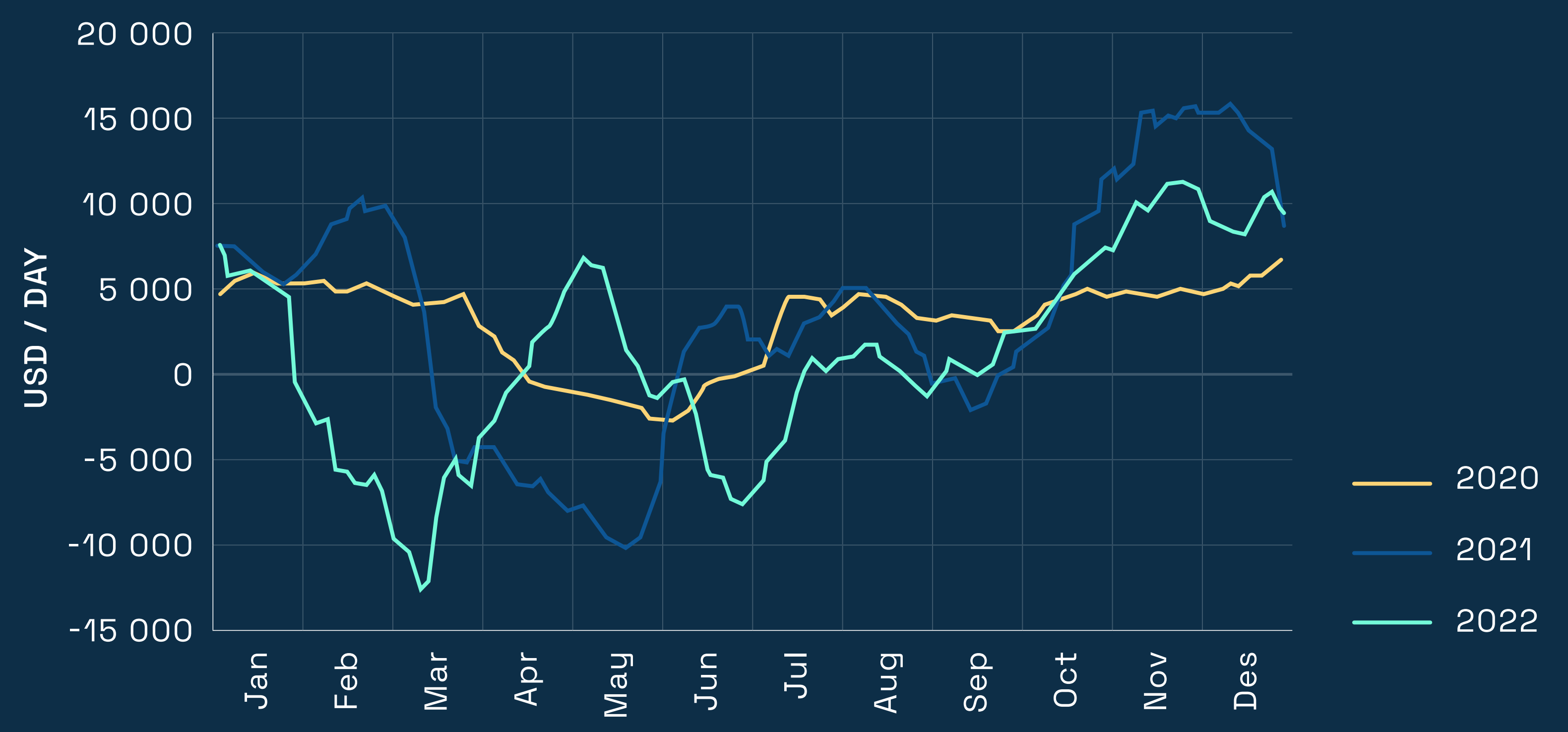
The Pacific market continued to soften significantly in the second half of 2022 amid weak performance in the Chinese economy and easing congestions in the Pacific region. China's faster than expected lifting of covid restrictions led to further softening of its industrial production and raw material demand, due to large number of workers falling sick.

The Atlantic market was also weaker, though not as dramatic as the Pacific. The Black Sea dropped following Russia's war on Ukraine. Sanctions spurred strong cargo demand from the rest of the world. Consequently, markets were pushed up until the Atlantic market was oversupplied by ships open after discharging in the Continent.

The seasonal Q3 Black Sea market push was absent due to the war in Ukraine and sanctions on Russia. The Black Sea Grain Initiative agreement helped but volumes were restricted by inspection capacity in Istanbul. US Gulf Q4 grain exports were lower as barge traffic was constrained by critically low water levels in Mississippi River.

THE BLACK SEA DROPPED FOLLOWING RUSSIA'S WAR ON UKRAINE. SANCTIONS SPURRED STRONG CARGO DEMAND FROM THE REST OF THE WORLD.

BSI ATLANTIC – PACIFIC SPREAD



Source: Baltic Exchange

HIGH MARKET VOLATILITY CREATES TEMPORARY MISPRICING BETWEEN REGIONS, VESSEL SIZES AND CARGOES WHICH THE COMPANY CAN UTILIZE THROUGH ITS AGILE APPROACH.

Board of Directors' Report 2022

Western Bulk (the "Group") achieved a net profit after tax of USD 66.0 million from a gross revenue of USD 1.6 billion in 2022. In a very volatile market, Western Bulk continued its high trading performance, harvesting rewards from investments in operational improvement, excellence in execution and data driven decision making.

Financial Performance for the Group

Western Bulk had an extraordinarily good start to 2022 as the high market volatility seen in 2021 continued into 2022. With focus on trading the short-term market, Western Bulk managed to utilize this both in respect of total market levels and relative levels between the Atlantic and Pacific basins. High market volatility creates temporary mispricing between regions, vessel sizes and cargoes which the company can utilize through its agile approach. New trading patterns were developed and good cooperation between regions allowed for a more holistic approach to positioning of the Group's fleet. The war in Ukraine had limited adverse effects for the company, in particular as sanctions clauses had already been incorporated in agreements with Russian linked counterparts.

Entering the second half of 2022, Supramax market rates declined continuously over the six-month period. Through good craftsmanship Western Bulk managed to utilize the market decline by covering cargo commitments with vessels at lower rates. In particular spot arbitrage trading did well, as decision-making has been improved using data.

Increased focus on operations as a key value driver has also contributed significantly to the results and strengthened Western Bulk's relationship with customers and vessel owners. There is significant value in limiting the vessels time in port and planning sea routes for optimal speed and performance to limit both fuel costs and cost of vessels. The combination of investments in data driven decision making and focus on excellence in execution have also been key contributors to the results.

The Group reached a record net profit after tax of USD 37.4 million and net TC of USD 64.5 million, including USD 1.6 million in gain on positional FFA (Forward Freight Agreements) for the first half of 2022. The second half of the year continued the strong results, where the Group achieved a net profit after tax of USD 28.6 million and Net TC of USD 51.5 million, including USD 2.1 million in gain on positional FFA.

The Group's turnover, expressed as gross freight revenues, was up to USD 1 615.8 million in 2022 compared to USD 1 487.9 million in 2021.

The average number of vessels decreased slightly from an average fleet of 113 vessels in the first half of 2022 to an average of 109 vessels in the second half. On average for the full year the Group handled 111 vessel equivalents in 2022, compared to 112 vessel equivalents in 2021.

Administration expenses were USD 47.6 million in 2022 compared to USD 50.7 million in 2021. Excluding bonus, the Group saw cost increases of USD 4.3 million due to new hirings and general cost inflation.
The Group had an average of 118 FTEs employed in 2022 compared to 109 in 2021.

At the end of the year the Group had USD 57.1 million in free cash, a decrease of USD 51.2 million from 2021. At the same time interest bearing debt was reduced from USD 3.4 million at the start of the year to nil end of December 2022. A total of USD 105,8 million in dividend was also paid out in 2022.

The balance sheet total was USD 162.6 million at the end of 2022 compared to USD 196.6 million the year before. Book equity totalled USD 68.1 million as of 31.12.2022, an increase of USD 16.9 million from the 31.12.2021 position of USD 51.1 million.

Market Development

The dry bulk market experienced a contradiction of two halves in 2022. The first half is easily remembered as the best market in a decade when the outbreak of war in Ukraine and western sanctions on Russia brought vast disruptions to the global trade. Ton-mile demand for Pacific coal leapt two to three folds in the period as Europe scrambled to replace Russian coal with US, South Africa, and Pacific supplies. Seaborne demand for steel and fertilizers was also boosted as surging energy prices forced producers in Europe to cut production and stock up with imports.

However, the initial positive impacts from the long-haul trades were soon overweighed by the surging costs and demand disruptions in Asia since late Q2. Asian coal buyers were quickly priced out of the market and surging raw material prices also prompted countries such as China and India to soft ban exports of iron ore, steel, and fertilizers, removing large amounts of seaborn volume. The outbreak of the mortgage strike across China in July was probably the last straw that crushed hope of recovery and led to much weaker Chinese demand throughout the rest of the year.

The impact of the above events is clearly reflected in the development of freight rates. The quarterly average of Baltic Supramax Index leapt 51% year on year in Q1 2022 to USD 25,155 / day and climbed further to reach USD 28,900 / day in Q2. However, the quarterly average fell significantly in the second half of 2022 to an average at USD 14,836 / day over Q4, almost half of the rate just a few months earlier.

Future Development

Despite the seasonal slowdown during the Chinese New Year holidays, the market is expected to improve thereafter driven by better economic prospects in China and Southeast Asia. However, the upside is likely limited given much weaker growth in the US and Europe as well as poor prospects for Ukraine grain exports.

To summarize, the growth of global dry bulk trade is expected to reach 1.6% in 2023, a significant improvement from the -1.3% contraction in 2022. Meanwhile, the global dry bulk fleet is projected to grow at a higher rate of about 2.6% and is likely to put continued pressure on the drybulk market in the near term. However, some improvements in the drybulk market are expected through the course of 2023 thanks to demand recovery in Asia and potential tightening of fleet supply due to speed reduction and higher demolitions.

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 2023 and the Group's long-term strategy.

Business Overview

The Group is a world-leading operator within the Handy, Supra, Ultra and Panamax 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.

> THROUGH GOOD CRAFTSMANSHIP WESTERN BULK MANAGED TO UTILIZE THE MARKET DECLINE BY COVERING CARGO COMMITMENTS WITH VESSELS AT LOWER RATES

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, 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.

A more detailed description of the Group's impact on the environment is included in the section on Responsible Business Conduct.

Organization

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 company was 1,57% (2021: 0,90%), divided into 1,17% short term absence, and 0,40% long term absence. Total sick leave in the Singaporean company was 1,5%.

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 is committed to:

- ensuring that all employees are treated equally;
- the prevention of discrimination on the basis of gender, pregnancy, leave in connection with childbirth or adoption, care responsibilities, ethnicity, nationality, religion, beliefs, disability, sexual orientation, gender identity, gender expression, age, other legally protected status or significant characteristics of a person; and
- offering all employees equal and attractive career opportunities.

The Group offers a comprehensive training program for commercial graduates. Employee performance is measured through regular performance appraisals. As of 31.12.2022, 43 of the Group's 118 employees were women (36%), with 27% in Oslo, 54% in Singapore, 38% in Dubai, 33% in Seattle and 33% 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. No women are represented in Senior Management or within the Board of Directors.

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 or respond to risks, in order to limit potential consequences. It has developed a strong risk management culture that emphasise risk awareness in all decisions.

The Board is of the opinion that the Group's exposures to the different risks are satisfactorily monitored and that the company 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.

Market Risk
The Group has invested considerable resources in establishing and maintaining a risk control and monitoring system which daily 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 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 usually 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 commencement of the voyage, and if not paid, the Group will in most cases have a lien on the cargo. As such, credit risk is manageable, and mainly relates to potentially disputed parts of the amount invoiced such as laytime and demurrage.

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 2023 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 currently unhedged.

Transparency Act
The Norwegian Transparency Act came into force on 1 July 2022. This implements OECD guidelines and UN guiding principles on business and Human Rights for Norwegian enterprises. In 2022 the Group has implemented a review of suppliers and a supplier code of conduct. The detail of the supplier review and its results will be published on our website in an annual statement in accordance with the terms of the Transparency Act within 30 June 2023.

Directors & Officers Liability Insurance
The Kistefos Group maintains a Directors & Officers liability insurance issued by Ryan Speciality Group Sweden AB which covers companies owned or controlled by Kistefos Group and which includes the Western Bulk group of companies. The insurance covers the liability of directors, employees exercising managerial or supervisory functions and the general counsel for wrongful acts or omissions committed (or allegedly committed) for and on behalf of the company. The policy covers claims made in relation to civil claims, employment practices, regulatory investigations and proceedings, criminal proceedings and the company's securities.

Ownership Structure
As of 31.12.2022, Western Bulk Chartering AS is registered on Euronext Growth Oslo, with about 1200 shareholders. The Kistefos Group controls about 69% of the shares.

Financial Performance for the Parent Company and Allocations
Western Bulk Chartering AS (Parent Company) recorded a profit after tax of USD 22.8 million for 2022 and a net negative cash flow of USD -22.9 million. Equity was USD 25.3 million as of 31.12.2022 with a book equity ratio of 25%.

The Board recommends the following allocation of the 2022 net profit for the parent company:

Dividend	USD	10 000 000
Other equity	USD	12 849 970
Total allocations	**USD**	**22 849 970**

OSLO, 15. MARCH 2023

BENGT A. REM
CHAIRMAN OF THE BOARD

TORD MELING
BOARD MEMBER

KRISTOFFER L. SANDAKER
BOARD MEMBER

HANS AASNÆS
CEO

Go to index

// Kim Aaberg, Commercial Trainee and Gozde Kasap, Laytime Specialist

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 company's business. This program has explicit and visible support from senior management to emphasise the important role of compliance for the company.

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 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 responsible business conduct 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 responsible business conduct 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 we are not complicit in human rights abuses.

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 meets any national legal standards on minimum wage, and that 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 the maritime industry's commitment to net zero emissions by 2050, and to a 50% reduction in emissions by 2030, compared to the 2008 baseline. As an operator, our contribution to this effort will largely come from operational measures such as performance monitoring, voyage optimisation and speed adjustments, as well as a structured approach to regular hull and propeller cleaning. In addition, it will be important to work with both vessel owners and customers to identify opportunities for increased co-operation. There is significant emission reduction potential in contractual structures that incentivise reduced carbon intensity through speed reduction, just-in-time-arrival, information-sharing and similar. In particular 2022 has seen preparations for the implementation of the Energy Efficiency Existing Ship Index (EEXI), Carbon Intensity Index (CII), both in force from 1 January 2023, and the EU Emissions Trading Scheme (ETS) which is planned to come into force on 1 January 2024.

Western Bulk monitor the carbon intensity of our operations primarily through EEOI. EEOI measures the relative relationship between CO_2 emissions from bunker fuel consumption and transport work (tonne-nautical miles). This is represented as gCO_2/ tonne-nautical miles. We measure per vessel segment as EEOI generally decrease with vessel size. Since the composition of our fleet varies from year to year, average EEOI per year will not only depend on carbon intensity of our operation, but also on the relative share of vessel types in the fleet.

Since testing biofuel deliveries and carbon offsets in 2021, the Group has made carbon offset an option for customers wishing to reduce the impact of cargo shipments.

VESSEL TYPE	HANDYMAX	SUPRAMAX	ULTRAMAX	PANAMAX
Average EEOI 2022	14,97	11,01	9,16	12,48

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, Dubai, Chile, Sweden, Denmark 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.

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.

MACN Maritime Anti-Corruption Network

TRACE Anti-Bribery Compliance Solutions

Group Financials

WESTERN BULK CHARTERING GROUP // PROFIT AND LOSS STATEMENT

USD 1 000	NOTE	2022	2021
Gross revenues	3	1 615 752	1 487 878
Voyage expenses		-549 438	-467 540
Freight revenues on T/C-basis		**1 066 314**	**1 020 338**
T/C expenses		-951 797	-904 668
Other vessel expenses		-2 233	-1 992
Administration expenses	4, 5	-47 576	-50 720
Operating expenses		**-1 001 606**	**-957 380**
Depreciations	6	-140	-151
Gain / (loss) on disposal of fixed assets		-5	-28
Bad debt provision and write-offs		-	-2
Operating profit		**64 564**	**62 778**
Net interest income		735	42
Net interest expense		-338	-438
Gain / (loss) on foreign exchange		-395	-857
Result positional FFA		3 762	24 226
Other financial items		-430	-877
Net finance		**3 334**	**22 095**
Profit/(loss) before tax		**67 898**	**84 873**
Tax income / (expense)	7	-1 921	-3 847
Profit/(loss) for the year		**65 977**	**81 026**

WESTERN BULK CHARTERING GROUP // BALANCE SHEET

USD 1 000	NOTE	2022	2021
ASSETS			
Non current assets			
Deferred tax asset	7	267	390
Intangible assets	6	5	14
Property, plant and equipment	6	384	358
Investment in financial assets		-	530
Long term receivable	4	43	604
Total non current assets		**699**	**1 896**
Current assets			
Accounts receivable	8, 9	36 521	32 769
Pension Assets		147	-
Other receivables		285	443
Receivables derivatives	10	7 987	-
Bunker stocks		48 155	39 409
Bank deposits	9, 11	68 818	122 114
Total current assets		**161 914**	**194 735**
TOTAL ASSETS		**162 613**	**196 631**
SHAREHOLDERS` EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital		205	205
Share premium		12 267	51 267
Total paid-in capital		**12 472**	**51 472**
Retained earnings			
Other equity / (uncovered loss)		55 632	-345
Total retained earnings		**55 632**	**-345**
TOTAL SHAREHOLDERS' EQUITY	12	**68 104**	**51 127**

USD 1 000	NOTE	2022	2021
LIABILITIES			
Long term liabilities			
Deferred tax liability	8	86	120
Pension liabilities	4	425	815
Total long term liabilities		**511**	**936**
Short term liabilities			
Accounts payable		14 533	8 202
Other payable	13	67 481	60 278
Provision dividend		10 000	65 000
Payable derivatives		-	4 241
Taxes payable	7	1 860	3 465
Short term Interest-bearing debt	10	3	3 383
Liabilities to related company	14	120	-
Total short term liabilities		**93 998**	**144 569**
TOTAL LIABILITIES		**94 509**	**145 505**
TOTAL SHAREHOLDERS` EQUITY AND LIABILITIES		**162 613**	**196 631**

OSLO, 15. MARCH 2023

BENGT A. REM
CHAIRMAN OF THE BOARD

TORD MELING
BOARD MEMBER

KRISTOFFER L. SANDAKER
BOARD MEMBER

HANS AASNÆS
CEO

WESTERN BULK CHARTERING GROUP // CASH FLOW STATEMENT

USD 1 000	2022	2021
CASH FLOW FROM OPERATIONS		
Profit/(loss) before tax	67 898	84 873
Taxes paid	-3 093	-540
Depreciations	140	151
Gain/(loss) disposal fixed assets	5	29
Changes in current receivables and current liabilities	-9 999	13 113
Net cash flow from/(to) operating activities	**54 951**	**97 626**
CASH FLOW FROM INVESTMENTS		
Investments in fixed- and intangible assets	-179	-54
Disposal of fixed assets		27
Investments in/ disposal of financial assets	530	100
Changes in long term receivables	561	-604
Net cash flow from investments	**912**	**-531**
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in new short term and long term debt	-3 380	-20 572
Dividend paid	-105 779	-
Share capital increase	-	15 294
Net cash flow from financing activities	**-109 159**	**-5 278**
Net change in liquidity during the year	**-53 296**	**91 817**
Liquid assets as of 01.01.	122 114	30 297
Liquid assets as of 31.12.	**68 819**	**122 114**
Restricted bank deposits as of 31.12.	11 743	13 863
Available liquid assets as of 31.12.	**57 075**	**108 251**


WESTERN COPENHAGEN

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 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 of 31.12.2022:
USD / NOK 9,8573

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 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 company'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.

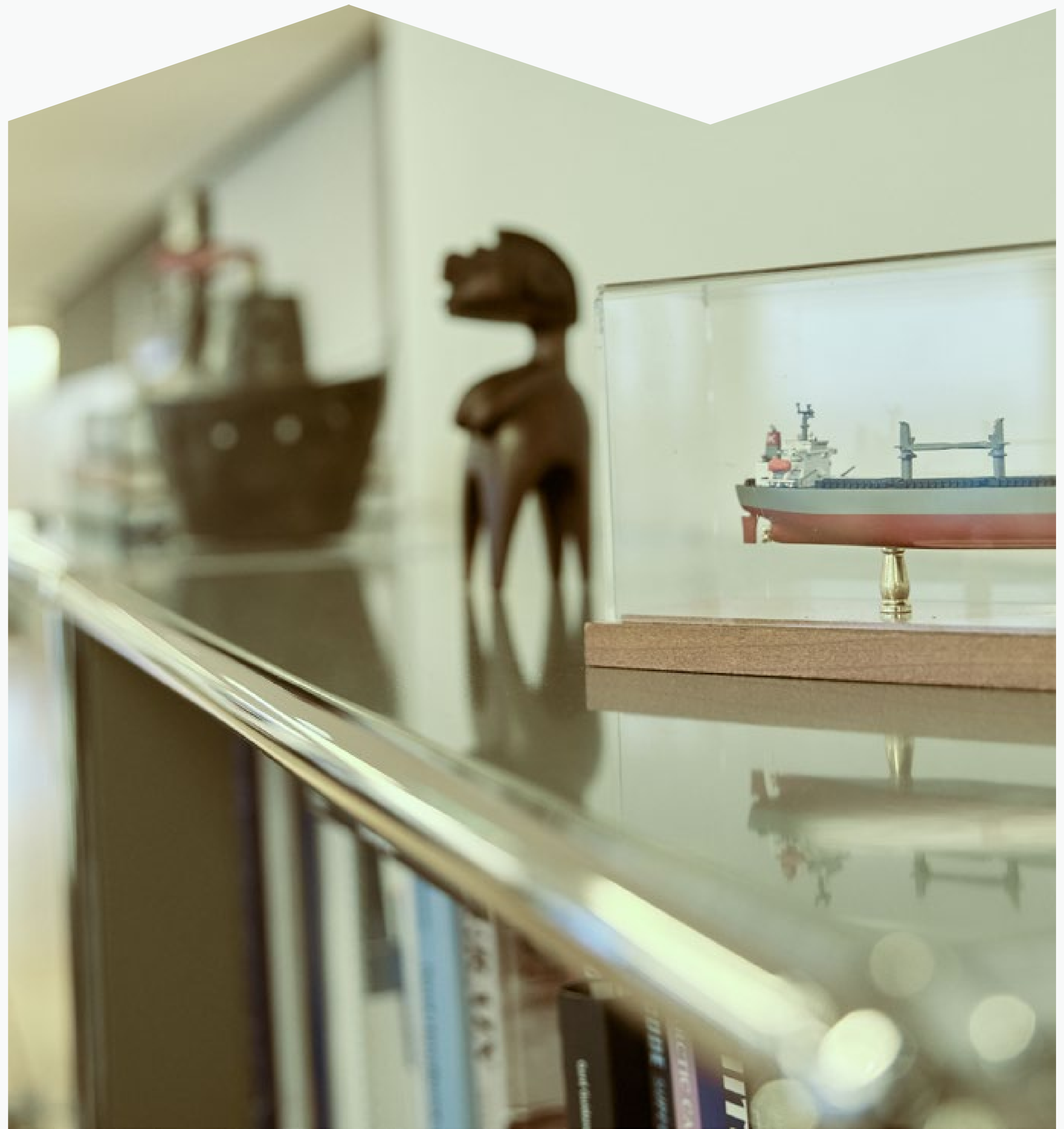
Fixed assets
Fixed assets are included in the balance sheet at cost less ordinary depreciation and impairment. The straight-line method for calculating ordinary depreciation for the year has been applied. Fixed assets are depreciated over the expected economic life of the assets. Expenses related to 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 2022 and 2021, 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.

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.

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.

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.

// Gozde Kasap, Laytime Specialist and Kim Aaberg, Commercial Trainee

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 commencement of the voyage, 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 oil 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 business operations are mainly USD 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 MILLION	2022	2021
By business area		
Chartering and operation	1 616	1 488
Total	**1 616**	**1 488**
Geographical distribution		
Singapore	238	200
U.S.A.	164	114
Switzerland	160	140
U.A.E.	128	65
U.K.	69	66
Australia	59	26
Japan	55	43
Panama	49	23
Germany	48	24
Norway	36	22
New Caledonia	32	48
Morocco	31	22
Saudi Arabia	31	25
Barbados	30	25
India	26	25
Denmark	24	26
France	24	60
Korea, Republic	24	25
Channel Islands	23	24
Thailand	21	11
Other	344	474
Total	**1 616**	**1 488**

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

NOTE 4 // ADMINISTRATIVE EXPENSES

USD 1 000	2022	2021
Salaries (incl. bonuses)	36 208	42 834
Employer's part of social security	1 360	1 201
Pension expenses, contribution plans	706	646
Pension expenses, benefit plans	-237	-245
Other benefits	1 562	1 116
Total salaries and social expenses	**39 598**	**45 553**
Other administrative expenses	7 978	5 167
Total	**47 576**	**50 720**
Persons employed (average for the year)	118	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, finance costs and tax 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.

In 2021 Western Bulk Management AS provided the executive management with a total loan of NOK 5.2 million to partly finance purchase of shares in the parent company under the employee share scheme. The loan of NOK 4 million given to the CEO Hans Aasnæs was repaid in full in May 2022. Remaining loan to executive management as per 31.12.2022 is NOK 0.4 million (31.12.21 NOK 5,3 million). Accrued interest of 4% p.a. is capitalized on an annual basis. The loan is secured by pledge in the purchased shares and matures in full on 28.04.2026.

As a guideline, the Group shall not agree to severance pay for members of the 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 2022	HANS AASNÆS 2021
Salary	514	501
Bonus paid	1 456	73
Other remuneration	4	5
Total remuneration	**1 974**	**579**
Pension premium / cost	10	10

Former CEO Jens Ismar's employment terminated in 2019. He 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 2022.

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	2022	2021
Statutory audit	186	119
Tax advice	15	12
Other services outside the audit scope	18	46
Total	**219**	**177**

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 94 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	2022	2021
Defined contribution plans - expense	706	646
Defined benefit plan - expense	-236	-256
Defined benefits plan - remeasurements	-1	11
Total	**469**	**401**

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. The retirement age is 67 years.

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 company, 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 company 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 discount rate for 2022 is set at 3.2 % for Norwegian pension schemes and is based on high quality corporate bonds (OMF). The discount rate for 2021 was 1.5%.

The discount rate appplied as of year-end 2022 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	2022	2021
Annual contribution/(reversal of cost)	-203	-253
Interest cost	2	9
Payroll tax	-34	-11
Pension expense, before remeasurements	**-236**	**-256**

Net pension obligation in the balance sheet

USD 1 000	2022	2021
Net defined benefit obligation (asset)	277	612
Payroll tax	148	204
Obligation in financial statement	**425**	**815**
Change in benefit obligation		
Defined benefit obligation at the beginning of year	1 291	1 518
Service cost	-247	-91
Interest cost	4	11
Remeasurements	5	-33
Defined benefit obligation at end of year	**1 054**	**1 404**
Change in plan assets		
Plan assets at beginning of year	709	534
Interest income on plan assets	3	3
Employer contributions	87	94
Adjustment of plan assets	-22	162
Plan assets at end of year	**777**	**792**

// Kristoffer Skagen, Commercial Trainee and Espen Loge Pedersen, Commercial Trainee

NOTE 5 // PUBLIC SUBSIDY

For 2019-2021 Western Bulk Management AS 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 deduction from the company's payable corporate tax.

The project has been a success and the signal that we found is now being used in FFA trading. The total tax credit for the entire project is USD 0.6 million. The final tax credit relating to 2021 was received in 2022, hence no tax credit is reported under Other receivables as of 31.12.2022.

NOTE 6 // FIXED- AND INTANGIBLE ASSETS

USD 1 000	GRABS	INTANGIBLE	OTHER	TOTAL
Acquisition cost as of 01.01.2022	132	951	2 235	3 318
Additions during the year			178	178
Disposals during the year		-295	-348	-642
Acquisition cost as of 31.12.2022	**132**	**656**	**2 065**	**2 853**
Accumulated depreciation as of 01.01.2022	132	937	1 877	2 946
Depreciation for the year		9	131	140
Disposals		-295	-327	-622
Accumulated depreciation as of 31.12.2022	**132**	**651**	**1 681**	**2 464**
Book value as of 31.12.2022	**-**	**5**	**384**	**390**
Economic life time	5 year	5 year	5 year	

Other fixed assets is mainly related to office equipment.

NOTE 7 // TAX

USD 1 000	2022	2021
The tax expense for the year consists of:		
Taxes payable	1 155	2 879
Withholding tax	37	-
Tonnage tax	675	670
Correction for previous years tax provisions	-7	-
Changes in deferred tax	60	298
Total tax expense / (income)	**1 921**	**3 847**
Deferred tax relates to the following temporary differences:		
Fixed assets	-70	-87
Pensions	-1 198	-1 647
Pension assets	147	-
Dividend from subsidiary	218	-
Accruals and provisions	-50	-50
Gain / (loss) account for deferral	559	781
Interest deductions/tax losses carried forward	-1 839	-2 061
Total temporary differences	**-2 234**	**-3 064**
Deferred tax liability / (asset), net	-513	-684
Deferred tax asset not recognised in the balance sheet	332	415
Net deferred tax liability / (asset) recognised in the balance sheet	**-181**	**-270**
Deferred tax (asset), gross	-267	-390
Deferred tax liability, gross	86	120

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	2022	2021
Profit before tax	67 898	84 873
Total tax expense/(income)	1 921	3 847
Effective tax rate	**3 %**	**5 %**
Calculated tax expense at 22% tax rate	14 938	18 672
Non-deductible expenses:		
Other non deductable costs	362	87
Deductible expenses netted with equity increase:		
Cost related to share capital increase	-	-186
Non-taxable income:		
Tax credit - SkatteFunn	-	-30
Difference in pre-tax profit/(loss) between functional currency and NOK, and taxable income within tonnage tax system	-14 084	-13 332
Tax not related to result:		
Tonnage tax	675	677
Other tax effects:		
Withholding tax	37	-
Credit allowance	-	-8
Correction for previous years tax provisions	-7	-1
Writedown deferred tax assets	-	-2 032
Total tax expense/(income)	**1 921**	**3 847**

NOTE 8 // 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 13.9 million as of 31.12.2022 compared to USD 9.6 million as of 31.12.2021.

Write-offs and losses

Provisions of USD 2.1 million related to the market value of various legacy contracts across the Group has been made as of 31.12.2022. Provision of USD 0.9 million from 2021 was reversed during 2022.

Impairment provisions

A provision of USD 0.9 million has been made in relation to redelivery of bunkers and potential future liabilities. No additional provision for future loss has been made as the Group's overall forward book of contracts has a positive value as of 31.12.2022.

NOTE 9 // INTEREST-BEARING DEBT

Overdraft facility

The Group has entered into an overdraft facility in the amount of USD 10 million. As per 31.12.22, the facility was undrawn.

Bunker facility

The Group has entered into an uncommitted USD 10 million frame agreement for up to 90 days extended payment on bunker invoices. As per 31.12.2022 the facility was undrawn.

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 31.12.2022, the facility was undrawn.

Shareholder loan

No shareholder loan was outstanding as per 31.12.2022.

Financial covenants

The revolving credit facility and the overdraft facility includes financial covenants requiring that the Group shall ensure:
- a consolidated cash balance at all times of no less than USD 10 million
- book equity of no less than USD 40 million
- account receivables of no less than USD 15 million

The Group was in compliance with all of its applicable financial covenants as of 31.12.2022.

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 10 // PREPAID INCOME/COST

Prepaid income / cost is related to cleared FFA/Bunker hedge contracts. Prepaid income amounts to USD 8 million as of 31.12.2022.

USD MILLION	BOOK VALUE
Cleared FFA/ Bunker hedge contracts maturing in 2023	8,0
Cleared FFA/ Bunker hedge contracts maturing in 2024	-0,1
Total	**8,0**

NOTE 11 // BANK DEPOSITS

As of 31.12.2022, USD 9.6 million of the restricted deposits was tied to deposits in favor of clearing houses, USD 0.7 million was pledged in favor of DNB Bank ASA as guarantee deposits, USD 0.5 million was pledged in favor of DnB as security for the bunker facility, USD 0.4 million was posted as security for FX hedges, USD 0.3 million was tax commitment and USD 0.2 was deposited as security for the Oslo office lease agreement.

USD 1 000	2022	2021
Unrestricted bank deposits	57 075	108 251
Restricted bank deposits	11 743	13 863
Total bank deposits	**68 818**	**122 114**

Reference is made to note 10 about pledge over unrestricted bank accounts.

// Thomas Bjastad, Chartering Manager

NOTE 12 // EQUITY, NUMBER OF SHARES AND SHAREHOLDERS

USD 1 000	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Equity as of 31.12.2021	**205**	**51 267**	**-**	**-345**	**51 127**
Paid dividend		-39 000			**-39 000**
Proposed dividend				-10 000	**-10 000**
Profit / (loss) for the year	-			65 977	**65 977**
Equity as of 31.12.2022	**205**	**12 267**	**-**	**55 632**	**68 104**
Share capital					
Nominal value per share				NOK	0,05
Registered share capital 31.12.2022				NOK	1 680 986
Registered share capital 31.12.2022, in USD				USD	205 080
Total number of shares issued as of 31.12.2022					**33 619 715**

LARGEST SHAREHOLDERS	# 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)	5 843 143	17,4 %
	33 619 715	**100 %**
Shareholdings by CEO and Board of Directors		
CEO, Hans Aasnæs (through Øra Industrier AS and privately)	672 637	2,00 %
Chairman of the Board, Bengt A. Rem (through Borken AS)	66 000	0,20 %
Board member, Kristoffer Lund Sandaker	-	0,00 %
Board member, Tord Meling (through Bergvegg AS)	16 666	0,05 %
	755 303	**2,25 %**

NOTE 13 // OTHER PAYABLE

Other payable mainly consists of accrued costs and other short term liabilities, including deductions made in hire payment to Owners relating to bunkers on redelivery. 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 bonus.

NOTE 14 // RELATED PARTIES

Reference is made to the annual report 2021, note 10 for information about transactions with related parties in 2021.

As of the date of this Annual Report, the main shareholder is Kistefos AS, controlling about 68% of the shares of the Issuer through its wholly owned subsidiary Kistefos Equity Holdings AS. The second largest shareholder, Ojada AS, holds about 8% of the shares.

During 2022, the Group has had the following transactions with the Kistefos group and Ojada AS:

Kistefos AS
Kistefos AS has provided a parent company guarantee for one of the Group's long term COAs. Kistefos AS receives a guarantee fee in return. As of 31.12.2022, the total outstanding payable amount to Kistefos AS was USD 120 000, which represents the total fee for 2022.

Ojada AS
There were no related party transactions with Ojada AS during 2022.

NOTE 15 // 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 31.12.2022 amounted to USD 2.4 million.

USD MILLION	MARKET VALUE
Bunker hedges (swaps and options) maturing in 2023	2,4
Total	**2,4**

Freight instruments
As of 31.12.2022 the Group had entered into FFA contracts (forward freight agreements) and freight options for the period 2023–2024. The mark-to-market value of the hedging contracts as of 31.12.2022 amounted to USD 5.6 million.

USD MILLION	MARKET VALUE
FFA (forward freight agreements incl. options) maturing in 2023	5,7
FFA (forward freight agreements incl. options) maturing in 2024	-0,1
Total	**5,6**

FX-hedge for G & A expenses
As of 31.12.2022 the Group has hedged its NOK G&A requirements until June 2024 with forward currency contracts. The fair value of these derivatives as of 31.12.2022 amounted to USD -0.3 million.

NOTE 16 // SHARES IN SUBSIDIARIES

WESTERN BULK CHARTERING AS HAS THE FOLLOWING DIRECT OWNERSHIP IN SUBSIDIARIES AS OF 31.12.2022	OWNERSHIP/ 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 [2)]	100,0 %	Oslo
Western Bulk Carriers (Seattle) Inc.	100,0 %	Seattle
Western Bulk Carriers (Sweden) AB	100,0 %	Jarna
Western Bulk (Chile) Ltda [1)]	100,0 %	Santiago
Western Bulk (Denmark) ApS	100,0 %	Copenhagen

The following subsidiaries have been liquidated in 2022:

Western Bulk Carriers, GmbH
WBC I AS
WB Barging AS
WBC VI AS

[1)] 99.9% is owned by the subsidiary Western Bulk Pte Ltd.
[2)] 3% is owned by the subsidiary Western Bulk Management AS.

NOTE 17 // 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 2022 profit and loss statement has been positively impacted by USD 12.3 million due to the difference between estimated and actual expenses and provisions related to prior period voyages. The 2021 profit and loss statement had a negative adjustment of USD 0.7 million for prior period voyages.

NOTE 18 // LEASING AND OTHER COMMITMENTS

TC Contracts - Group as lessee

Vessels chartered in on time charter for a period represents a commitment to pay hire. The minimal nominal hire payable represents a lease commitment of USD 127.5 million exclusive of optional periods. For vessels chartered in on floating rates, an estimate has been applied for the hire commitment.

Charter coverage: For 2023 approximately 21 vessels out of a fleet of 22 vessels have employment with existing cargo or have been relet on timecharter.

	2023	2024	2025	BEYOND	TOTAL
Nominal Hire Commitment (USD 1 000)	123 973	3 491	-	-	127 464
Vessel Hire Days	8 180	224	-	-	8 404
Average Rate USD / day	15 155	15 585	-	-	15 167
Vessel Equivalent / year (firm period)	22	1	-	-	n.a.

TC contracts - Group as a lessor

14 vessels are chartered out on TC-contracts lasting between 30 and 90 days as of December 31, 2022. 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)	12 509	6 636	3 590	22 734
Vessel Days	789	433	232	1 454
Average Rate USD / Day	15 849	15 324	15 463	15 631

Leasing of offices

The Group leases office premises in Oslo (Norway), Santiago (Chile), Seattle (USA), Singapore, Casablanca (Morocco), Copenhagen (Denmark) and Dubai (United Arab Emirates). Total annual lease commitments amount to approximately USD 1.3 million and the lease contracts expire in the period of April 2023 to November 2026.

NOTE 19 // SUBSEQUENT EVENTS

There are no material events subsequent to the balance sheet date of 31.12.2022.

Parent Company Financials

// Kristoffer Skagen, Kim Aaberg and Espen Loge Pedersen, Commercial Trainees

PARENT COMPANY // PROFIT AND LOSS STATEMENT

USD	NOTE	2022	2021
Other operating revenue		1 778 549	565 666
Administration expenses	2, 3, 4	-1 780 091	-919 971
Provision for future loss	5	-4 620 000	630 000
Operating profit/ (loss)		**-4 621 542**	**275 695**
Net interest income		241 766	5 062
Net interest expense		-525 789	-80 658
Gain / (loss) on foreign exchange		460 643	-490 656
Writedown / Reversal writedown financial assets		-80 440	43 500 000
Dividend from subsidiary company		24 250 000	-
Group Contribution		-	103 837
Result Positional FFA		3 762 417	24 225 823
Other financial items		-354 866	-795 116
Net finance		**27 753 731**	**66 468 293**
Profit / (loss) before tax		**23 132 189**	**66 743 988**
Tax income / (expense)	6	-282 220	-2 782 203
Profit / (loss) for the year		**22 849 970**	**63 961 785**

PARENT COMPANY // BALANCE SHEET

USD	NOTE	2022	2021
ASSETS			
Non current assets			
Investment in subsidiaries	8	34 084 738	95 761 996
Total non current assets		**34 084 738**	**95 761 996**
Current assets			
Receivables from group companies	4	21 485 634	10 306 092
Other receivables		346 400	296 696
Receivable derivatives		7 987 331	-
Bank deposits	9	36 825 371	59 678 170
Total current assets		**66 644 736**	**70 280 957**
TOTAL ASSETS		**100 729 474**	**166 042 953**
SHAREHOLDERS` EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	7, 10	205 080	205 080
Share premium		12 267 311	51 267 311
Total paid-in capital		**12 472 391**	**51 472 391**
Retained earnings			
Other equity / (uncovered loss)		12 849 970	-
Total retained earnings		**12 849 970**	-
TOTAL SHAREHOLDERS' EQUITY	7	**25 322 361**	**51 472 390**

USD	NOTE	2022	2021
LIABILITIES			
Long term liabilities			
Total long term liabilities		-	-
Short term liabilities			
Accounts payable		4 725	27 213
Provision dividend		10 000 000	65 000 000
Taxes payable	6	257 243	2 782 203
Liabilities to parent company	4	120 000	-
Liabilities to group companies	4	60 405 145	42 520 509
Payable derivatives		-	4 240 639
Other current liabilities		4 620 000	-
Total short term liabilities		**75 407 114**	**114 570 564**
TOTAL LIABILITIES		**75 407 114**	**114 570 564**
TOTAL SHAREHOLDERS` EQUITY AND LIABILITIES		**100 729 474**	**166 042 953**

OSLO, 15. MARCH 2023

BENGT A. REM	TORD MELING	KRISTOFFER L. SANDAKER	HANS AASNÆS
CHAIRMAN OF THE BOARD	BOARD MEMBER	BOARD MEMBER	CEO

PARENT COMPANY // CASH FLOW STATEMENT

USD	2022	2021
CASH FLOW FROM OPERATIONS		
Profit / (loss) before tax	23 132 189	66 743 988
Taxes paid	-2 303 793	-
Provision for future loss	-	-630 000
Writedown/reversal of writedown investment in subsidiaries	80 440	-43 500 000
Changes in current receivables and current liabilities	-6 284 408	3 493 948
Net cash flow from / (to) operating activities	**14 624 428**	**26 107 936**
CASH FLOW FROM INVESTMENTS		
Dividends received which reduce investments in subsidiaries	61 500 000	-
Investments in subsidiaries	96 818	7 000 000
Net cash flow from investments	**61 596 818**	**7 000 000**
CASH FLOW FROM FINANCING ACTIVITIES		
Share dividend paid	-105 779 139	-
Changes in interest-bearing short term debt	-	-10 000 000
Share capital increase	-	15 294 141
Change in intra-group balances	6 705 094	1 207 416
Net cash flow from financing activities	**-99 074 045**	**6 501 557**
Net change in liquidity during the year	**-22 852 799**	**39 609 493**
Liquid assets as of 1.1.	59 678 170	20 068 677
Liquid assets as of 31.12	**36 825 371**	**59 678 170**
Restricted bank deposits as of 31.12.	10 797 055	11 661 950
Available liquid assets as of 31.12	**26 028 316**	**48 016 220**

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 31.12.2022:
USD / NOK 9,8573

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 and other revenues are accounted for when earned.

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.

Dividend being classified as repayment of paid in capital, is recognised in the balance sheet and reduces the value of the investment in the relevant subsidiary.

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 AS 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 41 100. An additional USD 2 000 has been expensed regarding tax related services and USD 11 100 for other consulting services provided.

The Board of Directors have not received any remuneration.

NOTE 4 // 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	2022	2021
Western Bulk Carriers AS	-24 200 170	-23 913 505
Western Bulk Pte Ltd	-7 408 787	-3 979 986
Western Bulk Management AS	-7 543 880	-4 203 933
Western Bulk Denmark ApS	20 825	-
Western Bulk Carriers (Seattle) Inc.	212 500	-
WBC I AS	-	-30 111
WB Barging AS	-	-52 747
Western Bulk Carriers (Sweden) AB	-	-12 321
WBC VI AS	-	-21 815
Net receivables/(liabilities) from group companies	**-38 919 512**	**-32 214 417**

Included in the figures above is proposed dividend from Western Bulk Carriers AS of USD 10 million, from Western Bulk Ptd Ltd USD 7 million, and from Western Bulk Seattle Inc USD 212 500.

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 31.12.2022, the Company had a net debt due to the subsidiaries of USD 29 131 988 (USD 38 177 454 as of 31.12.2021).

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

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

The Company has transactions with related companies and all transactions have been carried out as part of the ordinary operations and at arm's-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 2022 amounted to USD 1 864 929. The intercompany balances related to these transactions are shown in the table above. See Note 14 in the consolidated group accounts for an overview of the financial instruments.

Other significant transactions are as follows:
Management fee for 2022 paid to Western Bulk Management AS amounting to USD 1 556 977.

During 2022, the Company has had the following transactions with the Kistefos Group and Ojada AS:

Kistefos AS
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.

As of 31.12.2022, the total outstanding payable amount to Kistefos AS was USD 120 000, which represents the total fee for 2022.

Ojada AS
There were no related party transactions with Ojada AS during 2022.

NOTE 5 // CONTINGENCIES AND PROVISION

A provision of USD 4 620 000 for future loss has been made as the company's forward book of contracts has a negative value as per 31.12.2022. Reference is made to note 7 in the consolidated group accounts.

NOTE 6 // TAX

USD	2022	2021
The tax expense for the year consists of:		
Taxes payable	257 243	2 789 954
Withholding tax dividend	37 499	-
Credit allowance	-	-7 751
Correction of tax payable from prior period	-12 523	-
Total tax expense / (income)	**282 220**	**2 782 203**
Taxes		
Profit / (loss) before tax	23 132 189	66 743 988
Writedown / (reversal of writedown) financial assets	-	-43 500 000
Change in temporary differences	4 625 265	-559 513
Transaction costs	-	-846 199
Other non deductable costs	1 566 979	327 925
Utilization of tax loss carried forward	-	-4 247 424
Other	154 613	-4 777 871
Tax exempt dividends received	-24 250 000	-
Difference in pre-tax profit/(loss) between functional currency and NOK	-4 059 759	-459 256
Basis for tax payable	**1 169 286**	**12 681 649**
Tax payable 22%	**257 243**	**2 789 954**
Deferred tax relates to the following temporary differences:		
Accruals and provisions	-4 670 000	-50 000
Group contribution / dividend	217 500	-
Other	162 088	226 460
Interest deductions / Tax loss carried forward	-1 838 783	-2 055 178
Total temporary differences	**-6 129 196**	**-1 878 718**
Deferred tax asset not recognised in the balance sheet	**1 348 423**	**413 318**
Deferred tax liability/(asset)	**-**	**-**

NOTE 7 // EQUITY

	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN EQUITY	OTHER EQUITY	TOTAL
Equity as of 31.12.2021	**205 080**	**51 267 311**	**-**	**-**	**51 472 390**
Paid dividend	-	-39 000 000	-	-	-39 000 000
Proposed dividend	-	-	-	-10 000 000	-10 000 000
Profit / (loss) for the year	-	-	-	22 849 970	22 849 970
Equity as of 31.12.2022	**205 080**	**12 267 311**	**-**	**12 849 970**	**25 322 361**

NOTE 8 // SHARES IN SUBSIDIARIES

WESTERN BULK CHARTERING AS HAS THE FOLLOWING DIRECT OWNERSHIP AS OF 31.12.2022	BUSINESS OFFICE	OWNERSHIP/ VOTING SHARE	BOOK VALUE (USD)
Western Bulk Management AS	Oslo, Norway	100 %	6 044 737
Western Bulk Carriers AS [4]	Oslo, Norway	100 %	16 614 472
Western Bulk Pte Ltd [3]	Singapore	100 %	11 000 001
Western Bulk Chile Ltda [2]	Santiago, Chile	100 %	51
Western Bulk Carriers (Seattle) Inc	Seattle, USA	100 %	266 496
Western Bulk Carriers (Sweden) AB	Jarna, Sweden	100 %	5 930
Western Bulk (Denmark) Aps	Copenhagen, Denmark	100 %	5 510
Western Bulk Carriers KS [1]	Oslo, Norway	100 %	147 541
Investments in subsidiaries			**34 084 738**

[1] 3% is owned by the subsidiary Western Bulk Management AS.
[2] 99.9% is owned by the subsidiary Western Bulk Pte Ltd.
[3] USD 46 500 000 is received as dividend and booked against the investment
[4] USD 15 000 000 is received as dividend and booked against the investment

NOTE 9 // BANK DEPOSITS

As at 31.12.2022 the restricted deposits were tied to deposits in favor of clearing houses.

	2022	2021
Unrestricted bank deposits	26 028 316	48 016 220
Restricted bank deposits	10 797 055	11 661 950
Total bank deposits	**36 825 371**	**59 678 170**

The company had a net debt due to the subsidiaries of USD 29 131 988 as of 31.12.2022 (USD 38 177 454 as of 31.12.2021) included in the numbers above.

NOTE 10 // SHARES AND SHAREHOLDERS

Share capital		
Nominal value per share	NOK	0,05
Registered share capital 31.12.2022	NOK	1 680 986
Registered share capital 31.12.2022, in USD	USD	205 080
Total number of shares issued as of 31.12.2022		33 619 715

LARGEST SHAREHOLDERS	# 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)	5 843 143	17,4 %
	33 619 715	**100 %**
Shareholdings by CEO and Board of Directors		
CEO, Hans Aasnæs (through Øra Industrier AS and privately)	672 637	2,00 %
Chairman of the Board, Bengt A. Rem (through Borken AS)	66 000	0,20 %
Board member, Kristoffer Lund Sandaker	-	0,00 %
Board member, Tord Meling (through Bergvegg AS)	16 666	0,05 %
	755 303	**2,25 %**

NOTE 11 // INTEREST-BEARING DEBT

Overdraft facility

The Company has entered into an overdraft facility in the amount of USD 10 million.
As of 31.12.2022, the facility was undrawn.

Financial covenants

The overdraft facility and the revolving credit facility mentioned in note 12 below includes financial covenants requiring that the Group shall ensure:
- a consolidated cash balance at all times of no less than USD 10 million
- book equity of no less than USD 40 million
- account receivables of no less than USD 15 million

The Group was in compliance with all of its applicable financial covenants as of 31.12.2022.

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 // FINANCIAL INSTRUMENTS

The Company trades all currency-, freight- and bunker derivatives with external counterparts on behalf of the subsidiaries. See Note 13 in the consolidated group accounts for an overview of the market value as at 31.12.2022.

NOTE 13 // GUARANTEES

Bunker facility

Western Bulk Carriers AS and Western Bulk Pte Ltd have entered into an uncommitted USD 10 million frame agreement for up to 90 days extended payment on bunker invoices. Western Bulk Chartering AS is a guarantor for the facility. As of 31.12.2022, the facility was undrawn.

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 31.12.2022, the facility was undrawn.

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

NOTE 14 // SUBSEQUENT EVENT

There are no material events subsequent to the balance sheet date of 31.12.2022.

Auditor’s Report

To the General Meeting of Western Bulk Chartering AS

RSM Norge AS

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Independent Auditor’s Report

Opinion

We have audited the financial statements of Western Bulk Chartering AS showing a profit of USD 22 849 970 in the financial statements of the parent company and a profit of USD 65 977 000 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 2022, 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 2022, 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 comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with 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 relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors’ report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors’ report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors’ report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors’ report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors’ report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors’ report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors’ report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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 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

Oslo, 15 March 2023
RSM Norge AS

Cecilie Tronstad

Cecilie Tronstad
State Authorised Public Accountant


Western Bulk