Annual Report

2023

Western Bulk

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Key Figures

WESTERN BULK CHARTERING GROUP

USD MILLION	FULL YEAR '23	FULL YEAR '22	FULL YEAR '21
Gross revenues	1 117.6	1 615.8	1 487.9
Net TC result [1]	9.3	116.0	137.9
Administrative expenses	25.1	47.6	50.7
EBITDA [1]	-15.8	68.5	87.2
Net profit after tax [1]	**-15.6**	**66.0**	**81.0**
Net TC Margin per ship day (USD) [1]	202	2 870	3 376
Net TC margin per ship day in % of market	2 %	13 %	11 %
Average number of vessels operated	126	111	112
Total assets	119.8	162.6	196.6
Book equity	52.5	68.1	51.1
Total liabilities	67.4	94.5	145.5
Interest bearing debt	-	-	3.4
Free cash	32.9	57.1	108.3
Restricted cash	7.5	11.7	13.9
Total cash	**40.4**	**68.8**	**122.1**

[1] Full year 2023 includes USD -3.8 million loss on positional FFA (Forward Freight Agreements), full year 2022 includes USD 3.8 million gain 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

Producers, trading houses and receivers

Western Bulk

Efficiently matching cargo with vessel to create optimized transportation service

Vessel providers

Vessel owners located worldwide

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 130 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

Broad local presence with offices in Oslo, Singapore, Dubai, Seattle, Santiago and Casablanca ensures intimate market knowledge. Combined with a decentralised organisational structure this allows for quick resonse to local market changes.

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

115 employees across more than 20 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 registering on Euronext Growth Oslo in autumn 2021.

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

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 serves 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 that we have sufficient volume of tonnage available.

The period fleet currently consists of mainly modern Ultramax vessels and big handysize 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 8 years during 2023, whilst the long-term (more than 12 months) fleet has an average age of 5 years.

Fleet Performance 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.

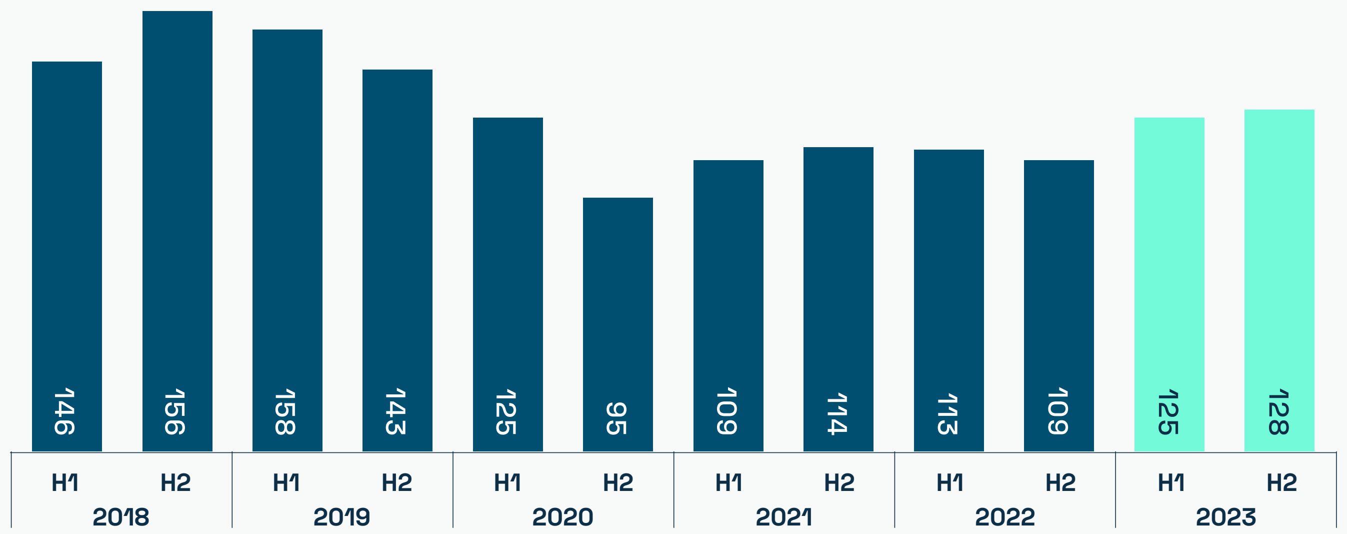
Our Fleet Performance team develops tools and knowledge on how to evaluate vessels before fixing in on TC and on how to optimize vessel performance via operational measures.

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



Well Diversified

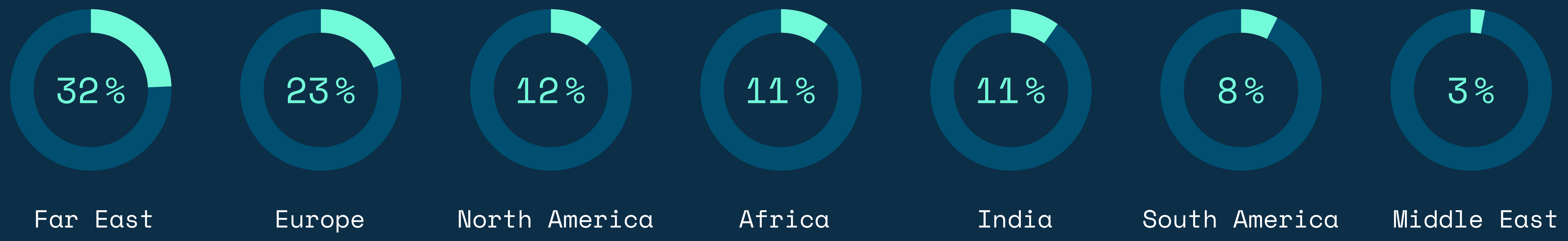
Western Bulk has a wide network of cargo owners diversified across geographies and commodities.

This network limits our exposure to specific customers, geographies or commodities. It also provides a wide foundation for revenue generation and reduces cyclicality and counterparty risk.

Our close relations to such a wide range of cargo owners globally provides a high deal flow with opportunities to locate cargo that efficiently match identified and available vessels.

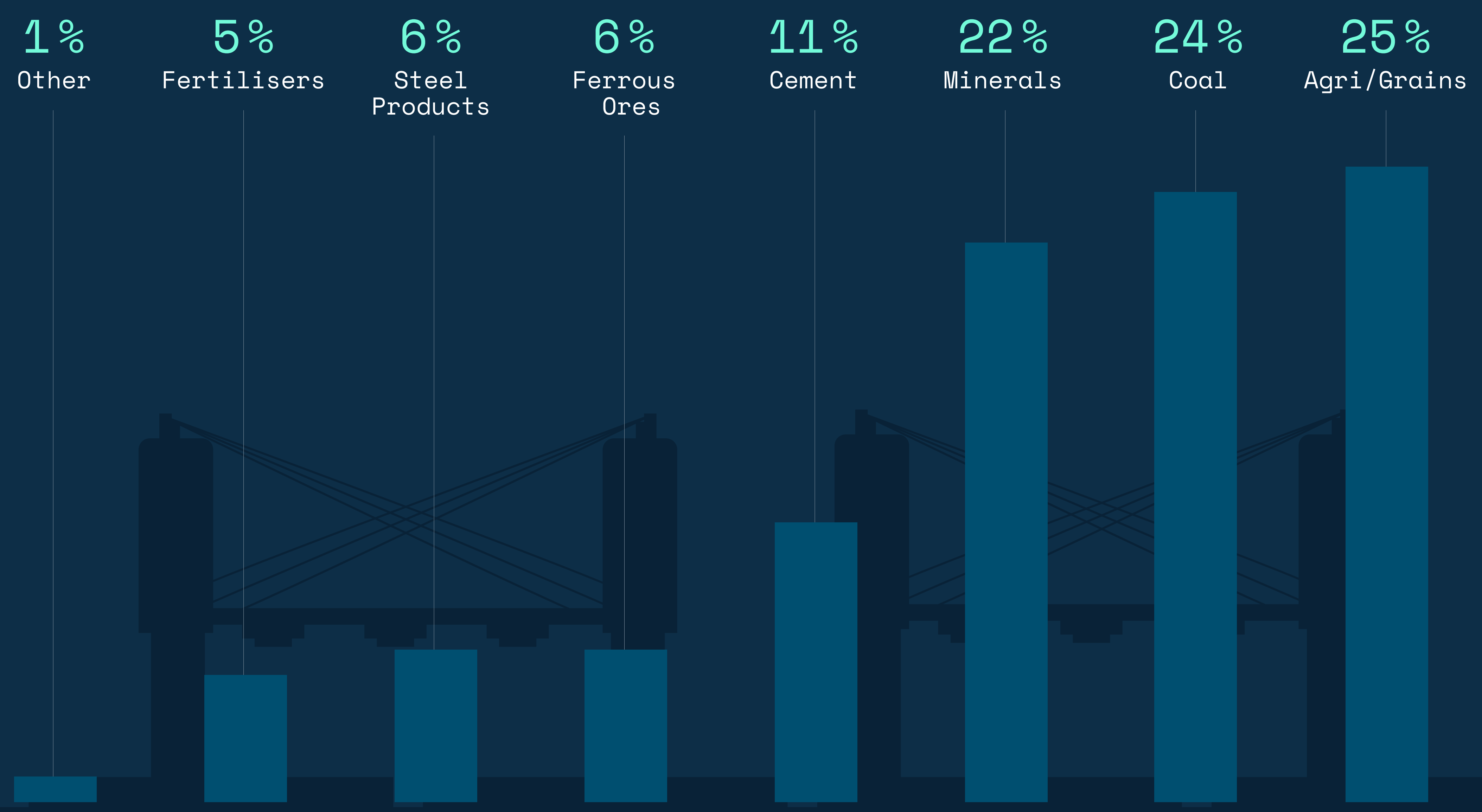
GEOGRAPHIC DIVERSIFICATION

2023 Figures by Discharge area



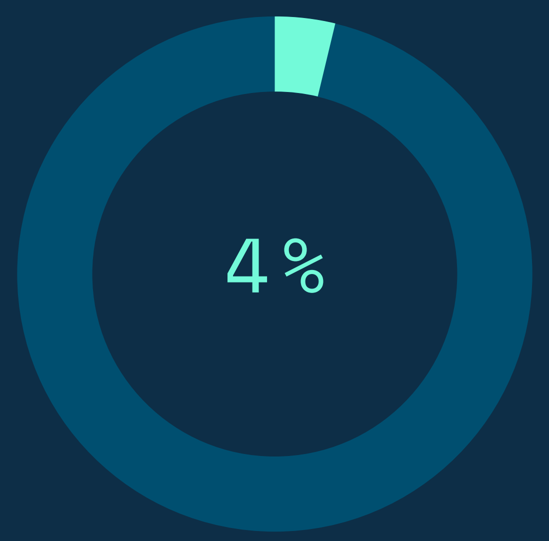
COMMODITY DIVERSIFICATION

2023 Figures by Commodity



CARGO OWNER DIVERSIFICATION

2023 Figures by Customer



Western Bulk has almost 300 different cargo customers. No single customer accounts for more than 4,0% of revenues.

Our Customer Focus

Strong Relationships

We are continuously working to develop and maintain customer relationships.

World Class Operations

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

Consistent Quality

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.

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.

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 North Atlantic, South Atlantic and Period Tonnage are managed from the Oslo office which has about 60 employees.

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. The US West Coast portfolio is managed from the Singapore office, as part of the Pacific / US West Coast portfolio.

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. The commercial teams Indian Ocean and Panamax are managed from the Dubai office, which has about 8 employees.

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. With the time difference 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 South Atlantic 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 Pacific / US West Coast commercial team is managed from the Singapore office, which has about 35 employees.

Our Commercial Teams

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.

North Atlantic

The North Atlantic team is a merger of the former Black Sea / Mediterranean team, the Continent team and the US Gulf team.

The North Atlantic team's main activities are transport of various steel and bulk cargoes from Black Sea and the Mediterranean, the Continent and the Baltics worldwide, and serving the US Gulf / US East Coast / North Coast South America area.

The North Atlantic team is managed out of the Oslo office and has representatives in the Seattle office.

Pacific / US West Coast

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

The substantial intra and cross basin trades in the region necessitate the Pacific portfolio to work closely with all the other commercial teams.

The Pacific / US West Coast team is run out of the Singapore and Seattle offices.

Panamax

The Panamax team supports industrial players in their supply chains, by providing timely and reliable service. Their clients in the Panamax segment are primarily involved in iron ore, coal, bauxite, grains and fertilisers.

The team is managed out of the Dubai office.

South Atlantic

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

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

The South Atlantic team is managed out of the Oslo office with representatives in Chile.

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.

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

ØRJAN SVANEVIK
// INTERIM CHIEF EXECUTIVE OFFICER

Mr. Svanevik is the founder and CEO of Oavik Capital AS, working with ownership advisory and specialized management services to active owners. Ørjan Svanevik was CEO of Arendals Fossekompani from 2019 to 2022. He was a director and COO at Seatankers Management from 2014 to 2017. He has also held the positions of COO at Kværner ASA and Partner and Head of M&A at Aker ASA. Mr. Svanevik holds an AMP from Harvard Business School, an MBA and MIM from Thunderbird and a Master of Business and Economics from Norwegian School of Management (BI). Mr. Svanevik will serve as Interim Chief Executive Officer until a permanent CEO has been found.

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 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. 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).

KRISTIAN HUSEBY
// MEMBER OF THE BOARD

Mr. Huseby is an Investment Director at Kistefos AS. Prior to joining Kistefos AS in 2014, Kristian Huseby worked as a senior consultant in Deloitte Financial Advisory, focusing on corporate finance and valuation services. Mr. Huseby holds an MSc in Finance from the Norwegian School of Economics (NHH).

ØRJAN SVANEVIK
// MEMBER OF THE BOARD

Mr. Svanevik is the founder and CEO of Oavik Capital AS, working with ownership advisory and specialized management services to active owners. Ørjan Svanevik was CEO of Arendals Fossekompani from 2019 to 2022. He was a director and COO at Seatankers Management from 2014 to 2017. He has also held the positions of COO at Kværner ASA and Partner and Head of M&A at Aker ASA. Mr. Svanevik holds an AMP from Harvard Business School, an MBA and MIM from Thunderbird and a Master of Business and Economics from Norwegian School of Management (BI).


NO SMOKING
TS ECHO

Dry Bulk Market 2023

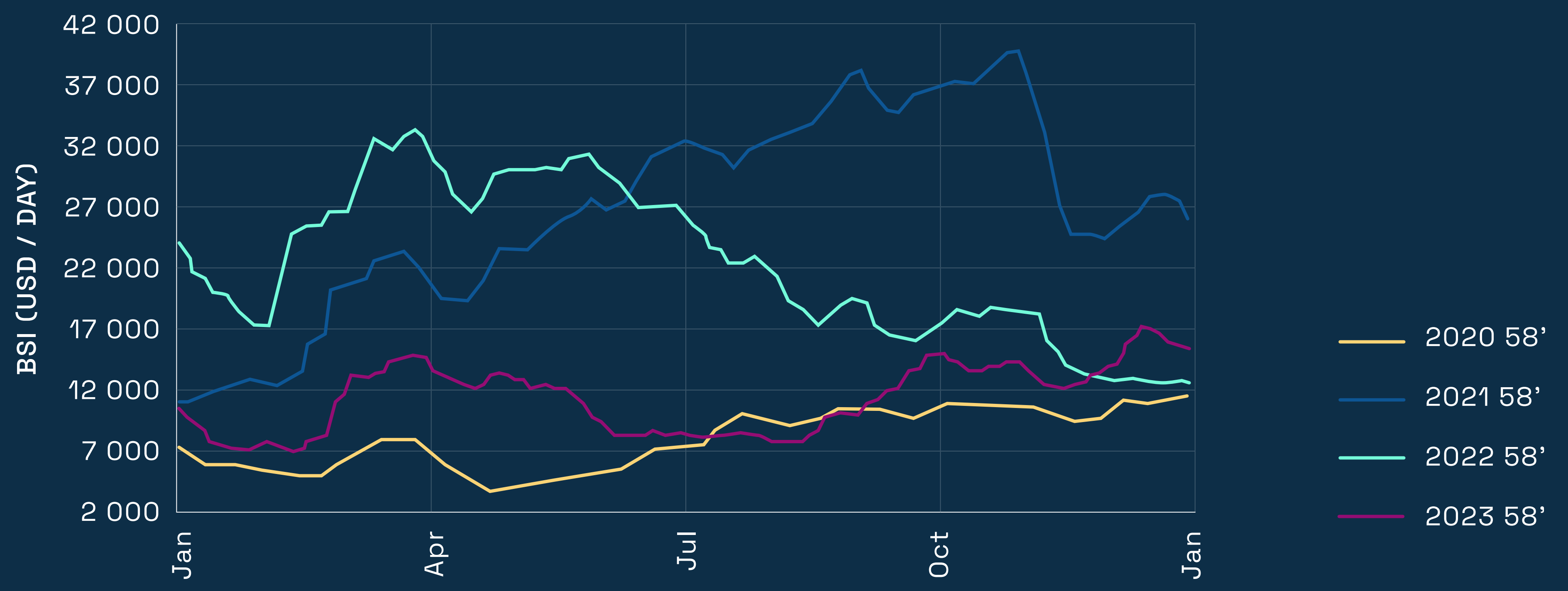
The dry bulk market started on a strong note, but witnessed a decline from mid-March towards the third quarter, with the Baltic Supramax Index 58' (BSI) averaging USD 10,457 / day in the first half, a drop of 53% from the previous year. The decline was largely driven by challenges in the Pacific market, where weak coal demand from India and subdued economic conditions dampened activity.

The market gradually improved in the second half of the year, with the BSI averaging USD 12,022 / day, a 15% increase from the first half. The increase was mainly driven by a surprisingly strong performance in the Atlantic region, with increased grain, coal, and fertilizer shipments along with draft problems in the Panama Canal, which tightened supply conditions and led to diversions through alternative routes.

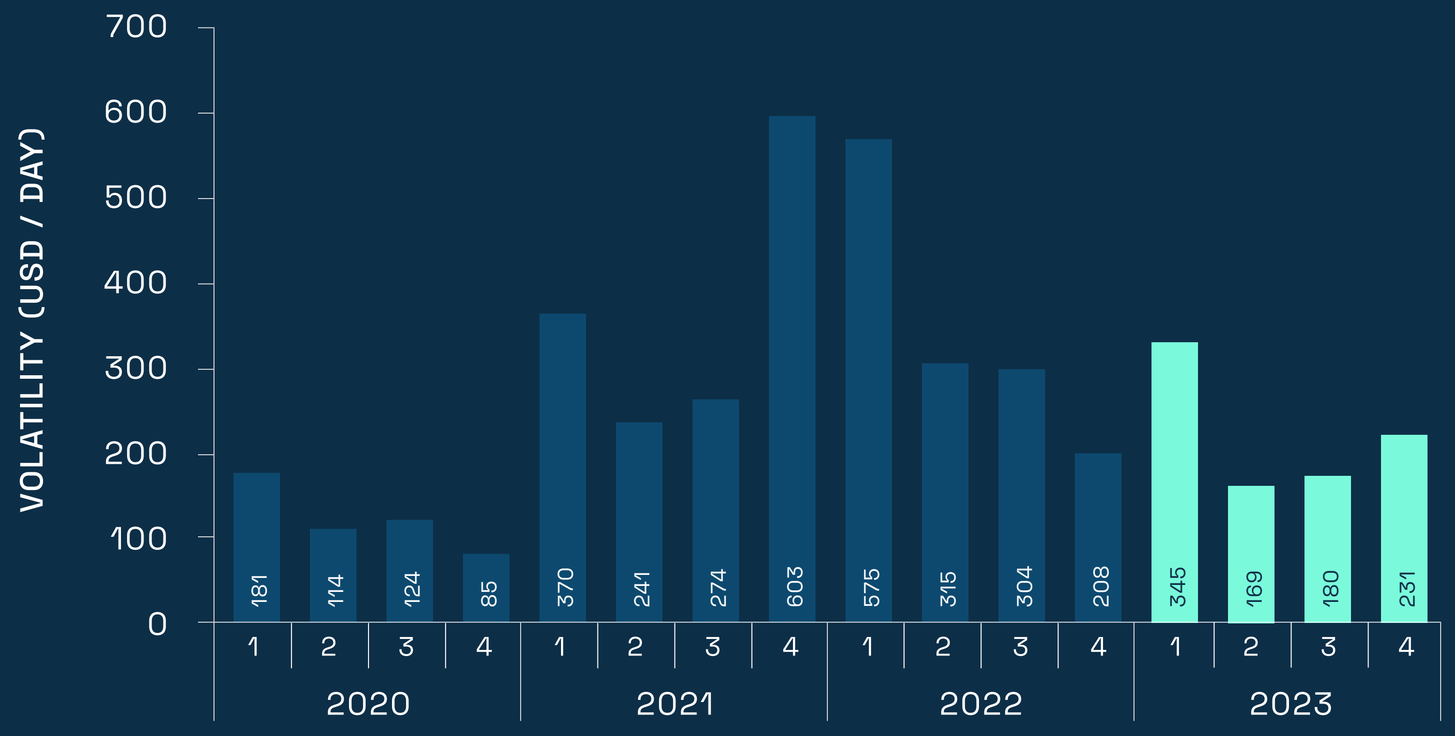
Towards the end of 2023, the Atlantic Supramax market continued to increase which led the spread in rates between the two basins to reach record highs of almost USD 20,000 / day. Supramax market rates ended the year at about USD 15,000 / day.

Western Bulk had a negative market view throughout the year and held corresponding positions, being conscious of not taking on too much long exposure at what was considered inflated levels against the forward freight market. This led to a short position with an overweight of cargo commitments that had to be covered by more expensive vessels.

BALTIC SUPRAMAX INDEX



USD VOLATILITY IN BALTIC SUPRAMAX INDEX



Source: Baltic Exchange

THE GROUP HAD A TOO NEGATIVE MARKET VIEW IN 2023

Board of Directors' Report 2023

Following a too negative market view combined with investments in growth and development of the business, Western Bulk (the "Group") saw net losses after tax of USD 15.6 million in 2023.

Financial Performance for the Group

For most of the year, the Group held a negative market view and was careful in taking on long exposure. Vessel owners required a premium to the forward freight market (FFA), while cargo was priced at a discount to the paper market (FFA). This limited business opportunities and led to difficulties in securing physical tonnage without taking an outright long exposure at what was considered as inflated levels against the paper market (FFA). At times this led to short positions with an overweight of cargo commitments covered by more expensive vessels as the market increased more than expected. The Group has also made investments in new trading areas. In addition, the situation in the Panama Canal with restrictions and increased fees had a negative impact on the second half year results.

The Group generated a Net TC result of USD 9.3 million in 2023 (including USD -3.8 million loss on positional FFA). This was down from USD 116 million in 2022 and USD 137.9 million in 2021.

Net profit after tax ended at USD -15.6 million in 2023, down from USD 66 million in 2022 and USD 81 million in 2021.

The Group's turnover, expressed as gross freight revenues, was USD 1 117.6 million in 2023 compared to USD 1 615.8 million in 2022.

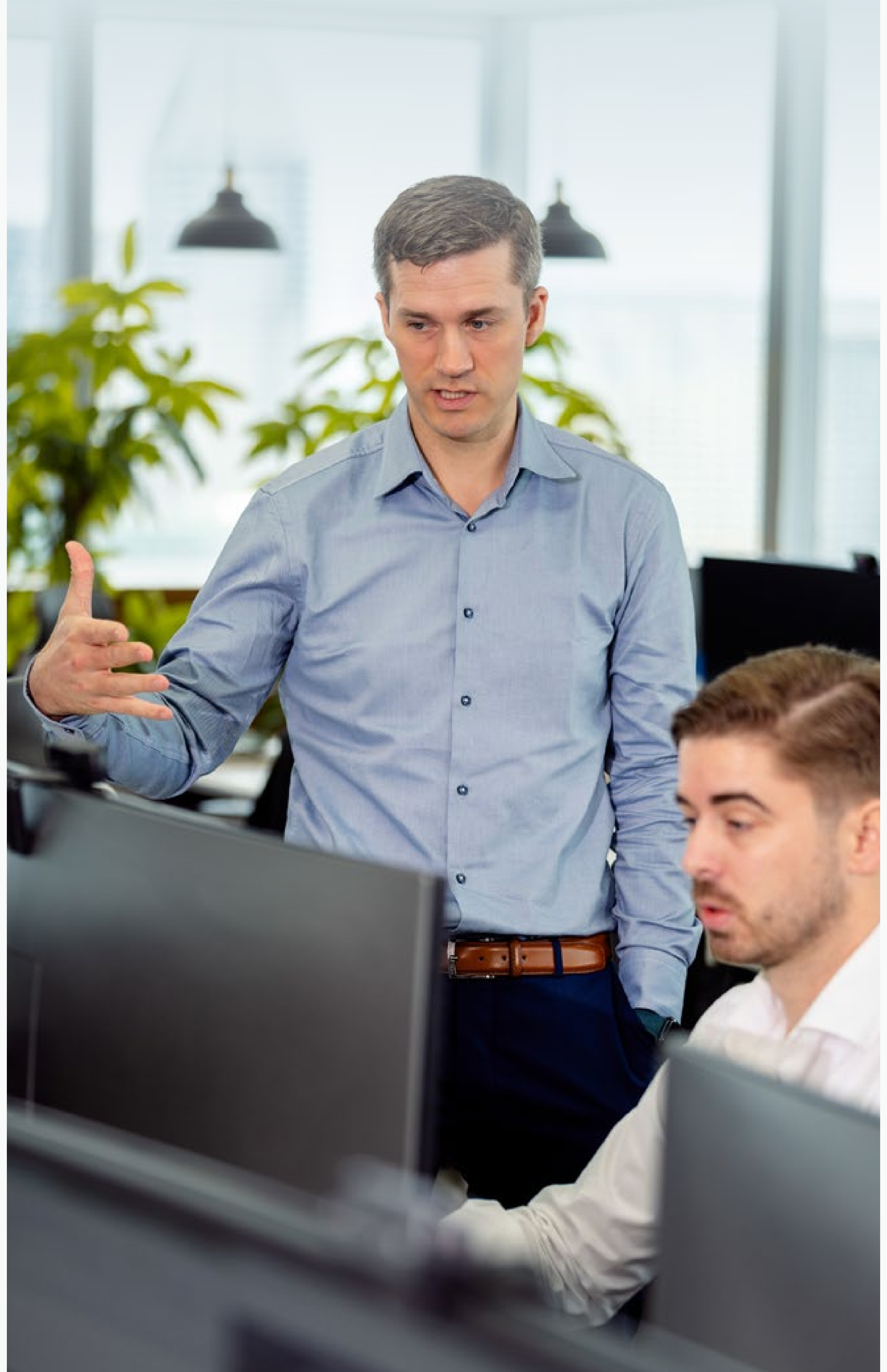
The reduction in turnover was due to an overall lower market level in 2023 compared to 2022.

The average number of vessels increased slightly from an average fleet of 125 vessels in the first half of 2023 to an average of 128 vessels in the second half. On average for the full year the Group handled 126 vessel equivalents in 2023, up from 111 vessels in 2022.

Administration expenses were USD 25.1 million in 2023 compared to USD 47.6 million in 2022. Excluding bonus, the Group saw cost increases of USD 0.6 million due to general cost inflation. The Group had an average of 119 FTEs employed in 2023 compared to 118 in 2022.

At the end of the year the Group had USD 32.9 million in free cash, a decrease of USD 24.2 million from 2022. The reduction in free cash was mostly due to the net loss for the period and Q4 2022 dividend payment of USD 10.0 million in February 2023. The Group had no interest-bearing debt as per the end of 2023.

The balance sheet total was USD 119.8 million at the end of 2023 compared to USD 162.6 million the year before. Book equity totalled USD 52.5 million as of 31.12.2023, compared to USD 68.1 million at the end of 2022.



// Head of Fleet Performance Eirik Berg and Chartering Manager Pacific team Henrik Synnes

THE GROUP HAS BEEN INVESTING IN GROWTH WITHIN THE PANAMAX SEGMENT AND DEVELOPMENT OF NEW TRADING PATTERNS

Market Development

During 2023, the dry bulk market experienced notable fluctuations characterized by contrasting performances across regions. Initially, the market started on a strong note but witnessed a decline from mid-March towards the third quarter, with the Baltic Supramax Index averaging USD 10,457/day in the first half, a significant drop of 53% from the previous year. This decline was largely driven by challenges in the Pacific market, where weak coal demand from India and subdued economic conditions dampened activity. Conversely, the Atlantic market showed more resilience, benefiting from factors such as congestion, reduced backhaul shipments, and steady grain exports from regions like the East Coast South America and the Black Sea.

As the year progressed, the market gradually improved, particularly in the second half. The Baltic Supramax Index averaged USD 12,022/day in the second half of 2023, marking a 15% increase from the first half, mainly driven by a surprisingly strong performance in the Atlantic region. Factors such as increased grain, coal, and fertilizer shipments contributed to this improvement, along with issues like draft problems in the Panama Canal, which tightened supply conditions and led to diversions through alternative routes like the Suez Canal. Despite some signs of improvement, the Pacific market remained subdued, with rates staying relatively flat throughout the year.

Towards the end of 2023, the Atlantic Supramax market continued to increase which led the spread in rates between the two basins to reach record highs of almost USD 20,000/day. This caused the inflow of ballasters from Pacific to Atlantic to increase, but onset of tensions in the Red Sea and continued draft issues in Panama Canal has limited this effect.

Future Development

The global dry bulk fleet is expected to expand by about 2.5% for 2024, above the expected growth of global dry bulk trade at about 2%. In particular, the Supramax fleet is expected to grow 3.6% for the full year, broadly matching the projected growth of minor bulk trade at 3.6%. With a smaller fleet growth, the larger gearless segments are expected to enjoy better fleet utilization than its smaller geared siblings.

However, there could be further upside to the outlook due to potential disruptions created by ongoing geo-political events in Red Sea and weather issues. Rates are overall expected to improve compared to 2023 and we also expect the Atlantic basin to continue to outperform the Pacific. Main downside risks are an uncertain Chinese economic outlook, end of disruptions in Panama canal and Red Sea, and downward revisions of the grain harvests in main exporters US and Brazil due to extreme weather.

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 2024 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.

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 1.60% (2022: 1.57%), divided into 1.23% short term absence, and 0.37% long term absence. Total sick leave in the Singaporean company was 4.0% (2022: 1.5%), the increase form 2022 mostly due to Covid related leave.

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 31.12.2023, 43 of the Group's 115 employees were women (37%), with 32% in Oslo, 50% in Singapore, 40% in Dubai, 40% 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 risks 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 2024 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. During 2023 the Group has continued its review of suppliers according to the annual statement published on the website in June 2023. The annual statement for 2023 will be published on **westernbulk.com/who-we-are** within 30 June 2024.

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 31.12.2023, Western Bulk Chartering AS is registered on Euronext Growth Oslo, with about 1 200 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 20.1 million for 2023 and a net negative cash flow of USD -17.4 million. Equity was USD 45.5 million as of 31.12.2023 with a book equity ratio of 73%.

The Board recommends the following allocation of the 2023 net profit for the parent company:

Other equity	USD	20 127 719
Total allocations	**USD**	**20 127 719**

OSLO, 13. MARCH 2024

BENGT A. REM
CHAIRMAN OF THE BOARD

ØRJAN SVANEVIK
BOARD MEMBER AND INTERIM CEO

KRISTIAN HUSEBY
BOARD MEMBER

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 a 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 a 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 Supplier Code of Conduct which communicates our expectations to our external suppliers beyond the contractual obligations in individual contracts. The Supplier Code of Conduct establish clear expectations for all suppliers with regard to good corporate conduct and compliance with applicable laws and regulations.

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 the 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, 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.

// Operations Trainee Haziq Danish and Operations Manager Patrick Feng

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

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. During 2023, we have invested significant resources to prepare ourselves for the introduction of shipping into the EU ETS from January 2024. We are set up to purchase and hold EUAs and EUA futures, and made our first EUA purchase in July 2023. We have also invested in systems and resources to manage the administrative complexities of EUA accounting and transfers towards vessel and cargo owners. EU ETS gives rise to new challenges and uncertainties for owners and clients, and with our expertise and set-up, we have the ability to help our partners in this respect.

Western Bulk monitors 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 decreases 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.

The table below portrays the development in EEOI per vessel size from 2022 to 2023. As a result of our focus on fleet performance, the EEOI for every vessel type but Panamax has been significantly reduced during 2023. In the Panamax vessel segment, congestion issues on the East Coast USA and challenging weather conditions entailed higher CO_2 emissions compared to transport work.

VESSEL TYPE	HANDYMAX	SUPRAMAX	ULTRAMAX	PANAMAX
Average EEOI 2022	14.97	11.01	9.16	12.48
Average EEOI 2023	11.41	9.96	8.80	14.37
Change	**-3.56**	**-1.05**	**-0.36**	**1.89**

The Group has since 2021 offered carbon offsets and bio fuel as an option for customers wishing to reduce the environmental impact of cargo shipments.

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, United Arab Emirates, 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 recognized 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

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Group Financials

// Accountant Kai Ling Fong, Accounting Manager Yenny Sie, Accountant Ting En Lim and Accountant Catherine Lee

WESTERN BULK CHARTERING GROUP // PROFIT AND LOSS STATEMENT

USD 1 000	NOTE	2023	2022
Gross revenues	3	1 117 629	1 615 752
Voyage expenses		-496 858	-549 438
Freight revenues on T/C-basis		**620 772**	**1 066 314**
T/C expenses		-605 085	-951 797
Other vessel expenses		-2 600	-2 233
Administration expenses	4	-25 132	-47 576
Operating expenses		**-632 817**	**-1 001 606**
Depreciations	5	-135	-140
Gain / (loss) on disposal of fixed assets		-17	-5
Operating profit		**-12 198**	**64 564**
Net interest income		1 884	735
Net interest expense		-243	-338
Gain / (loss) on foreign exchange		554	-395
Result positional FFA		-3 751	3 762
Other financial items		-326	-430
Net finance		**-1 881**	**3 334**
Profit/(loss) before tax		**-14 079**	**67 898**
Tax income / (expense)	6	-1 542	-1 921
Profit/(loss) for the year		**-15 620**	**65 977**

WESTERN BULK CHARTERING GROUP // BALANCE SHEET

USD 1 000	NOTE	2023	2022
ASSETS			
Non current assets			
Deferred tax asset	6	290	267
Intangible assets	5	109	5
Property, plant and equipment	5	264	384
Long term receivable	4	-	43
Total non current assets		**663**	**699**
Current assets			
Accounts receivable	7, 8	24 369	36 521
Pension Assets		-	147
Other receivables		326	285
Receivables derivatives		-	7 987
Receivables EUA		1 459	-
Bunker stocks		52 599	48 155
Bank deposits	1, 10	40 421	68 818
Total current assets		**119 174**	**161 914**
TOTAL ASSETS		**119 837**	**162 613**
SHAREHOLDERS` EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital		205	205
Share premium		12 267	12 267
Total paid-in capital		**12 472**	**12 472**
Retained earnings			
Other equity / (uncovered loss)		40 012	55 632
Total retained earnings		**40 012**	**55 632**
TOTAL SHAREHOLDERS' EQUITY	11	**52 484**	**68 104**

USD 1 000	NOTE	2023	2022
LIABILITIES			
Long term liabilities			
Deferred tax liability	6	67	86
Pension liabilities	4	285	425
Total long term liabilities		**352**	**511**
Short term liabilities			
Accounts payable		13 690	14 533
Other payable	12	48 471	67 481
Provision dividend		-	10 000
Payable derivatives	9	3 127	-
Taxes payable	6	1 473	1 860
Short term Interest-bearing debt		-	3
Liabilities to related company	13	240	120
Total short term liabilities		**67 001**	**93 998**
TOTAL LIABILITIES		**67 353**	**94 509**
TOTAL SHAREHOLDERS` EQUITY AND LIABILITIES		**119 837**	**162 613**

OSLO, 13. MARCH 2024

BENGT A. REM
CHAIRMAN OF THE BOARD

ØRJAN SVANEVIK
BOARD MEMBER AND INTERIM CEO

KRISTIAN HUSEBY
BOARD MEMBER

// Chartering Manager Henrik Klokk, Chartering Manager Yvonne Gu and Chartering Manager Allan Jiang

WESTERN BULK CHARTERING GROUP // CASH FLOW STATEMENT

USD 1 000	2023	2022
CASH FLOW FROM OPERATIONS		
Profit/(loss) before tax	-14 079	67 898
Taxes paid	-1 916	-3 093
Depreciations	135	140
Gain/(loss) disposal fixed assets	17	5
Changes in current receivables and current liabilities	-2 459	-9 999
Net cash flow from/(to) operating activities	**-18 302**	**54 951**
CASH FLOW FROM INVESTMENTS		
Investments in fixed- and intangible assets	-151	-179
Disposal of fixed assets	15	-
Investments in/ disposal of financial assets	-	530
Changes in long term receivables	43	561
Net cash flow from investments	**-93**	**912**
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in new short term and long term debt	-3	-3 380
Dividend paid	-10 000	-105 779
Net cash flow from financing activities	**-10 003**	**-109 159**
Net change in liquidity during the year	**-28 397**	**-53 296**
Liquid assets as of 01.01.	68 818	122 114
Liquid assets as of 31.12.	**40 421**	**68 818**
Restricted bank deposits as of 31.12.	7 531	11 743
Available liquid assets as of 31.12.	**32 890**	**57 074**

Notes to the Accounts

NOTE 1 // ACCOUNTING PRINCIPLES

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

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

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

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

The following exchange rate has been used as of 31.12.2023:
USD / NOK 10.1724

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 2023 and 2022, 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.


// CFO Kenneth Thu and Business Analyst Gila Belau

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	2023	2022
By business area		
Chartering and operation	1 118	1 616
Total	**1 118**	**1 616**
Geographical distribution		
Singapore	146	238
Switzerland	137	160
U.S.A.	113	164
U.A.E.	78	128
Germany	59	48
Australia	55	59
Japan	49	55
Hong Kong	33	20
Norway	32	36
Channel Islands	30	23
Denmark	25	24
U.K.	20	69
Korea, Republic	18	24
Barbados	17	30
Netherlands	17	5
Canada	16	12
France	16	24
Panama	16	49
Brazil	15	10
South Africa	14	8
Other	212	430
Total	**1 118**	**1 616**

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

NOTE 4 // ADMINISTRATIVE EXPENSES

USD 1 000	2023	2022
Salaries (incl. bonuses)	12 922	36 208
Employer's part of social security	1 310	1 360
Pension expenses, contribution plans	831	706
Pension expenses, benefit plans	-117	-237
Other benefits	1 653	1 562
Total salaries and social expenses	**16 599**	**39 598**
Other administrative expenses	8 533	7 978
Total	**25 132**	**47 576**
Average number of work years	119	118

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. Accrued interest of 4% p.a. is capitalized on an annual basis. Remaining loan of NOK 0.4 mill was repaid in full in February 2023.

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

Remuneration to the CEO

USD 1 000	HANS AASNÆS 2023	HANS AASNÆS 2022
Salary	636	514
Bonus paid	1 163	1 456
Other remuneration	4	4
Total remuneration	**1 802**	**1 974**
Pension premium / cost	9	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 2023.

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	2023	2022
Statutory audit	150	186
Tax advice	29	15
Other services outside the audit scope	9	18
Total	**188**	**219**

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 102 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	2023	2022
Defined contribution plans - expense	831	706
Defined benefit plan - expense	-117	-236
Defined benefits plan - remeasurements	-	-1
Total	**714**	**469**

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 employees with salaries exceeding 12G.

Assumptions used in the actuarial calculations

The calculation of pension liabilities involves the use of judgement and estimates across a range of parameters. The discount rate for 2023 is set at 3.7 % for Norwegian pension schemes and is based on high quality corporate bonds (OMF). The discount rate for 2022 was 3.2%.

The discount rate appplied as of year-end 2023 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	2023	2022
Annual contribution/(reversal of cost)	-125	-203
Interest cost	6	2
Payroll tax	2	-34
Pension expense, before remeasurements	**-117**	**-236**

Net pension obligation in the balance sheet

USD 1 000	2023	2022
Net defined benefit obligation (asset)	139	277
Payroll tax	146	148
Obligation in financial statement	**285**	**425**
Change in benefit obligation		
Defined benefit obligation at the beginning of year	1 018	1 291
Service cost	8	-247
Interest cost	9	4
Remeasurements	70	5
Defined benefit obligation at end of year	**1 105**	**1 054**
Change in plan assets		
Plan assets at beginning of year	753	709
Interest income on plan assets	4	3
Employer contributions	72	87
Adjustment of plan assets	138	-22
Plan assets at end of year	**966**	**777**

// Head of Pacific/US West Coast Magnus Hansen, Chartering Manager Pacific Wei-Min Chia and Chartering Manager Pacific Henrik Synnes

NOTE 5 // FIXED- AND INTANGIBLE ASSETS

USD 1 000	GRABS	INTANGIBLE	OTHER	TOTAL
Acquisition cost as of 01.01.2023	132	656	2 066	2 853
Additions during the year		109	42	151
Disposals during the year			-83	-83
Acquisition cost as of 31.12.2023	**132**	**765**	**2 023**	**2 921**
Accumulated depreciation as of 01.01.2023	132	651	1 681	2 464
Depreciation for the year		5	130	135
Disposals			-51	-51
Accumulated depreciation as of 31.12.2023	**132**	**656**	**1 760**	**2 548**
Book value as of 31.12.2023	**-**	**109**	**263**	**373**
Economic life time	5 year	5 year	5 year	

Other fixed assets is mainly related to office equipment.

NOTE 6 // TAX

USD 1 000	2023	2022
The tax expense for the year consists of:		
Taxes payable	859	1 155
Withholding tax	-	37
Tonnage tax	704	675
Correction for previous years tax provisions	26	-7
Changes in deferred tax	-48	60
Total tax expense / (income)	**1 542**	**1 921**
Deferred tax relates to the following temporary differences:		
Fixed assets	-31	-70
Pensions	-1 181	-1 198
Pension assets	-	147
Dividend from subsidiary	-	218
Accruals and provisions	-	-50
Gain / (loss) account for deferral	293	559
Interest deductions/tax losses carried forward	-1 782	-1 839
Finance loss carried forward	-1 997	-
Total temporary differences	**-4 698**	**-2 234**
Deferred tax liability / (asset), net	-1 054	-513
Deferred tax asset not recognised in the balance sheet	831	332
Net deferred tax liability / (asset) recognised in the balance sheet	**-223**	**-181**
Deferred tax (asset), gross	-290	-267
Deferred tax liability, gross	67	86

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	2023	2022
Profit before tax	-14 079	67 898
Total tax expense/(income)	1 542	1 921
Effective tax rate	**-11 %**	**3 %**
Calculated tax expense at 22% tax rate	-3 097	14 938
Non-deductible expenses:		
Other non deductable costs	191	362
Non-taxable income:		
Difference in pre-tax profit/(loss) between functional currency and NOK, and taxable income within tonnage tax system and other tax regimes	3 717	-14 084
Tax not related to result:		
Tonnage tax	704	675
Other tax effects:		
Withholding tax	-	37
Correction for previous years tax provisions	26	-7
Total tax expense/(income)	**1 541**	**1 921**

NOTE 7 // 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 8.2 million as of 31.12.2023 compared to USD 13.9 million as of 31.12.2022.

Write-offs and losses

Provisions of USD 2.1 million related to the market value of various legacy contracts across the Group remain unchanged as of 31.12.2023.

Impairment provisions

No provision has been made in relation to redelivery of bunkers and potential future liabilities and no provision for future loss has been made as the Group's overall forward book of contracts has a positive value as of 31.12.2023.

NOTE 8 // INTEREST-BEARING DEBT

Overdraft facility

The Group has entered into an overdraft facility in the amount of USD 10 million. As per 31.12.2023, the facility was undrawn. In January 2024 the USD 10 million overdraft facility was closed down and replaced by a new USD 25 million overdraft facility.

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 31.12.2023 the facility was undrawn.

Revolving Credit facility

The revolving credit facility agreement in the amount of USD 20 million for financing of outstanding account receivables was closed down in September 2023.

Shareholder loan

No shareholder loan was outstanding as per 31.12.2023.

Financial covenants

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 31.12.2023.

Security and pledges provided

The Group has provided pledges of accounts receivables as security for the overdraft facilities. The Group has provided a pledge of a security account of USD 0.5 million as security for the bunker purchase facility.

NOTE 9 // PREPAID INCOME/COST

Prepaid income/cost is related to cleared FFA/Bunker hedge contracts. Prepaid income amounts to USD -3.1 million as of 31.12.2023.

USD MILLION	BOOK VALUE
Cleared FFA/ Bunker hedge contracts maturing in 2024	-3.2
Cleared FFA/ Bunker hedge contracts maturing in 2025-2027	0.1
Total	**-3.1**

NOTE 10 // BANK DEPOSITS

As of 31.12.2023, USD 6.1 million of the restricted deposits was tied to deposits in favor of clearing houses and 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 and USD 0.2 million was posted as security for FX hedges.

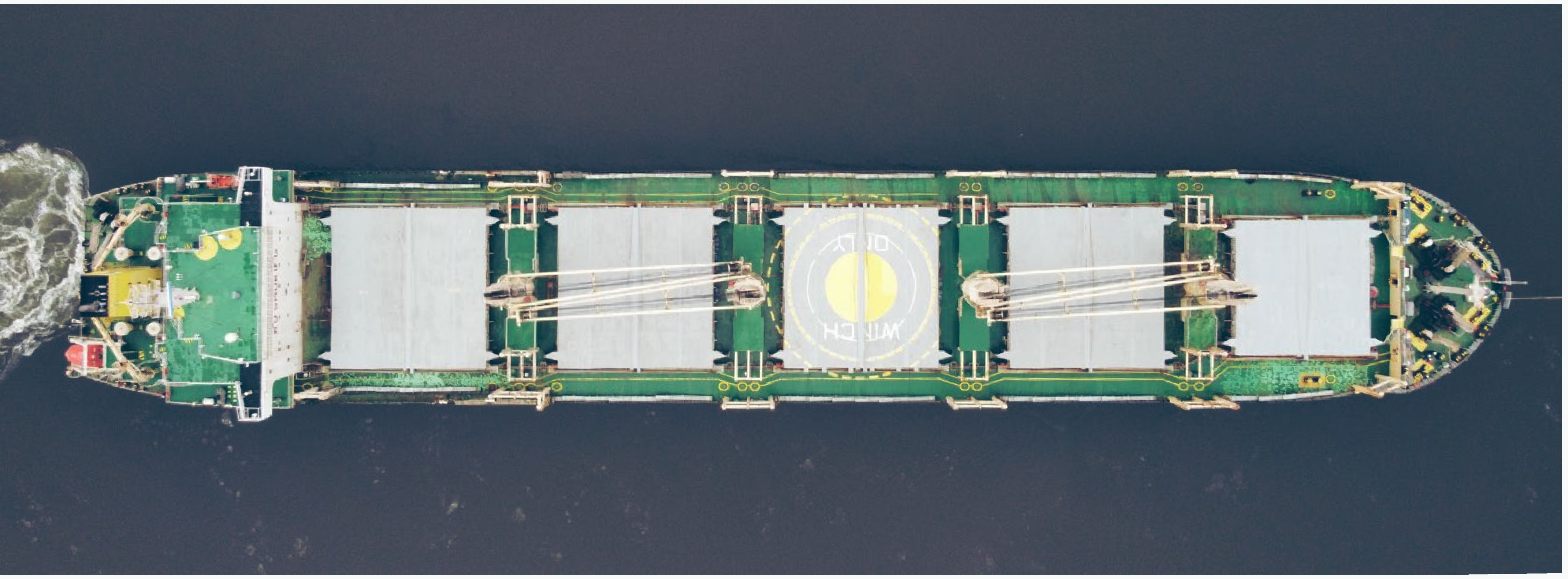
USD 1 000	2023	2022
Unrestricted bank deposits	32 890	57 075
Restricted bank deposits	7 531	11 743
Total bank deposits	**40 421**	**68 818**

NOTE 11 // EQUITY, NUMBER OF SHARES AND SHAREHOLDERS

USD 1 000	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Equity as of 31.12.2022	**205**	**12 267**	**-**	**55 632**	**68 104**
Profit / (loss) for the year	-			-15 620	**-15 620**
Equity as of 31.12.2023	**205**	**12 267**	**-**	**40 012**	**52 484**
Share capital					
Nominal value per share				NOK	0.05
Registered share capital 31.12.2023				NOK	1 680 986
Registered share capital 31.12.2023, in USD				USD	205 080
Total number of shares issued as of 31.12.2023					**33 619 715**

LARGEST SHAREHOLDERS	# OF SHARES	OWNERSHIP %
Kistefos Group	23 093 152	68.7 %
Sayonara AS (former Ojada AS)	2 776 792	8.3 %
Øra Industrier AS	640 000	1.9 %
Citibank N.A.	625 809	1.9 %
Euroclear Bank S.A./N.V.	462 019	1.4 %
Avanza Bank AB	331 695	1.0 %
Other (1200 other shareholders)	5 690 248	16.9 %
	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)	66 666	0.20 %
Board member, Ørjan Svanevik (through Oavik Capital AS)	18 000	0.05 %
Board member, Kristian Huseby	10 000	0.03 %
	767 303	**2,3 %**

// Chartering Manager Pacific, Henrik Klokk



NOTE 12 // OTHER PAYABLE

The decrease in other payable is mainly due to payment of bonus and holiday allowance provisioned for in 2022.

NOTE 13 // RELATED PARTIES

Reference is made to the Annual Report 2022, note 14 for information about transactions with related parties in 2022.

As of the date of this Annual Report, the main shareholder is Kistefos AS, controlling about 69% of the shares of the Issuer through its wholly owned subsidiary Kistefos Equity Holdings AS. The second largest shareholder, Sayonara AS (former Ojada AS), holds about 8% of the shares.

During 2023, the Group has had the following transactions with the Kistefos Group and Sayonara 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 31.12.2023, the total outstanding payable amount to Kistefos AS was USD 0.2 million.

Sayonara AS
There were no related party transactions with Sayonara AS during 2023.

NOTE 14 // 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 31.12.2023 amounted to USD -1.2 million.

USD MILLION	MARKET VALUE
Bunker hedges (swaps and options) maturing in 2024	-1.0
Bunker hedges (swaps and options) maturing in 2025	-0.2
Total	**-1.2**

Freight instruments
As of 31.12.2023 the Group had entered into FFA contracts (forward freight agreements) and freight options for the period 2024 - 2027. The mark-to-market value of the hedging contracts as of 31.12.2023 amounted to USD 4.4 million.

USD MILLION	MARKET VALUE
FFA (forward freight agreements incl. options) maturing in 2024	4.3
FFA (forward freight agreements incl. options) maturing in 2025-2027	0.1
Total	**4.4**

FX-hedge for G & A expenses
As of 31.12.2023 the Group has hedged its NOK G&A requirements until February 2025 with forward currency contracts. The fair value of these derivatives as of 31.12.2023 amounted to USD 0.3 million.

NOTE 15 // SHARES IN SUBSIDIARIES

WESTERN BULK CHARTERING AS HAS THE FOLLOWING DIRECT OWNERSHIP IN SUBSIDIARIES AS OF 31.12.2023	OWNERSHIP/ VOTING SHARE	BUSINESS OFFICE
Western Bulk Management AS	100 %	Oslo
Western Bulk Carriers AS	100 %	Oslo
Western Bulk Pte Ltd	100 %	Singapore
Western Bulk Carriers (Seattle) Inc.	100 %	Seattle
Western Bulk Carriers (Sweden) AB	100 %	Järna
Western Bulk (Chile) Ltda	100 %	Santiago
Western Bulk (Denmark) ApS	100 %	Copenhagen

The following subsidiary has been liquidated in 2023:
Western Bulk Carriers KS

NOTE 16 // 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 2023 profit and loss statement has been positively impacted by USD 8.2 million due to the difference between estimated and actual expenses and provisions related to prior period voyages. The 2022 profit and loss statement had a positive adjustment of USD 12.3 million for prior period voyages.

NOTE 17 // LEASING AND OTHER COMMITMENTS

TC Contracts - Group as lessee
Vessels chartered in on time charter for a period represent a commitment to pay hire. The minimal nominal hire payable represents a lease commitment of USD 156.7 million exclusive of optional periods. For vessels chartered in on floating rates, an estimate has been applied for the hire commitment.

Charter coverage: For 2024 approximately 12 vessels out of a fleet of 30 vessels have employment with existing cargo contracts or have been relet on timecharter.

	2024	2025	2026	BEYOND	TOTAL
Nominal Hire Commitment (USD 1 000)	**151 381**	**5 367**	**-**	**-**	**156 747**
Vessel Hire Days	10 996	358	-	-	11 355
Average Rate USD / day	13 767	14 973	-	-	13 805
Vessel Equivalent / year (firm period)	30	1	-	-	n.a.

TC contracts - Group as a lessor
16 vessels are chartered out on TC-contracts lasting between 30 and 150 days as of 31.12.2023. 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)	**12 668**	**7 638**	**1 653**	**21 959**
Vessel Days	728	420	106	1 254
Average Rate USD / Day	17 410	18 181	15 613	17 517

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 commitents amount to approximately USD 1.4 million. The lease contracts expire in the period of April 2024 to August 2028.

NOTE 18 // SUBSEQUENT EVENTS

Chief Executive Officer Hans Aasnæs resigned from his position in February 2024 and Board member Ørjan Svanevik was announced as Interim Chief Executive Officer until a permanent CEO has been found. There are no other material events subsequent to the balance sheet date of 31.12.2023.


TS ECHO

Parent Company Financials

// Bunker Procurement Manager Nigel Leong and Head of Fleet Performance Eirik Berg

PARENT COMPANY // PROFIT AND LOSS STATEMENT

USD	NOTE	2023	2022
Other operating revenue		707 172	1 778 549
Administration expenses	2, 3, 4	-1 118 101	-1 780 091
Provision for future loss	5	4 620 000	-4 620 000
Operating profit/ (loss)		**4 209 071**	**-4 621 542**
Net interest income		888 255	241 766
Net interest expense		-813 348	-525 789
Gain / (loss) on foreign exchange		173 793	460 643
Writedown / Reversal writedown financial assets		175 213	-80 440
Dividend from subsidiary company		18 400 000	24 250 000
Group Contribution		1 182 989	-
Result Positional FFA		-3 750 781	3 762 417
Other financial items		-337 473	-354 866
Net finance		**15 918 648**	**27 753 731**
Profit / (loss) before tax		**20 127 719**	**23 132 189**
Tax income / (expense)	6	-	-282 220
Profit / (loss) for the year		**20 127 719**	**22 849 970**

PARENT COMPANY // BALANCE SHEET

USD	NOTE	2023	2022
ASSETS			
Non current assets			
Investment in subsidiaries	8	39 337 198	34 084 738
Total non current assets		**39 337 198**	**34 084 738**
Current assets			
Receivables from group companies	4	1 841 714	21 485 634
Other receivables		354 333	346 400
Receivable derivatives		-	7 987 331
Receivable EUA		1 458 572	-
Bank deposits	9	19 451 411	36 825 371
Total current assets		**23 106 031**	**66 644 735**
TOTAL ASSETS		**62 443 228**	**100 729 474**
SHAREHOLDERS` EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	7, 10	205 080	205 080
Share premium		12 267 311	12 267 311
Total paid-in capital		**12 472 391**	**12 472 391**
Retained earnings			
Other equity / (uncovered loss)		32 977 689	12 849 970
Total retained earnings		**32 977 689**	**12 849 970**
TOTAL SHAREHOLDERS' EQUITY	7	**45 450 080**	**25 322 360**

USD	NOTE	2023	2022
LIABILITIES			
Long term liabilities			
Total long term liabilities		-	-
Short term liabilities			
Accounts payable		-	4 725
Provision dividend		-	10 000 000
Taxes payable	6	-	257 243
Liabilities to parent company	4	240 000	120 000
Liabilities to group companies	4	13 625 894	60 405 145
Payable derivatives		3 127 256	-
Other current liabilities		-	4 620 000
Total short term liabilities		**16 993 150**	**75 407 114**
TOTAL LIABILITIES		**16 993 150**	**75 407 114**
TOTAL SHAREHOLDERS` EQUITY AND LIABILITIES		**62 443 228**	**100 729 474**

OSLO, 13. MARCH 2024

BENGT A. REM
CHAIRMAN OF THE BOARD

ØRJAN SVANEVIK
BOARD MEMBER AND INTERIM CEO

KRISTIAN HUSEBY
BOARD MEMBER

// Laytime Specialist Wei-Ching Yeow and Operations Manager Patrick Feng

PARENT COMPANY // CASH FLOW STATEMENT

USD	2023	2022
CASH FLOW FROM OPERATIONS		
Profit / (loss) before tax	20 127 719	23 132 189
Taxes paid	-256 934	-2 303 793
Writedown/reversal of writedown investment in subsidiaries	-175 213	80 440
Changes in current receivables and current liabilities	5 143 049	-6 284 409
Net cash flow from / (to) operating activities	**24 838 621**	**14 624 428**
CASH FLOW FROM INVESTMENTS		
Investments in/disposal of financial assets	322 753	-
Dividends received which reduce investments in subsidiaries	1 600 000	61 500 000
Investments in subsidiaries		96 818
Net cash flow from investments	**1 922 753**	**61 596 818**
CASH FLOW FROM FINANCING ACTIVITIES		
Share dividend paid	-10 000 000	-105 779 139
Change in intra-group balances	-34 135 332	6 705 094
Net cash flow from financing activities	**- 44 135 332**	**-99 074 045**
Net change in liquidity during the year	**-17 373 959**	**-22 852 799**
Liquid assets as of 1.1.	36 825 371	59 678 170
Liquid assets as of 31.12	**19 451 412**	**36 825 371**
Restricted bank deposits as of 31.12.	7 341 631	10 797 055
Available liquid assets as of 31.12	**12 109 781**	**26 028 316**

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 31.12.2023:
USD / NOK 10.1724

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 41 500. An additional USD 8 000 has been expensed regarding tax related services and USD 3 600 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	2023	2022
Western Bulk Carriers AS	-4 617 288	-24 200 170
Western Bulk Pte Ltd	-253 960	-7 408 787
Western Bulk Management AS	-6 901 651	-7 543 880
Western Bulk Denmark ApS	-	20 825
Western Bulk Seattle Inc.	-	212 500
Western Bulk Carriers (Sweden) AB	-11 281	-
Net receivables/(liabilities) from group companies	**-11 784 180**	**-38 919 512**

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 where Western Bulk Chartering AS is the Group Account Holder. As of 31.12.2023, the Company had a net debt due to the subsidiaries of USD 9 105 894 (USD 29 131 988 as of 31.12.2022).

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

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 arms-length prices. Western Bulk Chartering AS enters into FFA contracts (forward freight agreements), freight options and bunker hedges on behalf of its subsidiaries and receives a commission based on the related contracts. The total commission for 2023 amounted to USD 998 369. 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 2023 paid to Western Bulk Management AS amounting to USD 914 370.

During 2023, the Company has had the following transactions with the Kistefos Group and Sayonara AS (former 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 31.12.2023, the total outstanding payable amount to Kistefos AS was USD 240 000.

Sayonara AS
There were no related party transactions with Sayonara AS during 2023.

NOTE 5 // CONTINGENCIES AND PROVISION

No provision for future loss has been made as the company's forward book of contracts has a positive value as per 31.12.2023. Reference is made to note 7 in the consolidated group accounts.

NOTE 6 // TAX

USD	2023	2022
The tax expense for the year consists of:		
Taxes payable	-	257 243
Withholding tax dividend	-	37 499
Correction of tax payable from prior period	-	-12 523
Total tax expense / (income)	**-**	**282 220**
Taxes		
Profit / (loss) before tax	20 127 719	23 132 189
Change in temporary differences	-4 525 342	4 625 265
Other non deductable costs	842 373	1 566 979
Other	-147 294	154 613
Tax exempt dividends received	-18 400 000	-24 250 000
Difference in pre-tax profit/(loss) between functional currency and NOK	105 391	-4 059 759
Basis for tax payable	**-1 997 153**	**1 169 286**
Tax payable 22%	**-**	**257 243**
Deferred tax relates to the following temporary differences:		
Accruals and provisions	-	-4 670 000
Group contribution / dividend	-	217 500
Other	-	162 088
Interest deductions / Tax loss carried forward	-3 778 978	-1 838 783
Total temporary differences	**-3 778 978**	**-6 129 196**
Deferred tax asset not recognised in the balance sheet	**831 375**	**1 348 423**
Deferred tax liability / (asset)	**-**	**-**

NOTE 7 // EQUITY

	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN EQUITY	OTHER EQUITY	TOTAL
Equity as of 31.12.2022	**205 080**	**12 267 311**	**-**	**12 849 970**	**25 322 360**
Profit / (loss) for the year	-			20 127 719	**20 127 719**
Equity as of 31.12.2023	**205 080**	**12 267 311**	**-**	**32 977 689**	**45 450 080**

NOTE 8 // SHARES IN SUBSIDIARIES

WESTERN BULK CHARTERING AS HAS THE FOLLOWING DIRECT OWNERSHIP AS OF 31.12.2023	BUSINESS OFFICE	OWNERSHIP/ VOTING SHARE	BOOK VALUE (USD)
Western Bulk Management AS	Oslo, Norway	100 %	6 044 737
Western Bulk Carriers AS	Oslo, Norway	100 %	16 614 472
Western Bulk Pte Ltd [2]	Singapore	100 %	16 400 001
Western Bulk Chile Ltda [1]	Santiago, Chile	100 %	51
Western Bulk Carriers (Seattle) Inc	Seattle, USA	100 %	266 496
Western Bulk Carriers (Sweden) AB	Järna, Sweden	100 %	5 930
Western Bulk (Denmark) ApS	Copenhagen, Denmark	100 %	5 510
Investments in subsidiaries			**39 337 198**

[1] 99.9% is owned by the subsidiary Western Bulk Pte Ltd.
[2] USD 1 600 000 is received as dividend and booked against the investment and USD 7 000 000 in dividend due was converted to shares instead of receiving cash

NOTE 9 // BANK DEPOSITS

As at 31.12.2023 the restricted deposits were tied to deposits in favor of clearing houses.

USD	2023	2022
Unrestricted bank deposits	12 109 780	26 028 316
Restricted bank deposits	7 341 631	10 797 055
Total bank deposits	**19 451 411**	**36 825 371**

The company had a net debt due to the subsidiaries of USD 9 105 894 as of 31.12.2023 (USD 29 131 988 as of 31.12.2022) included in the numbers above.

NOTE 10 // SHARES AND SHAREHOLDERS

Share capital		
Nominal value per share	NOK	0.05
Registered share capital 31.12.2023	NOK	1 680 986
Registered share capital 31.12.2023, in USD	USD	205 080
Total number of shares issued as of 31.12.2023		33 619 715

LARGEST SHAREHOLDERS	# OF SHARES	OWNERSHIP %
Kistefos Group	23 093 152	68.7 %
Sayonara AS (former Ojada AS)	2 776 792	8.3 %
Øra Industrier AS	640 000	1.9 %
Citibank N.A.	625 809	1.9 %
Euroclear Bank S.A./N.V.	462 019	1.4 %
Avanza Bank AB	331 695	1.0 %
Other (1 200 other shareholders)	5 690 248	16.9 %
	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	66 666	0.20 %
Board member, Ørjan Svanevik (through Oavik Capital AS)	18 000	0.05 %
Board member, Kristian Huseby	10 000	0.03 %
	767 303	**2.3 %**

NOTE 11 // INTEREST-BEARING DEBT

Overdraft facility

The company has entered into an overdraft facility in the amount of USD 10 million. As per 31.12.2023, the facility was undrawn. In January 2024 the USD 10 million overdraft facility was closed down and replaced by a new USD 25 million overdraft facility.

Financial covenants

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 31.12.2023.

Security and pledges provided

The subsidiaries Western Bulk Carriers AS and Western Bulk Pte Ltd have provided pledges of accounts receivables as security for the overdraft facility. The Company has provided a pledge of a security account of USD 0.5 million as security for a 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 14 in the consolidated group accounts for an overview of the market value as at 31.12.2023.

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 31.12.2023, 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. The facility was closed down in September 2023.

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

Western Bulk Chartering AS on behalf of the Group has entered into a frame agreement for guarantee purposes with Tryg Garanti AS of maximum NOK 35 million. A total of NOK 7.6 million in guarantees has been issued under the frame agreement as per 31.12.2023.

NOTE 14 // SUBSEQUENT EVENT

Chief Executive Officer Hans Aasnæs resigned from his position in February 2024 and Board member Ørjan Svanevik was announced as Interim Chief Executive Officer until a permanent CEO has been found. There are no other material events subsequent to the balance sheet date of 31.12.2023.

Auditor's Report

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To the General Meeting of Western Bulk Chartering AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Western Bulk Chartering AS showing a profit of USD 20 127 719 in the financial statements of the parent company and a loss of USD 15 620 000 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 2023, 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 2023, 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 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with 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. 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.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. 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, 13 March 2024
RSM Norge AS

Cecilie Tronstad
Cecilie Tronstad
State Authorised Public Accountant


Western Bulk
WESTERN MIAMI