Annual Report
2021

Western Bulk

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Key Figures

WESTERN BULK CHARTERING GROUP

USD MILLION	FULL YEAR '21	FULL YEAR '20	FULL YEAR '19
Gross revenues	1 487.9	778.7	1 062.7
Net TC result [1]	137.9	26.7	-6.4
Administrative expenses	50.7	22.9	25.4
EBITDA [1]	87.2	3.8	-31.8
Net profit after tax [1]	81.0	3.2	-38.0
Net TC Margin per ship day (USD) [1]	3 376	663	(117)
Average number of vessels operated	112	110	150
Total assets	196.6	79.3	118.0
Book equity	51.1	19.8	16.0
Total liabilities	145.5	59.5	102.0
Interest bearing debt	3.4	24.0	20.8
Free cash	108.3	18.3	24.0
Restricted cash	13.9	12.0	13.7
Total cash	122.1	30.3	37.7

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

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

Cargo owners: Producers, trading houses and receivers

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

Vessel providers: Vessel owners located worldwide

Group Description

110–150 vessels

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

Customer focus

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

Global presence

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

Broad network

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

Listed on Euronext Growth

The Group was listed on Euronext Growth Oslo in September 2021. Kistefos Group is the largest shareholder controlling about 69% of the shares.

People

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

The best year in the history of Western Bulk

It is with great pleasure and pride we can look back at 2021 as the best year in Western Bulk's history. We have spent the last couple of years developing our company culture and strategic focus, and I'm very satisfied with what we have achieved together.

We are seeing significant benefits from the changes made in our company culture where we work as one company with enhanced cooperation across functions and geographies. This has allowed for new trading patterns to be developed and a more holistic approach to management of the group's fleet. We are also making better agreements by closer involvement from relevant internal competencies ahead of fixing of vessels and cargo.

Meeting our customer's demands through close dialogue is at the top of our agenda and speaking to our customers I am confident that they are also gradually experiencing the change in our culture and focus. We are receiving direct feedback from customers that they experience a higher quality in our operations and service delivery now than before. I strongly believe that we have a lot to gain from developing and maintaining customer relationships – both towards charterers, owners, and brokers. By delivering on our promises combined with a strengthened market reputation we are getting more access to opportunities for fixing tonnage and cargo in the market.

As part of getting closer to and meeting our customers' demands we recently opened a new office in Dubai where some of our chartering managers from our Indian Ocean Team will be working.

Increased focus on operations as a key value driver has also strengthened Western Bulk's relationship with customers and vessel owners, contributing significantly to the results. We have a goal to deliver world class operations across the group with consistent high quality. To achieve that we focus on standardizing processes, building feedback loops, and developing a culture for continuous improvement.

We strive to be a dynamic company where we use data, systems, and colleagues to constantly learn and adapt. As part of this we have developed a state-of-the-art cloud-based data infrastructure that combines complex data from various sources for analysis and reporting. On the back of this we are developing decision support tools and tools to simplify the chartering and operations work processes. Data driven decision making will be increasingly important going forward, and we continuously work on developing tools that support chartering in timing of contract entry and trading of vessels. At the same time, we are continuously pushing for excellence in execution as our success depends on combining data with our commercial insight, experience and craftmanship. Our employees will always be our key asset and data is a supplement to support and enhance their decision-making.

> WE HAVE BUILT A STRONG CULTURE OF CO-OPERATION, AGILITY AND CONTINUOUS IMPROVEMENT. THROUGH THIS, AND BY STAYING LOYAL TO THE STRATEGY OF UTILIZING THE COMPANY'S RISK CAPACITY IN THE SHORT-TERM MARKET, WESTERN BULK IS IN A GOOD POSITION ENTERING 2022.

Overall, the supply and demand of the global dry bulk market is expected to be in broad balance in 2022 while the Supramax and Handy sectors are likely to perform better than their larger peers. We are seeing returns on investments in operational improvement, excellence in execution and data driven decision making. Based on how the year has started and the current market outlook, the outlook for 2022 is promising.

HANS AASNÆS / CEO

Our Values

Agile
Energetic, responsive, flexible and nimble

Reliable
Dependable, sincere, humble, steadfast and attentive

Risk aware
Making informed and calculated decisions, mindful of challenges

Entrepreneurial
Curious, adventurous, ambitious, always pursuing opportunities

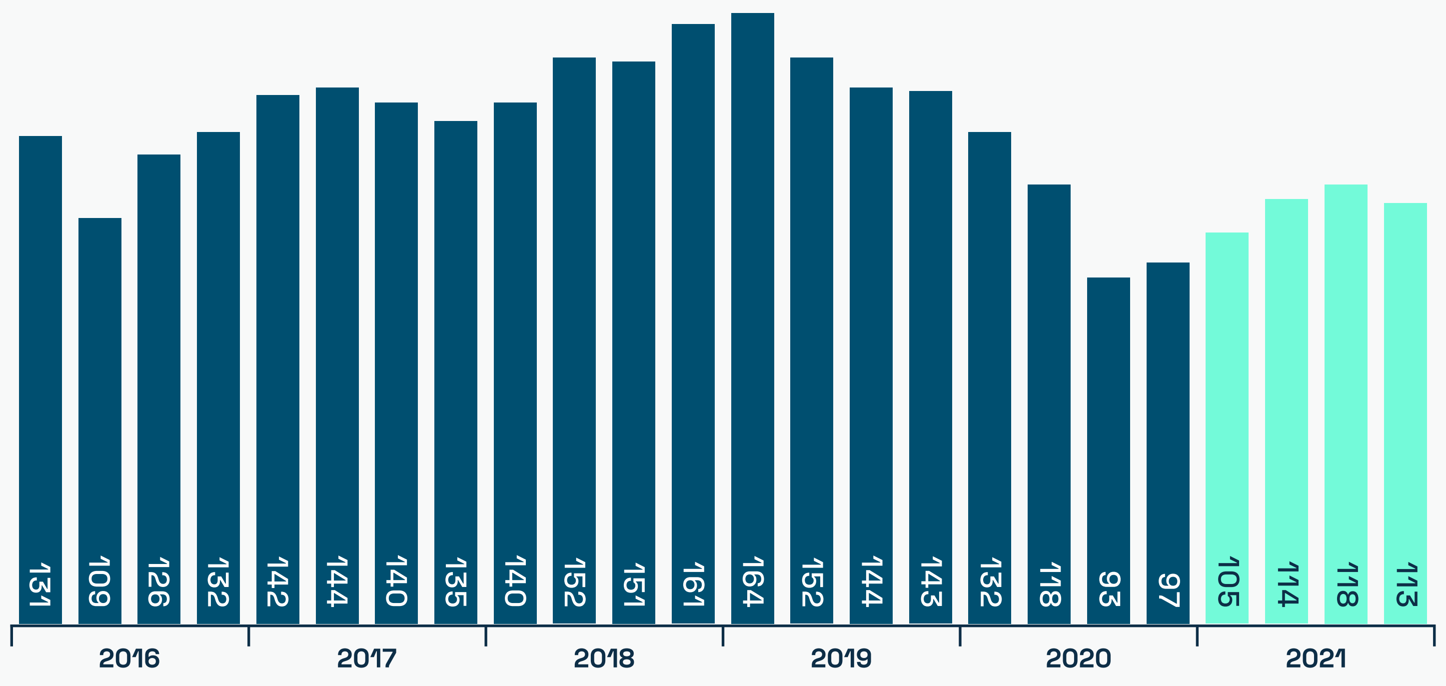
Broad Access to Vessels

// Western Doncaster sailing on the Frierfjord in Southern Norway

Currently operating a chartered-in fleet of around 110 vessels

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

NUMBER OF VESSELS OPERATED BY QUARTER



Western Bulk operates ~2 % of the global fleet – wide space of available vessels ensure identification of the optimal vessel.

Well Diversified

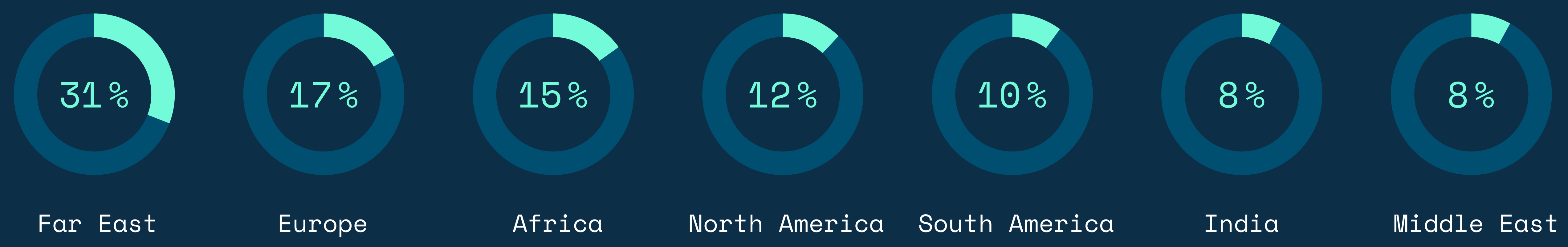
Western Bulk has a wide network of cargo owners diversified across geographies and commodities.

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

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

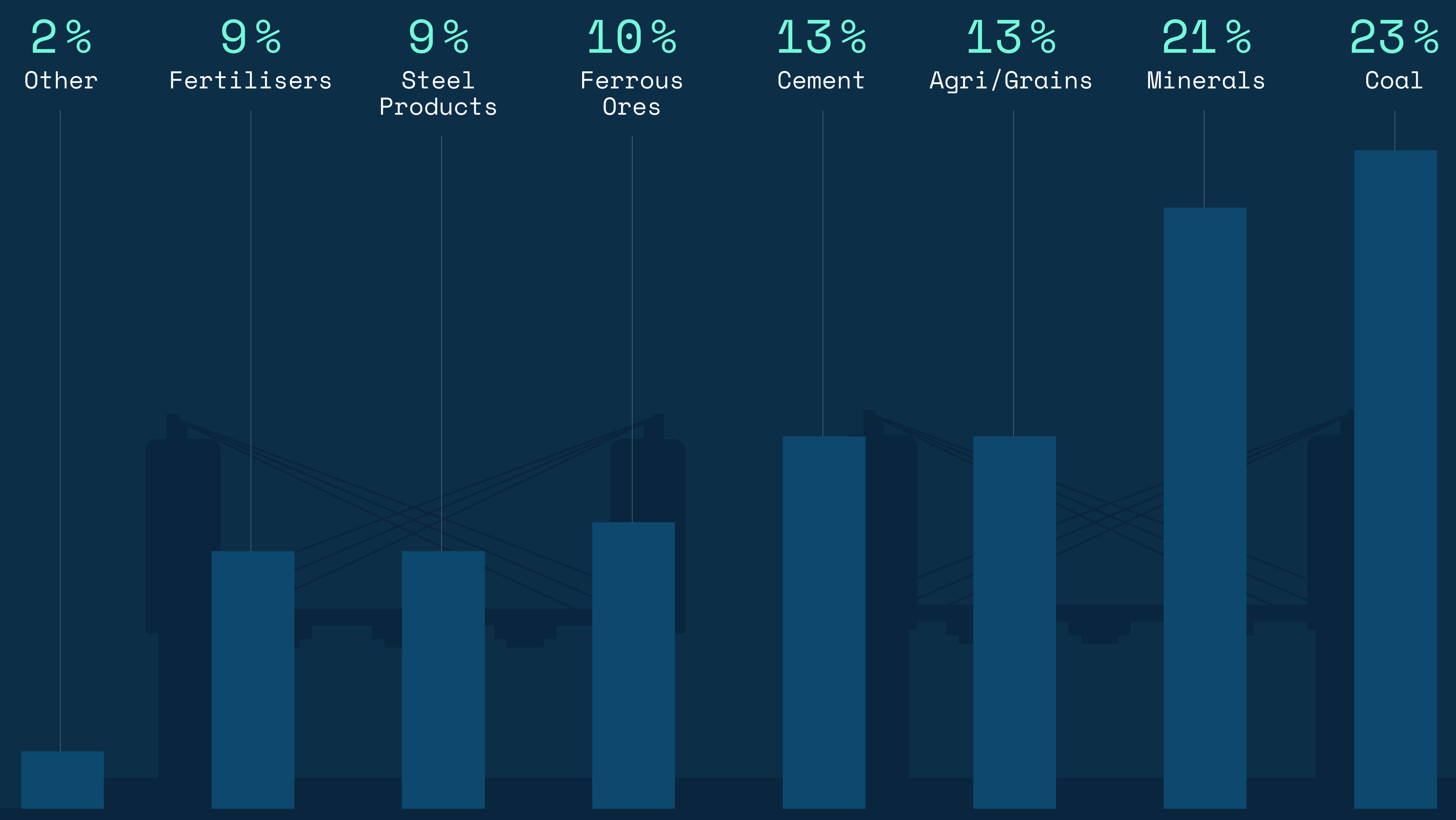
GEOGRAPHIC DIVERSIFICATION

2021 Figures by Discharge area



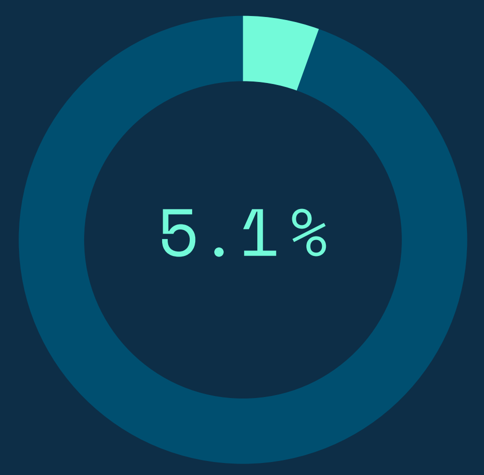
COMMODITY DIVERSIFICATION

2021 Figures by Commodity



CARGO OWNER DIVERSIFICATION

2021 Figures by Customer



Western Bulk has more than 310 different cargo customers. No single customer accounts for more than 5,1 % of revenues.

Customer Focus

Focus

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

Relationships

We are continuously working to develop and maintain customer relationships

Goals

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

// Callum Thomson, Risk Analyst

Organisational Culture

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

Be one company

Be one company working together to achive our goals

Open culture

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

Dynamic company

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

// Markus Stokkebø and Heidi Røkenes, Commercial Trainees

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°54'51"N 10°43'8"E

Oslo Office

The company Western Bulk was incorporated in Oslo, Norway in 1982. The CEO, CFO and CSO are located in the Oslo office. Being situated in Oslo allows us to take part in one of the most complete maritime knowledge hubs in the world, as well as the emerging hub for tech-start-ups and digitalisation. The commercial teams South Atlantic, US Gulf, Continent and Black Sea-Mediterranean, are all 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.

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

In October 2021 we announced our intention to open an office in Dubai to extend our geographical presence and come closer to our customers in the Middle East and the Indian Ocean. The office was operational from February 2022.

33°22'57"S 70°31'56"W

Santiago Office

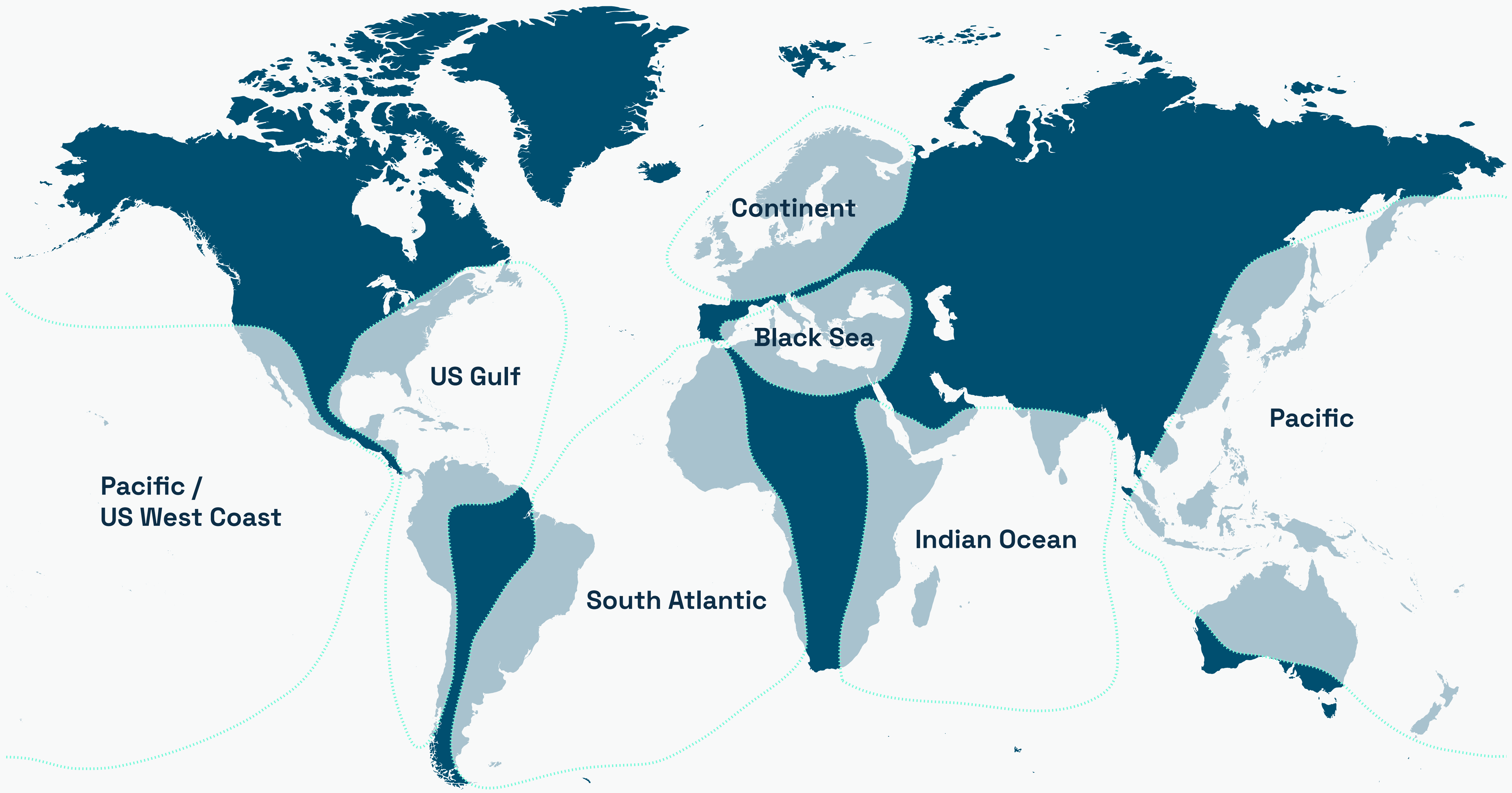
Western Bulk has been active in Chile since 1982, and our Santiago office was opened in 2006. The Chile operations have produced strong relationships with several major Chilean industrial companies. Geographically, with the time differences to Europe and the Far East, the Santiago office complements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

1°17'3"N 103°51'0"E

Singapore Office

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

Our Commercial Teams



South Atlantic

The South Atlantic team serves clients loading and/or discharging cargo on the Atlantic coasts of South America and Africa. Cargoes are carried on a trusted base of ships from our core owners and include both spot movements and industrial multi-year contracts. The South Atlantic team aims to build on growing volumes with our industrial clients, provide personal service and attention on operational issues, and place the Group at the forefront of future trade opportunities. The South Atlantic team is managed out of the Oslo office and operated on average about 18 vessels during 2021.

US Gulf

The US Gulf team serves the US Gulf/US East Coast/West Coast South America area and a broad base of clients with diverse ocean transportation needs originating from the US Gulf and neighboring loading zones from East Coast Canada to West Coast South America. The US Gulf team is managed out of the Oslo office and operated on average about 16 vessels during 2021.

Continent

The Continent team's main activity is transport of various steel and bulk cargoes from the Continent and the Baltics. The team is managed out of the Oslo office and operated on average about 10 vessels during 2021.

Black Sea/Mediterranean

The Black Sea/Mediterranean team's main activity is transport of various steel and bulk cargoes from the Black Sea and the Mediterranean worldwide. The team is managed out of the Oslo office and operated on average about 16 vessels during 2021.

Indian Ocean

Through its significant customer base, the commercial team is active in most dry bulk commodities and services clients on spot, short to medium term as well as on long industrial contracts. The team also runs extensive parceling operations within Asia on various bulk and break-bulk commodities. The Indian Ocean team is based in the Singapore and Dubai offices and operated an average volume of about 22 vessels in the Handysize to Ultramax segment during 2021.

Pacific / US West Coast

The size and diversity of the Pacific basin demands that the Pacific/US West Coast team is not just active in the more established core trades but also in niche cargo flows throughout the region. The team is considered more of a specialist in slag, fertilizer, clinker, coal, steel products, grains, iron ore and pet-coke. The volume of intra and cross basin trades in the region also necessitates that the team works closely with all the other commercial teams. The Pacific / US West Coast team is run out of the Singapore and Seattle offices and operated a fleet of about 28 vessels on average during 2021, ranging from Handysize to Ultramax.

Period Tonnage

The Period Tonnage team is a global unit working closely with ship owners across the globe, being a one point of contact for brokers and owners. The unit collaborates with the six other commercial teams to ensure that the Group has sufficient volume of tonnage available. The Period Tonnage team is managed out of the Oslo office and operates in between 10–15 vessels.

The Senior Management Team

HANS AASNÆS
CHIEF EXECUTIVE OFFICER

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

EGIL HUSBY
CHIEF STRATEGY AND TRANSFORMATION OFFICER

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

KENNETH THU
CHIEF FINANCIAL OFFICER

Mr. Thu is responsible for finance, accounting, business control, risk, legal, compliance and HR. He has a background from retail, energy and management consulting. Before joining Western Bulk in 2017, he was the Acting CFO in Elkjøp Nordic AS. Mr. Thu has also been employed by Expert AS, PA Consulting Group AS and Orkla Brands AS. 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, which 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).

ERIK BORGEN
MEMBER OF THE BOARD

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

TORD MELING
MEMBER OF THE BOARD

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

Board of Directors' Report 2021

> TO A LARGE EXTENT THE GOOD RESULTS CAN BE ATTRIBUTED TO A CHANGE IN THE COMPANY'S CULTURE, STRATEGIC DISCIPLINE AND COOPERATION BETWEEN FUNCTIONS AND OFFICES.

Western Bulk (the "Group") achieved record results in 2021 with a net profit after tax of USD 81 million from gross revenues of USD 1.49 billion. The Group has utilised the increased market volatility and seen returns on investments in operational improvement, excellence in execution and data-driven decision making.

// Ida Lindtvedt (Chartering), Edvard Hulten (Data Scientist), Patrick Næss (Senior Data Scientist), Lene Rossland (Business Analyst), Olav Haldorsen (Chartering), Callum Thomson (Risk Analyst).

Financial Performance for the Group

Market volatility was significantly higher in 2021 than previous years. Throughout the year, the Group was well positioned to benefit from an increase in market rates, and by staying loyal to the strategy of utilizing the Group's risk capacity in the short-term market, the Group also proved an ability to turn positions and benefit from a market decline in November and December. The high market volatility between the Atlantic and the Pacific basins also provided increased arbitrage opportunities for geographical positioning of vessels.

Throughout the year the Group also saw positive development for spot trading where Net TC is generated by identifying arbitrage opportunities based on short-term market volatility with length of market exposure limited to a maximum of 30 days. Parcelling, where two or more cargoes are combined and transported on the same vessel, also showed positive development throughout the year.

To a large extent the good results can be attributed to a change in the Group's culture, strategic discipline and cooperation between functions and offices. This has allowed for new trading patterns to be developed and a more holistic approach to management of the Group's fleet.

Increased focus on operations as a key value driver has also contributed significantly to the results and strengthened Western Bulk's relationship with customers and vessel owners. The combination of investments in data-driven decision making and focus on excellence in execution have also been key contributors to the results.

The Group reached a net profit after tax of USD 9.0 million and net TC of USD 20.2 million for the first half of 2021. The second half of the year saw further improved results along with the increased market volatility and the Group achieved a net profit after tax of USD 72.1 million and Net TC of USD 117.7 million, including USD 25.8 million in gain on positional FFA (Forward Freight Agreements).

In line with the record high market rates, the Group's turnover, expressed as gross freight revenues, was up to USD 1 487.9 million in 2021 compared to USD 778.7 million in 2020.

The average number of vessels increased slightly from an average fleet of 109 vessels in the first half of 2021 to an average of 114 vessels in the second half. On average for the full year the Group handled 112 vessel equivalents in 2021, relatively stable to 110 vessels in 2020.

Administration expenses were USD 50.7 million in 2021 compared to USD 22.9 million in 2020. Excluding bonus, the Group saw savings of USD 1.0 million which was in line with previously communicated cost savings targets. The Group had an average of 109 FTEs employed in 2021 compared to 108 in 2020.

At the end of the year the Group had USD 108.3 million in free cash, an increase of USD 90.0 million from 2020. At the same time interest bearing debt was reduced from USD 24 million at the start of the year to USD 3.4 million end of December 2021.

The balance sheet total was USD 196.6 million at the end of 2021 compared to USD 79.3 million the year before. Book equity totalled USD 51.1 million as of 31.12.2021, an increase of USD 31.3 million from the 31.12.2020 position of USD 19.8 million.

Dividend Policy

The Board of Directors will propose a dividend for 2021 of USD 65 million to the Annual General Meeting. A new dividend policy will also be proposed with 80% of net profit paid in dividend, subject to combined working capital and free cash position being sufficient to support such pay-outs.

Market Development

The dry bulk market witnessed a remarkable year in 2021 with elevated rates reaching decade highs. Following the multi-trillion-dollar stimulus provided by the major developed economies and despite the trade- war between China and US, global trade was very strong throughout the first three quarters of 2021. Import demand for Chinese goods was particularly firm due to successful control of the pandemic which provided strong support to the dry bulk freight market. However, the positive momentum started to weaken in the fourth quarter of 2021 as the side-effects of the broad stimulus started to emerge - including shortage of raw materials, surging inflation and serious congestions in the global supply chain.

The impact of the above events is clearly reflected in the development of freight rates. Driven by strong import demand from China, which accounts for over 40% of global dry bulk demand, the quarterly average of Baltic Supramax Index 58' (BSI) jumped 60% quarter on quarter in Q1 2021 to USD 16 663/day and climbed continuously to reach a decade high of USD 34 312/day in Q3 2021. However, the market fell significantly in Q4 2021 leading to an average in Q4 of USD 30 480/day with the Pacific market taking the worst hit as the Chinese government started to intervene in the commodity market to control prices and rein in inflation.

The spread between the Atlantic and the Pacific market rates widened in Q1 2021 to USD 4 335/day and fell to USD 3 212/day in Q2 2021 before surging to USD 6 712/day in the second half of 2021. This reflects how the Atlantic market was first hit in the first half of 2021 due to influx of tonnage before surging in the second half thanks to strong grain exports and broad recovery of demand when lockdowns were lifted. Rising bunker prices have also contributed to the strong Atlantic premium in the second half of 2021.

Future Development

Despite the lull start following the hefty fall in Q4 last year, we expect the dry bulk market to rebound after the Chinese New Year and maintain at decent levels thereafter. The still high commodity prices and stocking demand across the globe will continue to support the freight in both basins in the first half of 2022, but more downside risks could emerge towards the second half of 2022 when depletion of government stimulus and higher interest rates across the globe start to affect fixed asset investments and raw material demand.

The global dry bulk fleet is expected to expand another 1,9% for the full year of 2022. In particular, the Supramax fleet is projected to grow about 2%. Meanwhile, growth for the global drybulk demand is expected to slow down significantly to 1,8% in 2022 from a strong 4,1% growth in 2021. Overall, the supply and demand of the global drybulk market is projected to be in broad balance in 2022 while the Supramax and Handy sectors are likely to perform better than their larger counterparts.

> THE BOARD OF DIRECTORS WILL PROPOSE A DIVIDEND FOR 2021 OF USD 65 MILLION TO THE ANNUAL GENERAL MEETING.

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 2022 and the Group's long-term strategy.

Business Overview

The Group is a world-leading operator within the Handy and Supra dry cargo segments, 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 decisionmaking 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.

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 0,90% (2020: 1,45%), divided into 0,51% short time absence, and 0,39% long time absence.

Working conditions for employees are considered to be good. The Group has implemented initiatives to maintain a healthy work environment, annual health checks, social and active events and activities, reimbursement of physical training expenses and individual workplace assessment by a 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 trainees. Employee performance is measured through regular performance appraisals. As of 31.12.2021, 43 of the Group's 109 employees were women (38%), with 31% in Oslo, 52% in Singapore, 20% in Seattle and 50% in Santiago. An unequal recruitment base makes it difficult to achieve an equal mix of gender within certain Group units, but Western Bulk endeavours to have both genders represented in all employment processes. 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 to mitigate potential consequences. It has developed a strong risk management culture that emphasises 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 exists 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 mainly will have limited impact on the Group, the Group pays close attention to concentration of risks related to cargo type, geographical area and counterparties, targeting diversification to mitigate exposure that potentially could have material effect.

Financial Risk

The Group's credit risk mainly relates to freight payable from our counterparts for voyages being performed. Such freight is mainly due at 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 following discharge, 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 dollars. The Group measures its currency risk applying sensitivity analysis. The Group has hedged the expected NOK denominated administrative expenses for 2022 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.

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 31.12.2021, Western Bulk Chartering AS is listed on Euronext Growth Oslo, with about 623 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 64.0 million for 2021 and a net positive cash flow of USD 39.6 million. Equity was USD 51.5 million as of 31.12.2021 with a book equity ratio of 31%.

The Board recommends the following allocation of the 2021 net profit for the parent company:

Dividend	USD	65 000 000
Share premium	USD	-1 038 215
Total allocations	USD	63 961 785

OSLO, 10. MARCH 2022

BENGT A. REM
CHAIRMAN OF THE BOARD

TORD MELING
BOARD MEMBER

ERIK BORGEN
BOARD MEMBER

HANS AASNÆS
CEO

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Responsible Business Conduct

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

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

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

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

Western Bulk has a whistle-blower policy and reporting channel. Employees are expected and encouraged to report matters that may not comply with the principles set forth in the Code of Conduct or other policies.

Western Bulk has a Counterpart Risk team that evaluates new and existing third parties against several risk criteria. This process is risk based and the extent of the vetting process therefore varies with the special risk of each trade, including e.g. the industry or region. The Group uses external databases and sources to improve the quality of the findings related to each third party.

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

// Elisabeth Hammerø (Commercial Trainee)

THE WESTERN BULK GROUP'S COMMITMENTS IN THE RBC SPHERE ARE:

HUMAN RIGHTS

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

LABOUR RIGHTS

Non-Discrimination

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

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

Compensation

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

Labour standards

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

Safe working environment

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

Seafarers

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

ENVIRONMENT

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

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

COMPETITION

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

TAXATION

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

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

ANTI CORRUPTION

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

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

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

MACN Maritime Anti-Corruption Network

TRACE Anti-Bribery Compliance Solutions

Group Financials

// Edvard Hulten (Data Scientist) and Patrick Næss (Senior Data Scientist)

WESTERN BULK CHARTERING GROUP // PROFIT AND LOSS STATEMENT

USD 1 000	NOTE	2021	2020
Gross revenues	3	1 487 878	778 690
Voyage expenses		-467 540	-358 537
Freight revenues on T/C-basis		1 020 338	420 153
T/C expenses		-904 668	-391 355
Other vessel expenses		-1 992	-2 062
Administration expenses	8, 18	-50 720	-22 918
Operating expenses		-957 380	-416 334
Depreciations	7	-151	-281
Gain/(loss) on disposal of fixed assets		-28	-
Bad debt provision and write-offs	13	-2	-14
Operating profit		62 778	3 524
Net interest income		42	269
Net interest expense		-438	-833
Gain/(loss) on foreign exchange		-857	747
Gain/(loss) on financial assets		-	1
Result positional FFA		24 226	-16
Other financial items		-877	-330
Net finance		22 095	-162
Profit/(loss) before tax		84 873	3 362
Tax income/(expense)	9	-3 847	-159
Profit/(loss) for the year		81 026	3 203

WESTERN BULK CHARTERING GROUP // BALANCE SHEET

USD 1 000	NOTE	2021	2020
ASSETS			
Non current assets			
Deferred tax asset	9	390	740
Intangible assets	7	14	23
Property, plant and equipment	7	358	502
Investment in financial assets		530	630
Long term receivable		604	-
Total non current assets		1 896	1 895
Current assets			
Accounts receivable	12,13	32 769	18 145
Other receivables	18	443	634
Bunker stocks		39 409	28 374
Bank deposits	11,12	122 114	30 297
Total current assets		194 735	77 450
TOTAL ASSETS		196 631	79 345
SHAREHOLDERS` EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital		205	174
Share premium		51 267	37 042
Total paid-in capital		51 472	37 216
Retained earnings			
Other equity / (uncovered loss)		-345	-17 409
Total retained earnings		-345	-17 409
TOTAL SHAREHOLDERS' EQUITY	14	51 127	19 807

USD 1 000	NOTE	2021	2020
LIABILITIES			
Long term liabilities			
Deferred tax liability	9	120	153
Pension liabilities	8	815	1 214
Total long term liabilities		936	1 367
Short term liabilities			
Accounts payable		8 202	8 130
Other payable	17	60 278	24 574
Provision dividend		65 000	-
Payable derivatives	5	4 241	661
Taxes payable	9	3 465	601
Short term Interest-bearing debt	12	3 383	23 955
Liabilities to related company	10	-	251
Total short term liabilities		144 569	58 171
TOTAL LIABILITIES		145 505	59 538
TOTAL SHAREHOLDERS` EQUITY AND LIABILITIES		196 631	79 345

OSLO, 10. MARCH 2022

BENGT A. REM CHAIRMAN OF THE BOARD	TORD MELING BOARD MEMBER	ERIK BORGEN BOARD MEMBER	HANS AASNÆS CEO

WESTERN BULK CHARTERING GROUP // CASH FLOW STATEMENT

USD 1 000	2021	2020
CASH FLOW FROM OPERATIONS		
Profit/(loss) before tax	84 873	3 362
Taxes paid	-540	-1 150
Depreciations	151	281
Gain/(loss) disposal fixed assets	29	-
Changes in current receivables and current liabilities	13 113	-13 496
Net cash flow from/(to) operating activities	97 626	-11 003
CASH FLOW FROM INVESTMENTS		
Investments in fixed- and intangible assets	-54	-253
Disposal of fixed assets	27	-
Investments in/ disposal of financial assets	100	-
Changes in long term receivables	-604	5
Net cash flow from investments	-531	-248
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in new short term and long term debt	-20 572	3 196
Share capital increase	15 294	623
Net cash flow from financing activities	-5 278	3 820
Net change in liquidity during the year	91 817	-7 432
Liquid assets as of 01.01.	30 297	37 729
Liquid assets as of 31.12.	122 114	30 297
Restricted bank deposits as of 31.12.	13 863	12 126
Available liquid assets as of 31.12.	108 251	18 171


// Beks Sky loading timber in Chile


WESTERN BULK

Notes to the Accounts

NOTE 1 // ACCOUNTING PRINCIPLES

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

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

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

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

The following exchange rate has been used as of 31.12.2021:
USD/NOK 8,8194

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 inter-company 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 Group's management must make estimates and assumptions that influence the value of assets and liabilities in the balance sheet and the amount of revenues and expenses included in the accounts during the accounting period. The actual figures may vary from these estimates.

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

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

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

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

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

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

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

Both in 2021 and 2020, 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.

// Maria Dellgren (Head of Operations Oslo) and Johan Wigforss (Head of Continent Commercial Team)

// MV Ardennes in Tyssedal, Norway

NOTE 2 // RISK FACTORS

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

Dry bulk freight market

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

Operational risk

The Group is exposed to its ability to maintain a high utilization rate for its fleet and the ability to operate the vessels in the most efficient and economical manner. This depends on the skills of its chartering and operations personnel, as well as the general conditions in the freight market. The Group has credit and counterpart risk related to its business activity, and has well-established policies for monitoring counterparty approval and for monitoring counterparties' performance. The procedure for approval of counterparts is based on both external rating services and internal investigations. The Group's credit risk mainly relates to freight payable from our counterparts for voyages being performed. Such freight is mainly due at 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	2021	2020
By business area		
Chartering and operation	1 488	779
Total	1 488	779
Geographical distribution		
Singapore	200	102
Switzerland	140	81
U.S.A.	114	57
U.K.	66	26
U.A.E.	65	66
Malta	64	32
France	60	36
New Caledonia	48	3
Japan	43	21
Belarus	32	17
Denmark	26	6
Australia	26	9
Korea, Republic	25	6
India	25	7
Barbados	25	9
Saudi Arabia	25	26
China	24	4
Turkey	24	7
Channel Islands	24	7
Germany	24	13
Other	408	244
Total	1 488	779

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

NOTE 4 // FINANCIAL INSTRUMENTS

Bunkers instruments

The Group hedges its bunkers exposure related to freight contracts. The mark-to-market value of the hedging contracts as of 31.12.2021 amounted to USD 0.3 million.

USD MILLION	MARKET VALUE
Bunker hedges (swaps and options) maturing in 2022	0.3
Total	0.3

Freight instruments

As of 31.12.2021 the Group had entered into FFA contracts (forward freight agreements) and freight options for the period 2022 - 2023. The mark-to-market value of the hedging contracts as of 31.12.2021 amounted to USD 3.9 million.

USD MILLION	MARKET VALUE
FFA (forward freight agreements incl. options) maturing in 2022	5.3
FFA (forward freight agreements incl. options) maturing in 2023	-1.4
Total	3.9

FX-hedge for G&A expenses

As of 31.12.2021 the Group has hedged its NOK G&A requirements for 2022 with forward currency contracts. The fair value of these derivatives as of 31.12.2021 amounted to USD -0.2 million.

NOTE 5 // PREPAID INCOME/COST

Prepaid income/cost is related to cleared FFA/Bunker hedge contracts. Prepaid income amounts to USD -4.2 million as of 31.12.2021.

USD MILLION	BOOK VALUE
Cleared FFA/ Bunker hedge contracts maturing in 2022	-5.6
Cleared FFA/ Bunker hedge contracts maturing in 2023	1.4
Total	-4.2

NOTE 6 // SHARES IN SUBSIDIARIES

WESTERN BULK CHARTERING AS HAS THE FOLLOWING DIRECT OWNERSHIP IN SUBSIDIARIES AS OF 31.12.2021	OWNERSHIP/ VOTING SHARE	BUSINESS OFFICE
Western Bulk Management AS	100,0 %	Oslo
Western Bulk Carriers AS	100,0 %	Oslo
Western Bulk Pte Ltd	100,0 %	Singapore
Western Bulk Carriers KS	100,0 %	Oslo
Western Bulk Carriers (Seattle) Inc.	100,0 %	Seattle
Western Bulk Carriers (Sweden) AB	100,0 %	Lerum
Western Bulk (Chile) Ltda	100,0 %	Santiago
WBC I AS	100,0 %	Oslo
WB Barging AS	100,0 %	Oslo
WBC VI AS	100,0 %	Oslo
Western Bulk Carriers, GmbH (in liquidation)	100,0 %	Hamburg

NOTE 7 // FIXED- AND INTANGIBLE ASSETS

USD 1 000	GRABS	INTANGIBLE	OTHER	TOTAL
Acquisition cost as of 01.01.2021	275	951	2 301	3 527
Additions during the year	-	-	54	54
Disposals during the year	-143	-	-120	-264
Acquisition cost as of 31.12.2021	132	951	2 235	3 317
Accumulated depreciation as of 01.01.2021	212	928	1 863	3 003
Depreciation for the year	8	10	134	151
Disposals	-88	-	-119	-209
Accumulated depreciation as of 31.12.2021	132	937	1 877	2 946
Book value as of 31.12.2021	-	14	358	371
Economic life time	5 year	5 year	5 year	

Other fixed assets is mainly related to office equipment.

NOTE 8 // ADMINISTRATIVE EXPENSES

USD 1 000	2021	2020
Salaries (incl. bonuses)	42 834	14 135
Employer's part of social security	1 201	961
Pension expenses, contribution plans	640	540
Pension expenses, benefit plans	-239	-239
Other benefits	1 116	1 113
Total salaries and social expenses	45 553	16 510
Other administrative expenses	5 167	6 408
Total	50 720	22 918
Persons employed (average for the year)	112	96

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.

Western Bulk Management AS has 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. NOK 4 million of the loan has been given to the CEO Hans Aasnæs. Accrued interest of 4% p.a. will be capitalized on an annual basis. The loan is secured by pledge in the purchased shares and matures in full on 28.04.2026. Please refer to note 14 for more information on the employee share scheme.

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

Remuneration to the CEO

USD 1 000	HANS AASNÆS CEO 2021	HANS AASNÆS CEO 2020
Salary	501	436
Bonus paid	73	-
Other remuneration	5	4
Total remuneration	579	440
Pension premium/cost	10	9

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 2021.

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	2021	2020
Statutory audit	119	104
Tax advice	12	5
Other services outside the audit scope	46	18
Total	177	127

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 91 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	2021	2020
Defined contribution plans - expense	646	540
Defined benefit plan - expense	-256	-212
Defined benefits plan - remeasurements	11	-26
Total	401	302

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 Group, as well as a corresponding gross pension obligation to the members of the executive management. The mutual fund is pledged for the benefit of the executive management. In addition to the annual contribution, the Group accrues for social security cost relating to the contribution and value development of the mutual funds.

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

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

Assumptions used in the actuarial calculations
The calculation of pension liabilities involves the use of judgement and estimates across a range of parameters. The discount rate is set at 1.5 % for Norwegian pension schemes and is based on high quality corporate bonds (OMF).

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

When calculating future costs for the defined benefit (early retirement) plans the following main assumptions have been made:

	2021	2020
Discount rate (OMF)	1,50 %	1,70 %
Expected return on plan assets	1,50 %	1,70 %
Expected rate of compensation increase	2,50 %	2,25 %
Expected increase of social security base amount (G)	2,25 %	2,00 %
Expected rate of pension increase	0,00 %	0,00 %

The discount rate appplied as of year-end 2021 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	2021	2020
Annual contribution/(reversal of cost)	-253	-216
Interest cost	9	22
Administration cost	-	6
Payroll tax	-11	-24
Pension expense, before remeasurements	-256	-212

Net pension obligation in the balance sheet

USD 1 000	2021	2020
Net defined benefit obligation (asset)	612	993
Payroll tax	204	221
Obligation in financial statement	815	1 214
Change in benefit obligation		
Defined benefit obligation at the beginning of year	1 518	1 746
Service cost	-91	-193
Interest cost	11	23
Remeasurements	-33	-31
Defined benefit obligation at end of year	1 404	1 544
Change in plan assets		
Plan assets at beginning of year	534	433
Interest income on plan assets	3	2
Employer contributions	94	94
Adjustment of plan assets	162	23
Plan assets at end of year	792	552

NOTE 9 // TAX

USD 1 000	2021	2020
The tax expense for the year consists of:		
Taxes payable	2 879	-219
Tonnage tax	670	531
Changes in deferred tax	298	-153
Total tax expense/(income)	3 847	159
Deferred tax relates to the following temporary differences:		
Fixed assets	-87	-91
Pensions	-1 647	-1 790
Accruals and provisions	-50	-
Gain/(loss) account for deferral	781	1 010
Interest deductions/tax losses carried forward	-2 061	-6 652
Finance loss carried forward	-	-6 172
Total temporary differences	-3 064	-13 695
Deferred tax liability/(asset), net	-684	-3 014
Deferred tax asset not recognised in the balance sheet	415	2 427
Net deferred tax liability/(asset) recognised in the balance sheet	-270	-587
Deferred tax (asset), gross	-390	-740
Deferred tax liability, gross	120	153

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	2021	2020
Profit before tax	84 873	3 362
Total tax expense/(income)	3 847	159
Effective tax rate	5 %	5 %
Calculated tax expense at 22% tax rate	18 672	740
Non-deductible expenses:		
Other non deductable costs	87	7
Deductible expenses netted with equity increase:		
Cost related to share capital increase	-186	-
Non-taxable income:		
Tax credit - SkatteFunn	-30	-111
Difference in pre-tax profit/(loss) between functional currency and NOK, and taxable income within tonnage tax system	-13 332	-647
Tax not related to result:		
Tonnage tax	677	531
Other tax effects:		
Utilisation of tax loss carried forward	-	-361
Credit allowance	-8	-
Correction for previous years tax provisions	-1	1
Writedown deferred tax assets	-2 032	-
Total tax expense/(income)	3 847	159

NOTE 10 // RELATED PARTIES

Reference is made to the annual report 2020, note 10 for information about transactions with related parties in 2020.

As of the date of this Annual Report, the main shareholder is the Kistefos Group, controlling about 69% of the shares of the Issuer. The second largest shareholder, Ojada AS, holds about 8% of the shares.

During 2021, the Group has had the following transactions with the Kistefos Group and Ojada AS:

Kistefos Equity Holdings AS:

In March and April 2021, the Kistefos Group provided a shareholder loan of USD 6.0 million through its subsidiary Kistefos Equity Holdings AS. The shareholder loan was repaid in full in April 2021.

Kistefos AS:

a. Kistefos AS provided a parent company guarantee for the Group's USD 10 million overdraft facility. Kistefos AS received a guarantee fee in return. The guarantee was released in connection with an amendment of the overdraft facility in December 2021.

b. 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.

c. As of 31.12.2021, the total outstanding payable amount to Kistefos AS was nil.

Ojada AS

There were no related party transactions with Ojada AS during 2021.

NOTE 11 // BANK DEPOSITS

As of 31.12.2021, USD 10.4 million of the restricted deposits was tied to deposits in favor of clearing houses. USD 1.2 million was temporarily restricted in Collection Accounts connected to the revolving credit facility. USD 0.8 million was pledged in favor of DNB Bank ASA as guarantee deposits, USD 0.5 million was pledged in favor of DNB Bank ASA as security deposit for the bunker payment facility. USD 0.4 million was posted as security deposit for FX hedges, USD 0.3 million was tax commitments and USD 0.3 million was pledged to secure rent commitments for the Oslo office lease agreement.

USD 1 000	2021	2020
Unrestricted bank deposits	108 251	18 272
Restricted bank deposits	13 863	12 026
Total bank deposits	**122 114**	**30 298**

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

NOTE 12 // INTEREST-BEARING DEBT

Overdraft facility

The Group has entered into an overdraft facility in the amount of USD 10 million. As per 31.12.21, the facility was undrawn.

Bunker facility

The Group has entered into an uncommitted USD 5 million frame agreement for up to 90 days extended payment on bunker invoices. As per 31.12.2021 the facility was undrawn.

Revolving Credit facility

The Group has entered into a revolving credit facility agreement in the amount of USD 20 million for financing of outstanding account receivables. As per 31.12.2021, a total of USD 3.4 million was drawn on the facility.

Shareholder loan

The shareholder loan from the Kistefos Group was repaid in April 2021.

Financial covenants

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

The Group was in compliance with all of its applicable financial covenants as of 31.12.2021.

Security and pledges provided

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

NOTE 13 // CONTINGENCIES AND PROVISIONS

Provisions for disputes

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

Due to ongoing disputes, the Group chooses not to disclose details of accruals. The total amount provided for where the Group is defendant is USD 9.6 million as of 31.12.2021 compared to USD 5.1 million as of 31.12.2020.

Write-offs and losses

The provision of USD 2.0 million related to the market value of various legacy contracts across the Group has been reduced by USD 1.1 million during 2021. Remaining provision of USD 0.9 million will be reversed during 2022.

Impairment provisions

A provision of USD 0.9 million has been made in relation to redelivery of bunkers and potential future liabilities. No additional provision for future loss has been made as the Group's overall forward book of contracts has a positive value as per 31.12.2021.

NOTE 14 // EQUITY, NUMBER OF SHARES AND SHAREHOLDERS

USD 1 000	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Equity as of 31.12.2020 before adjustment	174	16 430	-	3 203	19 807
Reclassification		20 612		-20 612	-
Equity as of 31.12.2020 after adjustment	174	37 042	-	-17 409	19 807
Share capital increase	31	15 263			15 294
Other					-
Proposed dividend		-1 038		-63 962	-65 000
Profit/(loss) for the year	-			81 026	81 026
Equity as of 31.12.2021	205	51 267	-	-345	51 127

Share capital		
Nominal value per share	NOK	0,05
Registered share capital 31.12.2021	NOK	1 680 986
Registered share capital 31.12.2021, in USD	USD	205 080
Total number of shares issued as of 31.12.2021		33 619 715

LARGEST SHAREHOLDERS	# OF SHARES	OWNERSHIP %
Kistefos Group	23 093 152	68,7 %
Ojada AS	2 776 792	8,3 %
Sniptind Invest AS	816 013	2,4 %
Øra Industrier AS	640 000	1,9 %
Spesialfondet KLP Alfa Global Energi	576 920	1,7 %
Clearstream Banking S.A.	486 438	1,4 %
Morgan Stanley & Co Int. Plc.	401 133	1,2 %
Other (615 other shareholders)	4 829 267	14,4 %
	33 619 715	100 %
Shareholdings by CEO and Board of Directors		
CEO, Hans Aasnas (through Øra Industrier AS and privately)	672 637	2,0 %
Chairman of the Board, Bengt A. Rem (through Borken AS)	66 666	0,2 %
Board member, Erik Borgen	66 666	0,2 %
Board member, Tord Meling (through Bergvegg AS)	16 666	0,1 %
	822 635	2,5 %

// Kenneth Thu (CFO), Hans Aasnæs (CEO) and Egil Husby (CSO)

During 2021, the Group implemented two capital increases of USD 15.3 million total. The first capital increase of USD 1 million was made in May in relation with the newly established Employee Shareholder Scheme. The second capital increase was made in September in connection with the Group's listing on Euronext Growth Oslo, raising USD 14.3 million to finance growth, scale on investments made and to strengthen the balance sheet to implement dividend policy as well as for general corporate purposes.

The Employee Shareholder Scheme was initiated to achieve continuity and increased involvement of the employees. All employees were offered to subscribe for shares up to NOK 15 000. The shares are subject to transfer restrictions with a lock in period of three years and a call option issued to Western Bulk, which allowed for the shares to be offered at a discounted subscription price of NOK 7,03125 per share. Subscription above NOK 15 000 could be made at a price of NOK 9,375 per share subject to the same restrictions. The terms of the share scheme are regulated by a Shareholder Agreement. The scheme is adapted to the Norwegian Tax Act § 5-14(1) where the discount for purchase up to NOK 15 000 is tax free for employees who are residents of Norway for income tax purposes. 18 employees subscribed for a total of 884 095 shares.

NOTE 15 // ESTIMATES

Due to the fact that a number of voyage related expenses are received well after a voyage has been completed, expenses are estimated until final invoices are received. As the accounts are based on a number of estimates, the 2021 profit and loss statement has been negatively impacted by USD 0.7 million due to the difference between estimated and actual expenses and provisions related to prior period voyages. The 2020 profit and loss statement had a negative adjustment of USD 0.5 million for prior period voyages.

NOTE 16 // LEASING AND OTHER COMMITMENTS

TC Contracts - Group as lessee
Vessels chartered in on time charter for a period represents a commitment to pay hire. The minimal nominal hire payable represents a lease commitment of USD 83.0 million exclusive of optional periods. For vessels chartered in on floating rates, an estimate has been applied for the hire commitment.

Charter coverage: For 2022 approximately 10 vessels are chartered in on TC-contracts, 4 vessels short to cover the existing cargo or timecharter contracts, while approximately 1 has firm employment of a fleet of 2 in 2023.

	2022	2023	2024	2025	BEYOND	TOTAL
Nominal Hire Commitment (USD 1 000)	69 238	10 297	3 430	-	-	82 965
Vessel Hire Days	3 607	703	221	-	-	4 531
Average Rate USD/day	19 196	14 647	15 518	-	-	18 310
Vessel Equivalent/year (firm period)	10	2	1	-	-	n.a.

TC contracts - Group as a lessor
9 vessels are chartered out on TC-contracts lasting between 30 and 90 days as of 31.12.2021. 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)	17 069	7 108	9 915	34 092
Vessel Days	532	248	362	1 142
Average Rate USD/Day	32 089	28 685	27 362	29 851

Leasing of offices
The Group leases office premises in Oslo (Norway), Santiago (Chile), Seattle (USA), Singapore, Casablanca (Morocco), Lerum (Sweden) and Dubai (United Arab Emirates). Total annual lease commitments amount to approximately USD 1.2 million and the lease contracts expire in the period of December 2022 to February 2026.

NOTE 17 // OTHER PAYABLE

The increase in other payable is mainly relating to accrued bonus and provision for dividend.

NOTE 18 // PUBLIC SUBSIDY

For 2019-2021 Western Bulk Management AS has received approval for a research and development (R&D) project within SkatteFunn. The SkatteFunn R&D tax incentive scheme is a government program designed to stimulate research and development in Norwegian trade and industry. The incentive is a tax credit and comes in the form of a possible deduction from the company's payable corporate tax. The SkatteFunn R&D Tax credit is reported under Other receivables and will be received in cash as the tax credit exceeds tax payable for Western Bulk Management AS in 2021.

The deduction rate for 2021 is 19%, same as for 2020, and the cost ceiling is NOK 25 million per year.

SKATTEFUNN R&D PROJECT, USD 1 000	2021	2020
Salaries and other indirect costs	385	401
Other project related costs	117	85
Consultant fees	217	1 057
Total costs associated with the project	**719**	**1 543**
Total tax credit	**137**	**293**

Tax credit reported under Other receivables as of 31.12.2021 is USD 136 606.

NOTE 19 // SUBSEQUENT EVENTS

The escalating situation following Russia's invasion of Ukraine has had limited impact on the Group, and is not expected to have negative impact in the near term. There are no other material events subsequent to the balance sheet date of 31.12.2021.


BEKS
BEKS SKY

Parent Company Financials

// Jeppe Christian Haug (Operations Manager) and Elisabeth Hammerø (Commercial Trainee)

PARENT COMPANY // PROFIT AND LOSS STATEMENT

USD	NOTE	2021	2020
Other operating revenue		565 666	-41 387
Administration expenses	2,3	-919 971	-442 840
Provision for future loss	13	630 000	300 000
Operating profit/(loss)		275 695	-184 227
Net interest income		5 062	259 856
Net interest expense		-80 658	-491 388
Gain/(loss) on foreign exchange		-490 656	37 911
Reversal writedown financial assets		43 500 000	-
Profit finanial items		-	38 898
Group Contribution		103 837	-
Result positional FFA		24 225 823	-16 137
Other financial items		-795 116	-452 181
Net finance		66 468 293	-623 041
Profit/(loss) before tax		66 743 988	-807 268
Tax income/(expense)	4	-2 782 203	-
Profit/(loss) for the year		63 961 785	-807 268

WESTERN BULK CHARTERING GROUP // BALANCE SHEET

USD	NOTE	2021	2020
ASSETS			
Non current assets			
Investment in subsidiaries	7	95 761 996	59 386 774
Total non current assets		95 761 996	59 386 774
Current assets			
Receivables from group companies	9	10 306 092	4 357 524
Other receivables		296 696	452 666
Bank deposits	10	59 678 170	20 068 677
Total current assets		70 280 958	24 878 866
TOTAL ASSETS		166 042 953	84 265 640
SHAREHOLDERS` EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	5,6	205 080	174 422
Share premium		51 267 311	37 042 042
Total paid-in capital		51 472 390	37 216 465
Retained earnings			
Other equity / (uncovered loss)		-	-
Total retained earnings		-	-
TOTAL SHAREHOLDERS’ EQUITY	5	51 472 390	37 216 465

USD	NOTE	2021	2020
LIABILITIES			
Long term liabilities			
Other long term liabilities		-	-
Total long term liabilities		-	-
Short term liabilities			
Accounts payable		27 213	18 480
Provision dividend		65 000 000	-
Taxes payable	4	2 782 203	-
Interest-bearing debt	11	-	10 000 000
Liabilities to parent company		-	250 556
Liabilities to group companies	9	42 520 509	35 489 303
Payable derivatives		4 240 639	660 837
Other current liabilities		-	630 000
Total short term liabilities		114 570 564	47 049 175
TOTAL LIABILITIES		114 570 564	47 049 175
TOTAL SHAREHOLDERS` EQUITY AND LIABILITIES		166 042 953	84 265 640

OSLO, 10. MARCH 2022

BENGT A. REM CHAIRMAN OF THE BOARD	TORD MELING BOARD MEMBER	ERIK BORGEN BOARD MEMBER	HANS AASNÆS CEO

PARENT COMPANY // CASH FLOW STATEMENT

USD	2021	2020
CASH FLOW FROM OPERATIONS		
Profit/(loss) before tax	66 743 988	-807 268
Provision for future loss	-630 000	-300 000
Gain/loss disposal of assets	-	-38 898
Writedown investment in subsidiaries	-43 500 000	-
Changes in current receivables and current liabilities	3 493 948	-2 700 046
Net cash flow from/(to) operating activities	26 107 936	-3 846 212
CASH FLOW FROM INVESTMENTS		
Investments in/disposal of financial assets	-	38 906
Investments in subsidiaries	7 000 000	-17 000 000
Net cash flow from investments	7 000 000	-16 961 094
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in interest-bearing short term debt	-10 000 000	10 000 000
Share capital increase	15 294 141	622 677
Change in intra-group balances	1 207 416	3 357 127
Net cash flow from financing activities	6 501 557	13 979 805
Net change in liquidity during the year	39 609 493	-6 827 502
Liquid assets as of 1.1.	20 068 677	26 896 179
Liquid assets as of 31.12	59 678 170	20 068 677
Restricted bank deposits as of 31.12.	11 661 950	3 744 355
Available liquid assets as of 31.12	48 016 220	16 324 322

// Firas Douleh,
(Head of Steel Parcelling)

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 31.12.2021:
USD/NOK 8,8194

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 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 35 600. An additional USD 7 500 has been expensed regarding tax related services and USD 38 600 for other consulting services provided.

The Board of Directors have not received any remuneration.

NOTE 4 // TAX

USD	2021	2020
The tax expense for the year consists of:		
Taxes payable	2 789 954	-
Credit allowance	-7 751	-
Total tax expense/(income)	2 782 203	-
Taxes		
Profit/(loss) before tax	66 743 988	-807 268
Writedown/(reversal of writedown) financial assets	-43 500 000	-44 886
Change in temporary differences	-559 513	-326 998
Transaction costs	-846 199	-
Other non deductable costs	327 925	-
Utilization of tax loss carried forward	-4 247 424	-1 641 808
Other	-3 949 320	62 388
Group contribution received	-828 551	-
Difference in pre-tax profit/(loss) between functional currency and NOK	-459 256	2 758 573
Basis for tax payable	12 681 649	-
Tax payable 22%	2 789 954	-
Deferred tax relates to the following temporary differences:		
Accruals and provisions	-50 000	-630 000
Other	226 460	292 603
Interest deductions/Tax loss carried forward	-2 055 178	-4 299 872
Finance loss carried forward	-	-6 166 655
Total temporary differences	-1 878 718	-10 803 924
Deferred tax asset not recognised in the balance sheet	413 318	2 376 863
Deferred tax liability/(asset)	-	-

NOTE 5 // EQUITY

	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN EQUITY	OTHER EQUITY	TOTAL
Equity as of 31.12.2020	174 422	37 042 042	-	-	37 216 465
Share capital increase, net	30 658	15 263 483			15 294 141
Proposed dividend		-1 038 215		-63 961 785	-65 000 000
Profit/(loss) for the year	-	-		63 961 785	63 961 785
Equity as of 31.12.2021	205 080	51 267 311	-	-	51 472 390

NOTE 6 // SHARES AND SHAREHOLDERS

Share capital		
Nominal value per share	NOK	0,05
Registered share capital 31.12.2021	NOK	1 680 986
Registered share capital 31.12.2021, in USD	USD	205 080
Total number of shares issued as of 31.12.2021		33 619 715

LARGEST SHAREHOLDERS	# OF SHARES	OWNERSHIP %
Kistefos Group	23 093 152	68,7 %
Ojada AS	2 776 792	8,3 %
Sniptind Invest AS	816 013	2,4 %
Øra Industrier AS	640 000	1,9 %
Spesialfondet KLP Alfa Global Energi	576 920	1,7 %
Clearstream Banking S.A.	486 438	1,4 %
Morgan Stanley & Co Int. Plc.	401 133	1,2 %
Other (615 other shareholders)	4 829 267	14,4 %
	33 619 715	100 %
Shareholdings by CEO and Board of Directors		
CEO, Hans Aasnas (through Øra Industrier AS and privately)	672 637	2,0 %
Chairman of the Board, Bengt A. Rem (through Borken AS)	66 666	0,2 %
Board member, Erik Borgen	66 666	0,2 %
Board member, Tord Meling (through Bergvegg AS)	16 666	0,1 %
	822 635	2,5 %

During 2021, the Group implemented two capital increases of USD 15.3 million total. The first capital increase of USD 1 million was made in May in relation with the newly established Employee Shareholder Scheme. The second capital increase was made in September in connection with the Group's listing on Euronext Growth Oslo, raising USD 14.3 million to finance growth, scale on investments made and to strengthen the balance sheet to implement dividend policy as well as for general corporate purposes.

The Employee Shareholder Scheme was initiated to achieve continuity and increased involvement of the employees. All employees were offered to subscribe for shares up to NOK 15 000. The shares are subject to transfer restrictions with a lock in period of three years and a call option issued to Western Bulk, which allowed for the shares to be offered at a discounted subscription price of NOK 7,03125 per share. Subscription above NOK 15 000 could be made at a price of NOK 9,375 per share subject to the same restrictions. The terms of the share scheme are regulated by a Shareholder Agreement. The scheme is adapted to the Norwegian Tax Act § 5-14(1) where the discount for purchase up to NOK 15 000 is tax free for employees who are residents of Norway for income tax purposes. 18 employees subscribed for a total of 884 095 shares.

NOTE 7 // SHARES IN SUBSIDIARIES

WESTERN BULK CHARTERING AS HAS THE FOLLOWING DIRECT OWNERSHIP AS OF 31.12.2021	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 %	31 614 472
Western Bulk Pte Ltd [3]	Singapore	100 %	57 500 001
Western Bulk Chile Ltda [2]	Santiago, Chile	100 %	51
Western Bulk Carriers (Seattle) Inc	Seattle, USA	100 %	266 496
Western Bulk Carriers (Sweden) AB	Lerum, Sweden	100 %	5 930
WBC I AS	Oslo, Norway	100 %	182 768
Western Bulk Carriers KS [1]	Oslo, Norway	100 %	147 541
Investments in subsidiaries			95 761 996

[1] 3 % is owned by the subsidiary Western Bulk Management AS.
[2] 99.9% is owned by the subsidiary Western Bulk Pte Ltd.
[3] USD 7 000 000 was received from Western Bulk Pte Ltd as repayment of capital and the writedown of USD 42 500 000 was reversed.

NOTE 8 // FINANCIAL INSTRUMENTS

The Company trades all currency-, freight- and bunker derivatives with external counterparts on behalf of the subsidiaries. See Note 4 in the consolidated group accounts for an overview of the market value as at 31.12.2021.

NOTE 9 // INTRA-GROUP BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

COMPANY	2021	2020
Western Bulk Carriers AS	-23 913 505	-22 577 974
Western Bulk Pte Ltd	-3 979 986	-4 122 280
Western Bulk Management AS	-4 203 933	-4 028 279
WBC I AS	-30 111	-309 713
WB Barging AS	-52 747	-82 843
Western Bulk Carriers (Sweden) AB	-12 321	-10 534
WBC VI AS	-21 815	-156
Net receivables/(liabilities) from group companies	-32 214 417	-31 131 779

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

Western Bulk Chartering AS and subsidiaries entered into a cash pool structure in 2019 where Western Bulk Chartering AS is the Group Account Holder. As of 31.12.2021, the Company had a net debt due to the subsidiaries of USD 38 177 454 (USD 17 651 723 as of 31.12.20).

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

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

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

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 receive a commission based on the related contracts. The total commission for 2021 amounted to USD 1 341 160. The intercompany balances related to these transactions are shown in the table above. See Note 5 in the consolidated group accounts for an overview of the financial instruments.

Other significant transactions are as follows: Management fee for 2021 paid to Western Bulk Management AS amounting to USD 473 589.

During 2021, the Company has had the following transactions with the Kistefos Group and Ojada AS:

Kistefos Equity Holdings AS
In March and April 2021, the Kistefos Group provided a shareholder loan of USD 6.0 million through its subsidiary Kistefos Equity Holdings AS. The shareholder loan was repaid in full in April 2021.

Kistefos AS:

a. Kistefos AS has provided a parent company guarantee for the Group's USD 10 million overdraft facility. Kistefos AS received a guarantee fee in return. The guarantee was released in connection with an amendment of the overdraft facility in December 2021.

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

c. As of 31.12.2021, the total outstanding payable amount to Kistefos AS was nil.

Ojada AS:
There were no related party transactions with Ojada AS during 2021.

NOTE 10 // BANK DEPOSITS

As at 31.12.2021 the restricted deposits were tied to deposits in favor of clearing houses.

	2021	2020
Unrestricted bank deposits	48 016 220	16 324 322
Restricted bank deposits	11 661 950	3 744 355
Total bank deposits	**59 678 170**	**20 068 677**

The company had a net debt due to the subsidiaries of USD 38 177 454 as of 31.12.2021 (USD 17 651 723 as of 31.12.2020) included in the numbers above.

NOTE 11 // INTEREST-BEARING DEBT

Overdraft facility
The Company has entered into an overdraft facility in the amount of USD 10 million. As of 31.12.2021, the facility was undrawn.

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

The Group was in compliance with all of its applicable financial covenants as of 31.12.2021.

Security and pledges provided
The subsidiaries Western Bulk Carriers AS and Western Bulk Pte Ltd have provided pledges of accounts receivables and collection accounts as security for the revolving credit facility and the overdraft facility. The Company has provided a pledge of a security account of USD 0.5 million as security for the bunker purchase facility.

NOTE 12 // GUARANTEES

Bunker facility
Western Bulk Carriers AS and Western Bulk Pte Ltd have entered into an uncommitted USD 5 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 31.12.2021, the facility was undrawn.

Revolving Credit facility
Western Bulk Carriers AS and Western Bulk Pte Ltd have entered into a revolving credit facility agreement in the amount of USD 20 million for financing of outstanding account receivables. Western Bulk Chartering AS is a guarantor for the facility. As of 31.12.2021, a total of USD 3.4 million was drawn on the facility.

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

NOTE 13 // CONTINGENCIES AND PROVISION

No provision for future loss has been made as the Company's forward book of contracts has a positive value as per 31.12.2021. Reference is made to note 13 in the consolidated group accounts.

NOTE 14 // SUBSEQUENT EVENT

The escalating situation following Russia's invasion of Ukraine has had limited impact on the Company, and is not expected to have negative impact in the near term. There are no other material events subsequent to the balance sheet date of 31.12.2021.

Auditor's Report

RSM

RSM Norge AS

Ruseløkkveien 30, 0251 Oslo
Pb 1312 Vika, 0112 Oslo
Org.nr: 982 316 588 MVA

T +47 23 11 42 00
F +47 23 11 42 01

www.rsmnorge.no

To the General Meeting of Western Bulk Chartering

Independent Auditor's Report

Opinion

We have audited the financial statements of Western Bulk Chartering showing a profit of USD 63 961 785 in the financial statements of the parent company and a profit of USD 81 026 000 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company Western Bulk Chartering (the Company), which comprise the balance sheet as at 31 December 2021, 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 and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, 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 2021, 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 financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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 laws and regulations 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.

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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 legal 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, 10 March 2022
RSM Norge AS

Cecilie Tronstad
Cecilie Tronstad
State Authorised Public Accountant


Western Bulk
BEKS