



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 979 993 609
Organisasjonsform: Aksjeselskap
Foretaksnavn: WESTERN BULK CARRIERS AS
Forretningsadresse: Henrik Ibsens gate 100
0255 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kenneth Thu
Dato for fastsettelse av årsregnskapet: 16.03.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 22.06.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Gross revenue	1	396 502 000	567 135 000
Voyage expenses		-176 659 000	-222 494 000
Sum inntekter		219 843 000	344 641 000
Kostnader			
T/C expenses	11	207 415 000	331 064 000
Other vessel expenses		1 033 000	1 860 000
Administration expenses	8, 9	10 638 000	11 465 000
Provision for future loss	10	-430 000	1 110 000
Sum kostnader		218 656 000	345 499 000
Driftsresultat		1 187 000	-858 000
Finansinntekter og finanskostnader			
Annen renteinntekt		533 000	1 021 000
Gain/loss on foreign exchange		190 000	405 000
Gain/loss on financial assets		0	15 000
Other financial items		-68 000	71 000
Bad debt provisions and write-offs, financial items		0	28 000
Sum finansinntekter		655 000	1 540 000
Annen rentekostnad		202 000	316 000
Sum finanskostnader		202 000	316 000
Netto finans		453 000	1 224 000
Ordinært resultat før skattekostnad		1 640 000	366 000
Tax income/expense	4	410 000	1 023 000
Ordinært resultat etter skattekostnad		1 230 000	-657 000
Årsresultat		1 230 000	-657 000
Overføringer og disponeringer			
Profit/loss for the year		1 230 000	-657 000



Resultatregnskap

Beløp i: USD	Note	2020	2019
Sum overføringer og disponeringer	7	1 230 000	-657 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investment in financial assets	6	630 000	630 000
Sum finansielle anleggsmidler		630 000	630 000
Sum anleggsmidler		630 000	630 000
Omløpsmidler			
Varer			
Bunker stocks	3	13 732 000	20 121 000
Sum varer		13 732 000	20 121 000
Fordringer			
Accounts receivables		8 601 000	15 991 000
Other receivables		16 000	245 000
Konsernfordringer	2	23 163 000	28 322 000
Sum fordringer		31 780 000	44 558 000
Bankinnskudd, kontanter og lignende			
Bank deposits	5	4 294 000	2 065 000
Sum bankinnskudd, kontanter og lignende		4 294 000	2 065 000
Sum omløpsmidler		49 806 000	66 744 000
SUM EIENDELER		50 436 000	67 374 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		37 000	37 000
Annen innskutt egenkapital		28 456 000	27 225 000



Balanse

Beløp i: USD	Note	2020	2019
Sum innskutt egenkapital		28 493 000	27 262 000
Sum egenkapital		28 493 000	27 262 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	4	150 000	182 000
Sum avsetninger for forpliktelser		150 000	182 000
Annen langsiktig gjeld			
Sum langsiktig gjeld		150 000	182 000
Kortsiktig gjeld			
Leverandørgjeld		3 062 000	2 707 000
Taxes Payable	4	515 000	1 065 000
Kortsiktig konserngjeld	2	2 050 000	2 478 000
Other payable	10	6 646 000	25 822 000
Short term interest-bearing debt	5	9 520 000	7 858 000
Sum kortsiktig gjeld		21 793 000	39 930 000
Sum gjeld		21 943 000	40 112 000
SUM EGENKAPITAL OG GJELD		50 436 000	67 374 000



Skattedirektoratet

Saksbehandler Jan Hoelstad	Deres dato 03.05.2011	Vår dato 11.05.2011
Telefon 22077325	Deres referanse Trine Angell-Hansen	Vår referanse 2011/494740

Kjelstrup & Wiggen AS
Henrik Ibsens gate 20
0255 OSLO

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for Western Bulk Carriers AS, org. nr: 979 993 609

Det vises til deres brev av 3. mai 2011. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Western Bulk Carriers AS.

Bakgrunn

Western Bulk Carriers AS er et heleid datterselskap av Western Bulk Chartering AS som igjen eies av Western Bulk AS. De to sistnevnte selskapene er i vedtak fra Skattedirektoratet av 1. oktober 2010 innvilget dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk. Western Bulk Carriers AS har fra 1. januar 2011 overtatt all virksomheten fra søsterselskapet Western Bulk Carriers KS. Dette siste selskapet er også innvilget dispensasjon fra norsk språk i samme vedtak som er nevnt ovenfor. Western Bulk konsernet driver virksomhet innen shipping. Selskapet er operatør og befrakter, og disponerer kommersielt i 2010 mellom 69 – 95 skip som opererte over hele verden. Engelsk språk benyttes i hovedsak ved all kommunikasjon og rapportering både intern i selskap, og eksternt mot forretningspartnere.

Skattedirektoratets vurdering og konklusjon

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjært fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

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For elektronisk henvendelse se www.skatteetaten.no		



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Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

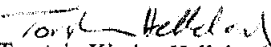
Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Selskapet virksomhet er i en internasjonal bransje og arbeidsspråket er engelsk. Alle sentrale aktører innen den bransje selskapet jobber, antas å måtte beherske og benytte engelsk språk. Selskapet inngår i et konsern hvor overliggende to eierledd alt er innvilget dispensasjon fra språkkravet.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering Western Bulk Carriers AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Jan Hoelstad



RSM Norge AS

To the General Meeting of Western Bulk Carriers AS

Filipstad Brygge 1, 0252 Oslo
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Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Western Bulk Carriers AS showing a profit of USD 1 230 270. The financial statements comprise the balance sheet as at 31 December 2020, 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 accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements 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.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av/ is a member of Den norske Revisorforening.

Pemneo Dokumentnøkkel: JMIOA-8XVVO-1XL02-6U00E-QHM0UJ-8ZCUX



Independent Auditor's Report 2020 for Western Bulk Carriers AS



In preparing the financial statements, management is responsible for assessing the Company'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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 16 March 2021
RSM Norge AS

Cecilie Tronstad
State Authorised Public Accountant
(This document is signed electronically)

Pemneo Dokumentnøkkel: JMIOA-8YIVO-1XL02-6U00E-QHM0UJ-8ZCUX



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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Cecilie Tronstad

Statsautorisert revisor

På vegne av: RSM Norge AS

Serienummer: 9578-5999-4-1466689

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Western Bulk Carriers AS

PROFIT AND LOSS STATEMENT

(USD 1.000)

	Note	2020	2019
Gross revenues	1	396 502	567 135
Voyage expenses		-176 659	-222 494
Freight revenues on T/C-basis		219 843	344 641
T/C expenses	11	-207 415	-331 064
Other vessel expenses		-1 033	-1 860
Administration expenses	8, 9	-10 638	-11 465
Provision for future loss	10	430	-1 110
Bad debt provision and write-offs			
Operating expenses		-218 656	-345 500
Operating profit/(loss)		1 187	-858
Net interest income		533	1 021
Net interest expense		-202	-316
Gain/(loss) on foreign exchange		190	405
Gain/(loss) financial assets		-	15
Other financial items		-68	71
Bad debt provision and write-offs, financial items		-	28
Net finance		453	1 224
Profit/(loss) before tax		1 640	366
Tax income/(expense)	4	-410	-1 023
Profit/(loss) for the year		1 230	-657
Allocations:			
Profit/(loss) for the year		1 230	-657
Total allocations	7	1 230	-657



Western Bulk Carriers AS

BALANCE SHEET

(USD 1.000)

ASSETS	Note	2020	2019
Non current assets			
Investment in financial assets	6	630	630
Total non current assets		630	630
Current assets			
Accounts receivable	5	8 601	15 991
Receivables from group companies	2	23 163	28 322
Other receivables		16	245
Bunker stocks	3	13 732	20 121
Bank deposits	5	4 294	2 065
Total current assets		49 806	66 744
TOTAL ASSETS		50 436	67 374
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital		37	37
Total paid-in capital		37	37
Retained earnings			
Other equity		28 456	27 225
Total retained earnings		28 456	27 225
TOTAL SHAREHOLDERS' EQUITY	7	28 492	27 262
LIABILITIES			
Long term liabilities			
Deferred tax liability	4	150	182
Total long term liabilities		150	182
Short term liabilities			
Accounts payable		3 062	2 707
Other payable	10	6 648	25 821
Taxes payable	4	515	1 065
Short term interest-bearing debt	5	9 520	7 858
Liabilities to group companies	2	2 050	2 478
Total short term liabilities		21 794	39 929
TOTAL LIABILITIES		21 944	40 111
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		50 436	67 374

Oslo, 16. March 2021

Hans Aasnes
Chairman of the Board/CEO



Western Bulk Carriers AS

CASH FLOW STATEMENT

(USD 1.000)

CASH FLOW FROM OPERATIONS	2020	2019
Profit/(loss) before tax	1 640	366
Tax paid	-1 037	-965
Gain/(loss) on sale of shares		-15
Changes in bunker stocks	6 389	-453
Change in bad debt provision	0	-129
Changes in current receivables and current liabilities	-11 157	8 336
Net cash flow from/(to) operating activities	-4 164	7 139
CASH FLOW FROM INVESTMENTS		
Sale of other shares and units		172
Investments in financial assets		-630
Change in receivable from group companies	5 159	-17 588
Net cash flow from investments	5 159	-18 047
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in short term debt	1 662	7 858
Change in liabilities to group companies	-428	-6 273
Net cash flow from financing activities	1 234	1 585
Net change in liquidity during the year	2 228	-9 323
Liquid assets as of 01.01.	2 065	11 388
Liquid assets as of 31.12.	4 293	2 065



WESTERN BULK CARRIERS AS

Notes 2020

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.

Reporting currency and functional currency

Based on historical figures, almost 100% of freight income, operating expenses for the vessels, bank deposits, receivables, accounts payable, and external financing are denominated in USD. The functional currency for the company is therefore 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 realized and unrealized gains and losses are included under financial items in the profit and loss statement. The following exchange rates have been used as of 31.12.2020:

USD/NOK 8,5326

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 company has major freight contracts covering several accounting years, accounting is based on individual voyages.

Use of estimates

In accordance with generally accepted accounting principles, the company's management must make estimates and assumptions that influence the value of assets and liabilities in the balance sheet and the amount of revenues and expenses included in the accounts during the accounting period. The actual figures may vary from these estimates. When preparing the accounts, best estimates based on information available at the time the accounts are prepared, are used.

Bunkers, other inventory and receivables

Inventories are valued at the lower of historical cost price according to "first in first out" principle and estimated market value. Receivables are recorded at nominal value less expected losses.

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.

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 company 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 company has classified the hedges as cash flow for accounting purposes. The market value of the derivatives are kept off-balance until realised. Option premiums paid/received and for any cleared derivatives the settlement 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 market-to-market value of the company'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 are made. Profit and loss from derivatives is classified as T/C expenses for freight derivatives, voyage expenses for bunker derivatives and as gain/(loss) on foreign exchange for currency derivatives.

Cash flow statement

The cash flow statement is 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.



WESTERN BULK CARRIERS AS

Notes 2020

Note 1 - Revenues (USD 1.000)

	2020	2019
By business area		
Chartering and Operation	396 502	567 135
Total	396 502	567 135

Geographical distribution

Singapore	48 283	74 588
Switzerland	47 602	92 793
U.S.A.	37 596	37 017
U.A.E.	33 490	18 764
France	26 120	28 155
Belarus	16 571	22 043
UK	15 379	17 162
Norway	14 615	12 406
Malta	14 576	20 027
Morocco	14 468	7 273
Hong Kong	8 026	8 952
Germany	7 909	9 542
Sweden	7 909	7 977
Qatar	7 488	6 536
Turkey	7 280	13 729
Panama	7 201	11 284
Channel Islands	6 874	7 237
Brazil	6 344	21 824
Denmark	4 636	7 141
Luxembourg	4 603	6 442
Other	59 931	136 243
Total	396 502	567 135

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

Note 2 - 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:

Intra-group balances (USD 1.000):	2020	2019
Western Bulk Chartering AS *	22 578	25 472
Western Bulk Pte. Ltd.	413	1 101
Western Bulk Management AS	-1 668	-730
WBC Seattle INC	-50	-
WB Chile LTDA	-166	-
WBC VI AS	6	-
Net receivables/(liabilities) from group companies	21 113	25 843

*) 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 per 31.12.2020, Western Bulk Carriers AS had a net receivable due to the Group Account Holder of USD 13.270.774.

The amounts presented are net receivables/liabilities per counterpart, while balance sheet presents gross amounts.

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. The most significant transactions are as follows:

Agency service fee to Western Bulk Management AS amounting to USD 4.5 million
Management service fee to Western Bulk Management AS amounting to USD 5.7 million.



WESTERN BULK CARRIERS AS

Notes 2020

Note 3 - Financial instruments

Dry-bulk freight market

Western Bulk Carriers AS is exposed to the global market for dry bulk freight, and its results will vary with freight rates, depending on its positioning in the market. The company may at times have a surplus or a shortage of chartered tonnage, relative to its cargo commitments. In addition, Western Bulk Carriers AS 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 company 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 at the general conditions in the freight market. The company has credit and counterparty risk related to its business, and has well-established policies for monitoring counterparty performance and credit approval procedures. Oslo, 16. March 2021

Bunker prices

Fluctuation in fuel oil prices is another substantial risk for Western Bulk Carriers AS, as fuel costs constitute a significant part of voyage costs. Exposures are created when future freight rates are set without indexation to fuel prices. The company hedges its exposures in the fuel oil market using fuel and crude oil swaps and options.

Foreign currency instruments

The main part of revenues, costs and borrowings are in USD.

Bunkers instruments

The company hedges its bunkers exposure related to freight contracts. The mark-to-market value of the contracts as of 31.12.20 amounted to USD -0.2 million.

	Market value
	MUSD
Bunker hedges (swaps and options) 2021	-0,2
Total	-0,2

Freight instruments

As of 31.12.2020 the company had entered into FFA contracts (forward freight agreements) and freight options for the period 2021-2023. The mark-to-market value of the contracts as of 31.12.20 amounted to USD 0.5 million.

	Market value
	MUSD
FFA (forward freight agreements incl. options) 2021	1,3
FFA (forward freight agreements incl. options) 2022	(0,7)
FFA (forward freight agreements incl. options) 2023	(0,1)
Total	0,5

Note 4 - Tax

(USD 1.000)

The tax expense for the year consists of:	2020	2019
Tax payable	84	-249
Under provision of taxes payable for previous years	-1	-0
Tonnage tax	-531	-820
Changes in deferred tax	37	-46
Total tax income/(expense)	-410	-1 023

Net taxable financial income	-	-
Net taxable income	-381	1 131
Utilization of tax loss carried forward	-	-
Basis for tax payable	-381	1 131
Tax payable 22%	-	249
Tonnage tax	531	820
Translation differences	-16	-4
Tax payable	515	1 065

Gain account for deferral	681	828
Tax loss carried forward	-	-
Total temporary differences	681	828
Deferred tax liability/(asset) 22%	150	182



WESTERN BULK CARRIERS AS

Notes 2020

Note 5 – Guarantee commitments and pledged assets

Western Bulk Carriers AS has entered into a USD 20 million Revolving Credit Facility (RCF) together with Western Bulk Pte Ltd as borrowers and guarantors and together with Western Bulk Chartering AS as guarantor. The facility is secured with joint guarantees of up to USD 24 million per guarantor and a first priority pledge over the borrowers' accounts receivables and certain bank accounts. USD 3.6 million was temporarily restricted in the Collection Account connected to this facility as of 31.12.2020. Outstanding amount for the Company regarding this agreement as of 31.12.2020 was USD 7.3 million.

Western Bulk Carriers AS has entered into a USD 15 million Frame agreement for extended payment of bunker invoices together with Western Bulk Pte Ltd as borrowers and guarantors and together with Western Bulk Chartering AS as guarantor. The facility amount was reduced to USD 5 million in January 2020. The joint corporate guarantees amounts to USD 18 million per guarantor. Outstanding amount for the Company regarding this agreement as of 31.12.2020 was USD 2.2 million.

Western Bulk Carriers AS has entered into a USD 2 million Common Terms Agreement for Bank Guarantees together with Western Bulk Pte Ltd as Obligors and together with Western Bulk Chartering AS as Customer. Any bank guarantees shall be secured by a 100% cash deposit on a Guarantee Deposit account. No bank guarantees were issued under the Agreement as per 31.12.2020. A USD 1 million Letter of Credit has been issued under the Agreement after 31.12.2020 in favor of a bunker supplier on behalf of the Company. A USD 1 million cash deposit has been posted by Western Bulk Chartering AS to secure the LOC.

Western Bulk Carriers AS has pledged the same assets as under the RCF as security for the parent company Western Bulk Chartering AS' new USD 10 million Overdraft Facility. The facility was entered into in June 2020 to replace the reduced facility amount for the bunker purchase facility.

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

Western Bulk Management AS
Western Bulk Carriers KS
Western Bulk Chartering AS
WBC1 AS
WB Barging AS
WBC VI AS

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

Note 6 – Shares in subsidiaries and other companies

(USD 1.000)

	Business office	Ownership share/ voting share	Book value (USD)
Western Bulk Carriers AS has the following ownership as of 31.12.2020			
C-Bulk KS	Oslo, Norway	10 %	630
Investments in shares			630

Note 7 – Equity

(USD 1.000)

	Share capital	Other paid-in equity	Other equity	Total
Equity as of 01.01.2020	37	0	27 225	27 262
Profit/(loss) for the year			1 230	1 230
Equity as of 31.12.2020	37	-	28 456	28 492

Western Bulk Carriers AS is 100% owned by Western Bulk Chartering AS, and the share capital consists of 1 share with nominal value NOK 300 000.

Note 8 – 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 Carriers AS is not obliged to have mandatory occupational pension scheme according to the Act relating mandatory occupational pensions. Western Bulk Management AS performs management and agency services for Western Bulk Carriers AS and receives a fee for these services based on arm's length terms.

Note 9 – Remuneration to the Auditor

Auditor (USD 1.000)	2020	2019
Statutory audit	24	26
Tax advice	-	-
Other services outside the audit scope	2	2
Total	25	28



WESTERN BULK CARRIERS AS

Notes 2020

Note 10 - Contingencies and provisions

Provisions for disputes

The Company is involved in several disputes, including lawsuits, both as defendant and plaintiff. Based upon the Company's own views as well as opinions received from lawyers, provisions based on best estimate have been made in respect of the Company'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 Company chooses not to disclose details of accruals. The total amount provided for where the Company has uninsured exposure in litigation is USD 1.9 million as of 31.12.2020 compared to USD 1.4 million as of 31.12.2019.

Write-offs and losses

The provision of USD 3.1 million made in 2019 related to the market value of various legacy contracts across the Group has been reduced by USD 1.1 million during 2020. Remaining provision of USD 2.0 million will be reversed over a two year period from 2021 to 2022.

Impairment provisions

As of 31.12.2020 the Company's forward book of contracts has a negative value, and a general provision for future loss of USD 0.7 million has been made. The provision as per 31.12.2019 was USD 1.1 million.

Note 11 - Commitments

Long Term TC contracts

Vessels chartered in on time charter for a period represents a commitment to pay hire. The minimum nominal hire payable represents a lease commitment of USD 46 million exclusive of optional periods.

	2021	2022	2023	2024 Beyond	Total
Nominal Hire Commitment (USD 1,000)	24 555	20 423	1 207	-	46 185
Vessel Hire Days	1 921	1 559	94	-	3 574
Average Rate USD/Day	12 782	13 100	12 843	n.a.	12 922
Vessel Equivalent/year	5.3	4.3	0.3	n.a.	n.a.

Note 12 - Estimates

Since a number of voyage related income and expenses are finalized a while after the voyage is completed, these are estimated until final invoices have been issued or received. As the accounts are based on a number of estimates, the 2020 profit and loss statement has been negatively impacted by USD 2.1 million due to the difference between estimated and actual expenses related to previous voyages. The 2019 profit and loss statement had a negative adjustment of USD 3.7 million for prior period voyages.

Note 13 - Group relationship

Western Bulk Carriers AS is included in the consolidated financial statements of Western Bulk Chartering AS. These financial statements are available by request to Western Bulk Chartering AS, PB 2868 Solli, 0230 OSLO.

Note 14 - Subsequent events

There are no material events subsequent to the balance sheet date of 31.12.2020.



Western Bulk Carriers AS The Board of Directors' Report 2020

Western Bulk Carriers AS is a leading dry bulk operator in the Handysize to Supramax dry bulk vessel segment. During 2020 the Company operated an average of 56 vessels worldwide, down from 79 in 2019. The Company has no employees and is located in Oslo, Norway.

Ownership Structure

The company is owned 100% by Western Bulk Chartering AS.

Market Development

The Baltic Supramax Index (BSI) ended 2020 at USD 11.424/day, compared to USD 8.295/day by the end of 2019.

Financial Performance

The dry bulk market started on a weak note in 2020, with an early Lunar New Year followed by the outbreak of the COVID-19 coronavirus in China. Western Bulk Carriers AS was well positioned for a weak market with several vessels redelivered and an overweight of cargo commitments, hence the low market offered some opportunities. The company recorded a gain of USD 1.7 million after tax in 2020 compared to a loss of USD 0.7 million in 2019. The turnover, expressed as gross freight revenues, decreased from USD 567.1 million in 2019 to USD 396.5 million in 2020. The balance sheet total was USD 50.4 million at the end of 2020 compared to USD 67.4 million the year before. The equity ratio was 56% as of 31.12.2020 compared to 40% as of 31.12.2019.

Financial Risk

The company'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 company will in most cases have a lien on the cargo.

The company's liquidity risk is mainly related to timing of cash in-and outflows and the company continuously monitors its cash reserve and available liquidity to ensure sufficient liquidity is available to meet the known obligations of its operations.

MarketRisk

Western Bulk Carriers AS measures its market risk on a daily basis through a well established risk control and monitoring system. The risk system sets absolute limits to the level of exposure taken by the company such as being long/short on vessels relative to contract coverage, being long/short on geographical areas, vessel sizes and trade routes, utilising options on cargoes and vessels etc. The company is not necessarily seeking to minimise the market risk, but rather to quantify and measure it to be able to take calculated positions in the market. The company actively uses derivatives such as freight forward agreements, bunker swaps and other financial instruments to hedge its market exposure.

Environment

Western Bulk Carriers AS' activities consist of chartering and operation of dry bulk vessels for transportation of products such as minerals, timber, cement, bauxite, steel products, grains, coal and more. The chartering and operation of chartered-in vessels fully comply with international rules and standards in the jurisdictions and sectors in which they operate.

Future Development

The dry bulk market has seen a robust start to 2021, backed by strong Chinese demand and recovering demand from developed economies, record high congestion in China, as well as tonnage shortage in the Atlantic. We have seen significant increases in rates, with January reaching a high of almost USD 13,000/day. The Chinese economy is expected to remain strong in the first half of 2021, supporting the dry bulk market and providing upside potential. Congestion at Chinese ports is likely to ease gradually when weather becomes warmer towards spring and long-waiting Australian coal cargoes meant for China have been resold to other destinations. Supply tightness in the Atlantic will be unwound when ballast from the Pacific arrives, compounded by weakening grain supply in the first half of the year due to seasonality. The market is likely to slow down gradually.

As the negative impacts and uncertainty related to COVID-19 is getting more under control, Western Bulk is gradually increasing the volume of vessels from a historically low level in 2020. With a new tonnage function in place, the company has increased period activity and is seeing positive impacts from the focus on building relationships with core vessel owners and cargo customers. New commercial teams are also settling in, and we are starting to see significant value from increased cooperation across teams. Combined with enhanced focus on operational excellence and data driven decisions, there is an expectation of positive development going forward.

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 estimated results for 2021 and the company's long term strategy.

Result for the Year and Allocations

The Board recommends the following allocation of the year's net result:

To/(from) other equity	USD	1 230 270
Total allocations	USD	1 230 270

Oslo, 16. March 2021

Hans Aasnes
Chairman of the Board/CEO