

H1-24 Financial Update

August 20, 2024

 **Western Bulk**



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Global dry bulk operator & derivatives trader without steel ownership

60-70% basic transportation

- Providing value to cargo customers and vessel owners through risk mitigation and operational reliability
- 120-150 chartered vessel fleet
- >300 cargo customers

20-30% position taking & derivatives trading

- Short & longer term vessel contracting, incl front-haul/backhaul spread
- Selling current & future cargo transportation
- Long & short positioning in Forward Freight Agreements (FFA) indexes, taking advantage of basin spreads and actual fleet and cargo positions

10% algo based prop trading

- Active FFA trading in all dry bulk vessel classes decided by proprietary algorithmic models

Solid financials with total profit of 125 MUSD and dividend of 114 MUSD since IPO in 2021

USD MILLION	H1 2024	FY 2023	ACC SINCE IPO*
Gross revenues	647.4	1 117.6	4 303.4
Net TC result	15.1	9.3	258.2
Administrative expenses	12.8	25.1	126.2
EBITDA	2.4	-15.8	132.1
Net profit after tax	2.5	-15.6	124.9
Dividend	0	0	114.0
Total assets	118.1	119.8	
Book equity	55.0	52.5	
Total liabilities	63.1	67.4	

- H1-24 profit of 2.5 MUSD and Net TC of 15 MUSD while investing in repositining of vessels into the Atlantic basin and growing the Panamax portfolio
- Keeping administrative expenses under control at approx 25 MUSD annually excluding bonus
- Loss in 2023 reflects investments in the Panamax trade as well as unfavourable spec position at two seasonal peaks
- Built long position for remainder of 2024

* From and included H2 2021 to and included H1 2024

Asset lighth, debt free and available liquidity of 48 MUSD

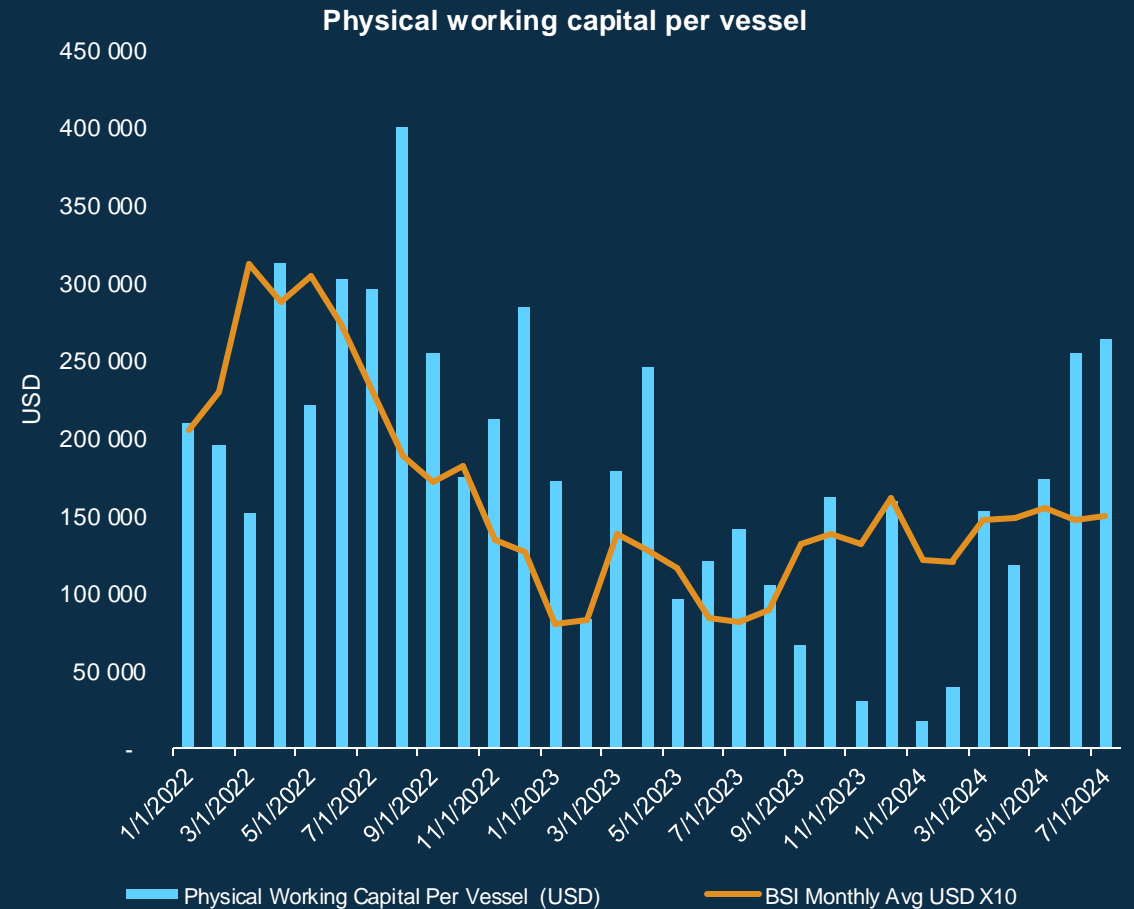
Balance Sheet and cash H1-24

USD MILLION	30.06.24	31.12.23	30.06.23
Non-current assets	0.8	0.7	0.6
Bunker stocks	50.1	52.6	56.6
Account receivables	41.3	24.4	22.8
Other receivables	3.5	1.8	0.6
Bank deposits	22.5	40.4	70.1
(of which Free cash)	(12.7)	(32.9)	(47.1)
Total assets	118.1	119.8	150.7
Book equity	55.0	52.5	63.3
Long-term liabilities	0.2	0.4	0.4
Accounts payable	19.2	13.7	25.3
Other payable	40.4	53.7	48.8
Interest bearing debt	-	-	13.0
Total liabilities	63.1	67.4	87.5
Working capital	37.9	20.1	17.8
Vessels end of period	141	126	147

- Free cash of 12.7 MUSD and debt free
- Available liquidity of 47,7 MUSD including undrawn bank facilities totaling 35 MUSD
- Working capital requirements of 30-40 MUSD with Accounts Receivables as main fluctuating variable
- Working capital increased by about 18 MUSD since 31.12.23 due to higher volume and repositioning of vessels from the Pacific to a higher paying Atlantic basin
- No dividend for Q2-24 as working capital needed to grow in Panamax. Position will be revisited for Q3-24.
- Book equity of 55 MUSD

Working capital increased by about 18 MUSD since 31.12 due to higher volume and more physical working capital per vessel

- Volume increase from 126 at the start of the year to 141 in June
- Historically, physical working capital (WC) per vessel has ranged around 100-200,000 USD
- Increase from USD 17,400 in January to USD 26,400 in July
 - Panamax requiring somewhat higher WC per vessel
 - Trading pattern
 - Market rates



Summary 1H, 2024





- Profitability restored at 2.5 MUSD
- Panamax team fully in place, lead by Mohneesh Bhutani. Vessels increased from 6 to 16
- Total WB fleet growth from 126 to 141 vessels. Drives increase in working capital
- New CEO, Torbjørn Gjervik, promoted from own organisation
 - Started as trainee in 2011
 - He has a strong commercial track record, having led our two largest commercial teams, North Atlantic and Pacific
- Amit Jakhmola appointed head of Indian Ocean
- Joachim Frantsen appointed head of North Atlantic
- Subsequent event: Triggered purchase option and sold Western Oslo in back to back deal. Nearly 5 MUSD in profit to be recorded in Q3

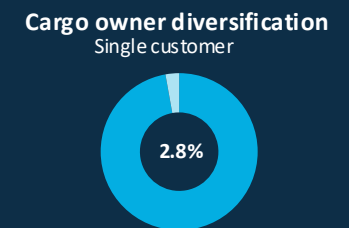
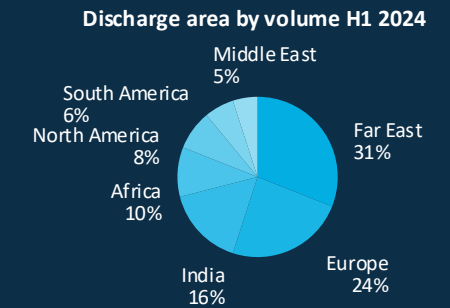
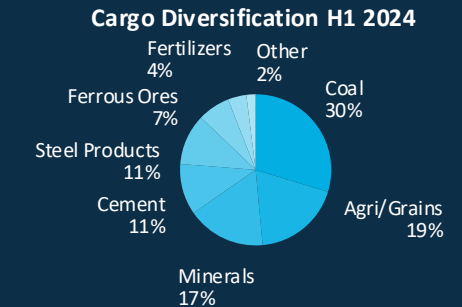
- Outlook: the group currently has a long position for 2H as it expects a seasonal push and has repositioned around 20 vessels into Atlantic* (back haul investment taken in 1H)

*As of 30.7.2024.

Diversified market exposure

- Limited exposure to specific customers, geographies or commodities
- Operates within the smaller & medium size bulk vessels allowing for trade in a large number of commodities, ports and trade lanes
- Selecting the optimal vessel depends on a range of factors, including vessel specifications, location and distance from cargo, fuel efficiency and charter hire
- Able to provide competitive freight through our local knowledge of the market, combined with an efficient and flexible model allowing for sharp pricing and arbitrage opportunities

Vessel classes	Type	# Vessels ¹	Size in dwt	Commodities traded
	Handysize	~2,800	20-45,000	> 50 different commodities
	Ultra-/ Supramax	~3,400	45-65,000	> 50 different commodities
	Panamax	~2,600	65-95,000	Coal, iron ore and grain
	Capesize	~1,900	95-400,000	Iron ore and coal



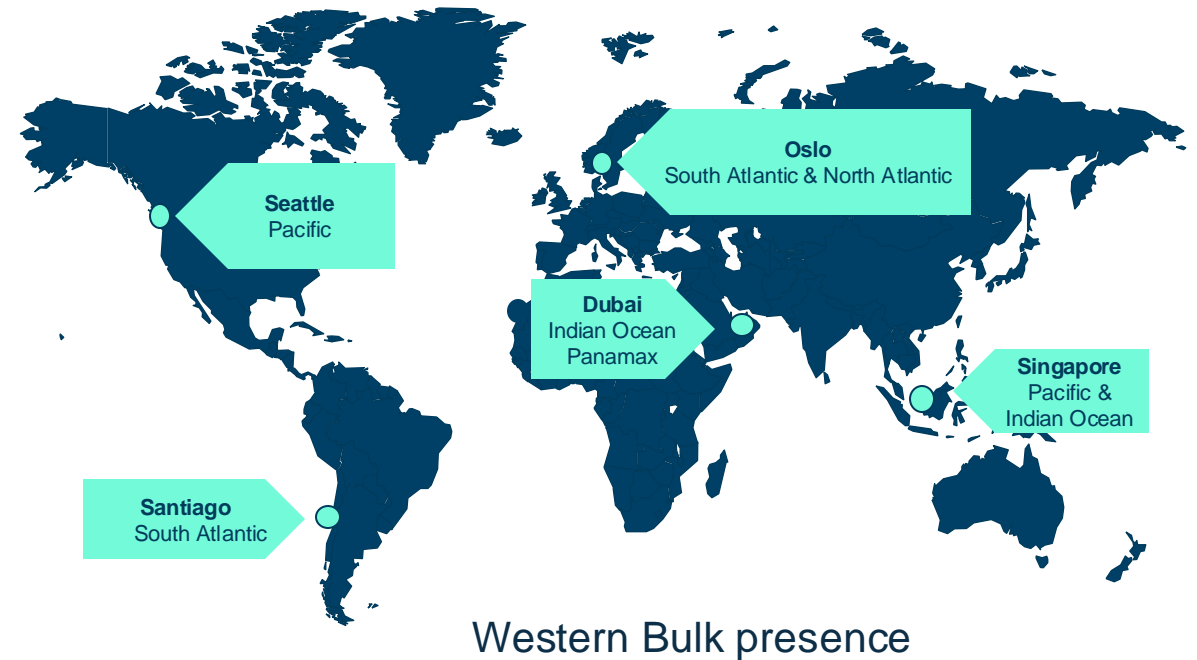
Global business presence provides market insight

Providing competitive freight through local knowledge of the market, which combined with an efficient and flexible model allow for sharp pricing and arbitrage opportunities

Global network of trade routes and offices located in strategically important areas allow for:

- ✓ Improved fleet utilisation and flexibility
- ✓ Economies of scale and significant business intelligence
- ✓ Optimisation of fleet operations to reduce fuel consumption and limit emissions from the Group's activities

Trading authority rests with each commercial team, but with centralised prop book



110 specialised professionals across 30 different nationalities, within chartering, operations and derivatives trading, supported by cutting edge technology, analytics and risk management experts

Typical trading positions



Long exposure typically comes from taking ships on period time-charter. If Western Bulk for example hires a ship at a fixed rate of 10,000\$/d the group will benefit from the freight market going **up** as the vessel will receive higher rate for employment than the cost of hire. Period vessels are usually fixed with optionality in terms of where and when the vessels are to be redelivered, which results in a **long call option**.



Short exposure typically comes from fixing forward cargoes. If Western Bulk for example agrees to ship a cargo at 10,000\$/d the group will benefit from the freight market going **down** as the hire rate of the vessel to cover the cargo will be lower than the freight received from the charterer. Under larger contracts with industrial counterparts, it is common to offer optional cargoes, resulting in a **short call option**.



FFA (forward freight agreement) is a derivative contract pricing off the Baltic Supramax Index. FFAs is used both as hedge for open cargoes or vessels as well as for pure position taking.

Position: As of now, long Atlantic to play seasonality

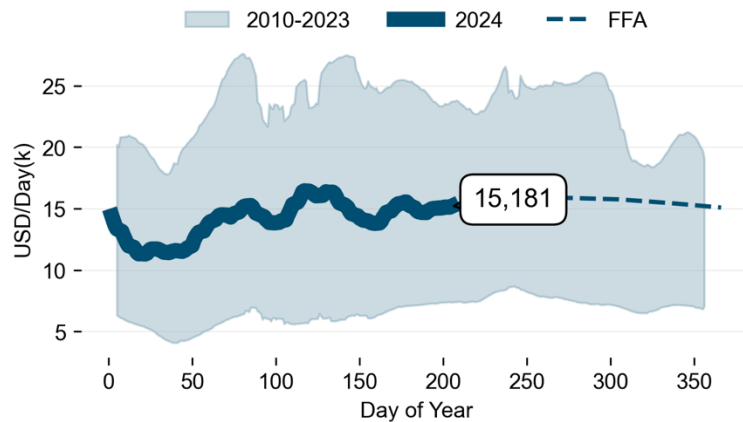
- The group's main position is a long Supra/Ultramax position in the Atlantic basin from August and throughout Q1'25 of above 4,000 days.
- About 2,300 days of the group's total position is optional length

Key Supramax indexes (BSI)

The physical spot market

The benchmark for the spot market freight rate for dry bulk vessels, reflecting current supply and demand dynamics.

BSI has varied between 11'500-16'500\$/d YTD and is forecasted (FFA) to stay between 15'000-16'000\$/d for H2'24.

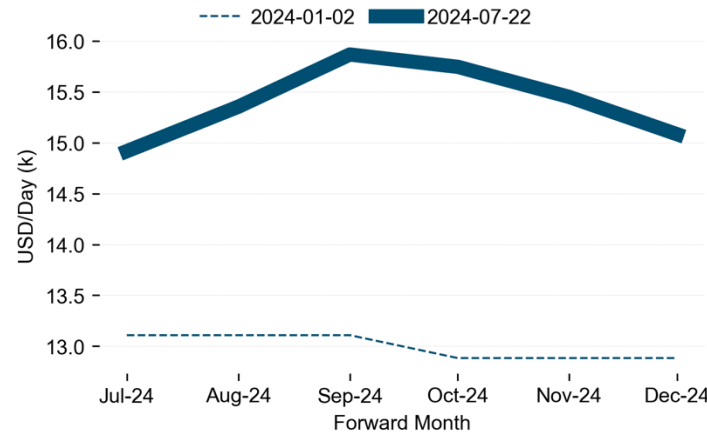


Source: Baltic Supramax Index 58 (BSI58)

The financial forward market (FFA)

The value of future freight rates, allowing market participants to hedge against future volatility or take directional positions.

The BSI FFA curve for H2'24 has increased about 2'000-3'000\$/d since January 1st.

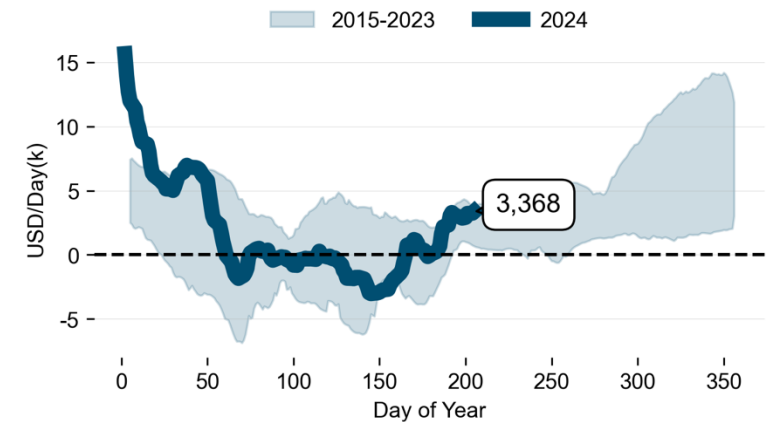


Source: BSI58 Forward Freight levels for respective months

The regional markets

The basin spread is a key indicator of the difference in freight rates across regions. Important for strategic decision-making for fleet positioning and cargo chartering.

Positive basin spread (in favor of Atlantic vs Pacific) in line with historical seasonality and expected to grow throughout H2'24.



Source: BSI58 route index S2_58 less S4_58

*The group also closely monitor the same indexes for the Panamax and Handysize segments.

Stress test for H2'24

- Western Bulk's stress test is a risk metric which quantifies the change in market value of the forward book given a 20/40% decrease/increase in overall market levels – i.e all indexes moving up/down.
- As the group is net long, the market value will increase if the market rates strengthen.
- The group has a larger upside than downside due to long optionality on period tonnage contracts.
- Securing an asymmetric payoff profile through optionality is a strategic decision.
- The position is subject to constant evaluation and can be changed on short term notice by fixing vessels in our out, cargo fixtures or use of derivatives.
- The position can be different for various time periods (short, medium and long term)

The Sale of Western Oslo

- Call option strikable at the end of firm period (October 2022). Option expiry April 2025
 - Terms and delivery agreed back-to-back with Buyers.
- Net profits slightly more than USD 4.6m
 - Vessel sold for USD 31,6m gross of commissions to third parties.
- Closing 14th August 2024.
 - Profits to be booked in q3 results.
- We observe that asset prices and the spot market/period market are not correlated.
 - Significant increase in rates already priced in asset prices.
 - Although we are bullish for the second half of 2024, the risk/reward favours selling our oldest vessel.
- The company has two other similar options



Highlights

01

1H profit of 2.5 MUSD

02

Increased fleet from 126 to 141 vessels through growth in the Panamax segment

03

Long position in the Atlantic basin from August and throughout Q1'25 of about 4,650 days, to take advantage of seasonal rate swings and basin spreads, as well as general rate uptick

04

Stress test with +/-40 % change in market rates for 2H indicates 47 MUSD in Net TC rate outcome spread

05

No dividend for Q2, but to be revisited in Q3 again. Working capital headroom needed due to volume growth

06

New CEO starting 1/9/24

A dark blue world map is centered in the background of the image. The map shows the outlines of continents and oceans in a slightly lighter shade of blue.

 **Western Bulk**