

2020 BULKERS

BOARD OF
DIRECTORS'
REPORT

Q2 2023

Results for the Second Quarter and
First Half of 2023

Oslo, Norway, August 16, 2023

2020 Bulkera Ltd. ("2020 Bulkera" or the "Company"), today announced its unaudited financial and operating results for the three and six months ended June 30, 2023.

Key events during the second quarter of 2023

- The Company reported net profit of US\$4.8 million and EBITDA of US\$11.1 million for the second quarter of 2023.
- Achieved average time charter equivalent earnings of approximately US\$23,800 per day, gross.
- The Company declared total cash distributions of US\$0.19 per share for the months of April, May and June 2023.

Subsequent Events

- In July 2023, the Company extended and amended the index-linked time charter contract for Bulk Sandefjord to September 2024 - January 2025
- Achieved average time charter equivalent earnings for July 2023 of approximately US\$21,200, per day, gross.
- In August 2023, the Company declared a cash distribution of US\$0.04 per share for July 2023.

Management discussion and analysis

Consolidated Statements of Operations

Three months ended June 30, 2023

Operating revenues were US\$17.1 million for the three months ended June 30, 2023 (US\$23.3 million for the three months ended June 30, 2022). The Company achieved an average time charter equivalent rate, gross, of US\$23,800 for the three months ended June 30, 2023, compared to US\$32,300 for the three months ended June 30, 2022. During the three months ended June 30, 2023, the Company charged Himalaya Shipping US\$0.3 million for management services recognized as Other operating income in the Consolidated Statements of Operations.

Total operating expenses were US\$9.0 million for the three months ended June 30, 2023 (US\$8.8 million for the three months ended June 30, 2022).

Vessel operating expenses were US\$5.0 million and US\$4.3 million for the three months ended June 30, 2023 and 2022, respectively. The increase compared to the three months ended June 30, 2022 is driven by cost increase in spare parts, consumables, insurance and crew wages.

Voyage expenses and commission were US\$0.2 million for the three months ended June 30, 2023 (US\$0.3 million for the three months ended June 30, 2022). The decrease compared to the three months ended June 30, 2022 is due to lower commission on the lower charter hire earned.

General and administrative expenses were US\$0.8 million for the three months ended June 30, 2023 (US\$1.3 million for the three months ended June 30, 2022). The decrease compared to the three months ended June 30, 2022, is due to fees incurred in connection with the corporate restructuring during the three months ended June 30, 2022. Please also see comment to Other operating income.

Depreciation and amortization were US\$3.0 million and US\$2.9 for the three months ended June 30, 2023 and 2022, respectively.

Total financial expenses, net, were US\$2.6 million for the three months ended June 30, 2023 (US\$2.5 million for the three months ended June 30, 2022). The increase compared to the three months ended June 30, 2022 is due to higher LIBOR interest on the Ocean Yield sale leaseback financing partly offset by higher interest income.

Six months ended June 30, 2023

Operating revenues were US\$29.7 million for the six months ended June 30, 2023 (US\$40.1 million for the six months ended June 30, 2022). The Company achieved an average time charter equivalent rate, gross, of US\$20,700 for the six months ended June 30, 2023, compared to US\$28,200 for the six months ended June 30, 2022. During the six months ended June 30, 2023, the Company charged Himalaya Shipping US\$0.7 million for management services recognized as Other operating income in the Consolidated Statements of Operations.

Total operating expenses were US\$18.1 million for the six months ended June 30, 2023 (US\$17.5 million for the six months ended June 30, 2022).

Vessel operating expenses were US\$10.0 million and US\$8.8 million for the six months ended June 30, 2023 and 2022, respectively.

Voyage expenses and commission were US\$0.4 million for the six months ended June 30, 2023 (US\$0.7 million for the six months ended June 30, 2022).

General and administrative expenses were US\$1.8 million for the six months ended June 30, 2023 (US\$2.2 million for the six months ended June 30, 2022).

Depreciation and amortization were US\$5.9 million and US\$5.8 for the six months ended June 30, 2023 and 2022, respectively.

Total financial expenses, net, were US\$5.3 million for the six months ended June 30, 2023 (US\$4.7 million for the six months ended June 30, 2022).

Please see analyses for the second quarter of 2023 for vessel operating expenses, voyage expenses and commission, general and administrative expenses and total financial expenses, net, which are also valid for the six months ended June 30, 2023.

Consolidated Balance Sheets

The Company had total assets of US\$371.3 million as of June 30, 2023, (December 31, 2022: US\$379.8 million).

Total shareholders' equity was US\$155.5 million and US\$155.9 million as of June 30, 2023 and December 31, 2022, respectively.

Total liabilities as of June 30, 2023, were US\$215.8 million (December 31, 2022: US\$223.9 million). The decrease is primarily due to scheduled repayments on the Company's long term debt.

Consolidated Statements of Cash Flows

Three months ended June 30, 2023

Net cash provided by operating activities was US\$6.8 million for the three months ended June 30, 2023 (US\$14.5 million for the three months ended June 30, 2022). The decrease compare to the three months ended June 30, 2022, is due to lower earnings.

Net cash used in investing activities was US\$nil for the three months periods ended June 30, 2023 and 2022.

Net cash used in financing activities was US\$7.6 million during the three months ended June 30, 2023 (US\$13.9 million used in financing activities during the three months ended June 30, 2022). The Company repaid US\$3.7 million of long-term debt and paid US\$3.9 million of cash distributions during the three months ended June 30, 2023. The Company repaid US\$3.7 million of long-term debt and paid US\$10.2 million of cash distributions during the three months ended June 30, 2022.

Six months ended June 30, 2023

Net cash provided by operating activities was US\$11.2 million for the six months ended June 30, 2023 (US\$23.1 million for the six months ended June 30, 2022). Please see analysis for the second quarter of 2023 which is also valid for the six months ended June 30, 2023

Net cash used in investing activities was US\$nil for the six months periods ended June 30, 2023 and 2022.

Net cash used in financing activities was US\$11.7 million during the six months ended June 30, 2023 (US\$28.7 million used in financing activities during the six months ended June 30, 2022). The Company repaid US\$7.4 million of long-term debt, paid US\$6.3 million of cash distributions and received US\$2.0 million in proceeds from share issuance during the six months ended June 30, 2023. The Company repaid US\$7.4 million of long-term debt and paid US\$21.3 million of cash distributions during the six months ended June 30, 2022.

Corporate Developments and Financing

The Board is pleased that the Company has remained profitable for each quarter following delivery of the first vessel in the third quarter of 2019.

The Board remains focused on returning the majority of operational free cash flow after debt service back to shareholders on a monthly basis. The Company has as of today declared dividends or cash distributions for 37 consecutive months. Following the cash distribution for July, the Company will have returned approximately 81% of the paid-in equity to shareholders.

The Company has a solid funding situation with a cash position of approximately US\$16.2 million as of August 14, 2023.

Cash breakeven for the fleet, which includes expected general and administrative expenses, operating costs and debt service is estimated at approximately US\$16,400 per vessel per day.

The Company has as of August 14, 2023, around US\$197 million of net debt, corresponding to approximately US\$25 million per vessel. Based on the amortization profile of the debt and sale leaseback financing, debt will be repaid by approximately US\$15 million per year, corresponding to an annual average debt reduction of US\$1.85 million per vessel.

Commercial update

In the second quarter of 2023 the Company achieved average time charter equivalent earnings of approximately US\$23,800 per day, gross. The Company's vessels trading on index-linked time charter earned approximately US\$24,800 per day, gross, including average daily scrubber benefits of approximately US\$3,600 per day. The Company's vessels trading on fixed time charter earned approximately US\$22,000 per day, gross, including daily scrubber benefits.

The Baltic 5TC Capesize Index averaged US\$15,561 per day in Q2 2023.

The Company achieved average time charter equivalent earnings for July 2023 of approximately US\$21,200, per day, gross. The Baltic 5TC Capesize Index has averaged US\$13,192 per day in the same period.

Chartering update

2020 Bulk carriers has commercially outperformed the Baltic 5TC index for 44 out of 48 months since delivery of its first vessel.

Currently, 2020 Bulk carriers has six vessels trading on index-linked time charters. Bulk Seoul and Bulk Shanghai are trading on fixed time charters until September 30, 2023, at US\$22,850 per day, gross. All the concluded charters represent a significant earnings premium to a standard Capesize vessel driven by the additional cargo intake and lower fuel consumption. Charterers are also paying a premium to reflect the economic benefit of our vessels' scrubbers.

From August 1 until end of 2023, the Company has 1,102 operating days linked to the development in the Capesize spot market. The structure of our index-linked contracts allows the Company to convert these charters to fixed rates on the basis of the prevailing FFA market from time to time, should we wish to increase our level of fixed charter coverage.

The current chartering status is summarized in the table below:

Ship name	Delivery	Charterer	Rate US\$	Charter expiry
Bulk Sandefjord	Aug-19	Koch	Index linked + premium + scrubber benefit	Sep 24 – Jan 25
Bulk Santiago	Sep-19	Koch	Index linked + premium + scrubber benefit	Aug 23 – Feb 24
Bulk Seoul	Oct-19	Koch	22,850 from 10 Feb – 30 Sep 2023, Index linked + premium + scrubber benefit	Mar 24
Bulk Shanghai	Nov-19	Koch	22,850 from 10 Feb – 30 Sep 2023, Index linked + premium + scrubber benefit	Mar 24
Bulk Shenzhen	Jan-20	Koch	Index linked + premium + scrubber benefit	Aug 23 – Feb 24
Bulk Sydney	Jan-20	Koch	Index linked + premium + scrubber benefit	Feb 24 – Aug 24
Bulk Sao Paulo	Jun-20	Glencore	Index linked + premium + scrubber benefit	May 23 – Aug 23
		European charterer	Index linked + premium + scrubber benefit	Apr 25 – Jun 25
Bulk Santos	Jun-20	European charterer	Index linked + premium + scrubber benefit	Apr 25 – Jun 25

Market commentary

The Baltic 5TC Capesize index today stands at US\$13,244 having averaged US\$12,530 year to date, down from US\$18,011 during the same period in 2022.

Following a normal seasonally weak first quarter, the Capesize market recovered during the second quarter, however, it has so far not shown its usual seasonal strength during the third quarter.

Strong trade growth, with ton-miles sailed on Capesize vessels up 5% YTD, has largely been offset by a further drop in congestion for the Capesize fleet, where the share of the Capesize vessels in port is now down to historically low levels of 22%, from a peak of 34% during 2022.

The Capesize market has so far this year seen ton-miles sailed on Capesize vessels up approximately 5%. For the iron ore trade, total ton-miles are up 3.3%, driven by Brazilian export volumes up 5.1% and Australian export volumes up 1.4% year over year. For the coal trade, ton-miles are up 0.2% compared to 2022. The Bauxite trade is up 32.1% year over year.

Global crude steel production for the period of January – June 2023 was down 0.9%, compared to the same period in 2022, with the World, ex China, down 4.8%, while Chinese steel production increased 2.3%.

Chinese iron ore imports from January - June were up 7% year over year. Chinese iron ore inventories currently stand at 111 million tons, compared to 123 million tons a year ago.

China's property sector remains challenged in spite of the government's stimulous efforts.

Growth in vessel supply will be moderate in the coming years with expected Capesize deliveries of 10.9 million dwt in 2023, dropping further to 7.3 million dwt in 2024 and 5.5 million dwt in 2025. As a consequence of the high ordering of container vessels, Chinese yards are believed to have very limited capacity for ordering of large drybulk vessels before 2026, giving good visibility for limited supply growth in the coming years. New ordering is expected to remain subdued in part driven by uncertainties as it relates to the optimal propulsion systems to meet the shipping industry's ambitions for de-carbonization.

Upside risks to the future development in the Capesize market from current levels, relate to a potential restocking of China's relatively low iron ore inventories, as well as a normalization of congestion from the current low levels.

Key downside risks to the Capesize market include a continued economic slowdown, driven by rising interest rates, tighter monetary conditions due to inflationary pressure, as well as heightened geopolitical tensions. Continued weakness in the Chinese property sector also represents an ongoing risk to Chinese steel demand.

Capesize fleet development

The global Capesize fleet stands at 391 million dwt as of August 1, 2023, up from 382 million dwt in August, 2022.

The current orderbook for Capesize dry bulk vessels currently stands at 4.77% of the existing fleet, down from 6.28% in August 2022.

2.16 million dwt has been ordered in 2023 so far, compared to 3.48 million dwt ordered during the same period in 2022.

0.85 million dwt has been scrapped so far in 2023, compared to 1.67 million dwt during the same period in 2022.

Outlook

2020 Bulkers has a robust financial structure with moderate financial leverage and a solid cash position. Our operating cash breakeven, which is estimated at approximately US\$16,400 per vessel per day for the remainder of 2023, is lower than the current FFA curve for the balance of 2023, which implies earnings of approximately US\$25,900 per day for a scrubber fitted Newcastlemax.

The Company will continue its strong capital discipline, and will remain focused on returning the majority of free cash flow to shareholders as monthly cash distributions.

Invitation to webcast and conference call Q2 2023 results

2020 Bulkers Ltd. will release its financial results for the second quarter of 2023 on Wednesday, August 16, 2023. A conference call and webcast will be held at 3:00 PM CET. The earnings report and presentation will be available from the Investor Relations section on www.2020bulkers.com on the same day.

In order to listen to the presentation, you may do one of the following:

Listen-only webcast (including the slide presentation):

https://channel.royalcast.com/webcast/hegnarmedia/20230816_2 or you can click the "Webcast" link on www.2020bulkers.com/investor-relations/

Telephone conference:

PIN Code for all countries: 172292

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SE: +46 8 1241 0952

NO: +47 2195 6342

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There will be a Q&A session after the presentation.

Forward-Looking Statements

This announcement includes forward looking statements. Forward looking statements are, typically, statements that do not reflect historical facts and may be identified by words such as "anticipate", "believe", "continue", "estimate", "expect", "intends", "may", "should", "will" and similar expressions. The forward-looking statements in this announcement are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although 2020 Bulkers Ltd. believes that these assumptions are reasonable, they are, by their nature, uncertain and subject to significant known and unknown risks, contingencies and other factors which are difficult or impossible to predict and which are beyond our control.

Such risks, uncertainties, contingencies and other factors could cause actual events to differ materially from the expectations expressed or implied by the forward-looking statements included herein.

The information, opinions and forward-looking statements contained in this announcement speak only as of the date hereof and are subject to change without notice.

Responsibility statement

We confirm, to the best of our knowledge, that the interim condensed consolidated financial statements for the first half year of 2023, which have been prepared in accordance with US GAAP, give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the first half 2023 report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

About 2020 Bulkiers Ltd.

2020 Bulkiers Ltd. is a limited liability company incorporated in Bermuda on 26 September 2017. The Company's shares are traded on Oslo Børs under the ticker "2020". 2020 Bulkiers is an owner and operator of large dry bulk vessels. The Company has eight Newcastlemax dry bulk vessels in operation.

August 16, 2023

Kate Blankenship

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