

# 2020 BULKERS

## Q1 2022

Unaudited Condensed Consolidated  
Financial Statements for the three months  
ended March 31, 2022

2020 Bulkers Ltd. and subsidiaries

Unaudited Consolidated Statements of Operations

(In millions of US\$ except per share data)	3 months to March 31, 2022	3 months to March 31, 2021
<b>Operating revenues</b>		
Time charter revenues	16.7	14.9
Voyage charter revenues	-	2.1
Other operating income	0.1	-
<b>Total operating revenues</b>	<b>16.8</b>	<b>17.0</b>
<b>Operating expenses</b>		
Vessel operating expenses	(4.5)	(4.1)
Voyage expenses and commission	(0.4)	(1.0)
General and administrative expenses	(0.9)	(0.8)
Depreciation and amortization	(2.9)	(2.9)
<b>Total operating expenses</b>	<b>(8.7)</b>	<b>(8.8)</b>
<b>Operating profit</b>	<b>8.1</b>	<b>8.2</b>
<b>Financial expenses, net</b>		
Interest expense	(2.2)	(2.4)
<b>Total financial expenses, net</b>	<b>(2.2)</b>	<b>(2.4)</b>
<b>Net income before income taxes</b>	<b>5.9</b>	<b>5.8</b>
Income tax	-	-
<b>Net income</b>	<b>5.9</b>	<b>5.8</b>
Per share information:		
Basic earnings per share	0.27	0.26
Diluted earnings per share	0.26	0.26
<b>Consolidated Statements of Comprehensive Income</b>		
<b>Net income</b>	<b>5.9</b>	<b>5.8</b>
Unrealized gain on interest rate swaps	4.8	1.5
Translation adjustments	-	-
<b>Other comprehensive income</b>	<b>4.8</b>	<b>1.5</b>
<b>Total comprehensive income</b>	<b>10.7</b>	<b>7.3</b>

See accompanying notes that are an integral part of these Unaudited Condensed Consolidated Financial Statements

**2020 Bulkers Ltd. and subsidiaries**  
**Unaudited Consolidated Balance Sheets**

(In millions of US\$)	March 31, 2022	December 31, 2021 (audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	17.8	24.0
Restricted cash	0.1	0.1
Trade receivables	0.6	0.9
Other current assets	4.9	3.2
<b>Total current assets</b>	<b>23.4</b>	<b>28.2</b>
<b>Long term assets</b>		
Vessels and equipment, net	357.7	360.6
Other long-term assets	4.9	1.8
<b>Total long-term assets</b>	<b>362.6</b>	<b>362.4</b>
<b>Total assets</b>	<b>386.0</b>	<b>390.6</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	14.8	14.8
Accounts payable	0.9	0.7
Accrued expenses	2.7	3.2
Other current liabilities	2.4	2.6
<b>Total current liabilities</b>	<b>20.8</b>	<b>21.3</b>
<b>Long term liabilities</b>		
Long-term debt	213.7	217.2
Other long-term liabilities	0.2	0.4
<b>Total long-term liabilities</b>	<b>213.9</b>	<b>217.6</b>
<b>Commitments and contingencies</b>		
<b>Equity</b>		
Common shares of par value US\$1.0 per share: authorized 75,000,000 (2020:75,000,000). Issued and outstanding 22,220,906 (2020: 22,170,906)	22.2	22.2
Additional paid-in capital	0.5	31.1
Contributed surplus	53.1	33.6
Accumulated other comprehensive income	5.7	0.9
Retained earnings	69.8	63.9
<b>Total shareholders' equity</b>	<b>151.3</b>	<b>151.7</b>
<b>Total liabilities and shareholders' equity</b>	<b>386.0</b>	<b>390.6</b>

See accompanying notes that are an integral part of these Unaudited Condensed Consolidated Financial Statements

2020 Bulkers Ltd. and subsidiaries

Unaudited Consolidated Statements of Cash Flows

(In millions of US\$)	3 months to March 31, 2022	3 months to March 31, 2021
<b>Net income</b>	<b>5.9</b>	<b>5.8</b>
Depreciation and amortization	2.9	2.9
Decrease (increase) in trade receivables	0.3	(0.7)
Decrease (increase) in accrued revenues	-	(0.1)
Increase (decrease) in accounts payable	0.2	0.4
Change in other current items related to operating activities	(0.7)	0.5
Change in other long-term items related to operating activities	-	0.2
<b>Net cash provided by operating activities</b>	<b>8.6</b>	<b>9.0</b>
<b>Investing activities</b>		
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Financing activities</b>		
Repayment of long-term debt	(3.7)	(3.7)
Cash distributions	(11.1)	(4.9)
<b>Net cash provided by (used in) financing activities</b>	<b>(14.8)</b>	<b>(8.6)</b>
Net increase (decrease) in cash and cash equivalents and restricted cash	(6.2)	0.4
Cash and cash equivalents and restricted cash at beginning of period	24.1	20.0
<b>Cash and cash equivalents and restricted cash at end of period</b>	<b>17.9</b>	<b>20.4</b>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid, net of capitalised interest	(2.1)	(2.1)
Income taxes paid	-	-

See accompanying notes that are an integral part of these Unaudited Condensed Consolidated Financial Statements

2020 Bulkers Ltd. and subsidiaries

Unaudited Consolidated Statements of Changes in Shareholders' Equity

	Number of shares	Share capital	Additional paid-in capital	Contributed surplus	Other compre- hensive income (loss)	Retained earnings (deficit)	Total equity
<i>(In millions of US\$, except number of shares)</i>							
<b>Consolidated balance as of December 31, 2020</b>	<b>22 170 906</b>	<b>22.2</b>	<b>105.7</b>	<b>11.2</b>	<b>(1.4)</b>	<b>4.4</b>	<b>142.1</b>
Cash distributions	-	-	-	(4.9)	-	-	(4.9)
Total comprehensive income for the period	-	-	-	-	1.5	5.8	7.3
<b>Consolidated balance as of March 31, 2021</b>	<b>22 170 906</b>	<b>22.2</b>	<b>105.7</b>	<b>6.3</b>	<b>0.1</b>	<b>10.2</b>	<b>144.5</b>
Transfer	-	-	(75.0)	75.0	-	-	-
Issue of common shares	50 000	-	0.4	-	-	-	0.4
Cash distributions	-	-	-	(47.7)	-	-	(47.7)
Dividends	-	-	-	-	-	(11.3)	(11.3)
Total comprehensive income for the period	-	-	-	-	0.8	65.0	65.8
<b>Consolidated balance as of December 31, 2021</b>	<b>22 220 906</b>	<b>22.2</b>	<b>31.1</b>	<b>33.6</b>	<b>0.9</b>	<b>63.9</b>	<b>151.7</b>
Transfer <sup>(1)</sup>	-	-	(30.6)	30.6	-	-	-
Cash distributions	-	-	-	(11.1)	-	-	(11.1)
Total comprehensive income for the period	-	-	-	-	4.8	5.9	10.7
<b>Consolidated balance as of March 31, 2022</b>	<b>22 220 906</b>	<b>22.2</b>	<b>0.5</b>	<b>53.1</b>	<b>5.7</b>	<b>69.8</b>	<b>151.3</b>

(1) At the 2022 Annual General Meeting held March 31, 2022, it was approved to reduce the Share Premium Account of the Company by US\$30,579,347 and to credit the same amount resulting from the reduction to the Company's Contributed Surplus account, with effect from March 31, 2022.

## **2020 Bulkera Ltd. and subsidiaries**

### **Notes to the Unaudited Condensed Consolidated Financial Statements**

#### **1. GENERAL INFORMATION**

2020 Bulkera Ltd. (together with its subsidiaries, the "Company" or the "Group" or "2020 Bulkera") is a limited liability company incorporated in Bermuda on September 26, 2017. The Company's shares are traded on Oslo Børs under the ticker "2020".

2020 Bulkera is an international owner and operator of large dry bulk vessels. The Group has eight Newcastlemax dry bulk vessels in operation.

#### **Basis of presentation**

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The condensed consolidated financial statements include the assets and liabilities of the parent company and wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

#### **2. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended December 31, 2021, except for recently issued accounting standards as described in note 3.

#### **3. RECENTLY ISSUED ACCOUNTING STANDARDS**

Accounting standards that became effective January 1, 2022, did not have a material impact on the condensed consolidated financial statements and related disclosures.

#### **4. INCOME TAXES**

##### **Bermuda**

2020 Bulkera Ltd. is incorporated in Bermuda. Under current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. 2020 Bulkera Ltd. has received written assurance from the Minister of Finance in Bermuda that, in the event of any such taxes being imposed, the Company will be exempted from taxation until March 31, 2035.

##### **Other jurisdictions**

Our subsidiary in Norway is subject to income tax. The estimated income tax expense for the three months ended March 31, 2022, is nil. The Group does not have any unrecognized tax benefits, accrued interest or penalties relating to income taxes.

#### **5. SEGMENT INFORMATION**

Our chief operating decision maker, or the CODM, being our Board of Directors, measures performance based on our overall return to shareholders based on consolidated net income. The CODM does not review a measure of operating result at a lower level than the consolidated group and we only have one reportable segment. Our vessels operate worldwide and therefore management will not evaluate performance by geographical region as this information is not meaningful.

## 6. REVENUES

The Company recognized revenues from time charter contracts (described in note 9) during the three months ended March 31, 2022. The Company has invoiced US\$2.2 million to customers which is not earned as of March 31, 2022, and the amount is recognized as other current liabilities.

## 7. INTEREST EXPENSE

(In millions of US\$)	3 months to March 31, 2022	3 months to March 31, 2021
Interest expense	(2.2)	(2.4)
<b>Total</b>	<b>(2.2)</b>	<b>(2.4)</b>

## 8. EARNINGS PER SHARE

The computation of basic EPS is based on the weighted average number of outstanding shares during the period. Diluted EPS includes the potential effect of conversion of 670,000 share options outstanding issued to employees and directors since the average share price for the three months to March 31, 2022, was above the strike price.

(In US\$, except share numbers)	3 months to March 31, 2022	3 months to March 31, 2021
Basic earnings (loss) per share	0.27	0.26
Diluted earnings (loss) per share	0.26	0.26
Issued ordinary shares at the end of the period	22 220 906	22 170 906
Weighted average number of shares outstanding - basic	22 220 906	22 170 906
Weighted average number of shares outstanding - diluted	22 571 276	22 170 906

## 9. LEASES

### *Lessor*

The Company has the following vessels on operating lease contracts:

Vessel	Charterer	Charter expiry	Gross rate/day, USD
Bulk Sandefjord	Koch Shipping	Aug 22	Index linked + premium + scrubber benefit
Bulk Santiago	Koch Shipping	Dec 22 - Mar 23	Index linked + premium + scrubber benefit
Bulk Seoul	Koch Shipping	Dec 22 - Mar 23	Index linked + premium + scrubber benefit
Bulk Shanghai	Koch Shipping	Sep 22 - Mar 23	30 905 + scrubber benefit (1 Feb - 31 Dec 2022), index linked + premium + scrubber benefit
Bulk Shenzhen	Koch Shipping	Nov 22 - Mar 23	32 378 + scrubber benefit (1 Feb - 31 Dec 2022), index linked + premium + scrubber benefit
Bulk Sydney	Koch Shipping	Jan 23	Index linked + premium + scrubber benefit
Bulk Sao Paulo	Glencore	May - Jul 23	Index linked + premium + scrubber benefit
Bulk Santos	Glencore	May - Jul 23	Index linked + premium + scrubber benefit

## Lessee

Effective January 1, 2019, the Company entered into a long-term lease contract for an office in Oslo. This contract was terminated May 1, 2020. Effective January 1, 2020, the Company leased additional office space in Oslo. The right-of-use asset as of March 31, 2022, was US\$0.1 million and the corresponding lease liability was US\$0.1 million. The amortization of right of use assets relating to office lease is presented under Depreciation and Amortization in the consolidated statements of operations.

## 10. VESSELS AND EQUIPMENT, NET

(In millions of US\$)	Vessels and equipment, net	Total
<b>Cost as of December 31, 2020</b>	<b>383.4</b>	<b>383.4</b>
Capital expenditures	-	-
<b>Cost as of December 31, 2021</b>	<b>383.4</b>	<b>383.4</b>
Capital expenditures	-	-
<b>Cost as of March 31, 2022</b>	<b>383.4</b>	<b>383.4</b>
<b>Accumulated depreciation as of December 31, 2021</b>	<b>22.8</b>	<b>22.8</b>
Depreciation	2.9	2.9
<b>Accumulated depreciation as of March 31, 2022</b>	<b>25.7</b>	<b>25.7</b>
<b>Balance as of December 31, 2021</b>	<b>360.6</b>	<b>360.6</b>
<b>Balance as of March 31, 2022</b>	<b>357.7</b>	<b>357.7</b>

## 11. RELATED PARTY TRANSACTIONS

In September 2021, Jens Martin Jensen, Director of the Company, exercised 50,000 share options at a strike price of US\$7.935.

In October 2021, 2020 Bulk Management AS signed an agreement with Himalaya Shipping Ltd. and its subsidiaries to provide certain management services (this agreement replaces the agreement signed in June 2021). Himalaya Shipping Ltd. was considered a related party at the time of the transaction. As of March 31, 2022, Himalaya Shipping Ltd. is no longer considered a related party.

## 12. DEBT

(In millions of US\$)	March 31, 2022	December 31, 2021 (audited)
<i>Pledged</i>		
Term loan Tranche I ("Bulk Sandefjord"), balloon payment March 2027	25.8	26.2
Term loan Tranche II ("Bulk Santiago"), balloon payment March 2027	26.2	26.7
Term loan Tranche V ("Bulk Shenzhen"), balloon payment March 2027	26.7	27.1
Term loan Tranche VI ("Bulk Sydney"), balloon payment March 2027	26.7	27.1
Term loan Tranche VII ("Bulk Sao Paulo"), balloon payment March 2027	27.1	27.5
Term loan Tranche VIII ("Bulk Santos"), balloon payment March 2027	27.5	27.9
<i>Other long term debt</i>		
Vessel financing ("Bulk Seoul")	36.2	36.8
Vessel financing ("Bulk Shanghai")	36.2	36.8
<b>Long-term debt, gross</b>	<b>232.4</b>	<b>236.1</b>
Less current portion long term debt	(14.8)	(14.8)
Less deferred loan costs	(3.9)	(4.1)
<b>Total long-term debt</b>	<b>213.7</b>	<b>217.2</b>

### Term loan facility

In December 2021, the Company completed the refinancing of the US\$180 term loan facility agreement maturing in August 2024. At the time of closing, the outstanding amount under the US\$180 million Term Loan Facility was replaced with a new US\$162.5 million Term Loan Facility maturing in March 2027. The US\$162.5 million term loan facility carries an interest rate of Libor+210 bps and utilises the original 18-year repayment profile from the US\$180 million Term Loan Facility with the balloon repayment



now scheduled for March 2027. The term loan facility contains the following financial covenants for the Group (i) value adjusted equity shall be equal to or greater than 30% of value adjusted total assets, working capital (defined as consolidated current assets minus consolidated current liabilities (excluding current portion of long term debt and subordinated shareholder loans)) shall at all times be no less than US\$0 and free and available cash shall at all times be the greater of (a) US\$1.25 million per delivered vessel and (b) 5% of total debt. As of March 31, 2022, we were compliant with the covenants and our obligations under our term loan facility agreement. The vessels are pledged upon draw down of the loan facility, with cross collateral agreements in place for each vessel within the term loan facility.

In December 2021, the Company also amended its interest rate swap agreements to match the terms under the new US\$162.5 million term loan facility. The notional amounts in the interest rate swaps have the same amortization profile as the term loan facility. The interest rate swaps mature in August and September 2024. The Company will continue to designate all of the interest rate swaps for hedge accounting as they satisfy the criteria applicable to cash flow hedges.

#### *Sale and leaseback arrangement*

In October 2019, the Company entered into a sale and leaseback arrangement with Ocean Yield for its two Newcastlemax vessels, Bulk Seoul and Bulk Shanghai. The vessels were delivered from the yard on October 30, 2019, and November 6, 2019, respectively, and were at delivery sold to Ocean Yield for a price per vessel of US\$42 million, net of a US\$5 million sellers' credit. The vessels have been chartered back to the Company on thirteen years bareboat charters which include a purchase obligation at the end of the respective charter periods and certain options to either sell or acquire the vessels during the charter periods. The bareboat charter hire is US\$6,575 per day plus an adjustment based on LIBOR plus a margin of 450 basis points. Since the Company has purchase obligations at the end of the charter periods, the Company has accounted for the transaction as a financing arrangement. The Company has pledged the shares in the subsidiaries chartering the vessels back from Ocean Yield and issued certain guarantees in line with standard terms contained in sale and leaseback transactions.

The outstanding debt as of March 31, 2022, is repayable as follows:

<u>(In millions of US\$)</u>	<u></u>
2022	11.1
2023	14.8
2024	14.8
2025	14.8
2026	14.8
Thereafter	162.1
	<u>232.4</u>

### **13. FINANCIAL ASSETS AND LIABILITIES**

#### **Foreign currency risk**

The majority of our transactions, assets and liabilities are denominated in United States dollars. However, we incur expenditure in currencies other than United States dollars, mainly in Norwegian Kroner. There is a risk that currency fluctuations in transactions incurred in currencies other than the functional currency will have a negative effect of the value of our cash flows. We are then exposed to currency fluctuations and we may enter into foreign currency swaps to mitigate such risk exposures.

#### **Fair values**

The guidance for fair value measurements applies to all assets and liabilities that are being measured and reported on a fair value basis. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The same guidance requires that assets and liabilities carried at fair value should be classified and disclosed in one of the following three categories based on the inputs used to determine its fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities;

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;

Level 3: Unobservable inputs that are not corroborated by market data.

The carrying value and estimated fair value of our cash and financial instruments are as follows:

(In millions of US\$)	Hierarchy	March 31, 2022	December 31, 2021 (audited)
<i>Assets</i>			
Cash and cash equivalents	1	17.8	24.0
Restricted cash	1	0.1	0.1
Other current assets (interest rate swaps)	2	1.7	0.4
Other long term assets (interest rate swaps)	2	4.1	1.1
<i>Liabilities</i>			
Current portion of long-term debt*	2	14.8	14.8
Other current liabilities (interest rate swaps)	2	-	0.2
Long-term debt*	2	213.7	217.2
Other long-term liabilities (interest rate swaps)	2	-	0.3

\*Fair value of long-term debt is estimated at US\$232.4 million and US\$236.1 million as of March 31, 2022, and December 31, 2021, respectively, as the numbers in the table are presented net of deferred loan costs.

Financial instruments included in the consolidated financial statements within 'Level 1 and 2' of the fair value hierarchy are valued using quoted market prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency.

There have been no transfers between different levels in the fair value hierarchy during the periods presented.

#### **Concentrations of risk**

There is a concentration of credit risk with respect to cash and cash equivalents to the extent that nearly all of the amounts are carried with Danske Bank. However, we believe this risk is remote, as Danske Bank is an established financial institution.

#### **14. SHARE BASED PAYMENT COMPENSATION**

In January 2019, the Board of Directors established a long-term incentive plan and approved a grant of 740,000 share options to employees and directors. Further, 740,000 of the Company's authorized but unissued share capital was allocated for this purpose. The share options will have a five-year term and will vest equally one quarter every six months commencing on June 30, 2019, over a two year vesting period. The exercise price is US\$10.0 and will be reduced by any dividends and cash distributions paid. In September 2021, a total of 50,000 share options were exercised at the price of US\$7.935 per share. As of March 31, 2022, 670,000 vested share options were outstanding.

#### **15. COMMITMENTS AND CONTINGENCIES**

The Company insures the legal liability risks for its shipping activities with Assuranceforeningen SKULD and Assuranceforeningen Gard Gjensidig, both mutual protection and indemnity associations. As a member of these mutual associations, the Company is subject to calls payable to the associations based on the Company's claims record in addition to the claim records of all other members of the associations. A contingent liability exists to the extent that the claims records of the members of the associations in the aggregate show significant deterioration, which result in additional calls on the members.

To the best of our knowledge, there are no legal or arbitration proceedings existing or pending which have had or may have significant effects on our financial position or profitability and no such proceedings are pending or known to be contemplated.

## **16. SUBSEQUENT EVENTS**

### *Cash distributions*

In April 2022, the Company declared a cash distribution of US\$0.12 per share for March 2022.

### *Grant of share options*

In April 2022, the Company granted 60,000 share options to employees. Each share option gives the holder the right to purchase one share in the Company at an exercise price of US\$18 per share. The share options will vest equally over a three year period, commencing one year from date of grant and will expire five years after the grant date.

### *Transfer of vessels to Norwegian subsidiaries*

During April 2022, the Company transferred the eight Newcastlemax dry bulk vessels that it owns and/or operates from subsidiaries domiciled in Liberia to Norwegian limited liability subsidiaries.

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

(In millions of US dollars)	3 months to March 31, 2022	3 months to March 31, 2021
<b>Operating profit</b>	<b>8.1</b>	<b>8.2</b>
Depreciation and amortization	(2.9)	(2.9)
<b>EBITDA</b>	<b>11.0</b>	<b>11.1</b>

  

(In millions of US dollars, except per day data)	3 months to March 31, 2022	3 months to March 31, 2021
<b>Time charter revenues</b>	<b>16.7</b>	<b>14.9</b>
<b>Voyage charter revenues</b>	<b>-</b>	<b>2.1</b>
Address commission	(0.6)	(0.6)
Operating revenues, gross	<b>17.3</b>	<b>17.6</b>
Voyage charter expenses	-	(0.8)
Adjustment from "load to discharge" to "discharge to discharge" basis	-	<b>0.4</b>
Time charter equivalent revenues, gross	<b>17.3</b>	<b>17.2</b>
Fleet operational days	720	720
<b>Average time charter equivalent rate, gross</b>	<b>24 000</b>	<b>23 900</b>

The European Securities and Markets Authority ("ESMA") issued guidelines on Alternative Performance Measures ("APMs") that came into force on July 3, 2016. The Company has defined and explained the purpose of the following APMs:

EBITDA, when used by the Company, means operating profit (loss) excluding depreciation and amortization. The Company has included EBITDA as a supplemental disclosure because the Company believes that the measure provides useful information regarding the Company's ability to service debt and pay dividends and provides a helpful measure for comparing its operating performance with that of other companies.

Average time charter equivalent rate, gross, when used by the Company, means time charter revenues and voyage charter revenues excluding address commission, less voyage charter expenses and adjusted from "load to discharge" basis to "discharge to discharge" basis and divided by operational days. The Company has included Average time charter equivalent rate, gross, as a supplemental disclosure because the Company believes that the measure provides useful information regarding the fleets' daily income performance.

# OFFICES

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