

# 2020 BULKERS

BOARD OF  
DIRECTORS'  
REPORT

Q4 2024

Results for the Fourth Quarter of 2024

Oslo, Norway, February 12, 2025

2020 Bulkera Ltd. ("2020 Bulkera" or the "Company") today announced its unaudited financial and operating results for the three and twelve months ended December 31, 2024.

#### **Key events during the fourth quarter of 2024**

- The Company reported net profit of US\$5.1 million and EBITDA of US\$9.7 million for the fourth quarter of 2024.
- The Company achieved average time charter equivalent earnings of approximately US\$27,100 per day, gross.
- The Company declared total dividends of US\$0.34 per share for the months of October, November and December 2024.

#### **Subsequent Events**

- Achieved average time charter equivalent earnings for January 2025 of approximately US\$16,700, per day, gross.
- In February 2025, the Company declared a dividend of US\$0.03 per share for January 2025.

#### **Management discussion and analysis**

##### *Consolidated Statements of Operations*

##### *Three months ended December 31, 2024*

Operating revenues were US\$14.8 million for the three months ended December 31, 2024 (US\$26.3 million for the three months ended December 31, 2023). The decrease compared to the three months ended December 31, 2023, is due to sale of the Bulk Shanghai and Bulk Seoul on March 20, 2024, and April 4, 2024, respectively, as well as reduced time charter rates achieved. The Company achieved an average time charter equivalent rate, gross, of US\$27,100 for the three months ended December 31, 2024, compared to US\$36,300 for the three months ended December 31, 2023. During the three months ended December 31, 2024, the Company charged Himalaya Shipping approximately US\$0.4 million (US\$0.2 million during the three months ended December 31, 2023) for management services recognized as Other operating income. In addition the Company recognized US\$0.3 million in insurance settlement during the three months ended December 31, 2023

Total operating expenses were US\$7.4 million for the three months ended December 31, 2024 (US\$8.4 million for the three months ended December 31, 2023).

Vessel operating expenses were US\$4.0 million and US\$4.5 million for the three months ended December 31, 2024 and 2023, respectively. The decrease compared to the three months ended December 31, 2023, is primarily due to sale of the Bulk Shanghai and Bulk Seoul on March 20, 2024, and April 4, 2024, respectively.

Voyage expenses and commission were US\$0.2 million for the three months ended December 31, 2024 (US\$0.3 million for the three months ended December 31, 2023).

General and administrative expenses were US\$0.9 million for the three months ended December 31, 2024 (US\$0.8 million for the three months ended December 31, 2023).

Depreciation and amortization were US\$2.3 million and US\$2.8 million for the three months ended December 31, 2024 and 2023, respectively. The decrease compared to the three months ended December 31, 2023, is primarily due to sale of the Bulk Shanghai and Bulk Seoul on March 20, 2024, and April 4, 2024, respectively.

Total financial expenses, net, were US\$2.1 million for the three months ended December 31, 2024 (US\$2.5 million for the three months ended December 31, 2023). The decrease compared to the three months ended December 31, 2023 is primarily due settlement of sale leaseback financing for Bulk Seoul and Bulk Shanghai partly offset by higher interest expense on the term loan facility.

#### *Twelve months ended December 31, 2024*

Operating revenues were US\$114.1 million for the twelve months ended December 31, 2024 (US\$73.0 million for the twelve months ended December 31, 2023). The Company achieved an average time charter equivalent rate, gross, of US\$31,900 for the twelve months ended December 31, 2024, compared to US\$24,700 for the twelve months ended December 31, 2023. During the twelve months ended December 31, 2024, the Company recognized a gain of US\$40.9 million for the sale of Bulk Shanghai and Bulk Seoul on March 20, 2024, and April 4, 2024, respectively. During the twelve months ended December 31, 2024, the Company charged Himalaya Shipping approximately US\$1.5 million (US\$1.1 million during the twelve months ended December 31, 2023) for management services recognized as Other operating income in the Consolidated Statements of Operations. In addition the Company recognized US\$2.2 million in insurance settlement during the twelve months ended December 31, 2023

Total operating expenses were US\$30.4 million for the twelve months ended December 31, 2024 (US\$35.3 million for the twelve months ended December 31, 2023).

Vessel operating expenses were US\$16.1 million and US\$19.4 million for the twelve months ended December 31, 2024 and 2023, respectively.

Voyage expenses and commission were US\$0.9 million for the twelve months ended December 31, 2024 (US\$0.9 million for the twelve months ended December 31, 2023).

General and administrative expenses were US\$3.9 million for the twelve months ended December 31, 2024 (US\$3.4 million for the twelve months ended December 31, 2023).

Depreciation and amortization were US\$9.5 million and US\$11.6 million for the twelve months ended December 31, 2024 and 2023, respectively.

Total financial expenses, net, were US\$6.7 million for the twelve months ended December 31, 2024 (US\$10.6 million for the twelve months ended December 31, 2023).

Please see analyses for the fourth quarter of 2024 for vessel operating expenses, depreciation and amortization and total financial expenses, net, which are also valid for the twelve months ended December 31, 2024.

#### *Consolidated Balance Sheets*

The Company had total assets of US\$266.6 million as of December 31, 2024, (December 31, 2023: US\$376.1 million). The decrease compared to total assets as of December 31, 2023, is primarily due to the sale of Bulk Shanghai and Bulk Seoul.

Total shareholders' equity was US\$151.9 million and US\$161.0 million as of December 31, 2024 and December 31, 2023, respectively.

Total liabilities as of December 31, 2024, were US\$114.7 million (December 31, 2023: US\$215.1 million). The decrease is due to the US\$27.5 million repayment in connection with refinancing of the term loan as well as the settlement of the sale leaseback financing for Bulk Shanghai and Bulk Seoul.

#### *Consolidated Statements of Cash Flows*

##### *Three months ended December 31, 2024*

Net cash provided by operating activities was US\$6.4 million for the three months ended December 31, 2024 (US\$22.9 million for the three months ended December 31, 2023). The decrease compared to the three months ended December 31, 2023, is primarily due to reduced time charter rates achieved as well as fewer fleet operational days due to sale of vessels.

Net cash used in investing activities was US\$0.3 million for the three months ended December 31, 2024 (US\$nil for the three months ended December 31, 2023). The Company incurred US\$0.3 million in expenses relating to scheduled drydockings in 2025.

Net cash used in financing activities was US\$11.2 million during the three months ended December 31, 2024 (US\$8.7 million used in financing activities during the three months ended December 31, 2023). The Company paid US\$11.2 million of dividends during the three months ended December 31, 2024. The Company repaid US\$3.7 million of long-term debt, paid US\$5.7 million of cash distributions and received US\$0.7 million in proceeds from share issuances during the three months ended December 31, 2023.

##### *Twelve months ended December 31, 2024*

Net cash provided by operating activities was US\$44.7 million for the twelve months ended December 31, 2024 (US\$41.2 million for the twelve months ended December 31, 2023). The

increase compared to the twelve months ended December 31, 2023, is primarily due to higher time charter rates achieved partly offset by fewer fleet operational days due to sale of vessels.

Net cash received from investing activities was US\$123.5 million for the twelve months ended December 31, 2024 (US\$nil for the twelve months ended December 31, 2023). The Company received US\$125.8 million in net proceeds from the sale of vessels and US\$0.3 million in proceeds from the sale of 40% of the shares in 2020 Bulkers Management AS. The Company incurred US\$2.2 million in expenses in connection with drydocking of Bulk Sandefjord and Bulk Santiago and US\$0.4 million relating to scheduled drydockings in 2025.

Net cash used in financing activities was US\$182.8 million during the twelve months ended December 31, 2024 (US\$26.1 million used in financing activities during the twelve months ended December 31, 2023). The Company repaid US\$27.5 million on the term loan, settled the sale leaseback financing for Bulk Shanghai and Bulk Seoul and paid US\$86.0 million of dividends during the twelve months ended December 31, 2024. The Company repaid US\$14.8 million of long-term debt, paid US\$14.5 million of cash distributions and received US\$3.2 million in proceeds from share issuances during the twelve months ended December 31, 2023.

### **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 56 consecutive months. Following the dividend for January, the Company will have returned approximately 145% of the paid-in equity to shareholders.

The Company has a solid funding situation with a cash position of approximately US\$17 million as of February 7, 2025.

Cash breakeven for the fleet, which includes expected general and administrative expenses, operating costs and debt service is estimated at approximately US\$11,500 per vessel per day.

The Company had as of February 7, 2025, around US\$96 million of net debt, corresponding to approximately US\$16 million per vessel.

### **Commercial update**

In the fourth quarter of 2024, the Company achieved average time charter equivalent earnings of approximately US\$27,100 per day, gross, on the Company's vessels trading on index linked time charter including average daily scrubber benefits of approximately US\$2,400 per day.

The Baltic 5TC Capesize Index averaged US\$18,301 per day in Q4 2024.

The Company achieved average time charter equivalent earnings for January 2025 of approximately US\$16,700, per day, gross. The Baltic 5TC Capesize Index has averaged US\$10,150 per day in the same period.

### Chartering update

2020 Bulkers has commercially outperformed the Baltic 5TC index for 62 out of 66 months since delivery of its first vessel.

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.

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	Dec 26 – Dec 27
Bulk Santiago	Sep-19	Koch	Index linked + premium + scrubber benefit	Dec 26 – Dec 27
Bulk Shenzhen	Jan-20	Koch	Index linked + premium + scrubber benefit	Dec 26 – Dec 27
Bulk Sydney	Jan-20	Koch	Index linked + premium + scrubber benefit	Dec 26 – Dec 27
Bulk Sao Paulo	Jun-20	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

## **Dry docking**

The Company expects to complete five year special surveys for Bulk Shenzhen, Bulk Sydney, Bulk Sao Paulo and Bulk Santos during the first half of 2025. The estimated total cost for all vessels is approximately US\$5 million which will be funded from cash reserves set aside from the sale of vessels in 2024.

## **Market commentary**

The Baltic 5TC Capesize index (as of February 11, 2025) stands at US\$6,458 having averaged US\$9,346 year to date, down from US\$19,978 during the same period in 2024.

The Capesize market was challenging during the fourth quarter of 2024 due to panamax cannibalizing Capesize coal volumes. The Baltic 5TC index averaged US\$18,301 in Q4, down from US\$28,836 during Q4 2023.

Capesize demand was overall solid, with ton-mile demand up 3.1% year over year, however with the panamax coal shift, the q4 tonne/mile retracted by 4.3%

The total increase in Capesize ton-miles in 2024 was driven by a 5.2% increase in Brazilian iron ore exports, while Australian export volumes grew 1% year over year. Bauxite export volumes have continued to grow, showing a 17% increase year over year, following more than 25% growth in 2023.

Global crude steel production for 2024 is down 1.5% year over year. The World ex. China had an 0.3% increase, while Chinese steel production decreased 2.5%.

Chinese iron ore imports are up by 4%, from 1,244 million tonnes in 2023 to 1,297 million tonnes in 2024.

Chinese iron ore port inventories have increased both in nominal and seasonal terms, and currently stand at 144 million tons, compared to 115 million tons a year ago. The last three months shows that the iron ore stockpiles are decreasing and the iron ore consumption in terms of days are still about the historical average.

Growth in vessel supply will be moderate in the coming years with expected Capesize deliveries of 7.8 million dwt. in 2025, 10.4 million dwt. in 2026 and 13 million dwt. after 2026. 11.4 million dwt. were delivered in 2023. As a consequence of the high ordering in other shipping segments, Chinese yards are believed to have very limited capacity for ordering of large drybulk vessels before 2028, with orders recently having been placed for delivery as late as 2029. This gives 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. The fact that large bulk carriers are a relatively low margin product for the shipyards also means the yards favor building container ships, tankers and gas carriers. Current newbuilding costs for a scrubber fitted Newcastlemax in China is believed to be just under US\$80 million.

We reiterate that the upside risks to the future development in the Capesize market from current levels, relate to continued strong exports of iron ore and bauxite from Brazil and West Africa. The Simandou project in Guinea is reportedly progressing well, with the first shipment expected in second half 2025, followed by a 24-month ramp-up to 60 million tonnes per annum for Phase 1 and an additional 60 million tonnes per annum for Phase 2. Furthermore, Vale aims to increase capacity by 50 million tonnes per annum by 2026 from its Vargem Grande, Capanema, and S11D mines. The aging Capesize fleet will enter a large Special Survey year in 2025, where 23% of the fleet will have to drydock. This is a 52% increase compared to dry dockings completed in 2024. Historical drydock data from 2015 to date shows that a 5, 10 and 15 year Special Survey on average takes 13, 16 and 19 days to complete, respectively.

Key downside risks to the Capesize market include a continued economic slowdown in China, as well as heightened geopolitical tensions, now also with trade wars including higher tolls and tariffs.

### **Capesize fleet development**

The global Capesize fleet stands at 400 million dwt. as of January 2025, up from 394 million dwt. in January 2024.

The current orderbook for Capesize dry bulk vessels currently stands at 7.8% of the existing fleet, up from 6.5% in January 2024.

14.2 million dwt. was ordered in 2024, compared to 11.4 million dwt in 2023

0.84 million dwt. has been scrapped in 2024, compared to 1.0 million dwt. in 2023.

### **Outlook**

2020 Bulkera has a robust financial structure with moderate financial leverage, comprised of non-amortizing debt, as well as a solid cash position. Our operating cash breakeven is estimated at approximately US\$11,500 per vessel per day. The current FFA curve for the balance of 2025 implies earnings of approximately US\$29,000 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 dividends.

### **Invitation to webcast and conference call Q4 2024 results**

2020 Bulkera Ltd. will release its financial results for the fourth quarter of 2024 on Wednesday, February 12, 2025. 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.2020bulkera.com](http://www.2020bulkera.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/landingpage/hegnarmedia/20250212\\_11/](https://channel.royalcast.com/landingpage/hegnarmedia/20250212_11/) or you can click the "Webcast" link on [www.2020bulk.com/investor-relations/](http://www.2020bulk.com/investor-relations/)

*Telephone conference:*

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

### **Forward-Looking Statements**

This report 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 report are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although 2020 Bulk 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 report speak only as of the date hereof and are subject to change without notice.

### **About 2020 Bulk Ltd.**

2020 Bulk 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 Bulk is an owner of six large dry bulk vessels.

February 12, 2025

Lori Wheeler Naess

Director

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