

2020 BULKERS

BOARD OF
DIRECTORS'
REPORT

Q1 2023

Results for the First Quarter of 2023

Oslo, Norway, May 10, 2023

2020 Bulkera Ltd. ("2020 Bulkera" or the "Company"), today announced its unaudited financial and operating results for the three months ended March 31, 2023.

Key events during the first quarter of 2023

- The Company reported net profit of US\$0.8 million and EBITDA of US\$6.4 million for the first quarter of 2023.
- Achieved average time charter equivalent earnings of approximately US\$17,500 per day, gross.
- The Company declared total cash distributions of US\$0.04 per share for the months of January, February and March 2023.
- In January the Company entered into index-linked time charters for Bulk Santos and Bulk Sao Paulo with a European charterer. The index-linked charters reflect a significant premium to a standard Capesize vessel, as well as an additional premium related to the fuel cost saving from the scrubbers. The new time charters will commence immediately on redelivery from their current employment, expected in July 2023, with a duration up until April 1, 2025 to June 31, 2025.
- In January the Company entered into a new time charter for Bulk Sydney with Koch Shipping. Under the new time charter agreement, which commenced on February 19, 2023, the vessel will earn US\$19,000 per day for the first 100 days, thereafter, the charter will convert to a 9-15 month index-linked charter, reflecting a significant premium to a standard Capesize vessel, as well as an additional premium related to the fuel cost saving from the scrubbers.
- In February the Company converted and extended the index-linked time charters for Bulk Shanghai and Bulk Seoul to fixed rate charters from February 10, 2023, until September 30, 2023, at a rate of US\$22,850, gross, including scrubber benefit. Following the fixed rate charter periods, both time charters have been extended with 6 months index-linked charters reflecting a significant premium to a standard Capesize vessel, as well as an additional premium related to the fuel cost saving from the scrubbers.

Subsequent Events

- Achieved average time charter equivalent earnings for April 2023 of approximately US\$24,400, per day, gross.

- In May 2023, the Company declared a cash distribution of US\$0.07 per share for April 2023.

Management discussion and analysis

Consolidated Statements of Operations

Three months ended March 31, 2023

Operating revenues were US\$12.6 million for the three months ended March 31, 2023 (US\$16.8 million for the three months ended March 31, 2022). The Company achieved an average time charter equivalent rate, gross, of US\$17,500 for the three months ended March 31, 2023, compared to US\$24,000 for the three months ended March 31, 2022. During the three months ended March 31, 2023, the Company have charged Himalaya Shipping US\$0.4 million for management services recognized as Other operating income in the Consolidated Statements of Operations.

Total operating expenses were US\$9.1 million for the three months ended March 31, 2023 (US\$8.7 million for the three months ended March 31, 2022).

Vessel operating expenses were US\$5.0 million and US\$4.5 million for the three months ended March 31, 2023 and 2022, respectively. The increase compared to the three months ended March 31, 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 March 31, 2023 (US\$0.4 million for the three months ended March 31, 2022). The decrease compared to the three months ended March 31, 2022 is due to lower commission on the lower charter hire earned.

General and administrative expenses were US\$1.0 million for the three months ended March 31, 2023 (US\$0.9 million for the three months ended March 31, 2022). Please see comment to Other operating income.

Depreciation and amortization were US\$2.9 million for the three months ended March 31, 2023 and 2022.

Total financial expenses, net, were US\$2.7 million for the three months ended March 31, 2023 (US\$2.2 million for the three months ended March 31, 2022). The increase compared to the three months ended March 31, 2022 is due to higher LIBOR interest on the Ocean Yield sale leaseback financing.

Consolidated Balance Sheets

The Company had total assets of US\$374.4 million as of March 31, 2023, (December 31, 2022: US\$379.8 million).

Total shareholders' equity was US\$154.7 million and US\$155.9 million as of March 31, 2023 and December 31, 2022, respectively.

Total liabilities as of March 31, 2023, were US\$219.7 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 March 31, 2023

Net cash provided by operating activities was US\$4.4 million for the three months ended March 31, 2023 (US\$8.6 million for the three months ended March 31, 2022). The decrease compare to the three months ended March 31, 2022, is due to lower earnings.

Net cash used in investing activities was US\$nil for the three months periods ended March 31, 2023 and 2022.

Net cash used in financing activities was US\$4.1 million during the three months ended March 31, 2023 (US\$14.8 million used in financing activities during the three months ended March 31, 2022). The Company repaid US\$3.7 million of long-term debt, paid US\$2.4 million of cash distributions and received US\$2.0 million in proceeds from share issuance during the three months ended March 31, 2023. The Company repaid US\$3.7 million of long-term debt and paid US\$11.1 million of cash distributions during the three months ended March 31, 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 34 consecutive months. Following the cash distribution for April, the Company will have returned approximately 78% of the paid-in equity to shareholders.

The Company has a solid funding situation with a cash position of approximately US\$18.3 million as of May 9, 2023.

Cash breakeven for the fleet, which includes expected general and administrative expenses, operating costs and debt service is estimated at approximately US\$16,300 per vessel per day.

The Company has as of May 9, 2023, around US\$199 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 first quarter of 2023 the Company achieved average time charter equivalent earnings of approximately US\$17,500 per day, gross. The Company's vessels trading on index-linked time charter earned approximately US\$14,900 per day, gross, including average daily scrubber benefits of approximately US\$3,400 per day. The Company's vessels trading on fixed time charter earned approximately US\$18,600 per day, gross, including average daily scrubber benefits of approximately US\$1,100 per day.

The Baltic 5TC Capesize Index averaged US\$9,144 per day in Q1 2023.

The Company achieved average time charter equivalent earnings for April 2023 of approximately US\$24,400, per day, gross. The Baltic 5TC Capesize Index has averaged US\$15,931 per day in the same period.

Chartering update

2020 Bulkers has commercially outperformed the Baltic 5TC index for 41 out of 45 months since delivery of its first vessel.

Currently, 2020 Bulkers has five 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. Bulk Sydney is trading on a fixed time charter until May 29, 2023, at US\$19,000 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 May 1 until end of 2023, the Company has 1,623 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	Aug 23
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, 19,000 from 19 Feb – 29 May 2023	Feb 24 – Aug 24
Bulk Sao Paulo	Jun-20	Glencore	Index linked + premium + scrubber benefit	May 23 – Jul 23
		European charterer	Index linked + premium + scrubber benefit	Apr 25 – Jun 25
Bulk Santos	Jun-20	Glencore	Index linked + premium + scrubber benefit	May 23 – Jul 23
		European charterer	Index linked + premium + scrubber benefit	Apr 25 – Jun 25

Market commentary

The Baltic 5TC Capesize index today stands at US\$20,807 having averaged US\$11,148 year to date, down from US\$15,005 during the same period in 2022.

The Capesize market started 2022 with normal seasonal weakness, affected by low industrial activity in China during first Chinese New Year in two years without significant Covid-19 related restrictions. Since the end of February, the Capesize market has steadily improved, to a large extent driven by a strong increased Chinese iron ore imports.

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 2.7%, with Brazilian export volumes are down 0.2%, while Australian export volumes are up 1.1% year over year. For the coal trade, ton-miles are up 3.9% compared to 2022. The Bauxite trade is 30% year over year.

Global crude steel production for the period of January – March 2023 was up 0.5%, compared to the same period in 2022, with the World, ex China, down 7%, while Chinese steel production increased 7%.

Chinese iron ore imports from January - April were up 8.6% year over year, to the highest levels ever recorded. Chinese iron ore inventories currently stand at 118 million tons, compared to 133 million tons a year ago.

Although the most recent Chinese PMI contracted in April, mobility data suggests that economic activity in China is rebounding following the end of the zero-Covid policy.

China's troubled property sector has lately seen an increase in property sales, with the total value of transactions increasing 6% in March year over year, while building completions increased 32% year over year. New construction starts remained sluggish, however, declining 19% year over year during the first quarter.

Growth in vessel supply will be moderate in the coming years with expected Capesize deliveries of 12.4 million dwt in 2023, dropping further to 7.2 million dwt in 2024 and 3.9 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 due to lack of financing available from traditional lenders, as well as technological uncertainties as it relates to the optimal propulsion systems to meet the shipping industry's ambitions for de-carbonization. So far in 2023, 6 Capesize vessels, totaling 1.03 million dwt has been scrapped, up from 0.85 million dwt during the same period in 2022.

Upside risks to the future development in the Capesize market from current levels, relate to a sustained increase in steel production in China following the end of the zero-covid policy, as well as a stabilization in the Chinese real estate sector.

Key downside risks to the Capesize market include a continued economic slowdown, which could be driven by rising interest rates, tighter monetary conditions due to inflationary pressure, as well as heightened geopolitical tensions.

Capesize fleet development

The global Capesize fleet stands at 388 million dwt as of May 1, 2023, up from 380 million dwt in May, 2022.

The current orderbook for Capesize dry bulk vessels currently stands at 4.9% of the existing fleet, down from 6.7% in May 2022.

0.42 million dwt has been ordered in 2023 so far, compared to 2.5 million dwt ordered during the same period in 2022.

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

Impact of the war in Ukraine

2020 Bulkercs utilizes a variety of nationalities in the crew mix, amongst others a limited number of highly valued Ukrainian top officers. The Russian invasion of Ukraine has created challenges for the rotation of the affected nationals. The Company is working hard to maintain first class operational standards, whilst taking care of the human perspective involved.

The main commodity transported on Newcastlemax vessels is iron ore, of which, only approximately 1.5% has historically been exported as seaborne trade out of Ukraine or Russia. As such, any direct impact on iron ore trade flows are minor.

Outlook

2020 Bulkercs has a robust financial structure with moderate financial leverage and a solid cash position. Our operating cash breakeven, which is estimated at approximately US\$16,300 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\$31,800 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 Q1 2023 results

2020 Bulkercs Ltd. will release its financial results for the first quarter of 2023 on Wednesday, May 10, 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.2020bulkercs.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/20230510_10 or you can click the “Webcast” link on www.2020bulk.com/investor-relations/

Telephone conference

Participants dial-in numbers:

PIN Code for all countries: 172292

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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 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 announcement 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 and operator of large dry bulk vessels. The Company has eight Newcastlemax dry bulk vessels in operation.

May 10, 2023

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