

# 2020 BULKERS

BOARD OF  
DIRECTORS'  
REPORT

Q4 2023

Results for the Fourth Quarter of 2023

Oslo, Norway, February 7, 2024

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, 2023.

#### **Key events during the fourth quarter of 2023**

- The Company reported net profit of US\$14.8 million and EBITDA of US\$20.7 million for the fourth quarter of 2023.
- Achieved average time charter equivalent earnings of approximately US\$36,300 per day, gross.
- The Company declared total cash distributions and dividend of US\$0.59 per share for the months of October, November and December 2023.

#### **Subsequent Events**

- Achieved average time charter equivalent earnings for January 2024 of approximately US\$27,100, per day, gross.
- In February 2024, the Company declared a dividend of US\$0.10 per share for January 2024.

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

##### *Consolidated Statements of Operations*

##### *Three months ended December 31, 2023*

Operating revenues were US\$26.3 million for the three months ended December 31, 2023 (US\$18.5 million for the three months ended December 31, 2022). The Company achieved an average time charter equivalent rate, gross, of US\$36,300 for the three months ended December 31, 2023, compared to US\$25,500 for the three months ended December 31, 2022. During the three months ended December 31, 2023, the Company charged Himalaya Shipping US\$0.2 million for management services as well as recognizing additional US\$0.3 million in insurance settlement, both included as Other operating income in the Consolidated Statements of Operations.

Total operating expenses were US\$8.4 million for the three months ended December 31, 2023 (US\$9.3 million for the three months ended December 31, 2022).

Vessel operating expenses were US\$4.5 million and US\$5.0 million for the three months ended December 31, 2023 and 2022, respectively. The decrease compared to the three months ended December 31, 2022 is partly due to US\$0.2 million received in insurance settlement during the three months ended December 31, 2023.

Voyage expenses and commission were US\$0.3 million for the three months ended December 31, 2023 (US\$0.2 million for the three months ended December 31, 2022).

General and administrative expenses were US\$0.8 million for the three months ended December 31, 2023 (US\$1.2 million for the three months ended December 31, 2022). The decrease compared to the three months ended December 31, 2022 is due to lower share option expense. Please see comment to Other operating income.

Depreciation and amortization were US\$2.8 million and US\$2.9 million for the three months ended December 31, 2023 and 2022, respectively.

Total financial expenses, net, were US\$2.5 million for the three months ended December 31, 2023 (US\$2.4 million for the three months ended December 31, 2022). The increase compared to the three months ended December 31, 2022 is due to higher interest expense on the Ocean Yield sale leaseback financing partly offset by higher interest income.

#### *Twelve months ended December 31, 2023*

Operating revenues were US\$73.0 million for the twelve months ended December 31, 2023 (US\$77.3 million for the twelve months ended December 31, 2022). The Company achieved an average time charter equivalent rate, gross, of US\$24,700 for the twelve months ended December 31, 2023, compared to US\$26,900 for the twelve months ended December 31, 2022. During the twelve months ended December 31, 2023, the Company charged Himalaya Shipping US\$1.1 million for management services as well as recognizing US\$2.2 million in insurance settlement, both included as Other operating income in the Consolidated Statements of Operations.

Total operating expenses were US\$35.3 million for the twelve months ended December 31, 2023 (US\$35.8 million for the twelve months ended December 31, 2022).

Vessel operating expenses were US\$19.4 million and US\$18.6 million for the twelve months ended December 31, 2023 and 2022, respectively.

Voyage expenses and commission were US\$0.9 million for the twelve months ended December 31, 2023 (US\$1.1 million for the twelve months ended December 31, 2022). The decrease compared to the twelve months ended December 31, 2022 is due to lower commission on the lower charter hire earned.

General and administrative expenses were US\$3.4 million for the twelve months ended December 31, 2023 (US\$4.4 million for the twelve months ended December 31, 2022). The decrease compared to the twelve months ended December 31, 2022, is primarily due to fees incurred in connection with the corporate restructuring as well as a higher share option expense during the twelve months ended December 31, 2022.

Depreciation and amortization were US\$11.6 million and US\$11.7 for the twelve months ended December 31, 2023 and 2022, respectively.

Total financial expenses, net, were US\$10.6 million for the twelve months ended December 31, 2023 (US\$9.5 million for the twelve months ended December 31, 2022). Please see analysis

for the fourth quarter of 2023 for total financial expenses, net, which is also valid for the twelve months ended December 31, 2023.

#### *Consolidated Balance Sheets*

The Company had total assets of US\$376.1 million as of December 31, 2023, (December 31, 2022: US\$379.8 million).

Total shareholders' equity was US\$161.0 million and US\$155.9 million as of December 31, 2023 and December 31, 2022, respectively.

Total liabilities as of December 31, 2023, were US\$215.1 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 December 31, 2023*

Net cash provided by operating activities was US\$22.9 million for the three months ended December 31, 2023 (US\$10.0 million for the three months ended December 31, 2022). The increase compared to the three months ended December 31, 2022, is primarily due to higher earnings and the insurance settlement received for Bulk Shenzhen.

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

Net cash used in financing activities was US\$8.7 million during the three months ended December 31, 2023 (US\$9.0 million used in financing activities during the three months ended December 31, 2022). 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. The Company repaid US\$3.7 million of long-term debt and paid US\$5.3 million of cash distributions during the three months ended December 31, 2022.

##### *Twelve months ended December 31, 2023*

Net cash provided by operating activities was US\$41.2 million for the twelve months ended December 31, 2023 (US\$42.3 million for the twelve months ended December 31, 2022).

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

Net cash used in financing activities was US\$26.1 million during the twelve months ended December 31, 2023 (US\$50.7 million used in financing activities during the twelve months ended December 31, 2022). 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. The Company repaid US\$14.8 million of long-term debt and paid US\$35.9 million of cash distributions during the twelve months ended December 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 43 consecutive months. Following the dividend for January, the Company will have returned approximately 92% of the paid-in equity to shareholders.

The Company has a solid funding situation with a cash position of approximately US\$24 million as of February 5, 2024.

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 February 5, 2024, around US\$183 million of net debt, corresponding to approximately US\$23 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 fourth quarter of 2023 the Company achieved average time charter equivalent earnings of approximately US\$36,300 per day, gross. The Company's vessels trading on index-linked time charter earned approximately US\$38,700 per day, gross, including average daily scrubber benefits of approximately US\$1,900 per day. The Company's vessels trading on fixed time charter earned approximately US\$24,500 per day, gross, including average daily scrubber benefits of approximately US\$2,700 per day.

The Baltic 5TC Capesize Index averaged US\$28,836 per day in Q4 2023.

The Company achieved average time charter equivalent earnings for January 2024 of approximately US\$27,100, per day, gross. The Baltic 5TC Capesize Index has averaged US\$20,565 per day in the same period.

## **Chartering update**

2020 Bulkers has commercially outperformed the Baltic 5TC index for 50 out of 54 months since delivery of its first vessel.

2020 Bulkers has five and three vessels trading on fixed time charters in February and March 2024, respectively, at average rates of US\$20,869 and US\$19,177, respectively.

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 February 1 until end of 2024, the Company has 2,442 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:

<b>Ship name</b>	<b>Delivery</b>	<b>Charterer</b>	<b>Rate US\$</b>	<b>Charter expiry</b>
Bulk Sandefjord	Aug-19	Koch	US\$21,790 + scrubber benefit (1 Dec 2023 - 29 Feb 2024) Index linked + premium + scrubber benefit thereafter	Dec 26 – Dec 27
Bulk Santiago	Sep-19	Koch	US\$25,024 + scrubber benefit (1 Dec 2023 - 29 Feb 2024) Index linked + premium + scrubber benefit	Dec 26 – Dec 27
Bulk Seoul	Oct-19	Koch	Index linked + premium + scrubber benefit	Mar 24
Bulk Shanghai	Nov-19	Koch	Index linked + premium + scrubber benefit	Mar 24
Bulk Shenzhen	Jan-20	Koch	US\$20,060 + scrubber benefit (1 Dec 2023 - 31 Mar 2024) Index linked + premium + scrubber benefit	Dec 26 – Dec 27
Bulk Sydney	Jan-20	Koch	US\$20,672 + scrubber benefit (1 Dec 2023 - 31 Mar 2024) 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	US\$16,800 + scrubber benefit (1 Jan 2024 - 31 Mar 2024) Index linked + premium + scrubber benefit	Apr 25 – Jun 25

## **Dry Docking**

The Bulk Sandefjord and Bulk Shanghai have been scheduled for their five year special surveys in the beginning of March 2024. Total cost is estimated at US\$2.6 million for both vessels. The Company has decided to dock these vessels five and six months ahead of their respective five year anniversaries in order to coincide with the normally weakest part of the year for Capesize rates. 14 days of off-hire per vessel is expected in conjunction with the special surveys.

## **Market commentary**

The Baltic 5TC Capesize index today stands at US\$19,663 having averaged US\$20,102 year to date, up from US\$8,035 during the same period in 2023.

The Capesize market performed strongly during Q4 2023, with the Baltic 5TC index averaging US\$28,836, up from US\$13,407 during the third quarter. The strong market was driven by strong Brazilian iron ore exports, as well as higher Bauxite exports out of West Africa. The trend has continued into 2024, with rates for early February at the highest seasonal levels since 2010.

Overall Capesize trade growth was strong during 2023, with ton-miles sailed on Capesize vessels up 4.8% compared to 2022. Although the increase in ton-miles was strong throughout most of the year, it was somewhat offset by a significant drop in congestion for the Capesize fleet during the third quarter, hitting historically the lowest levels seen since 2016.

The 4.8% increase in Capesize ton-miles was mainly driven by a 29% growth in the Bauxite trade, while the iron ore trade increased by 3.8% measured in ton miles. The iron ore trade specifically was driven by a 7.9% increase in Brazilian export volumes, while Australian export volumes were up 1.2% compared to 2022. For the coal trade, ton-miles were down 1.4% compared to 2022.

Global crude steel production for 2023 was up by 0.2% compared to 2022, with the World, ex China, down 0.7%, while Chinese steel production increased 0.9%.

Chinese iron ore imports increased by 6% in 2023 compared to 2022. Chinese iron ore port inventories currently stand at 114 million tons, compared to 125 million tons a year ago.

China's property sector remains challenged in spite of the government's stimulous efforts, although there has been a positive development in construction completions during the year.

Growth in vessel supply will be moderate in the coming years with expected Capesize deliveries of 7.7 million dwt in 2024, 7.1 million dwt in 2025 and 4.7 million dwt in 2026, down from 10.7 million dwt 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 2027, with orders recently having been placed for delivery as late as the second half of 2028. 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. Current newbuilding costs for a scrubberfitted Newcastlemax in China is believed to be just under US\$70 million.

Upside risks to the future development in the Capesize market from current levels, relate to restocking of China's low iron ore inventories, as well as increased coal imports following new restrictions being put in place for domestic coal miners starting May 1 this year.

Key downside risks to the Capesize market include a continued economic slowdown in China, 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 396 million dwt as of February 1, 2024, up from 386 million dwt in February 2023.

The current orderbook for Capesize dry bulk vessels currently stands at 5.7% of the existing fleet, down from 6.1% in February 2023.

0.84 million dwt has been ordered in 2024 so far, compared to zero new orders during the same period in 2023.

0.18 million dwt has been scrapped so far in 2024, compared to 0.53 million dwt during the same period in 2023.

### **Outlook**

2020 Bulkera has a robust financial structure with moderate financial leverage and a solid cash position. Our operating cash breakeven is estimated at approximately US\$16,400 per vessel per day. The current FFA curve for the balance of 2024 implies earnings of approximately US\$35,000 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 2023 results**

2020 Bulkera Ltd. will release its financial results for the fourth quarter of 2023 on Wednesday, February 7, 2024. 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/20240207\\_2/](https://channel.royalcast.com/landingpage/hegnarmedia/20240207_2/) or you can click the “Webcast” link on [www.2020bulk.com/investor-relations/](http://www.2020bulk.com/investor-relations/)

*Telephone conference:*

PIN Code for all countries: 172292

DK: +45 7876 8490

SE: +46 8 1241 0952

NO: +47 2195 6342

UK: +44 203 769 6819

US: +1 646-787-0157

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.

February 7, 2024

Kate Blankenship

Director

Viggo Bang-Hansen

Director

Magnus Halvorsen

Chairperson

# OFFICES

## **OSLO OFFICE**

2020 Bulkera Management AS  
Tjuvholmen allé 3,  
9th floor,  
0252 Oslo,  
Norway

+47 22 83 30 00

## **BERMUDA OFFICE**

2020 Bulkera Ltd.  
S.E. Pearman Bldg., 2nd floor,  
9 Par-la-Ville Road  
Hamilton HM 11,  
Bermuda

+1 441 542 9329

[2020bulkera@2020bulkera.com](mailto:2020bulkera@2020bulkera.com)