

2020 BULKERS

Q1 2024

Unaudited Condensed Consolidated
Financial Statements for the three
months ended March 31, 2024

2020 Bulkers Ltd. and subsidiaries

Consolidated Statements of Operations

(In millions of US\$ except per share data)	3 months to March 31, 2024	3 months to March 31, 2023
Operating revenues		
Time charter revenues	19.7	12.2
Other operating income	0.3	0.4
Gain on sale of vessel	20.5	-
Total operating revenues	40.5	12.6
Operating expenses		
Vessel operating expenses	(4.8)	(5.0)
Voyage expenses and commission	(0.2)	(0.2)
General and administrative expenses	(1.1)	(1.0)
Depreciation and amortization	(2.7)	(2.9)
Total operating expenses	(8.8)	(9.1)
Operating profit	31.7	3.5
Financial expenses, net		
Interest expense	(2.8)	(2.7)
Other financial income (expense)	(0.2)	-
Total financial expenses, net	(3.0)	(2.7)
Net income before income taxes	28.7	0.8
Income tax	(0.2)	-
Net income	28.5	0.8
Per share information:		
Basic earnings per share	1.25	0.04
Diluted earnings per share	1.25	0.04
Consolidated Statements of Comprehensive Income		
Net income	28.5	0.8
Unrealized gain (loss) on interest rate swaps	(1.7)	(1.6)
Reclassification for gains included in the statements of operations due to hedge discontinuance	0.5	-
Translation adjustments	-	(0.1)
Other comprehensive income	(1.2)	(1.7)
Total comprehensive income	27.3	(0.9)

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

2020 Bulkers Ltd. and subsidiaries

Consolidated Balance Sheets

(In millions of US\$)	March 31, 2024	December 31, 2023 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	55.5	30.7
Restricted cash	0.3	0.1
Asset held for sale	41.6	-
Trade receivables	2.8	0.9
Accrued revenues	0.1	0.2
Other current assets	5.3	6.8
Total current assets	105.6	38.7
Long term assets		
Vessels and equipment, net and drydocking	253.6	337.4
Total long-term assets	253.6	337.4
Total assets	359.2	376.1
LIABILITIES AND EQUITY		
Current liabilities		
Debt related to asset held for sale	31.0	-
Current portion of long-term debt	10.0	14.8
Accounts payable	2.0	0.6
Accrued expenses	6.1	3.5
Declared cash distribution	-	4.1
Other current liabilities	2.9	3.0
Total current liabilities	52.0	26.0
Long term liabilities		
Long-term debt	128.3	189.1
Total long-term liabilities	128.3	189.1
Commitments and contingencies		
Equity		
Common shares of par value US\$1.0 per share: authorized 75,000,000 (2023:75,000,000). Issued and outstanding 22,870,906 (2023: 22,870,906)	22.9	22.9
Additional paid-in capital	1.5	1.5
Contributed surplus	11.2	11.2
Accumulated other comprehensive income	2.8	4.0
Retained earnings	140.5	121.4
Total shareholders' equity	178.9	161.0
Total liabilities and shareholders' equity	359.2	376.1

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

2020 Bulkers Ltd. and subsidiaries
Consolidated Statements of Cash Flows

(In millions of US\$)	3 months to March 31, 2024	3 months to March 31, 2023
Net income	28.5	0.8
Gain on sale of vessel	(20.5)	-
Cash received from settlement of interest rate swaps	2.9	-
Share based compensation	-	0.1
Depreciation and amortization	2.7	2.9
Change in trade receivables	(1.9)	1.4
Change in accrued revenues	0.1	-
Change in accounts payable	0.8	-
Change in other current assets and liabilities	0.4	(0.8)
Net cash provided by operating activities	13.0	4.4
Investing activities		
Proceeds from sale of vessel	63.7	-
Capitalized drydocking costs	(2.2)	-
Net cash used in investing activities	61.5	-
Financing activities		
Repayment of long-term debt	(36.0)	(3.7)
Net proceeds from share issuance	-	2.0
Dividends paid	(13.5)	(2.4)
Net cash used in financing activities	(49.5)	(4.1)
Net increase (decrease) in cash and cash equivalents and restricted cash	25.0	0.3
Cash and cash equivalents and restricted cash at beginning of period	30.8	15.7
Cash and cash equivalents and restricted cash at end of period	55.8	16.0
Supplemental disclosure of cash flow information		
Interest paid	(2.6)	(2.6)
Income taxes paid	(0.2)	-

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

2020 Bulkers Ltd. and subsidiaries

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>							
Consolidated balance as of December 31, 2022	22 220 906	22.2	0.5	28.2	9.2	95.8	155.9
Issue of common shares	400 000	0.4	1.6	-	-	-	2.0
Share based compensation	-	-	0.1	-	-	-	0.1
Cash distributions	-	-	-	(2.4)	-	-	(2.4)
Total comprehensive income for the period	-	-	-	-	(1.7)	0.8	(0.9)
Consolidated balance as of March 31, 2023	22 620 906	22.6	2.2	25.8	7.5	96.6	154.7
Issue of common shares	250 000	0.3	0.9	-	-	-	1.2
Transfer ⁽¹⁾	-	-	(1.6)	1.6	-	-	-
Cash distributions	-	-	-	(16.2)	-	-	(16.2)
Total comprehensive income for the period	-	-	-	-	(3.5)	24.8	21.3
Consolidated balance as of December 31, 2023	22 870 906	22.9	1.5	11.2	4.0	121.4	161.0
Dividends	-	-	-	-	-	(9.4)	(9.4)
Total comprehensive income for the period	-	-	-	-	(1.2)	28.5	27.3
Consolidated balance as of March 31, 2024	22 870 906	22.9	1.5	11.2	2.8	140.5	178.9

(1) At the 2023 Annual General Meeting held May 9, 2023, it was approved to reduce the Share Premium Account (Recognized as Additional paid-in capital in the Consolidated Statements of Changes in Shareholders' Equity) of the Company by US\$1,594,000 and to credit the same amount resulting from the reduction to the Company's Contributed Surplus account, with effect from May 9, 2023.

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 owner and operator of large dry bulk vessels. The Group has six Newcastlemax dry bulk vessels in operation.

Basis of presentation

Our 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, 2023, except for recently issued accounting standards as described in note 3.

3. RECENTLY ISSUED ACCOUNTING STANDARDS

Adoption of new accounting standards

There are no new accounting standards having a material impact on the Company.

4. INCOME TAXES

2020 Bulkera Ltd. is incorporated in Bermuda. 2020 Bulkera Ltd. transferred tax domicile from Bermuda to Norway effective August 9, 2022. Our vessel owning subsidiaries are taxed under the Norwegian Tonnage Tax Regime. The estimated income tax expense for the three months ended March 31, 2024, is US\$0.2 million (included in Accrued expenses) and is related to taxable net financial income (under the Norwegian Tonnage Tax Regime) primarily due to realized gains on interest rate swaps. The Group does not have any 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 8) during the three months ended March 31, 2024. The Company has recognized US\$0.1 million (US\$0.2 million as of March 31, 2023) of revenues which was not invoiced as of March 31, 2024, and the amount is recognized as Accrued revenues. In addition, the Company has invoiced US\$2.7 million (US\$0.9 million as of March 31, 2023) to customers which was not earned as of March 31, 2024, and the amount is recognized as Other current liabilities. During the three months ended March 31, 2024, the Company recognized US\$0.3 million (US\$0.4 million during the three months ended March 31, 2023) in management fee as Other operating income.

7. EARNINGS PER SHARE

(In US\$, except share numbers)	3 months to March 31, 2024	3 months to March 31, 2023
Basic earnings per share	1.25	0.04
Diluted earnings per share	1.25	0.04
Issued ordinary shares at the end of the period	22 870 906	22 620 906
Weighted average number of shares outstanding - basic	22 870 906	22 292 017
Weighted average number of shares outstanding - diluted	22 870 906	22 415 531

The computation of basic EPS is based on the weighted average number of outstanding shares during the period. Diluted EPS excludes the potential effect of conversion of 60,000 of share options (2023: 60,000) outstanding issued to employees since the average share price for the three months to March 31, 2024, was below the strike price.

8. LEASES

Lessor

The Company had the following vessels on operating lease contracts as of March 31, 2024:

Vessel	Charterer	Charter expiry	Gross rate/day, USD
Bulk Sandefjord	Koch Shipping	Dec 26 - Dec 27	Index linked + premium + scrubber benefit
Bulk Santiago	Koch Shipping	Dec 26 - Dec 27	Index linked + premium + scrubber benefit
Bulk Shenzhen	Koch Shipping	Dec 26 - Dec 27	Index linked + premium + scrubber benefit
Bulk Sydney	Koch Shipping	Dec 26 - Dec 27	Index linked + premium + scrubber benefit
Bulk Sao Paulo	European charterer	Apr - Jun 25	Index linked + premium + scrubber benefit
Bulk Santos	European charterer	Apr - Jun 25	Index linked + premium + scrubber benefit

9. VESSELS AND EQUIPMENT, NET

(In millions of US\$)	Vessels and equipment, net	Drydocking	Total
Cost as of December 31, 2022	383.4	-	383.4
Capital expenditures	-	-	-
Cost as of December 31, 2023	383.4	-	383.4
Capital expenditures	-	2.2	2.2
Asset transfers to held for sale	(44.2)	-	(44.2)
Asset disposals	(44.3)	-	(44.3)
Cost as of March 31, 2024	294.9	2.2	297.1
Accumulated depreciation as of December 31, 2022	34.4	-	34.4
Depreciation	11.6	-	11.6
Accumulated depreciation as of December 31, 2023	46.0	-	46.0
Depreciation	2.7	-	2.7
Asset transfers to held for sale	(2.6)	-	(2.6)
Asset disposals - accumulated depreciation	(2.6)	-	(2.6)
Accumulated depreciation as of March 31, 2024	43.5	-	43.5
Balance as of December 31, 2023	337.4	-	337.4
Balance as of March 31, 2024	251.4	2.2	253.6

See note 11 for information on sale of the vessels Bulk Shanghai and Bulk Seoul.

10. RELATED PARTY TRANSACTIONS

In March 2023, Magnus Halvorsen, Chairperson of the Company, exercised 400,000 share options at a strike price of US\$4.985.

In November 2023, Kate Blankenship, Director of the Company, exercised 75,000 share options at a strike price of US\$4.445.

In December 2023, Vidar Hasund, Chief Financial Officer of the Company, exercised 75,000 share options at a strike price of US\$4.445.

11. DEBT

(In millions of US\$)	March 31, 2024	December 31, 2023 (audited)
<i>Pledged</i>		
Term loan Tranche I ("Bulk Sandefjord"), balloon payment March 2027	22.5	22.9
Term loan Tranche II ("Bulk Santiago"), balloon payment March 2027	22.9	23.3
Term loan Tranche V ("Bulk Shenzhen"), balloon payment March 2027	23.3	23.8
Term loan Tranche VI ("Bulk Sydney"), balloon payment March 2027	23.3	23.7
Term loan Tranche VII ("Bulk Sao Paulo"), balloon payment March 2027	23.8	24.2
Term loan Tranche VIII ("Bulk Santos"), balloon payment March 2027	24.2	24.6
<i>Other long term debt</i>		
Vessel financing ("Bulk Seoul")	-	32.0
Vessel financing ("Bulk Shanghai")	-	32.0
Long-term debt, gross	140.0	206.5
Less current portion long term debt	(10.0)	(14.8)
Less deferred loan costs	(1.7)	(2.6)
Total long-term debt	128.3	189.1

Term loan facility

In December 2021, the Company completed the refinancing of the US\$180 term loan facility agreement maturing in August 2024, replacing the outstanding amount under the US\$180 million term loan facility 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, (ii) 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 (iii) 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, 2024, we were compliant with the covenants and our obligations under the 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 and are all designated for hedge accounting as they satisfy the criteria applicable to cash flow hedges.

In April 2023, the Company agreed with the lenders under the term loan facility the transition from LIBOR (London interbank offered rate) to SOFR (secured overnight financing rate) plus a credit adjustment of 0.26161% spread that was effective from September 8, 2023. The amendment to the Company's term loan facility did not have a significant effect on the carrying amount of the loan.

In March 2024, the Company terminated the interest rate swaps and received a cash settlement of approximately US\$2.9 million. The amount will be transferred to the statements of operations reducing interest expense until original maturity of the interest rate swaps in August and September 2024.

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 year 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.

In April 2023, the Company agreed with the lender under the Ocean Yield sale leaseback financing that the transition from LIBOR to Term SOFR is effective from the first interest adjustment after June 30, 2023. The amendment to the bareboat charter agreement did not have a significant effect on the carrying amount of the loan.

In February 2024, the Company signed an agreement to sell the vessels Bulk Shanghai and Bulk Seoul to an unaffiliated third party for a total consideration of US\$127.5 million. The Company exercised its option with Ocean Yield to effectuate the sale. Bulk Shanghai and Bulk Seoul were delivered to the new owner on March 20, 2024, and April 4, 2024, respectively, and the sale and leaseback arrangements were settled. The Company recognized a gain of US\$20.5 million for the sale of Bulk Shanghai during the three months ended March 31, 2024. As of March 31, 2024, the Company classified the net book value and sale leaseback financing relating to Bulk Seoul as held for sale in the consolidated balance sheets.

The outstanding long term debt, including current portion, as of March 31, 2024, is repayable as follows:

(In millions of US\$)

2024	7.5
2025	10.0
2026	10.0
2027	112.5
	140.0

12. 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 on 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 were as follows:

(In millions of US\$)	Hierarchy	March 31, 2024		December 31, 2023 (audited)	
		Fair value	Carrying value	Fair value	Carrying value
<i>Assets</i>					
Cash and cash equivalents	1	55.5	55.5	30.7	30.7
Restricted cash	1	0.3	0.3	0.1	0.1
Other current assets (interest rate swaps)	2	-	-	4.0	4.0
<i>Liabilities</i>					
Current portion of long-term debt	2	10.0	10.0	14.8	14.8
Long-term debt	2	128.3	128.3	193.4	189.1

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.

13. SHARE BASED PAYMENT COMPENSATION

In April 2022, the Board approved a grant of 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 exercise price will be reduced by any dividends

and cash distributions paid. The share options vest equally over a three year vesting period, commencing one year from date of grant and will expire five years after the grant date. The total estimated cost is approximately US\$321k and will be expensed over the requisite service period. US\$27k has been expensed in the three months ended March 31, 2024 (US\$27k during the three months ended March 31, 2023).

14. 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.

15. SUBSEQUENT EVENTS

Dividends

In April 2024, the Company declared a dividend of US\$1.79 per share for March 2024.

In May 2024, the Company declared a dividend of US\$0.14 per share for April 2024.

Delivery of Bulk Seoul

Bulk Seoul was delivered to the new owner on April 4, 2024, and the sale leaseback arrangement was settled. See note 11.

Refinancing of term loan

In April 2024, the Company signed an agreement to refinance and amend its US\$162.5 million Term Loan Facility maturing in March 2027. Pursuant to the new agreement, the Company repaid US\$27.5 million of the outstanding amount under the Term Loan Facility, which was replaced with a new non-amortizing US\$112.5 million Loan Facility maturing in April 2029. The new Loan Facility has an interest rate of SOFR+195 bps in margin.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

(In millions of US dollars)	3 months to March 31, 2024	3 months to March 31, 2023
Operating profit	31.7	3.5
Depreciation and amortization	(2.7)	(2.9)
EBITDA	34.4	6.4

(In millions of US dollars, except per day data)	3 months to March 31, 2024	3 months to March 31, 2023
Time charter revenues	19.7	12.2
Address commission	(0.7)	(0.4)
Operating revenues, gross	20.4	12.6
Fleet operational days	678	720
Average time charter equivalent rate, gross	30 000	17 500

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.

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