2020 BULKERS

Unaudited Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2019.

2020 Bulkers Ltd. and subsidiaries
Unaudited Condensed Consolidated Statements of Operations

(In millions of US$ except per share data)	3 months to September 30, 2019	3 months to September 30, 2018	9 months to September 30, 2019	9 months to September 30, 2018
Operating revenues				
Time charter revenues	2,2	-	2,2	-
Total operating revenues	2,2	-	2,2	-
Operating expenses				
Vessel operating expenses	(0,3)	-	(0,3)	-
General and administrative expenses	(1,0)	(0,2)	(3,3)	(0,3)
Depreciation and amortization	(0,1)	-	(0,2)	-
Total operating expenses	(1,4)	(0,2)	(3,8)	(0,3)
Operating profit (loss)	0,8	(0,2)	(1,6)	(0,3)
Financial items				
Interest expense, net of capitalised interest	-	-	-	-
Financial items, net	-	-	-	-
Net (loss) income before income taxes	0,8	(0,2)	(1,6)	(0,3)
Income tax expense (credit)	-	-	-	-
Net profit (loss)	**0,8**	**(0,2)**	**(1,6)**	**(0,3)**
Per share information:				
Basic earnings (loss) per share	0,03	(0,01)	(0,09)	(0,03)
Diluted earnings (loss) per share	0,03	(0,01)	(0,09)	(0,03)
Consolidated Statements of Comprehensive income (loss)				
Net profit (loss)	0,8	(0,2)	(1,6)	(0,3)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss)	**0,8**	**(0,2)**	**(1,6)**	**(0,3)**

2020 Bulkers Ltd. and subsidiaries

Unaudited Condensed Consolidated Balance Sheets

(In millions of US$)	September 30, 2019	December 31, 2018
ASSETS		
Short term assets		
Cash and cash equivalents	4,4	0,3
Restricted cash	0,1	-
Trade receivables	0,6	-
Other current assets	1,3	0,1
Total current assets	**6,4**	**0,4**
Long term assets		
Vessels and equipment, net	94,4	-
Newbuildings	101,8	68,4
Other long-term assets	2,3	-
Total long-term assets	**198,5**	**68,4**
Total assets	**204,9**	**68,8**
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt and current portion of long-term debt	7,6	-
Accounts payable	0,5	0,2
Accrued expenses	0,5	0,2
Other current liabilities	0,8	0,1
Total current liabilities	**9,4**	**0,5**
Long term liabilities		
Long-term debt	55,7	-
Other long-term liabilities	0,2	-
Total long-term liabilities	**55,9**	-
Commitments and contingencies		
Equity		
Common share of par value US$1.0 per share: authorized 75,000,000 (2018:75,000,000) shares.Issued and outstanding 22,170,906 (2018: 14,070,906) shares.	22,2	14,1
Additional paid-in capital	119,9	55,1
Accumulated other comprehensive income	-	-
Accumulated deficit	(2,5)	(0,9)
Total shareholders' equity	**139,6**	**68,3**
Total liabilities and shareholders' equity	**204,9**	**68,8**

2020 Bulkers Ltd. and subsidiaries
Unaudited Condensed Consolidated Statement of Cash Flows

(In millions of US$)	3 months to September 30, 2019	3 months to September 30, 2018	9 months to September 30, 2019	9 months to September 30, 2018
Net profit (loss)	**0,8**	**(0,2)**	**(1,6)**	**(0,3)**
Share based compensation	0,3	-	1,3	-
Depreciation and amortization	0,1	-	0,2	-
(Increase) decrease in accounts receivable	(0,6)	-	(0,6)	-
Increase (decrease) in accounts payable	0,3	0,1	0,3	-
Change in other current items related to operating activities	0,2	-	0,5	-
Change in other long-term items related to operating activities	-	-	(0,1)	-
Net cash provided by (used in) operating activities	**1,1**	**(0,1)**	-	**(0,3)**
Investing activities				
Short term loan	-	-	(0,9)	-
Additions to newbuildings	(57,0)	(11,2)	(123,3)	(38,3)
Net cash used in investing activities	**(57,0)**	**(11,2)**	**(124,2)**	**(38,3)**
Financing activities				
Proceeds, net of loan costs, from issuance of long-term debt	59,1	-	64,9	-
Net proceeds from share issuances	0,9	12,0	63,6	34,0
Net cash provided by (used in) financing activities	**60,0**	**12,0**	**128,5**	**34,0**
Net increase (decrease) in cash and cash equivalents and restricted cash	4,1	0,7	4,2	(4,6)
Cash and cash equivalents and restricted cash at beginning of period	0,4	0,8	0,3	6,1
Cash and cash equivalents and restricted cash at end of period	**4,5**	**1,5**	**4,5**	**1,5**

Supplemental disclosure of cash flow information				
Non-cash settlement of convertible debt	-	-	(8,0)	-
Non-cash share issuance	-	-	8,0	-
Non-cash payment in respect of newbuildings	(4,3)	-	(4,3)	-
Issuance of short term debt as non-cash settlement for newbuild delivery instalment	4,3		4,3	-
Interest paid, net of capitalized interest	-	-	-	-
Income taxes paid	-	-	-	-

2020 Bulkers Ltd. and subsidiaries

Unaudited Condensed Consolidated Statements of Changes in Equity

(In millions of US$, except number of shares)	Number of shares	Share capital	Additional paid-in capital	Other Comprehensive income	Retained deficit	Total equity
Balance as of December 31, 2017	**6 151 000**	**6,2**	**8,8**	**-**	**(0,1)**	**14,9**
Issue of common shares	5 793 590	5,8	28,2	-	-	34,0
Equity issuance costs	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(0,3)	(0,3)
Balance as of September 30, 2018	**11 944 590**	**12,0**	**37,0**	**-**	**(0,4)**	**48,6**
Issue of common shares	2 126 316	2,1	18,1	-	-	20,2
Equity issuance costs	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(0,5)	(0,5)
Balance as of December 31, 2018	**14 070 906**	**14,1**	**55,1**	**-**	**(0,9)**	**68,3**
Issue of common shares	8 100 000	8,1	65,1	-	-	73,2
Equity issuance costs	-	-	(1,6)	-	-	(1,6)
Share based compensation	-	-	1,3	-	-	1,3
Total comprehensive loss for the period	-	-	-	-	(1,6)	(1,6)
Balance as of September 30, 2019	**22 170 906**	**22,2**	**119,9**	**-**	**(2,5)**	**139,6**

2020 Bulkers Limited and subsidiaries
Notes to Consolidated Financial Statements

1. GENERAL INFORMATION

2020 Bulkers Ltd. (the “Company” and, together with its subsidiaries, the “Group” or “2020 Bulkers”) is a limited liability company incorporated in Bermuda on 26 September 2017. The Company’s shares are traded on Oslo Axess under the ticker “2020”.

2020 Bulkers is an international owner of large drybulk newbuildings. The Group has two Newcastlemax drybulk vessels in operation and six Newcastlemax drybulk vessels under construction at New Times Shipyard in China. The remaining newbuildings are expected to be delivered by May 2020.

Basis of presentation
Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The 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. Subsequent events have been reviewed from period end to issuance of the condensed consolidated financial statement on November 7, 2019.

2. SUMMARY OF SIGNIFICANT 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, 2018.

3. RECENTLY ISSUED ACCOUNTING STANDARDS

Adoption of new accounting standards
In July 2017, the FASB issued ASU No. 2017-11, Earnings Per Share, Distinguishing Liabilities from Equity, and Derivatives and Hedging, which changes the classification of certain equity-linked financial instruments with down round features. As a result, a free standing equity-linked financial instrument or an embedded conversion option would not be accounted for as a derivative liability at fair value as a result of existence of a down round feature. For freestanding equity classified financial instruments, the amendment requires the entities to recognize the effect of the down round feature when triggered in its earnings per share calculations. The standard is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2018. The adoption did not have a material impact on the Consolidated Financial Statements and related disclosures.

In June 2018, the FASB issued ASU No. 2018-07, Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share Based-Payment Accounting. This ASU intends to improve the usefulness of information provided and reducing the cost and complexity of financial reporting. A main objective of this ASU is to substantially align the accounting for share-based payments to employees and non-employees. The guidance is effective for annual reporting periods beginning after December 15, 2018 for public entities, including interim periods within that period, with early adoption permitted. The adoption did not have a material impact on the Consolidated Financial Statements and related disclosures.

Issued not effective accounting standards
In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which revises guidance for the accounting for credit losses on financial instruments within its scope. The new standard introduces an approach, based on expected losses, to estimate credit losses on certain types of financial instruments and modifies the impairment model for available-for-sale debt securities. The guidance will be effective January 1, 2020, with early adoption permitted. Entities are required to apply the standard’s provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. We are in the process of evaluating the impact of this standard update on our consolidated financial statements and related disclosures.

4. INCOME TAXES

Bermuda

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

Other jurisdictions

Our subsidiary in Norway is subject to income tax. The estimate income tax expense for the nine months ended September 30, 2019 is US$20.0 thousand. We do not have any unrecognized tax benefits, accrued interest or penalties relating to income taxes. Based upon review of applicable laws and regulations, and after consultation with counsel, we do not believe we are subject to material income taxes in any jurisdiction.

5. SEGMENT INFORMATION

Our chief operating decision maker, or the CODM, 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 will 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 two contracts (described in note 9) for Bulk Sandefjord and Bulk Santiago in Q3, 2019. No contract assets were recognized as of September 30, 2019. The company has received US$0.5 million in cash from customers which is not earned as of September 30, 2019 and the amount is recognized as other current liabilities.

7. INTEREST EXPENSE

(In millions of US dollars)	3 months to September 30, 2019	3 months to September 30, 2018	9 months to September 30, 2019	9 months to September 30, 2018
Interest expense, gross	(0,3)	-	(0,3)	-
Capitalized interest, newbuildings	0,3	-	0,3	-
Total	-	-	-	-

8. EARNINGS PER SHARE

	3 months to September 30, 2019	3 months to September 30, 2018	9 months to September 30, 2019	9 months to September 30 2018
- Basic earnings (loss) per share	0,03	(0,01)	(0,09)	(0,03)
- Diluted earnings (loss) per share	0,03	(0,01)	(0,09)	(0,03)
Issued ordinary shares at the end of the period	22 170 906	11 944 590	22 170 906	11 944 590
Weighted average number of shares outstanding - basic	22 170 906	11 413 612	17 830 832	9 443 680

9. LEASES

Lessor

As of September 30, 2019, the Company had no vessels classified as a finance lease. The company will have the following vessels on operating lease contracts when delivered from the shipyard:

In June 2018, the Company entered into a three-year, index linked, time charter with Koch Supply and Trading for one of its vessels, at a rate reflecting a significant premium to the Baltic Capesize index, as well as a profit sharing mechanism for the fuel cost savings generated by the scrubber. The charter party has a laycan date between January and March 2020 at the Company's option.

In July 2019, the Company entered into a three year, index linked, time charter with Koch Supply and Trading for Bulk Sandefjord, reflecting a significant premium to the Baltic 5TC index. The time charter also includes a profit sharing of any economic benefit derived from operating the vessel´s scrubber. The three year time charter replaces the previous 12-15 months time charter at a TCE rate of US$19,525 per day, gross. Bulk Santiago will serve the charter party originally entered into for Bulk Sandefjord for 12-15 months employment at a fixed rate of US$19,525 per day, gross. Bulk Seoul will serve the charter party originally entered into for Bulk Santiago for 12-16 months employment at a fixed rate of US$22,250 per day, gross. All three time charters will commence directly after delivery of the newbuildings from New Times Shipyard.

Lessee

Effective January 1, 2019, the Company entered into a long term lease contract for an office in Oslo. This resulted in the recognition of a right-to-use asset of US$248.5 thousand classified as other long term assets, a short term liability of US$49.8 thousand classified as other current liabilities and a other long term liability of US$198.7 thousand.

The amortization of right of use assets relating to office lease is presented under Depreciation and Amortization in the statement of operations.

10. VESSELS AND NEWBUILDINGS

(In millions of US$)	Newbuildings	Vessels and equipment, net	Total
Cost as of December 31, 2017	**8,9**	**-**	**8,9**
Capital expenditures	59,5	-	59,5
Cost as of December 31, 2018	**68,4**	**-**	**68,4**
Capital expenditures	127,6	-	127,6
Capitalized interests	0,3	-	0,3
Transfers to vessels and equipment, net	(94,5)	94,5	-
Cost as of September 30, 2019	**101,8**	**94,5**	**196,3**
Accumulated depreciation as of December 31, 2018	-	-	-
Depreciation	-	0,1	0,1
Accumulated depreciation as of September 30, 2019	-	0,1	0,1
Balance as of December 31, 2018	**68,4**	**-**	**68,4**
Balance as of September 30, 2019	**101,8**	**94,4**	**196,2**

In August 2019, the Company took delivery of the Bulk Sandefjord, a newcastlemax dry bulk newbuilding. Upon delivery, the Company paid US$27.5 million and entered into a deferred payment agreement with New Times Shipyard for US$2.6 million for 12 months.

In September 2019, the Company took delivery of the Bulk Santiago, a newcastlemax dry bulk newbuilding. Upon delivery, the Company paid US$28.4 million and entered into a deferred payment agreement with New Times Shipyard for US$1.7 million for 12 months.

11. OTHER LONG TERM ASSETS

(In millions of US$)	September 30, 2019	December 31, 2018
Deferred loan costs	2,1	-
Right-to-use asset	0,2	-
Total	**2,3**	**-**

12. RELATED PARTY TRANSACTIONS

2020 Bulkers entered into a US$250,000 revolving credit facility with Magni Partners, a related party, on October 31, 2017. As of December 31, 2017, US$50,000 was drawn under the facility. No interest was accrued. The revolving credit facility was repaid and subsequently cancelled early in 2018.

MH Capital AS, a company wholly owned by Magnus Halvorsen (CEO in 2020 Bulkers Management AS effective January 1, 2019) and a large shareholder in 2020 Bulkers Ltd., provided the group with management services amounting to US$166,667 during 2018.

In April 2019, the Company entered into a short term convertible debt agreement of US$8.0 million with the shareholders Drew Holdings Ltd., Ubon AS, Titan Credit Master Fund and MH Capital AS. The convertible debt was converted to shares in the private placement completed on May 23, 2019.

In May 2019, the Company entered into a short term loan agreement of US$360.0 thousand with MH Capital AS, a company wholly owned by Magnus Halvorsen and a large shareholder in 2020 Bulkers Ltd. The short term loan was settled as part of MH Capital AS subscription of shares in the private placement completed on May 23, 2019.

In June 2019, the Company provided Magnus Halvorsen a short term loan of US$945.827 classified as other current assets.

In July 2019, the Company signed a Revolving Credit Facility Agreement of US$5.5 million with Drew Holdings Limited (a trust established for the benefit of Tor Olav Trøim). The Revolving Credit Facility Agreement will be available for working capital purposes. No amounts were drawn under the RCF as of September 30, 2019.

13. DEBT

(In millions of US$)		September 30, 2019	December 31, 2018
Secured			
Term loan Tranche I ("Bulk Sandefjord"), balloon repayment August 2024		30,0	-
Term loan Tranche II ("Bulk Santiago"), balloon repayment September 2024		30,0	-
Long-term debt, gross		**60,0**	**-**
Less current portion long term debt		(3,3)	-
Less deferred loan costs		(1,0)	-
Total long-term debt		**55,7**	**-**

In February 2019, the Company signed a term loan facility agreement for US$240 million of bank financing for its newbuilding program. The term loan facility carries an interest of Libor+250 bps, has an 18-year repayment profile for the principle amount and a balloon repayment after five years. The term loan facility contains financial covenants for the Group (i) value adjusted equity shall be equal to or higher 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 higher of (a) US$1,25 million per delivered vessel and (b) 5% of total debt. As of September 30, 2019, we were compliant with the covenants and our obligations under our term loan facility agreement.

On August 7, 2019, the Company entered into a deferred payment agreement with New Times Shipyard for US$2.6 million for 12 months. On September 19, 2019, the Company entered into a deferred payment agreement with New Times Shipyard for US$1.7 million for 12 months. These deferred payments totaling $4.3 million are included in short term debt and current portion of long term debt in our balance sheet.

14. FINANCIAL ASSETS AND LIABILITIES

Foreign currency risk

The majority of our transactions, assets and liabilities are denominated in United States dollars, our functional currency. However, we incur expenditure in currencies other than the functional currency, 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	September 30, 2019	December 31, 2018
Assets			
Cash and cash equivalents		4,4	0,3
Restricted cash		0,1	-
Trade receivables		0,6	-
Other current assets		1,1	0,1
Liabilities			
Short term debt and current portion of long term debt	2	7,6	
Accounts payable		0,5	0,2
Accrued expenses		0,5	0,2
Other current liabilities		0,8	0,1
Long term debt	2	55,7	-
Other long-term liabilities		0,2	-

Financial instruments included in the consolidated accounts 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.

Included in “Level 1” are cash and cash equivalents, restricted cash, trade receivables, other current assets (excluding prepayments and deferred costs), Accounts payables, accrued expenses, other current liabilities and other long term liabilities. The carrying value of any accounts receivable and payables approximates fair value due to the short time to expected payment or receipt of cash.

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.

Guarantees
The Bank of China, Jiangsu Branch has given letters of guarantee to four, and the Agricultural Bank of China, Jiangsu Branch to two, of the eight Liberian subsidiaries of the group for payments made prior to delivery of the vessels under each of their respective newbuilding contracts. The guarantees cover all milestone payments under the Novation Agreements between the subsidiaries and New Times Shipbuilding Co., Ltd. including interest at the rate of 5%.

The Company has issued guarantees to New Times Shipyard for payment of instalments on all the newbuilding contracts.

15. SHARE BASED PAYMENT COMPENSATION

In January 2019, the Board of Directors established a long-term incentive plan and approved a grant of 740,000 options to employees and directors. Further, 740,000 of the Company's authorized but unissued share capital was allocated to 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 with any dividends paid. The total estimated cost is approximately US$2.1 million and will be expensed over the requisite service period. US$1.3 million have been expensed for the nine months ended September 30, 2019.

16. COMMITMENTS AND CONTINGENCIES

As of September 30, 2019, the Company had six vessels under construction. The outstanding commitments for the six newbuildings amounted to US$182.3 million of which US$60.8 million and US$121.5 million are due in 2019 and 2020, respectively.

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.

17. SUBSEQUENT EVENTS

In October 2019, the Company entered into a time charter agreement for Bulk Shanghai with a 100% owned subsidiary of Glencore. The vessel will commence a 11-13 month time charter upon delivery from New Times Shipyard in early November 2019 and will earn an index linked rate, reflecting a significant premium to the Baltic 5TC index. The time charter also includes a profit sharing of any economic benefit derived from operating the vessel´s scrubber.

In October 2019, the Company entered into a sale and lease back arrangement with Ocean Yield for its two Newcastlemax vessels, Bulk Seoul and Bulk Shanghai. The vessels were delivered from the yard on 30 October and 6 November, respectively, and were at delivery sold to Ocean Yield for a price per vessel of USD 42 million, net of a USD 5 million sellers credit. The vessels will be 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.

In October 2019, the Company entered into a time charter agreement for Bulk Shenzhen with a 100% owned subsidiary of Glencore. The vessel will commence a 11-13 month time charter upon delivery from New Times Shipyard in early January 2020, and will earn an index linked rate, reflecting a significant premium to the Baltic 5TC index. The time charter also includes a profit sharing of any economic benefit derived from operating the vessels scrubber.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

(In millions of US dollars)	3 months to September 30, 2019	3 months to September 30, 2018	9 months to September 30, 2019	9 months to September 30, 2018
Operating profit (loss)	**0,8**	**(0,2)**	**(1,6)**	**(0,3)**
Depreciation and amortization	(0,1)	-	(0,2)	-
EBITDA	**0,9**	**(0,2)**	**(1,4)**	**(0,3)**

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 dividend and provides a helpful measure for comparing its operating performance with that of other companies.