

2020 BULKERS

2020 Bulkera Ltd.
Q3 2022 Results presentation
November 9, 2022



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Highlights

Q3 2022 Highlights:

- Net profit of US\$7.3 million, EPS of US\$0.33
- Achieved time charter equivalent earnings of approximately US\$25,800 per day, gross
- Generated total cash distributions of US\$0.30 per share for the months of July – September, 2022
- Extended the index-linked time charter contract with Koch for Bulk Sandefjord from August 2022 to August 2023.
- Converted the index-linked charter for Bulk Sao Paulo into fixed rate charter at US\$16,146 per day, gross, plus scrubber benefits, from October 1, 2022, until March 31, 2023
- On August 9, the Company transferred tax domicile from Bermuda to Norway

Subsequent events:

- Achieved time charter equivalent earnings in October of 2022 of approximately US\$26,700 per day, gross
- Declared a cash distribution of US\$0.10 per share for the month of October
- Converted the index-linked charter for Bulk Sandefjord into fixed rate charter at US\$14,392 per day, gross, plus US\$4,500 net, for the scrubber, for the period from October 19, 2022, until March 31, 2023

Key Financials Q3 2022

Income Statement

USD million, except per share data	Q3 2022
Operating Revenues	18.7
Vessel operating expenses	(4.8)
Voyage expenses and commission	(0.2)
General and administrative expenses	(1.0)
Depreciation and amortization	(3.0)
Total operating expenses	(9.0)
Operating Profit	9.7
Interest expense	(2.3)
Other financial expense, net	(0.1)
Total financial expense, net	(2.4)
Tax expense	-
Net profit	7.3
Earnings per share (USD/share)	0.33

Comments

- Net profit of US\$7.3 million
- Operating profit of US\$9.7 million
- EBITDA of US\$12.7 million
- Earnings per share of US\$0.33
- Operating revenues of US\$18.7 million. Average time charter equivalent earnings of approx. US\$25,800 per day, gross.
- Vessel operating expenses of US\$4.8 million. Average operating expenses of approx. US\$6,600 per day per vessel
- G&A was US\$1.0 million including US\$0.2 million in share option expenses. 2020 Bulkera charged Himalaya Shipping approx. US\$0.3 million in management fees for Q3 included in Operating revenues.
- Interest expense of US\$2.3 million.

Balance Sheet Summary

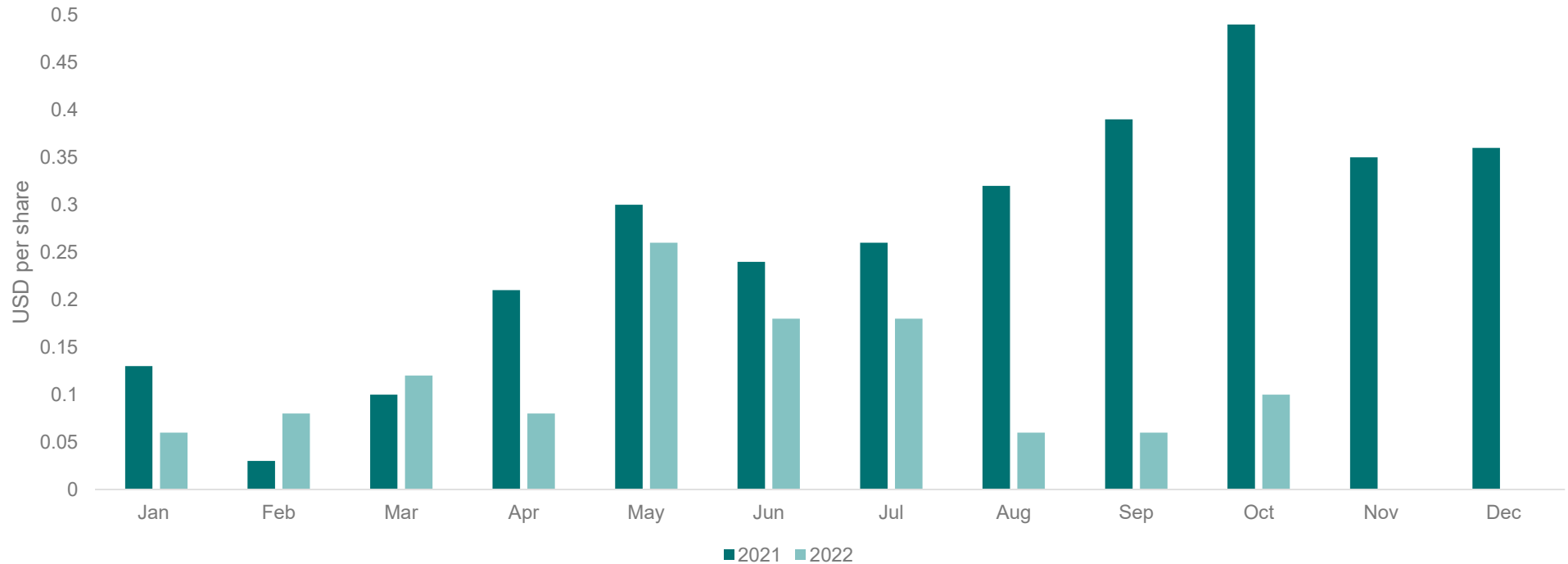
USD million	September 30, 2022
Total assets	381.0
Equity	154.8
Cash and cash equivalents	14.6
Interest bearing debt	225.0

Comments

- Shareholders' equity of US\$154.8 million
- Interest bearing debt decreased from US\$228.7 million to US\$225.0 million during the quarter reflecting scheduled repayments
- Cash flow from operations was US\$9.2 million in Q3 2022
- Cash distributions in total of US\$0.30 per share declared for the months of July, August and September
- Solid liquidity position with US\$14.6 million of cash.

Dividends and cash distributions

Monthly dividends and cash distributions

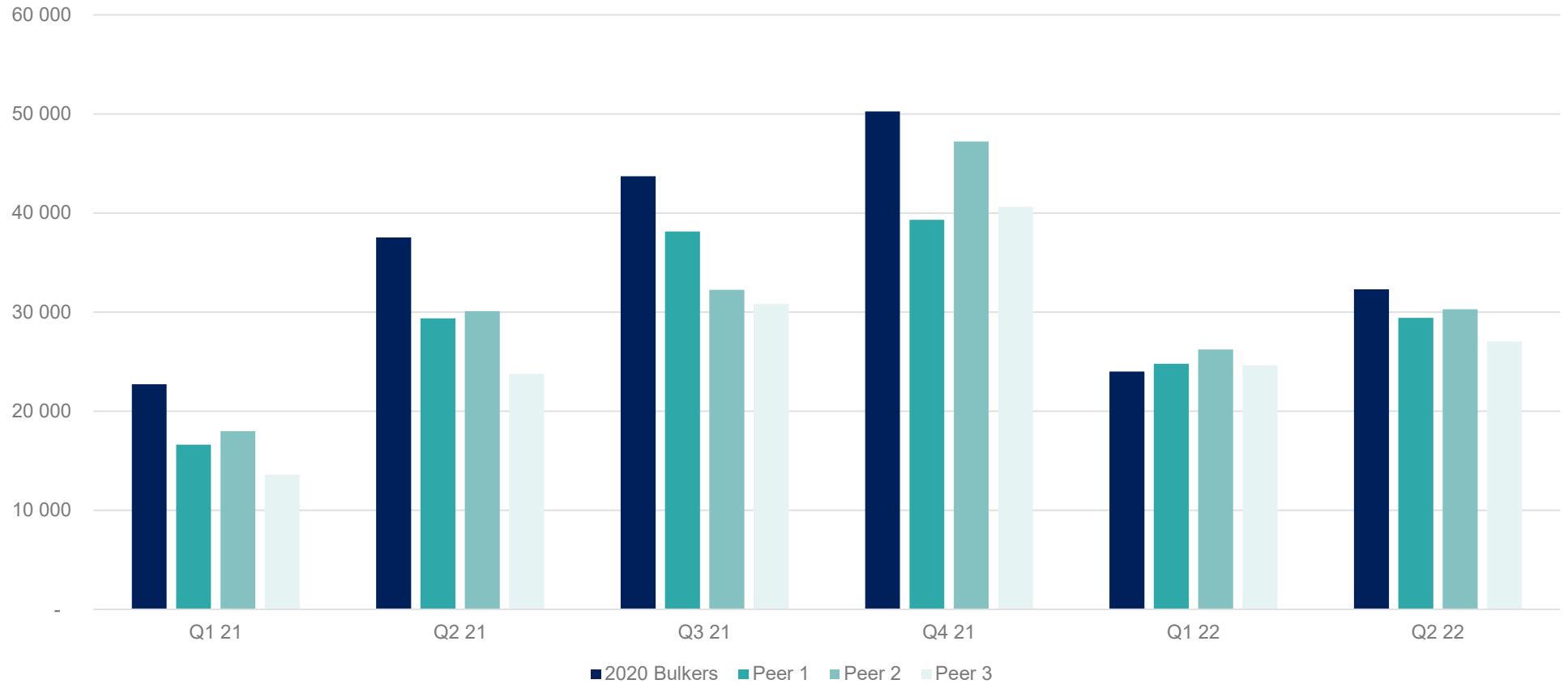


- 2020 Bulkera has returned free cash flow to shareholders on a monthly basis for 28 consecutive months
- Q3 2022 distributions of US\$0.30 per share equals ~15% annualized yield*
- YTD 2022 distributions of US\$1.18 per share equals ~15% annualized yield*
- 2020 Bulkera has since inception returned 75% of total paid-in equity to shareholders

* Based on closing price of Nov 8, 2022

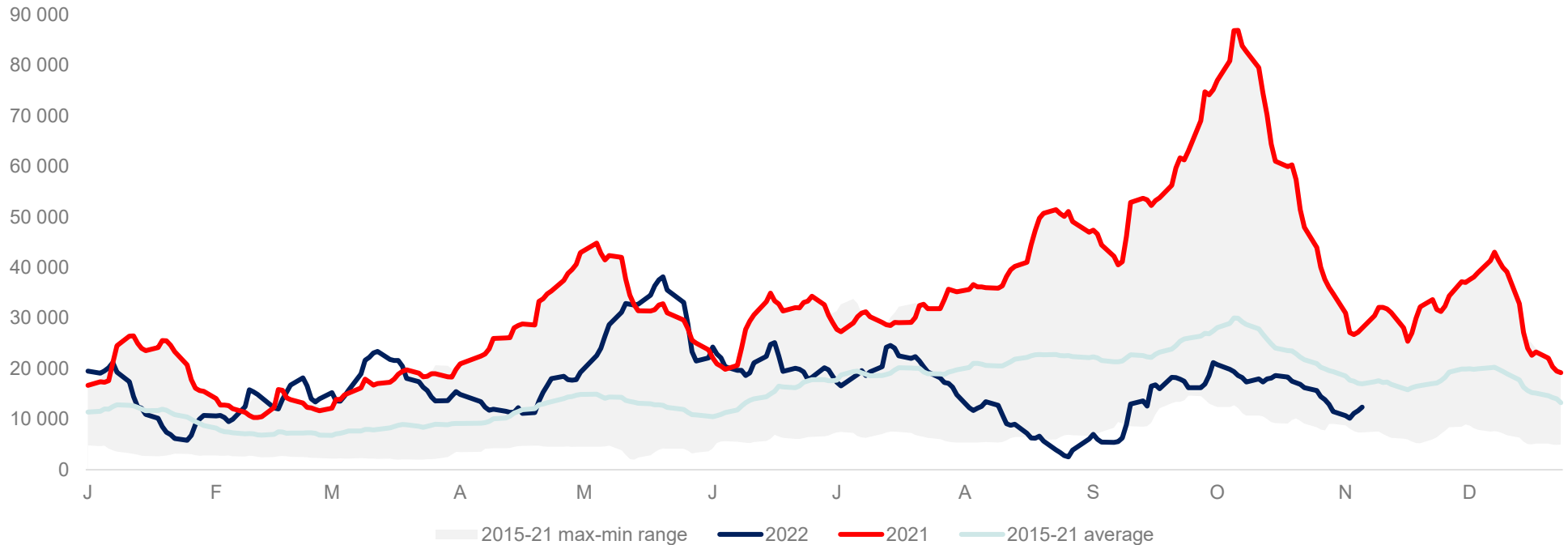
2020 Bulkiers with strong commercial performance

Peer group Net TCE Capesize / Newcastlemax



Source: Company reports

Market review

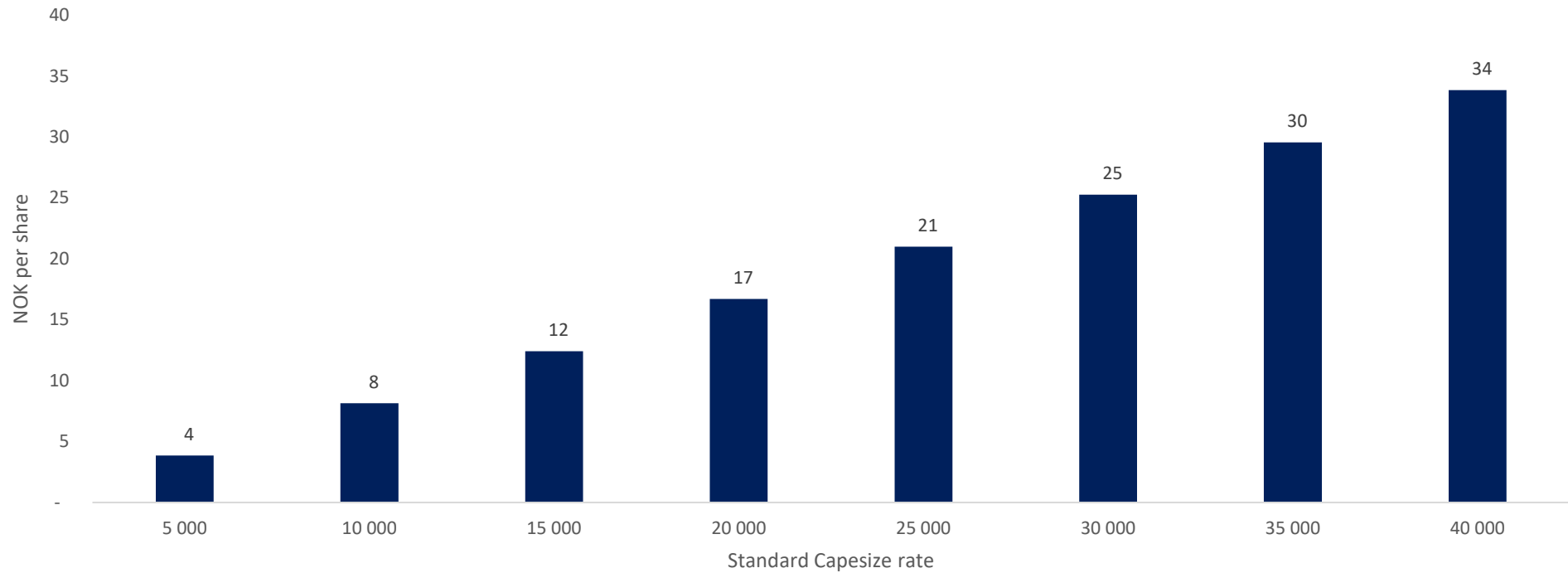


- Unseasonably weak market so far during Q3 driven by:
 - Unwinding of congestion and reduction of fleet inefficiencies adding effective supply to the global fleet
 - Lagging Brazilian export volumes, down 2.4% YoY
- Total Capesize ton-miles are up 1.3% YoY

Source: Shipping Intelligence Network, Clarksons, Arrow Shipbroking

Our dividend potential is significant

Nov - December 2022 Indicative dividend capacity (annual run-rate)¹⁾



3 vessels fixed avg US\$26,476, + scrubber benefit and 1 vessel at US\$14,392 + US\$4,500 until Dec 2022

4 vessels on index-linked time charters with scrubber profit share

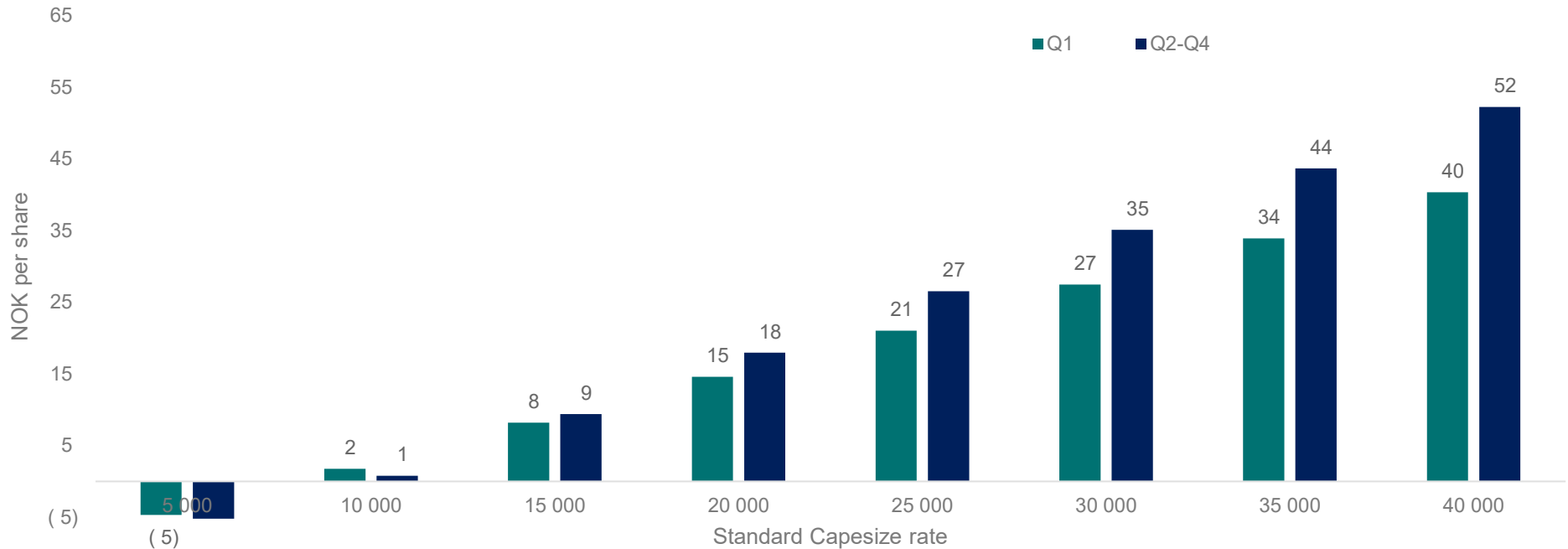
Nov-Dec 2022 Capesize FFA curve is ~US\$ 15,000 per day²⁾

1) Indicative calculation based on current operating budgets, vessel employment, FX rates and fuel prices. Actual results may deviate.

2) All data and assumptions as of 8 November 2022

Our dividend potential is significant

2023 Indicative dividend capacity (annual run-rate)¹⁾



1 vessel fixed at US\$16,146 + scrubber benefit and 1 vessel at US\$14,392 + US\$4,500 for Q1 2023

6 vessels on index-linked time charters with scrubber profit share

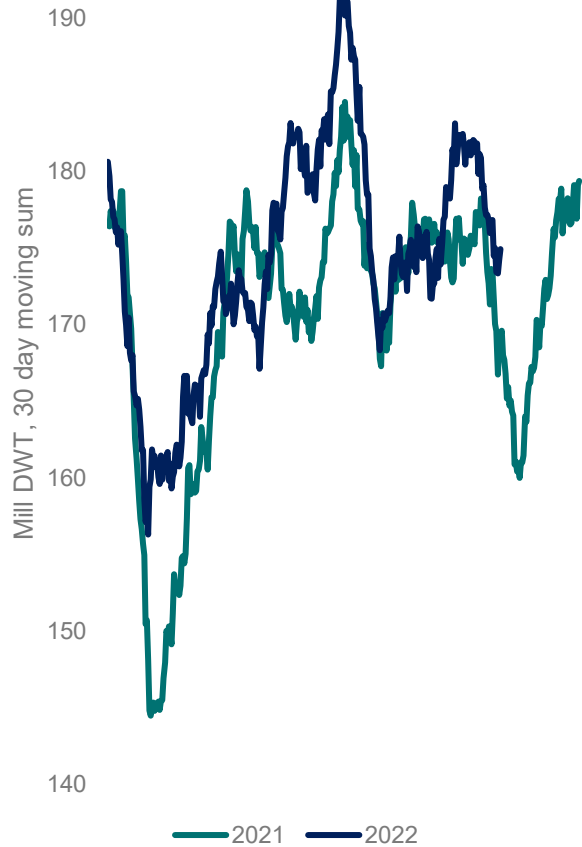
2023 Capesize FFA curve is ~US\$ 11,500 per day, 3 year Capesize FFA curve is ~US\$12,750²⁾

1) Indicative calculation based on current operating budgets, vessel employment, FX rates and fuel prices. Actual results may deviate.

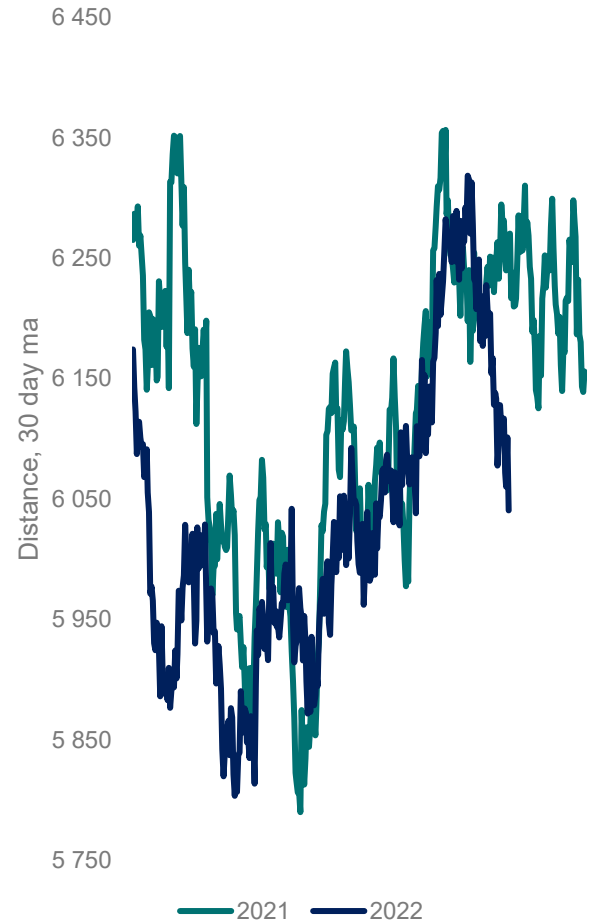
2) All data and assumptions as of 8 November 2022

Capesize demand is marginally up compared to 2021

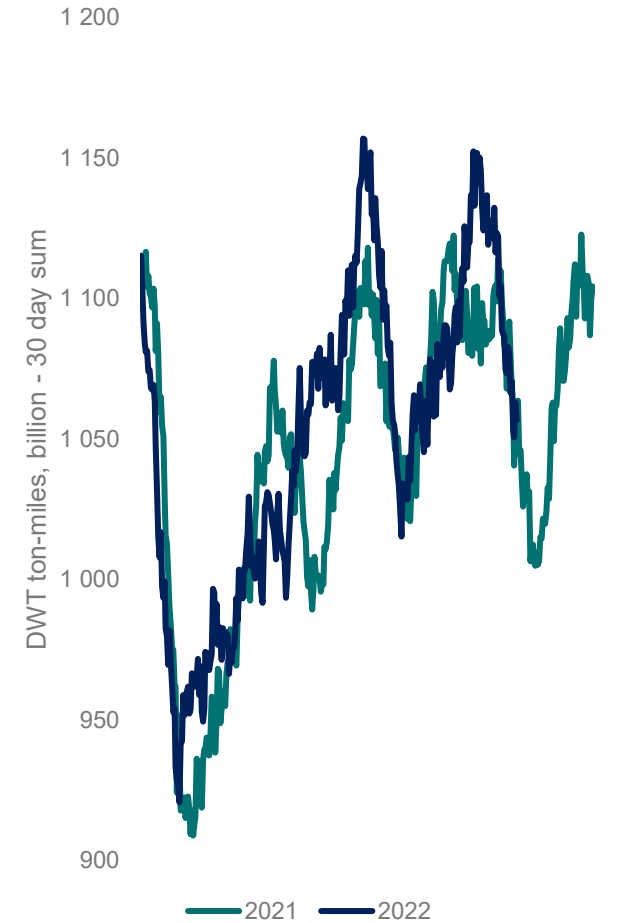
Trading volumes up YoY...



...but distances are down significantly

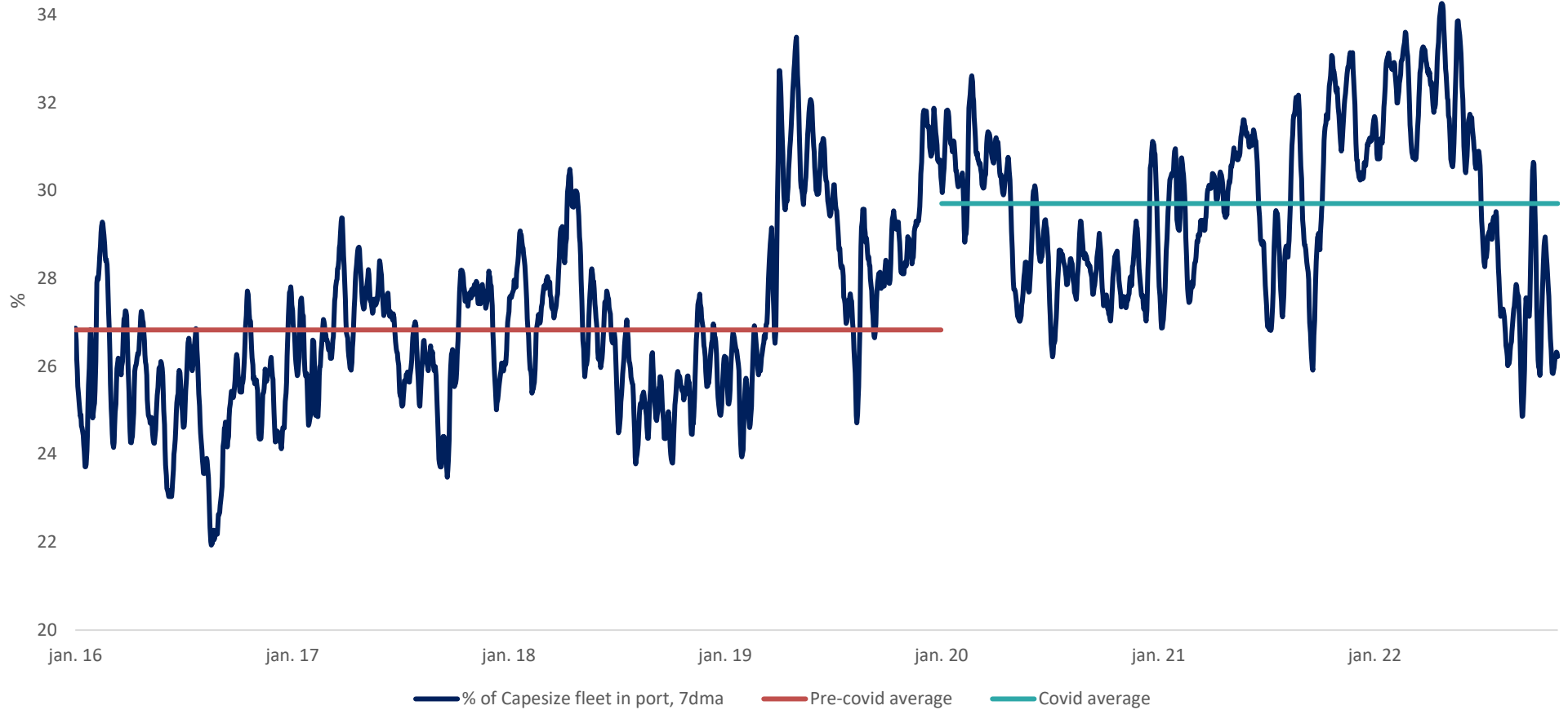


Resulting in only 1% ton-mile growth YoY



Source: Arrow Shipbroking Group

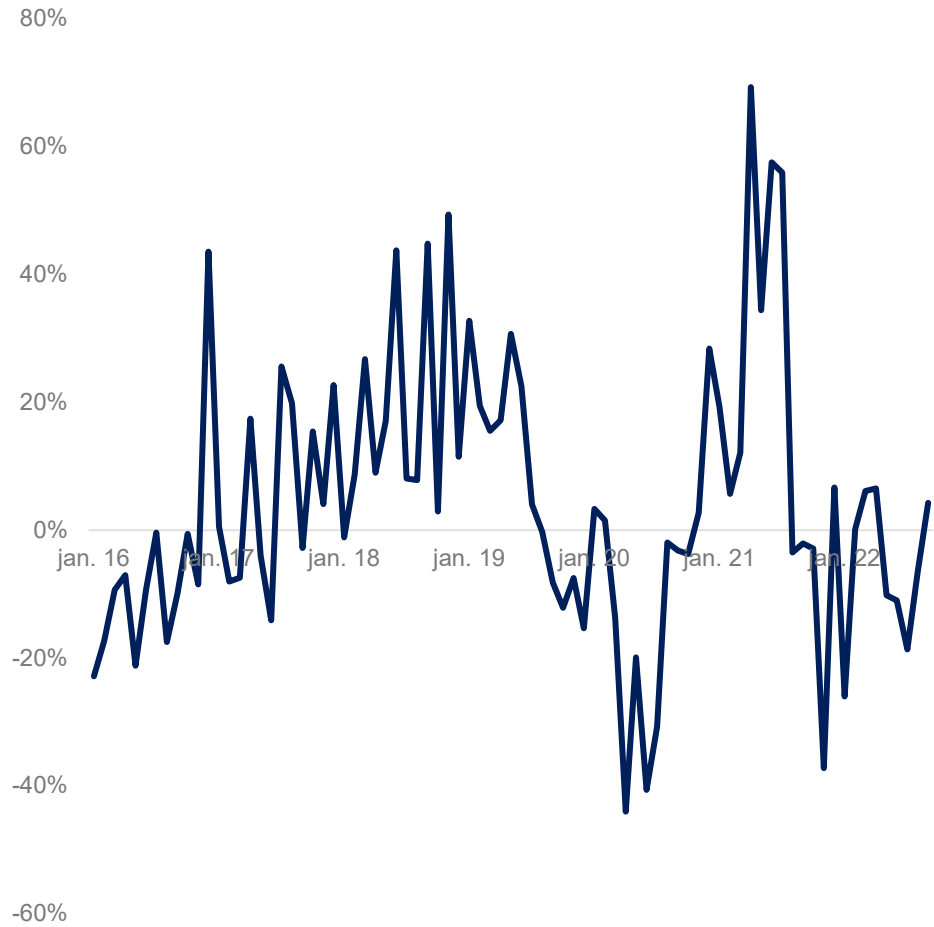
Improved fleet efficiencies have increased effective supply



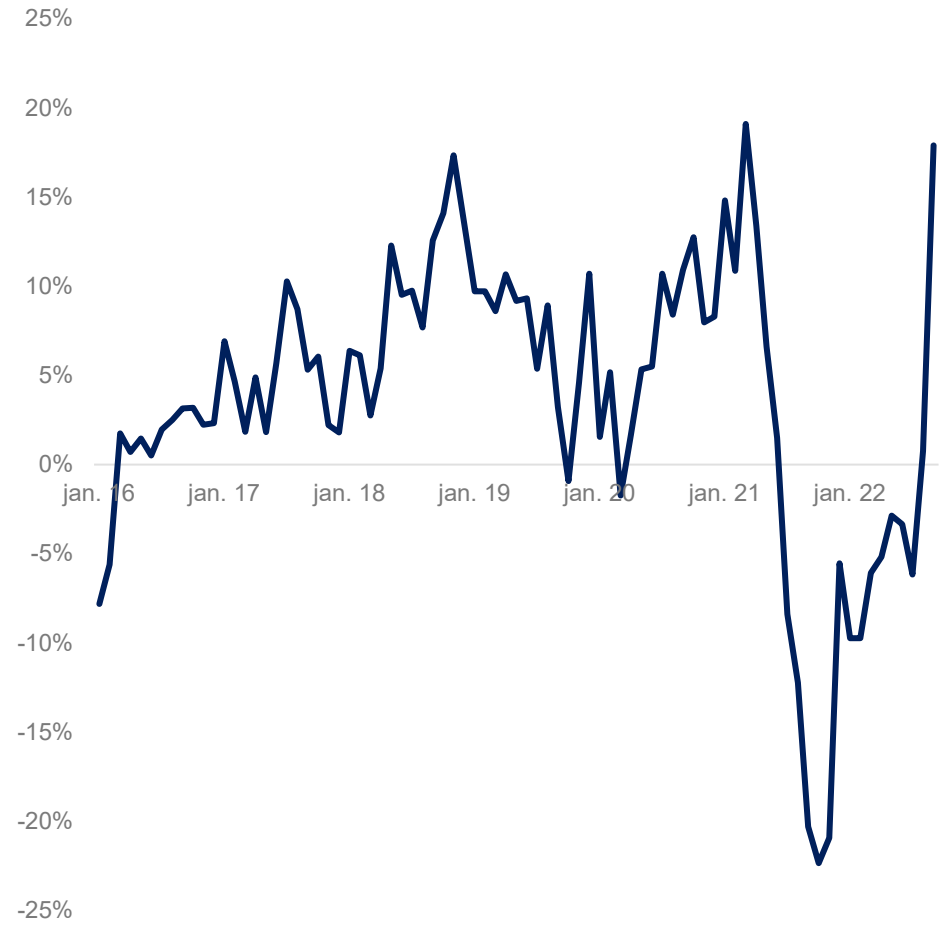
Source: Shipping Intelligence Network

Steel market

World ex-China monthly steel output - YoY



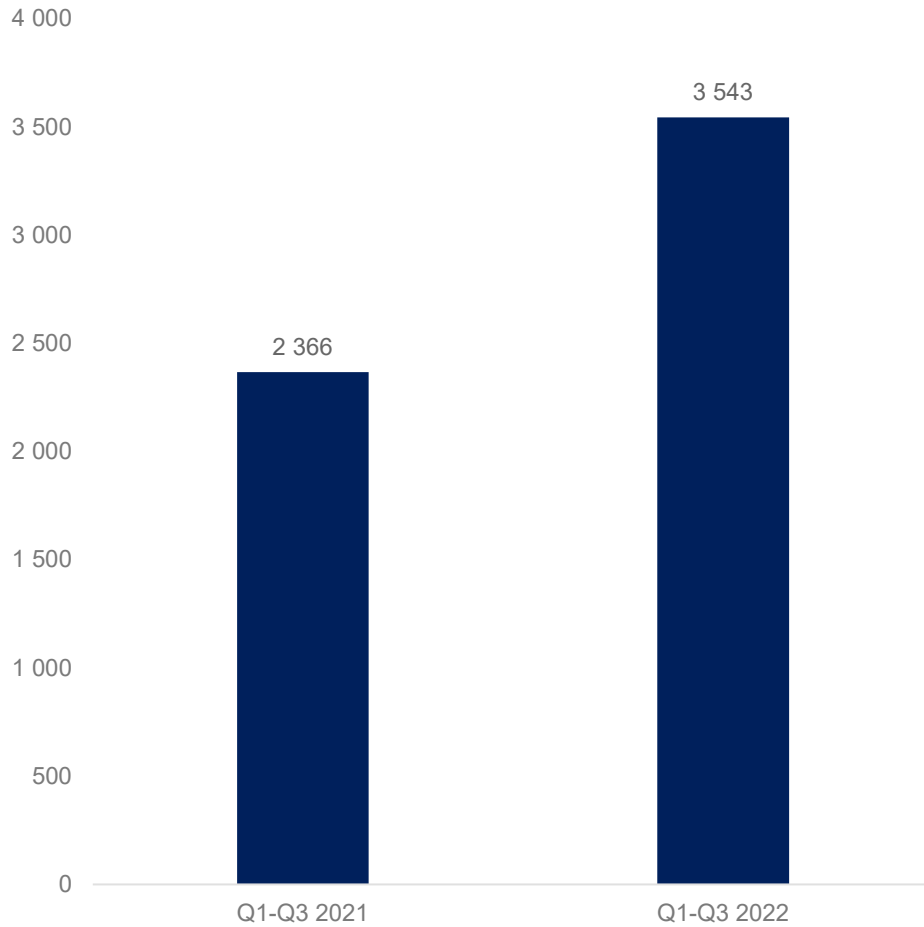
China monthly steel output - YoY



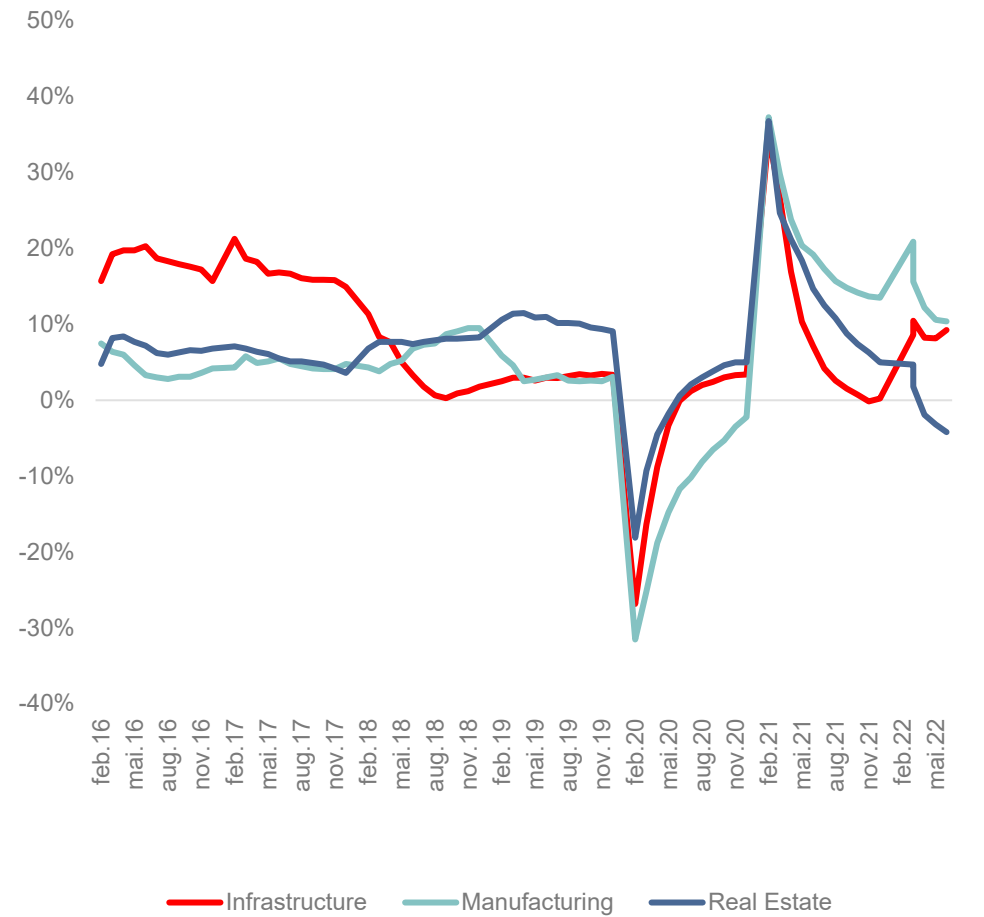
Source: Shipping Intelligence Network

Increased infrastructure investments in China

China Local Government Special Bond Issuance

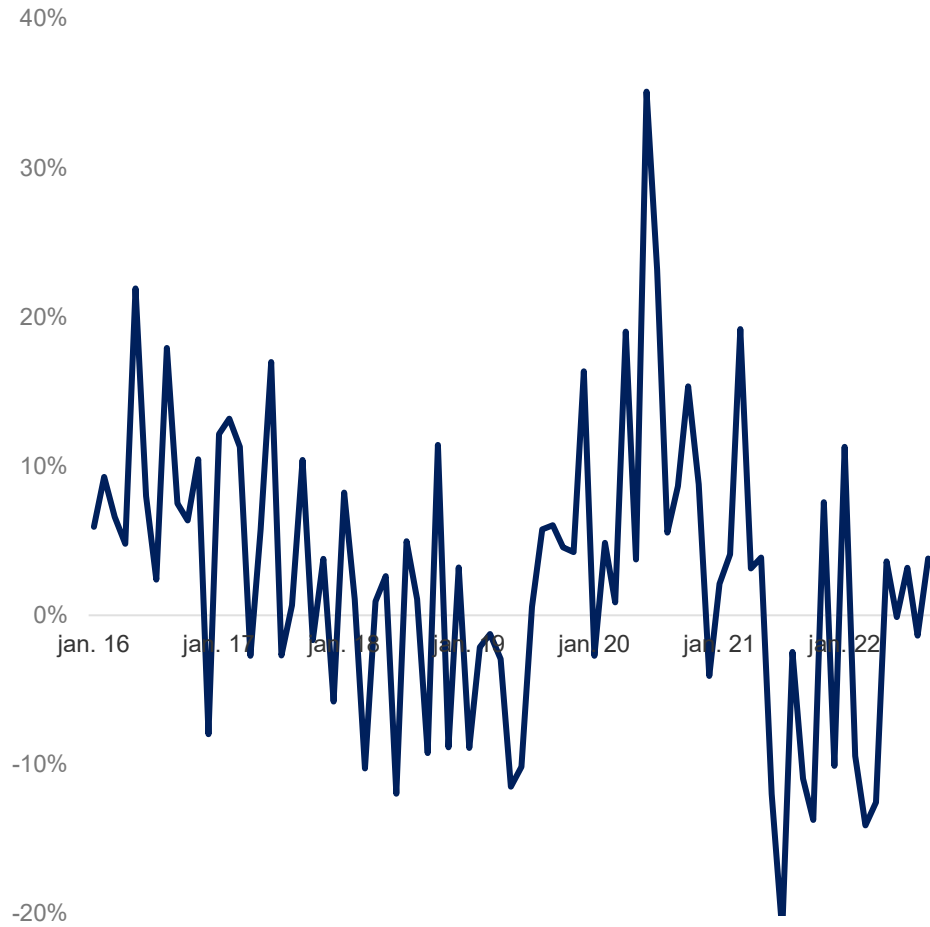


China fixed asset investment YoY

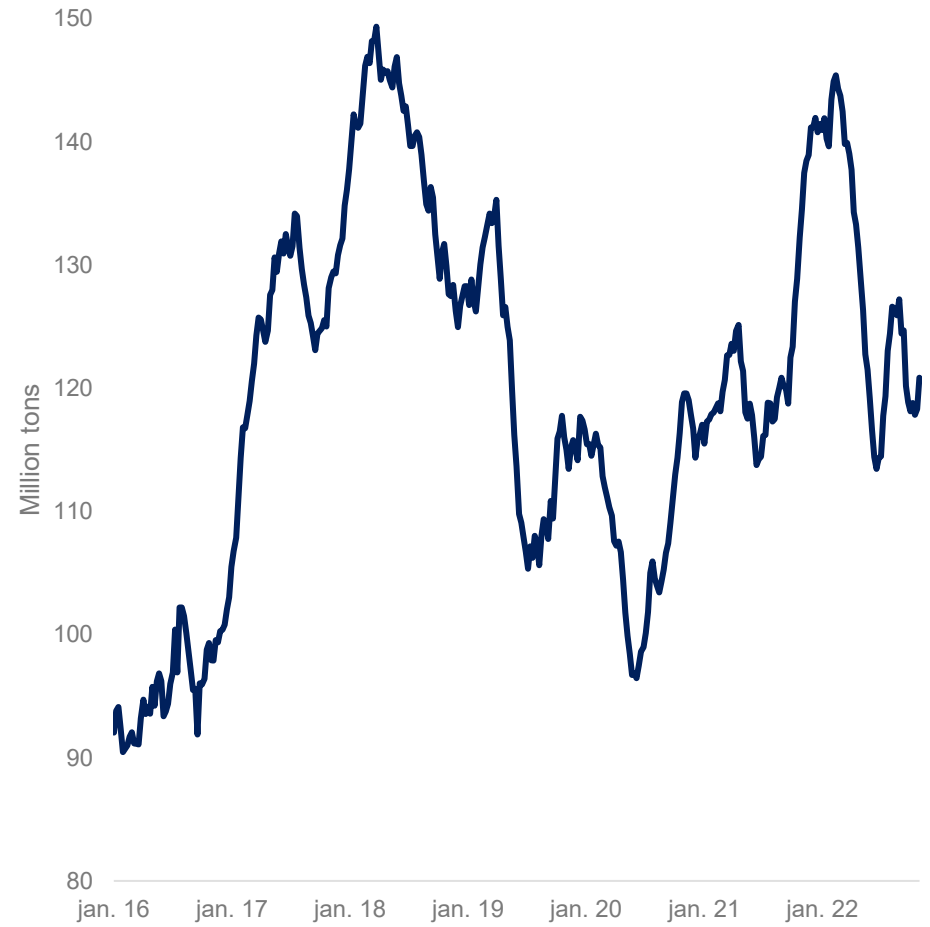


Source: Arrow Shipbroking group

Chinese iron ore imports - YOY



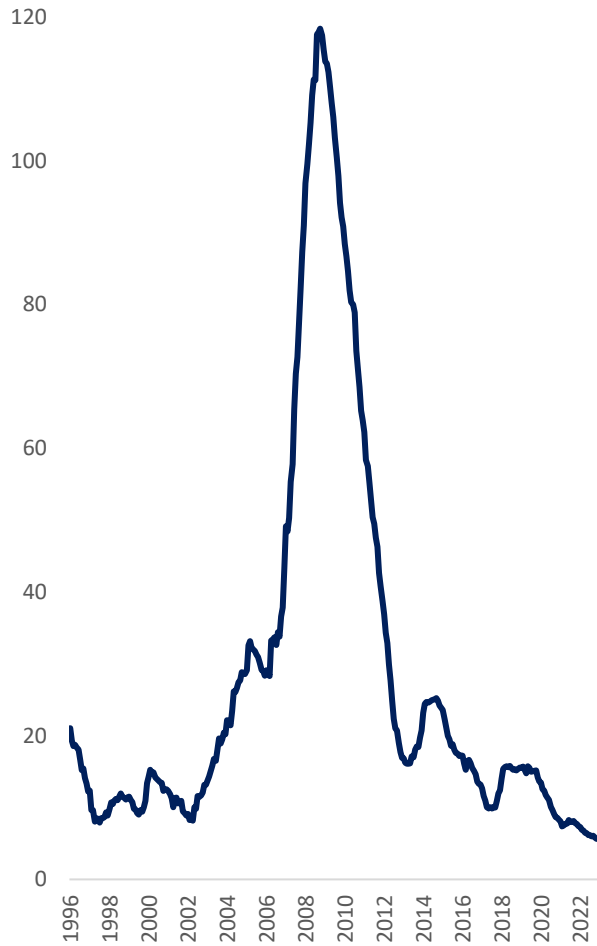
Chinese iron ore inventories



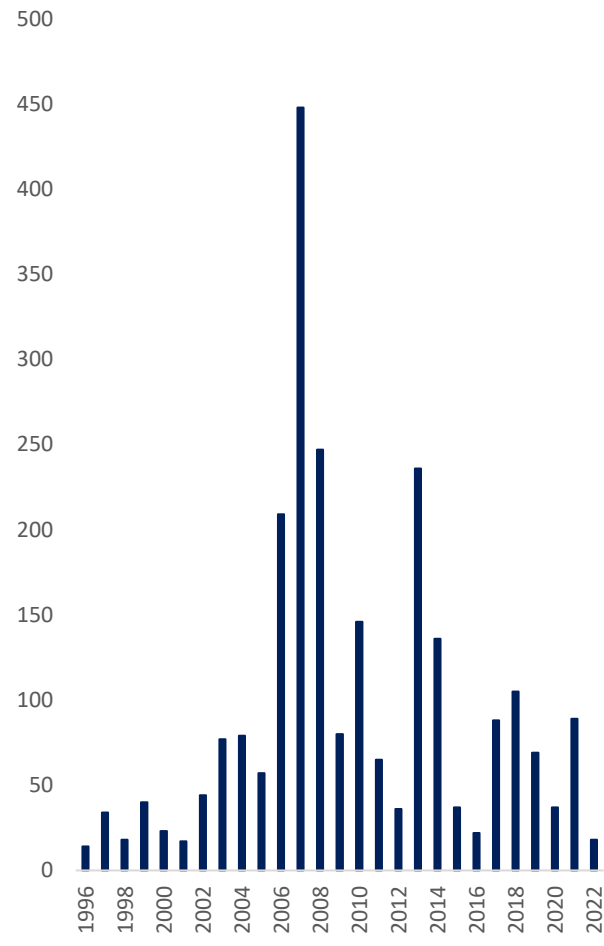
Source: Shipping Intelligence Network, Bloomberg

Most favorable supply side in decades

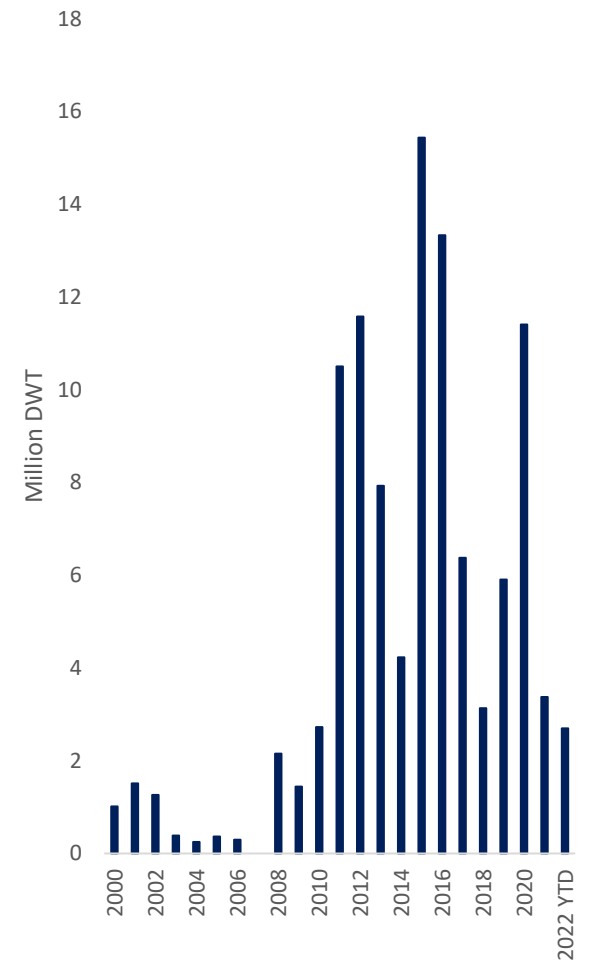
Capesize orderbook as % of fleet



Capesize newbuild contracts



Capesize scrapping



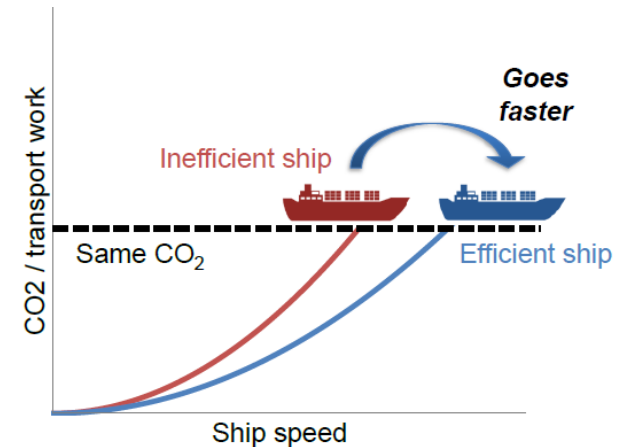
Source: Shipping Intelligence Network

New IMO regulations to reduce CO₂ emissions

Summary

- The IMO targets reduction in CO₂ intensity from international shipping by 40% from 2008 levels by 2030 and will implement EEXI (Energy Efficiency Existing Ship Index) and CII (Carbon Intensity Indicator) by January 2023
- Non-compliant ships may apply performance enhancing measures and/or reducing the engine's power output.
- Part of the trading fleet may not be able to comply and may have to be retired
- The implementations of EEXI and CII are expected to reduce the average sailing speed of the global fleet, which may lead to efficient ships being favored by charterers and commanding a larger earnings premium
- ABS estimates more than 80% of bulk carriers require corrective action to become compliant
- Based on an assessment from ABS, 2020 Bulkera fleet is in the top 8% percentile of trading Capesize vessels

Emission reduction through goal-based measure



Alternatives for complying

