



2020 BULKERS LTD

RESULTS FOR THE FOURTH QUARTER OF 2020

Hamilton, Bermuda, January 28, 2021

2020 Bulk Ltd. (“2020 Bulk” or the “Company”), today announced its unaudited financial and operating results for the three and twelve months ended December 31, 2020.

Key events during the fourth quarter of 2020

- The Company reported net profit of US\$3.6 million and EBITDA of US\$9.1 million for the fourth quarter of 2020.
- Achieved average time charter equivalent earnings of approximately US\$20,500, per day, gross.
- The Company declared total cash distributions of US\$0.17 per share for the months of October, November and December 2020.
- On November 2, 2020, the listing of the Company’s shares was successfully transferred from Oslo Axess to Oslo Børs.

Subsequent Events

- Achieved average time charter equivalent earnings so far in the first quarter of approximately US\$28,500, per day, gross.
- In January 2021, the Bulk Shenzhen was fixed on a voyage charter with estimated duration until mid-April 2021. The voyage charter is expected to generate time charter equivalent earnings of approximately US\$18,500 per day, net.

Management discussion and analysis

Consolidated Statements of Operations

Three months ended December 31, 2020

Operating revenues were US\$14.6 million for the three months ended December 31, 2020 (US\$6.9 million in Q4 2019). The increase is driven by the entire fleet of eight vessels being in operation for the full quarter whereas only four of the vessels were operating during Q4 2019.

Total operating expenses were US\$8.4 million for the three months ended December 31, 2020 (US\$4.4 million in Q4 2019). Total operating expenses consists of vessel operating expenses, voyage expenses, general and administrative expenses and depreciation and amortization.

Vessel operating expenses were US\$4.0 million and US\$1.8 million for the three months ended December 31, 2020 and 2019, respectively. The increase compared to the three months ended December 31, 2019 is driven by the expansion of the fleet as discussed above under Operating revenues and an estimate of US\$0.2 million in Covid-19 related expenses.

Voyage expenses were US\$0.2 million for the three months ended December 31, 2020 (US\$0.2 million in Q4, 2019).

General and administrative expenses were US\$1.3 million for the three months ended December 31, 2020 (US\$1.4 million in Q4 2019). The decrease compared to the three months ended December 31, 2019 is primarily due to a lower share based compensation expense. The Company has expensed both employee bonus for 2020 and Directors fee for 2020 in the fourth quarter of 2020.

Depreciation and amortization were US\$2.9 million for the three months ended December 31, 2020 (US\$1.0 million in Q4 2019). The increase compared to the three months ended December 31, 2019 relates to depreciation on vessels delivered during the first half of 2020.

Total financial expenses, net, were US\$2.6 million for the three months ended December 31, 2020 (US\$1.2 million in Q4 2019). The increase compared to the three months ended December 31, 2019 is due to interest on additional vessel financing partly offset by a write off of deferred loan costs in Q4 2019.

Twelve months ended December 31, 2020

Operating revenues were US\$48.9 million for the twelve months ended December 31, 2020 (US\$9.1 million for the twelve months ended December 31, 2019). The increase compared to the twelve months ended December 31, 2019 is driven by four vessels in operation for the full twelve months, Bulk Shenzhen and Bulk Sydney commenced operation in January 2020 and Bulk Sao Paulo and Bulk Santos commenced operation in June 2020. Bulk Sandefjord, Bulk Santiago, Bulk Seoul and Bulk Shanghai commenced operation in August, September, October and November 2019, respectively.

Total operating expenses were US\$27.8 million for the twelve months ended December 31, 2020 (US\$8.2 million for the twelve months ended December 31, 2019).

Vessel operating expenses were US\$13.2 million and US\$2.1 million for the twelve months ended December 31, 2020 and 2019, respectively. The increase compared to the twelve months ended December 31, 2019 is driven by the expansion of the fleet as discussed above under Operating revenues. In addition, the Company estimates US\$0.5 million in Covid-19 related expenses for the twelve months ended December 31, 2020.

Voyage expenses were US\$1.2 million for the twelve months ended December 31, 2020 (US\$0.2 million for the twelve months ended December 31, 2019). The increase compared to the twelve months ended December 31, 2019 is due to commission and expenses incurred between delivery of Bulk Shenzhen, Bulk Sao Paulo and Bulk Santos from the yard and delivery on time charter during the first half of 2020.

General and administrative expenses were US\$3.5 million for the twelve months ended December 31, 2020 (US\$4.7 million for the twelve months ended December 31, 2019). The decrease compared to the twelve months ended December 31, 2019, is primarily due to a lower share based compensation expense.

Depreciation and amortization were US\$9.9 million for the twelve months ended December 31, 2020 (US\$1.2 million for the twelve months ended December 31, 2019). Please see analysis for the fourth quarter of 2020 which is also valid for the twelve months ended December 31, 2020.

Total financial expenses, net, were US\$10.0 million for the twelve months ended December 31, 2020 (US\$1.2 million for the twelve months ended December 31, 2019). Please see analysis for the fourth quarter of 2020 which is also valid for the twelve months ended December 31, 2020.

Consolidated Balance Sheet

The Company had total assets of US\$395.7 million as of December 31, 2020, (December 31, 2019: US\$283.1 million). The increase in total assets of the Company is primarily driven by financing and delivery of four vessels from New Times Shipyard during the first half of 2020.

Total shareholders' equity were US\$142.1 million and US\$138.1 million as of December 31, 2020 and 2019, respectively.

Total liabilities as of December 31, 2020, were US\$253.6 million (December 31, 2019: US\$145.0 million). The increase is primarily attributable to four draw-downs on the term loan facility during the first half of 2020.

Consolidated Statement of Cash Flows

Three months ended December 31, 2020

Net cash provided by operating activities was US\$7.0 million for the three months ended December 31, 2020 (US\$5.1 million in Q4 2019). The improved cash flow compared to the three months ended December 31, 2019 is due to earnings from eight vessels in operation in Q4 2020. Four vessels were in operation during Q4 2019.

Net cash provided by investing activities was US\$0.8 million for the three months ended December 31, 2020 (US\$2.1 million used in investing activities in Q4 2019). An employee loan was repaid during the three months ended December 31, 2020.

Net cash used in financing activities was US\$7.3 million during the three months ended December 31, 2020 (US\$12.7 million provided by financing activities in Q4 2019). The change is primarily due to net proceeds of US\$21.6 million received from the sale lease-back transaction in Q4 2019.

Twelve months ended December 31, 2020

Net cash provided by operating activities was US\$21.8 million for the twelve months ended December 31, 2020 (US\$5.1 million for the twelve months ended December 31, 2019). The increase compared to the twelve months ended December 31, 2019 is due to earnings from four vessels in operation for the full twelve months, Bulk Shenzhen and Bulk Sydney commenced operation in January 2020 and Bulk Sao Paulo and Bulk Santos commenced operation in June 2020.

Net cash used in investing activities was US\$123.2 million for the twelve months ended December 31, 2020 (US\$126.3 million for the twelve months ended December 31, 2019). The Company paid delivery instalments of US\$121.6 million for Bulk Shenzhen, Bulk Sydney, Bulk Sao Paulo and Bulk Santos during the twelve months ended December 31, 2020. During the twelve months ended December 31, 2019 the Company paid total instalments of US\$121.5 million including delivery instalments of US\$55.9 million on Bulk Sandefjord and Bulk Santiago.

Net cash provided by financing activities was US\$101.2 million during the twelve months ended December 31, 2020 (US\$141.1 million for the twelve months ended December 31, 2019). The Company drew US\$120.0 million on the term loan facility when the Company paid delivery instalments for Bulk Shenzhen, Bulk Sydney, Bulk Sao Paulo and Bulk Santos during the twelve months ended December 31, 2020. The Company also repaid US\$12.4 million of long-term debt as well as paying US\$5.3 million of dividends during the twelve months ended December 31, 2020. The Company completed two private placements raising net proceeds of US\$63.6 million, drawing US\$60.0 million on the term loan facility and receiving net proceeds of US\$21.6 million from the sale lease-back transaction during the twelve months ended December 31, 2019. In addition, the Company paid dividends of US\$3.0 million in 2019.

Corporate Development and Financing

The Board is pleased that the Company has remained profitable for each quarter following delivery of the first vessel in Q3 2019.

The Board remains focused on returning the majority of operational free cash flow after debt service back to shareholders on a monthly basis. During 2020, the Company, in spite of challenging dry bulk markets, returned US\$0.3 per share of dividends and cash distributions to shareholders.

The Company has a solid funding situation with a cash position of approximately US\$20 million as of January 27, 2021.

The Company currently has around US\$230 million of net debt, corresponding to approximately US\$29 million per ship. 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 ship.

Commercial update

The Company achieved average time charter equivalent earnings of approximately US\$20,500 per day, gross, in the fourth quarter of 2020. The Company's vessels trading on index-linked time charter earned approximately US\$24,400 per day, gross, including average daily scrubber benefits of approximately US\$1,200 per day and the Company's vessels on fixed time charter earned approximately US\$19,100 per day including average daily scrubber benefits of approximately US\$1,000 per day for three of the vessels.

The Baltic 5TC Capesize Index averaged US\$16,944 per day in Q4 2020.

So far in the first quarter, the Company has achieved time charter equivalent earnings of approximately US\$28,500 per day. The Baltic 5TC Capesize Index has averaged US\$22,319 per day in the same period.

Chartering update

2020 Bulk carriers has outperformed the Baltic 5TC index for 15 out of 17 months since delivery of its first vessel.

For 2021, the Company has a time charter contract for approximately 120 days at US\$18,000 per day and a voyage charter contract for 100 days with estimated US\$18,500 net earnings per day. 2,700 operating days are linked to the development in the Capesize spot market. Although the Company is likely to increase the level of fixed rate time charter coverage somewhat, the Company will seek to retain a significant spot exposure to an expected recovery in the Capesize market. The structure of the index-linked contracts allows the Company to increase the level of fixed rate coverage on the basis of the prevailing FFA market.

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-22
Bulk Santiago	Sep-19	Koch	Index linked + premium + scrubber benefit	Nov-21 – Jan-22
Bulk Seoul	Oct-19	Koch	Index linked + premium + scrubber benefit	Dec-21 – Feb-22
Bulk Shanghai	Nov-19	Glencore	18,000 + scrubber benefit	Mar – Jun-21
Bulk Shenzhen	Jan-20	Koch	Voyage charter - 18,500, net	Apr-21
Bulk Sydney	Jan-20	Koch	Index linked + premium + scrubber benefit	Jan-23
Bulk Sao Paulo	Jun-20	Glencore	Index linked + premium + scrubber benefit	May – Jul-23
Bulk Santos	Jun-20	Glencore	Index linked + premium + scrubber benefit	May – Jul-23

Market commentary

The Baltic Capesize index today stands at US\$17,790 per day having averaged US\$22,319 per day so far in the first quarter.

Global exports of iron ore showed a modest decline in the fourth quarter, with total exports of 384 million tons, down from 392 million tons in the third quarter, however higher than the 372 million tons exported in the second quarter and 332 million tons in the first quarter of 2020.

Capesize rates averaged US\$16,944 in the fourth quarter, bringing the average for the second half of 2020 to US\$18,853, up from US\$7,251 during the first half of 2020. The Company believes that the improved Capesize rates in the second half of the year can largely be attributed to an increase in Brazilian shipment volumes. Brazilian iron ore exports reached 85 million tons in the second half of 2020, up from 67 million tons in the first half of 2020. Vale, Brazil's largest iron ore producer is targeting a production level of 315-335 million tons of iron ore in 2021, with ambitions to increase output to more than 400 million tons per year within the coming years. If Vale is able to meet its targets, the production increase will have a positive effect on ton-mile demand for the Capesize market as one ton of iron ore exported from Brazil

requires approximately three times the shipping capacity, compared to one ton exported from Australia.

The Chinese steel industry continues to be the most important demand driver for seaborne iron ore, with an estimated 70% share of total imports. Chinese steel production for January through November 2020 was up 5.7% compared to the same period in 2019, with November production up 8% year over year. The Company believes the Chinese economic stimulus following the Covid-19 outbreak will continue to have a positive effect on steel demand in the coming quarters. Steel production in the rest of the world has already recovered to the levels seen prior to the outbreak of Covid-19 and is expected to recover further once vaccines against Covid-19 are widely distributed.

Chinese iron ore imports were up 11% year over year for the period January through November 2020, with November showing an increase of 9% compared to November 2019.

Chinese iron ore port inventories currently stand at 125.5 million tons, compared to 127 million tons a year ago. The current inventories represent 31 days of consumption, down from 33 days at the same time last year.

Growth in vessel supply is expected to moderate in 2021 with a Capesize orderbook of 16 million dwt, down from 25 million dwt delivered in 2020. The Capesize orderbook for 2022 currently stands at 5.3 million tons. So far this year no Capesize vessels have been ordered. 2020 represented the lowest level of ordering since 2001 with only 4.2 million dwt ordered in the Capesize segment. 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. During 2020, 50 Capesize vessels, totaling 11.6 million dwt were scrapped. So far in 2021, 2 Capesize vessels, totaling 0.6 million dwt have been scrapped.

Dry bulk fleet development

The global dry bulk fleet stands at 912 million dwt as of January 1, 2021, up from 878 million dwt on January 1, 2020.

The current orderbook for dry bulk vessels currently stands at 6% of the existing fleet, down from 10.4% in January 2020.

434k dwt have been ordered this year, compared to 13.5 million dwt ordered in 2020 and 7 million dwt ordered in 2019.

A total of 0.55 million dwt has been scrapped year to date, compared to 1.2 million dwt for the same period in 2020.

Impact of Covid-19

Our operations continue to be impacted by port restrictions, including immigration restrictions and quarantine measures related to Covid-19. The impact is primarily related to crew changes. The Company estimates that operating expenses for the quarter were negatively impacted by approximately US\$300 per day per ship on average due to increased costs related to travel, quarantines and testing of crews. Additionally, the Company recorded approximately 2.2 days of off-hire in the fourth quarter due to vessels deviating from their optimal route in conjunction with crew changes.

We expect to continue to incur higher than normal operating expenses as well as some off-hire related to crew changes for as long as Covid-19 continues to have an impact. We continue to work closely with our technical managers to protect the safety and well-being of our crews while minimizing potential off-hire related to crew changes.

The Board would like to thank the dedicated seafarers aboard our vessels. These seafarers, many of whom have had their terms of service onboard extended due to logistical difficulties, are critical to the success of the Company.

Outlook

2020 Bulkers has a robust financial structure with moderate financial leverage and a solid cash position.

Our operating cash breakeven, which includes operating expenses, G&A and debt service, is estimated at US\$14,400 per day for 2021, including the additional costs related to Covid-19.

Based on the current FFA curve for 2021 we estimate 12 month time charter rates for a scrubber fitted Newcastlemax of around US\$25,000 per day.

The Company will continue its strong capital discipline, and will remain focused on returning the majority of free cash flow to shareholders as cash distributions.

Invitation to webcast and conference call Q4 2020 results

2020 Bulkers Ltd. will release its financial results for the fourth quarter of 2020 on Thursday, January 28, 2020. 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.2020bulk.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://edge.media-server.com/mmc/p/aswbvquw> or you can click the "Webcast" link on www.2020bulk.com/investor-relations/

Telephone conference

Dial in details, Participants:

In the 10 minutes prior to call start time, please call the appropriate participant dial-in number and enter the Event Plus Passcode stated below. Please leave any information requested after the tone.

Event Plus Passcode: 2087173

Standard International: +44 (0) 2071 928338

Norway (local): +47 21 56 30 15

Norway (toll free): 800 568 65

UK (local): +44 (0) 8444819752

UK (toll free): 0800 279 6619

US (local): +1646 741 3167

US (toll free): 1877 870 9135

Participants will be asked for their full name & Conference ID.

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 Bulkera 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 Bulkera Ltd.

2020 Bulkera 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 Bulkera is an international owner and operator of large dry bulk vessels. The Company has eight Newcastlemax dry bulk vessels in operation.

January 28, 2020

Board of Directors

2020 Bulkera Ltd.

Hamilton, Bermuda