1Q 2026 Trading Update

Presentation Transcript

16 April 2026

Speaker: Martin Fruergaard

SLIDE 1 – INTRODUCTION

Welcome and thank you for attending Pacific Basin’s 2026 First Quarter Trading Update call. We will highlight a few key points in the published presentation before we proceed to Q&A.

Please turn to slide 2

SLIDE 2 - MACROECONOMIC LANDSCAPE AND COMPANY HIGHLIGHTS FOR 1Q 2026

Despite ongoing geopolitical disruptions and operational inefficiencies, including the outbreak of war in the Arabian Gulf in early March, our dry bulk freight markets have strengthened year-on-year. As a result, we delivered improved TCE earnings and strong market outperformance in the first quarter.

Our Handysize and Supramax fleets recorded average net daily TCE earnings of US$12,130 and US$13,970 respectively, marking year-on-year increases of 11% and 14%. These results reflect significant outperformance, with Q1 earnings exceeding the relevant indices by US$1,030 per day for Handysize and US$2,050 per day for Supramax.

Looking ahead to the second quarter of 2026, we have already covered 70% of our committed vessel days for Handysize and 90% for Supramax at US$14,000 and US$17,080 per day, respectively.

For the second half of the year, coverage stands at 22% for Handysize and 35% for Supramax, at US$10,430 and US$13,840 per day, respectively.

In addition to our strong performance, we have taken steps to further enhance and modernise our fleet. Today, we converted our existing order for four dual-fuel Ultramax newbuildings announced in 2024 to four conventionally-fuelled Ultramax newbuildings, with an option to acquire two dual-fuel Ultramax newbuildings — all to be constructed in Japan.

Separately, we increased our newbuilding order with JNS in China from four to six Handysize vessels.

Now I will hand over to Jimmy for a quick overview of the first quarter performance and market review.

Speaker: Jimmy Ng

Thank you, Martin. Good evening, ladies and gentlemen. I will share with you some observations on the market and a snapshot of our operational performance for the period.

Please turn to slide 4.

SLIDE 4 – HEALTHY MARKET RATES IN THE FIRST QUARTER OF 2026

Freight rates increased in the early part of the first quarter of 2026, supported by strong dry bulk commodity flows. Market conditions remained volatile during the quarter, driven by the war in the Arabian Gulf, as well as route disruptions and bunker fuel price fluctuations.

During the period, market spot rate for Handysize at an average of approximately US$11,100 per day was 39% higher year on year, and the rate for Supramax at an average of approximately US$11,920 per day was 51% higher year on year.

Overall, despite ongoing volatility and elevated geopolitical risk, freight market conditions across both segments remained healthy during the first quarter of 2026. FFA rates for the remainder of 2026 also point to a positive outlook.

Please turn to slide 5

SLIDE 5 – DRY BULK DEMAND REMAINED RESILIENT BUT IMPACTED BY IRAN WAR

Now, this page provides an overview of dry bulk trade developments for the period from January to March 2026.

Beginning with minor bulk, total loadings declined by about 3% year-on-year. Volumes were led lower by aggregates, cement, and steel-related cargoes, driven in part by disruptions in the Arabian Gulf and new licensing rules for Chinese exporters. This was partially offset by continued growth in bauxite and minor metals, as China's vast industrial sector continued to attract ever greater imports. Fertiliser volumes softened with prices increased, signalling a more cautious outlook for grain-related trade later in the year.

Turning to grain, loadings increased by about 15% year-on-year. Export performance was strong across most major growing regions, supported by large harvests, particularly in East Coast South America. Export volumes from Ukraine and Russia however declined, continuing the trend observed in recent quarters. On the import side, China led demand growth, supported by a stronger RMB, despite the escalation of geopolitical conflicts since late February.

In coal, volumes declined by about 5% year-on-year. In addition to the long-term structural downtrend, Indonesian shipments declined due to tighter export quotas, while Chinese and Indian coal imports also softened. However, coal prices increased following a spike in LNG prices across Asia, which provided temporary support for power-related demand. Prospects for coal trade for the remainder of 2026 have improved, notwithstanding long-term trends to phase out coal usage.

Now, finally, on the rightmost column, you would see iron ore loadings increased by about 7% year-on-year. Chinese steel mills continued to demonstrate strong appetite for iron ore imports and stock building, aided by a stronger Renminbi. Economic indicators suggest that property-related steel demand in China may be stabilising. Australian and Brazilian export volumes performed strongly, recovering from adverse weather in the same period last year, while pelletising plants in Oman and Bahrain led losses in the period.

In summary, although trade volumes were resilient in the first quarter of 2026, the evolving geopolitical landscape, particularly the Iran War, is expected to continue reshaping global trade flows and driving dislocations across dry bulk markets – which would add support to freight rates.

Please turn to slide 6

SLIDE 6 – HIGHER TCE EARNINGS AND OUTPERFORMANCE CONTINUED

In the first quarter of 2026, as Martin mentioned earlier, our average daily TCE earnings of US$12,130 for Handysize and US$13,970 for Supramax represented an increase of 11% and 14% as compared to the same period in 2025 respectively.

Our TCEs continued to outperform average spot market rates by US$1,030 per day for Handysize and US$2,050 per day for Supramax.

For the second quarter of 2026, we have currently covered 70% and 90% of our committed vessel days for our Handysize and Supramax core fleet at US$14,000 and US$17,080 per day, respectively.

Complementing our core business, our operating activity generated a daily average margin of US$340 per day over 6,240 operating days in the first quarter.

I will now hand you back to Martin to run you through the market dynamics and outlook.

Speaker: Martin Fruergaard

Thank you, Jimmy. Please turn to slide 8.

SLIDE 8 - STEADY FLEET GROWTH

Global dry bulk net fleet growth is forecast to increase from 3% in 2025 to about 3.6% in 2026, driven by higher scheduled newbuilding deliveries across the sector. By comparison, Handysize and Supramax net fleet growth is expected to moderate to about 3.8% in 2026, as newbuilding activity remains more concentrated in larger vessel classes.

Around 15% of Handysize and Supramax capacity is now more than 20 years old, and about 13% of total dry bulk capacity falls into this age category. The fleet age profile highlights both the ongoing fleet renewal needs and a growing number of older vessels that eventually will be scrapping candidates.

Please turn to slide 9

SLIDE 9 - STRATEGIC NEWBUILDING ORDERS IN APRIL 2026

As I mentioned at the start, we have finalized agreements to replace our existing order at Imabari in Japan for four dual-fuel Ultramax newbuildings with four conventionally-fuelled Ultramax newbuildings, featuring the latest fuel-efficient design. This adjustment significantly reduces unnecessary near-term capital expenditure and reflects a financially prudent approach in light of renewed uncertainty surrounding the timing and final form of global maritime green fuel transition regulations, especially after the failure to adopt IMO's Net-Zero Framework in October 2025 due to political divisions among member states.

To maintain flexibility, these new agreements include an option to acquire two dual-fuel (methanol) Ultramax newbuildings, allowing us to re-enter the low-emissions vessel market if regulatory clarity improves within 2026.

Beyond this, we have also reached an agreement with JNS to order another two Handysize newbuildings, which will be built to the same latest-generation, fuel-efficient, open-hatch and logs-fitted design as the four vessels we ordered in December last year.

With these transactions, our current orderbook consists of six Handysize and four Ultramax newbuildings, plus an option for two additional dual-fuel Ultramax newbuildings.

We also hold purchase options, exercisable between 2026 and 2031, for 15 long-term chartered-in vessels —12 of which are already operating in the Pacific Basin fleet, with the remaining three scheduled for delivery in the second half of 2026 and 2027.

These strategic moves help to position us well to adapt to regulatory developments, manage capital prudently, and maintain fleet flexibility for the future.

Please turn to slide 10

SLIDE 10 - GEOPOLITICAL DISRUPTION AND IRAN WAR TIGHTENED SUPPLY

The war has significantly disrupted trade flows, leading to a tighter supply of available vessels. In the short term, we're seeing around 2% of the sub-Capesize fleet currently trapped in the Arabian Gulf, which further restricts vessel supply.

Meanwhile, global dry bulk cargo volumes have shifted noticeably. Before the conflict, volumes were growing at about 1.4% year-on-year, but since the outbreak, we've seen a sharp decline of roughly 6.6% year-on-year. This drop reflects a "fear of fixing" in the market, as stakeholders remain cautious amid ongoing fluctuations in commodity prices, freight rates, and fuel prices.

However, as the market begins to adapt to the new price levels and end users look to restock inventories, we anticipate that pent-up demand will soon be released.

Additionally, power utilities across Asia and Europe are expected to switch increasingly from LNG to coal, which should add further demand to the dry bulk sector.

Looking to the future, if the war in the Arabian Gulf continues and energy prices remain high, we may see higher inflation and, ultimately, slower global economic growth.

So far, the impact on Pacific Basin has been limited. We currently have one chartered-in vessel in the Arabian Gulf, and we're maintaining ongoing dialogue with both the owner and our charterers, so our exposure remains manageable.

We're also receiving solid support from our fuel suppliers and have covered most of our fuel price exposure through hedging and passthrough mechanisms.

On the operational side, we're able to capitalize on our investments in energy-saving devices, silicon application, and voyage performance optimization through digitalization—all focused on improving vessel speed and consumption profiles. Moreover, our relatively high number of open days in the second half of 2026 allows us the flexibility to maximize earnings as freight rates continue to rise.

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SLIDE 11 - 2026 MARKET OUTLOOK

As we look ahead to the rest of 2026, it's clear that we will be navigating another year marked by substantial market disruptions. From a broader macroeconomic perspective, economic growth is likely to slow down, largely as a result of the aftermath of the Iran War. The IMF has already revised their growth forecasts downward, but the ultimate trajectory will depend on ongoing discussions between Iran and the US, as well as the timing of the reopening of the Strait of Hormuz.

In the dry bulk sector, we anticipate that supply growth — both for minor bulk and total dry bulk — will outpace demand growth in the near term. This is primarily due to increased newbuilding deliveries and limited scrapping activity. Despite these challenges, market disruptions and inefficiencies are likely to provide ongoing support to dry bulk market conditions.

Notably, freight forward agreements are holding at elevated levels for the rest of the year, with FFA averages for 2026 suggesting rates of around US$14,080 per day for Handysize vessels and US$16,230 per day for

Supramax vessels. Of course, volatility is expected to persist given slower economic growth, multiple ongoing disruptors and heightened geopolitical uncertainty.

I'm pleased to highlight our continued TCE outperformance which demonstrates the strength and resilience of our operating model. This is underpinned by a fleet that is both growing and modernising, our proactive fleet management, and our sector-leading cost efficiency.

Coupled with our robust balance sheet and disciplined approach to growth, these strengths position Pacific Basin exceptionally well to manage near-term uncertainty and to seize opportunities as they arise.

Here I would like to conclude our 2026 First Quarter Trading Update presentation by thanking our Pacific Basin colleagues at sea and ashore for their contributions to our results.

I will now hand over the call to our operator for Q&A.