

Star Bulk
Fourth Quarter 2025 Financial Results
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Presenters

Petros Pappas, Chief Executive Officer
Hamish Norton, President
Simos Spyrou, Co-CFO
Christos Begleris, Co-Chief Financial Officers
Nicos Rescos, Chief Operating Officer
Constantinos Simantiras, Head of Marketing Analysis
Charis Plakantonaki, Chief Strategy Officer

Q&A Participants

Christopher Robertson - Deutsche Bank AG
Omar Nokta - Clarksons

Operator

Thank you for standing by, ladies and gentlemen, and welcome to the Star Bulk Carriers Conference Call on the Fourth Quarter 2025 financial results. We have with us Mr. Petros Pappas, Chief Executive Officer; Mr. Hamish Norton, President; Mr. Simos Spyrou and Mr. Christos Begleris, Co-Chief Financial Officers; Mr. Nicos Rescos, Chief Operating Officer; Constantinos Simantiras, Head of Marketing Analysis; and Ms. Charis Plakantonaki, Chief Strategy Officer of the company.

At this time, all participants are in a listen-only mode. There will be a presentation followed by a question and answer session, at which time, if you wish to ask a question, please press "*" "1" on your telephone keypad and wait for your name to be announced. I must advise you that this conference is being recorded. We now pass the floor to one of your speakers today, Mr. Spyrou. Please go ahead, sir.

Simos Spyrou

Thank you, operator. Good morning, ladies and gentlemen, and thank you for joining us today. I'm Simos Spyrou, Co-Chief Financial Officer of Star Bulk Carriers, and I would like to welcome you to our conference call regarding our financial results for the fourth quarter of 2025. Before we begin, I kindly ask you to take a moment to read the safe harbor statement on Slide #2 of our presentation.

In today's presentation, we will review our fourth quarter 2025 company highlights, financial performance, capital allocation initiatives, cash evolution during the quarter, operational performance, our continued investments in the fleet, developments on the regulatory front, and our perspective on industry fundamentals. We will let then open the floor for questions.

Turning to Slide 3. The fourth quarter was characterized by solid profitability, disciplined capital allocation, and continued balance sheet strength. For the fourth quarter of 2025, our net income amounted to \$65.2 million, while adjusted net income reached \$74.5 million or \$0.16 adjusted EPS. Adjusted EBITDA was at \$126.4 million, demonstrating the strong cash generating capacity of our platform even in a moderate rate environment.

We continue to actively return capital to our shareholders. During the fourth quarter, we repurchased 1.2 million shares for a total of \$22.7 million. Year-to-date, during the first quarter of 2026, we have repurchased approximately 1.9 million shares totaling \$37.9 million. In addition, our Board of Directors declared a \$0.37 per share dividend for the fourth quarter payable on March 19 to all shareholders of record as of March 9, 2026.

Our balance sheet remains a key strategic advantage. Total cash and cash equivalents are approximately at \$459 million. Outstanding debt is approximately at \$1 billion, and we have an undrawn revolving capacity of \$110 million. Importantly, we also have 27 debt-free vessels with an aggregate market value of approximately \$630 million. This unencumbered asset base provides substantial financial flexibility to fund growth opportunities as well as a downside protection.

To further enhance shareholder value, we have taken the following capital allocation actions; dividend policy. Going forward, we intend to distribute 100% of our free cash flow, subject to maintaining a minimum cash balance of \$2.1 million per vessel, while preserving a minimum quarterly dividend of \$0.05 per share.

We have also authorized a new \$100 million share repurchase program on substantially the same terms as the prior program. This dual track approach, dividends plus opportunistic buybacks funded from vessel sales, allows us to dynamically allocate capital depending on the market conditions and the discount or premium of our shares relative to the increase in value. These initiatives reflect both our confidence in the company's forward cash flow visibility and our commitment to maintaining a competitive and sustainable capital return profile.

On the top right side of Slide #3, you can see our per vessel daily performance metrics for the quarter. Time charter equivalent came at \$19,012 per day per vessel. Combined daily operating expenses and net cash G&A expenses at \$6,444 per day per vessel. This results in a daily cash margin of approximately \$12,570 per vessel per day before debt service and CapEx. These numbers highlight the operating efficiency of our platform and our ability to generate meaningful cash flow even at mid-cycle rate levels.

Slide #4 summarizes our capital allocation track record over the last 5 years. Since 2021, we have executed approximately \$3 billion in value-enhancing actions, including dividends, share repurchases, and debt repayment. During this period, we have returned \$13.49 per share in dividends, representing approximately 55% of our current share price. We have reduced our total

net debt by 47%, bringing leverage to a level where it's below 65% of the current demolition value of the fleet.

At the same time, we expanded the fleet opportunistically through accretive fleet acquisitions, issuing equity at or above NAV, thereby increasing scale while protecting per share value. The result is a larger, more efficient platform with materially lower financial risk and significantly enhanced free cash flow per share potential.

Slide #5 illustrates the movement in our cash balance during the fourth quarter. We began the quarter with \$457 million in cash, we generated \$101 million in operating cash flow and after sale proceeds, debt drawdowns and repayments, CapEx payments related to newbuilding installments and energy-saving devices and ballast water treatment systems. The share buybacks and the fourth quarter dividend payment, we ended the quarter with \$502 million in cash. This sequential increase in cash underscores the strong internal cash generation of the company even after substantial shareholder returns and investment in fleet upgrades.

Slide #6 highlights the inherent operating leverage embedded in our business model. With approximately 49,500 fleet available days per annum and based on the current next 12-month FFA curve of approximately \$18,500 per day on a fleet-wide basis, the company would generate approximately \$2.7 per share of free cash flow, representing an almost 11% implied cash flow yield.

The slide illustrates the strength of our platform on a rising market. Every \$1,500 per day fleet-wide increase in our TCE equates to an EBITDA increase of \$73 million. This would translate to \$0.65 per share of incremental dividend to our shareholders given our existing approach to distributions.

In summary, during the fourth quarter, we delivered solid profitability, strengthened our liquidity position, continued to delever, return meaningful capital to shareholders, and preserved significant optionality for future capital allocation. Our balance sheet resilience, operating efficiency, and disciplined capital allocation framework position us well to navigate market volatility while continuing to enhance per share value. With that, I will now pass the floor to our COO, Nicos Rescos, for an update on our operational performance and the continued investments we are making in our fleet.

Nicos Rescos

Thank you, Simos. Please turn to Slide 7, covering our operational performance. We continue to run one of the most cost-efficient platforms in the dry bulk sector.

Daily operating expenses for Q4 came in at \$5,045 per vessel and net cash G&A at \$1,199 per vessel, both among the lowest in our peer group as illustrated. Importantly, this operational cost discipline has not come at the expense of quality. Star Bulk continues to run at the top amongst listed peers in ridership safety scores.

Moving to Slide 8. We outline our fleet-wide investment program. On the new building front, all 8 of our Kamsarmax newbuildings are on track to deliver during 2026 with \$206.6 million of CapEx remaining. Financing is well advanced. We have secured \$130 million of debt against the 5 Qingdao vessels and expect up over \$74 million against the 3 Hengli vessels.

Our vessel upgrades, we made meaningful progress during 2025, fitting 13 additional vessels with energy-saving devices and 6 with high-efficiency propellers. In total, we have now completed 55 out of 80 ESP total installations across the fleet and with another 14 planned for 2026. We have also nearly completed our telemetry rollout with 121 out of 126 eligible vessels now retrofitted with digital monitoring equipment. The top right of the page shows our CapEx schedule, illustrating both the newbuilding payments and our vessel efficiency upgrade spending alongside the corresponding debt financing. At the bottom, you can see our expected dry dock schedule for 2026, which totals approximately \$55.6 million, with around 1,585 off-hire days for the full year.

Turning to Slide 9 for our fleet update. We continue to optimize our fleet through selective disposals, prioritizing the sale of older non-eco vessels to reduce our average fleet age and improve overall efficiency. During Q4, we delivered 3 vessels to their new owners to Supramaxes and Panamax, Star Runner, Star Sandpiper and Star Emily. In December, we agreed to sell Star Stonington and Ultramax, which was delivered to her new owners in February.

Looking into Q1 2026, we are committed two additional older vessels for sale an inefficient Capesize and Kamsarmax, Star Mariella, with deliveries expected in April. We continue to maintain seven long-term chartering contracts, which provide commercial flexibility across market cycles. Star Bulk operates one of the largest dry bulk fleet among U.S. and European listed peers with 141 vessels on a fully delivered basis and an average age of approximately 12.1 years. I will now pass the floor to our Chief Strategy Officer, Charis Plakantonaki, for an update on recent global environmental regulation development.

Charis Plakantonaki

Thank you, Nicos. Please turn to Slide 10, where we highlight our progress across ESG priorities. Despite the 1-year postponement of the IMO framework in October '25, we remain committed to our strategy to reduce greenhouse gas emissions from our fleet operations. Alongside the ongoing renewal of our fleet, in Q4 '25, we continue to enhance the energy efficiency of our vessels with targeted technical and operational measures, including the successful testing of high cleaning robots and silicon antifouling coatings.

In 2025, the Star Bulk fleet achieved an average C rating in the RightShip Greenhouse Gas Rating. We also maintained our B score for effective environmental management in the 2025 Carbon Disclosure Project and Water Management submission. We continue to contribute actively to the work of the maritime emission reduction centers, working with our partners to assess emerging technologies aimed at improving vessel performance.

To comply with fuel maritime and consistent with last year, we entered into a pooling agreement with an external party to cover 100% of our CO2 deficit for '26 and part of '27, purchasing surplus units, the most cost-effective compliance strategy. On the technology front, we completed the deployment of Starlink installed onboard firewalls across the fleet to enhance connectivity and strengthen cybersecurity.

As part of our artificial nation strategy, we delivered the company's first custom-built AI application while continuing to leverage AI within existing systems and to develop new tools to further automation and optimization. The way being of our people remains a priority. During Q4 '25, we contracted a comprehensive company-wide employee survey to listen closely to our teams and identify tangible to better support them in their roles. I will now want the floor to our Head of Market Analysis, Constantinos Simantiras, for a market update and his closing remarks.

Constantinos Simantiras

Thank you, Charis. Please turn to Slide 11 for a brief update of supply. During 2025, 36.2 million deadweight was delivered and 5.2 million deadweight was sent to demolition, resulting in net fleet growth of 31 million deadweight or 3% year-over-year. The newbuilding order book has grown over the past three years, but remains at relatively low 12.8% of the fleet contracting remained under control, decreasing to 48.8 million -- 45.8 million deadweight during 2025, reflecting limited shipyard capacity through 2028, high shipbuilding costs, and ongoing uncertainty around green propulsion technologies.

The IMO's recent decision to postpone adoption of the net zero framework will likely extend this uncertainty into 2026. That said, we've seen a noticeable uptick in contracting in the Capesize segment over the last few months. Meanwhile, the fleet continues to age and by the end of 2027, approximately 50% of the existing fleet will be over 15 years old. Moreover, the rising number of vessels undergoing the third special survey and dry dock is estimated to reduce effective capacity by approximately 0.5% per annum during June 2026 and 2027.

On the operational side, average fleet steaming speeds have recovered from last year's historical lows and stabilized at around 11.1 notes over the past 2 quarters, incentivized by further freight rates and lower bunker costs. Over the coming years, stricter environmental regulations are expected to continue to support slow steaming and have constrained effective supply.

Finally, global port congestion dropped to six-year note during the fourth quarter of 2025, but has since returned to long-term average levels. For 2026, we anticipate congestion to follow typical seasonal patterns and to remain broadly neutral for the supply and demand balance, though there could be some upside from delays at new mining hubs in West Africa, where loading operations remain particularly time intensive.

Let us now turn to Slide 12 for a brief update of demand. According to Clarksons, total dry bulk trade grew 1.3% in volume and 2.1% in ton-miles during 2025. This was driven by record bauxite and minor bulk exports plus a solid recovery in iron ore, coal and grain volumes in the second half. Strong Atlantic exports, longer Pacific distances and ongoing or related inefficiencies

supported on mile growth throughout the year. Red Sea crossings improved somewhat during the fourth quarter after the October cease fire, but there's still roughly 40% below levels and geopolitical risk in the region remain high.

China's total dry bulk imports were essentially flat during 2025 as the 4.2% decline during the first half was fully offset by a 4.1% rebound during the second half, with iron ore and coal imports reaching new all-time highs during December. Meanwhile, imports to the rest of the world continued to recover in 2025 with notable strength in the second half and met reduced uncertainty in international trade relationships.

Non-China import volumes grew 3.2% throughout the year, supported by lower commodity prices, a weaker U.S. dollar enhancing affordability and resilient demand in key regions. Growth was mainly driven by Southeast Asia, India, and the Middle East with additional support from Africa and into Asian trade. Looking ahead, dry bulk demand is projected to grow by 0.6% in tons and 1.9% in ton miles during 2026. The IMF recently raised its 2026 global GDP forecast by 0.2% to 3.3% with upward revisions of 0.3% for both the U.S. and China.

The trade through between the U.S. and China, new agreements with major partners, and the recent decision by the U.S. Supreme Court on presidential authority to impose reciprocal tariffs should reduce uncertainty, support economic activity, and demand for raw materials. That said, elevated Chinese stockpiles across a range of commodities, slower industrial production, and softer fixed asset investment present downside risk, though this should be partly offset by new mine capacity ramping up.

Breaking it down by key commodities, iron ore trade grew 2% during 2025 and is projected to rise 1.9% in 2026. For the first time, since 2020, China crude steel production fell below 1 billion tons, down 4.5% overall in 2025 and 11% in Q4 as a result of policy curves on steel supply and the ongoing real estate slowdown.

Record high Chinese steel exports helped offset weak domestic consumption, while steel output in the rest of the world increased by 1.2%. Domestic iron ore output declined by 2.5% in 2025, while stockpiles and Chinese ports currently stands at close to all-time highs after the Q4 import serves. Looking ahead, Chinese iron ore imports are expected to remain broadly flat in 2026, while stronger Brazil volumes and the gradual ramp-up of high-quality exports from West Africa should support ton-mile growth over the coming years.

Coal trade contracted 5.6% during 2025 and is projected to decline another 2.5% in 2026. Volume experienced a strong recovery in the second half but stayed below 2024 levels. Strong renewable expansion in China should continue to pressure demand domestic production in China and India is outpacing consumption growth and stockpiles remain high. Indonesian coal exports are expected to decline further in 2026 following announced production cuts of up to 25%, which could tighten volume but potentially support on miles through longer haul flow.

Furthermore, India's new thermal energy capacity growing demand from Southeast Asia and global focus on energy security should provide support for coal trade over the next years. Grain trade grew 2.9% in 2025 and is projected to surge 7.8% in 2026. Second half 2025 volumes jumped 10% and led by robust exports from Brazil, Argentina, and Australia, plus better-than-expected U.S. shipments. Black Sea exports remain subdued, but should gradually recover over the next two years. More important, China resumption of U.S. soybean purchases under the trade cut will carry into 2026, boosting ton-miles for mid-sized factors. China has committed 20 million tons by the end of the current season and around 25 million tons annually to 2028.

Minor bulk trade grew 5.2% in 2025 and is projected to expand by 2.1% in 2026. Minor bulks carried the highest correlation with global GDP and continue to benefit from healthy macro outlooks across major economies. That said, growth should moderate somewhat next year due to rising protectionism and a slowdown in growth of West African bauxite volumes after last year's 33% service.

As a final comment, we remain optimistic about the dry bulk market outlook underpinned by a favorable supply backdrop, tightening environmental regulations, and easing trade tensions. In a period of heightened geopolitical uncertainty, we remain focused on actively managing our diverse scrubber-fitted fleet to capitalize on market opportunities and deliver value to our shareholders. Without taking any more of your time, I will now pass the floor over to the operator to answer any questions you may have.

Operator

Thank you. We will now be conducting a question and answer session. If you would like to ask a question, please press "*" "1" on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press "*" "2" if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the "*" keys. And our first question will come from Chris Robertson with Deutsche Bank.

Christopher Robertson

Thank you, Operator, and good morning, Team. My question is just related to the underlying demand and ton-mile expansion that's happening in the iron ore market with Brazil and West Africa. Are there any other dry bulk commodities that have a similar dynamic where, let's say, underlying demand for the commodity remains flattish or maybe even slightly weaker, but ton-mile demand has held stable or expands because of the geographical dispersion of where the commodities are coming from? Any commentary around that would be helpful.

Petros Pappas

Hi, Chris. So besides bauxite and iron ore, we see a very strong trade on grains, which are going to be increasing by about 7.5% to 8%. And as most of them are coming from Brazil, we will get some extra ton miles from there. We also see demand from West Africa on smaller vessels. And that is going to create congestion as well because of construction projects that they got and I think this is going to be positive as well.

Now minor bulk -- coal, if Indonesia actually goes ahead with cutting down 25% of their exports, this might also increase ton miles as imports may have to come from further away. So we think that overall, there is other possibilities as well. But the bauxite and the iron ore trade are actually going to be big pluses.

Christopher Robertson

Yes, it makes sense. Thanks for the color there. Just kind of following up on the potential for a greater congestion in West Africa. Are they -- are any of the projects, whether it's rail or trucking or the ports themselves, et cetera, are there any projects right now to build out that infrastructure a bit more to make the supply chain more efficient? Kind of what's going on there that may lead to congestion maybe going up in the short term but being alleviated in the long run as potentially infrastructure is more built out?

Nicos Rescos

Well, I don't know details about that. What I know is that calls -- Supramax/Ultramax calls in West Africa have increased by about 30% during the past year. Now if our analyst knows anything about the projects, he can --

Unknown

I would add that it's exactly what you said, Chris. We expect that we will have in the short term an increase in congestion and over the next few years as the infrastructure is upgraded, this will gradually go down, but this is not something that would take place in one, two years.

Christopher Robertson

Got it. Yeah, that's super helpful. Thank you very much. I'll turn it over.

Nicos Rescos

Thank you, Chris.

Operator

And as a reminder, that is "*" "1" if you would like to ask a question. We'll go next to Omar Nokta with Clarkson Securities.

Omar Nokta

Thank you. Hey, guys. Good afternoon. I just wanted to ask maybe just about the capital return policy. Just a bit more detail on that. Clearly, the move back to 100% payout or maybe somewhat similar to how it was prior to the focus on the buybacks last year. The decision, I guess, to boost the dividend payout, does that come about simply just given the strong share performance we've seen here recently? Or is there more to it?

Hamish Norton

Hi, Omar. It's Hamish Norton. The -- basically, the better the share does the stronger the incentive to pay a dividend as opposed to a share repurchase, and so there's nothing really more to it than that.

Omar Nokta

Okay, thank you. And then just a follow up into that is as we think about free cash flow, is earnings a good representation of that to approximate what free cash flow looks like? I know quarter-to-quarter, there's going to be changes. But is the earnings is a good way to look at it? Do you think it understates our cash flow? Or any color you can add to that?

Hamish Norton

It's not terrible, but you have to look at the difference between depreciation and debt repayment and change in working content.

Christos Begleris

So if I may add. Hi Omar, this is Christos. A few things. First of all, debt principal repayment is slightly higher than depreciation and therefore, the free cash flow is lower than net income. And also, as Simos said, it's the change in net working capital. So in the market that rises fast. You would expect the working capital change to be greater, thereby reducing the free cash flow whereas in the market that is reducing, the change in working capital will be positive and therefore, that is boosting the free cash flow available for dividends.

Omar Nokta

Okay. Thanks, Christos. And thanks, Hamish. That's it for me. Thank you.

Hamish Norton

Thank you, Omar.

Operator

And this now concludes our question-and-answer session. I would like to turn the floor back over to management for closing comments.

Petros Pappas

No closing comments, operator. Thank you very much.

Operator

Thank you. Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines, and have a wonderful day.