

Imperial Petroleum Inc.

Q1 2024

Financial & Operating Results

May 16, 2024



Disclaimer



This presentation contains forward-looking statements within the meaning of applicable federal securities laws. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, words such as “may,” “will,” “should,” “estimates,” “intends,” and similar expressions are intended to identify forward-looking statements. Actual results and the timing of certain events may differ significantly from the results discussed or implied in the forward-looking statements. Among the factors that might cause or contribute to such a discrepancy include, but are not limited to the risk factors described in the Company’s Registration Statement filed with the Securities and Exchange Commission, particularly those describing variations on charter rates and their effect on the Company’s revenues, net income and profitability as well as the value of the Company’s fleet.



Key Highlights







Operational & Growth

- ❑ **Fleet operational utilization** of 80.6% in Q1 24' an improved performance compared to Q4 23' mainly due to a 29.3% (65 days) reduction of commercial off hire days. In Q1 23' our operational utilization was 85%.
- ❑ In Q1 24', 75% of fleet calendar days equivalent to 671 days, were dedicated to spot activity.
- ❑ On April 17, 2024 we agreed to sell our 2009 built aframax tanker Gstaad Grace II (ex. Stealth Haralambos) for a consideration of \$42 million. The vessel was delivered to its new owners on April 26, 2024.

Financial

- ❑ **Revenues** of \$41.2 million in Q1 24' compared to \$29.9 million in Q4 23' equivalent to a 37.8% rise. In Q1 23', which was our all time record quarter, revenues were \$65.4 million.
- ❑ **EBITDA** of \$18.9 million in Q1 24' up by \$10.9 million or 136% compared to Q4 23'. In Q1 23' our EBITDA amounted to \$ 40 million.
- ❑ **Net Income** of \$17.0 million in Q1 24' compared to \$6.5 million in Q4 23' equivalent to a 157% rise. In Q1 23' net income was \$35.7 million.
- ❑ **Cash and cash equivalents and time deposits**, of \$67 million as of March 31, 2024.
- ❑ Since September 1st 2023, our share price has risen by approximately 145% (c.\$2) as a result of our consecutively profitable quarters and the support to our stock through our share repurchase program.

(in \$ millions)

| | Revenues | EBITDA | Net Income |
|---------|--|---|---|
| Q1 2024 | 41.2   38% | 18.9   136% | 16.7   157% |
| Q4 2023 | 29.9 | 8.0 | 6.5 |
| Q1 2023 | 65.4 | 39.9 | 35.7 |



Fleet Employment Status

- Both handysize drybulk carriers are on short time charters expiring in May 2024 and June 2024.
- All of our tankers are operating in the spot market where rates remain favorable.

| | Vessel Name | Vessel Type | Charter Type | End Date | Daily TC Rate | 2024 | | | |
|----|-----------------|---------------|--------------|-----------|---------------|------|------|------|-----|
| | | | | | | May | June | July | Aug |
| 1 | Eco Wildfire | Dry Handysize | TC | June 2024 | \$18,200 | █ | | | |
| 2 | Glorieuse | Dry Handysize | TC | May 2024 | \$13,000 | █ | | | |
| 3 | Magic Wand | MR Tanker | Spot | | | | | | |
| 4 | Clean Sanctuary | MR Tanker | Spot | | | | | | |
| 5 | Clean Thrasher | MR Tanker | Spot | | | | | | |
| 6 | Clean Nirvana | MR Tanker | Spot | | | | | | |
| 7 | Clean Justice | MR Tanker | Spot | | | | | | |
| 8 | Aquadisiac | MR Tanker | Spot | | | | | | |
| 9 | Suez Enchanted | Suezmax | Spot | | | | | | |
| 10 | Suez Protopia | Suezmax | Spot | | | | | | |

█ Fixed Term Contract Period

- Modern Tanker spot daily charter rates are depicted below.
- Since the beginning of 2024 and due to various geopolitical tensions, the sanctions on Russian oil, limited capacity in the Panama canal and reduction in the usage of the Suez canal, tanker rates have stabilized at historically firm levels.
- During Q1 23' rates exerted extreme peaks as the effect of the Russian Ukraine conflict had not yet stabilized.

| | Latest | As of end Q1 24' | As of end Q1 23' |
|---------|----------|------------------|------------------|
| MRs | \$35,500 | \$34,800 | \$32,900 |
| Aframax | \$41,500 | \$35,800 | \$79,900 |
| Suezmax | \$39,300 | \$39,700 | \$64,700 |

Tanker Market

- ❑ During the first quarter of 2024 the tanker market remained affected by several variables ranging from geopolitical tensions to market specifics such as route diversions, fuel costs, sanctions and supply cuts.
- ❑ A predominant driver of Q1 24' tanker market, were the Houthis assaults on more than 80 commercial vessels. Due to this, the majority of tankers chose to bypass the Red Sea and therefore take significantly longer routes around the Cape of Good Hope. It is estimated that this has added about 30 days to a round trip voyage from Middle East to Europe, while it has assisted rates to remain at firm levels.
- ❑ The intensification of western sanctions on oil trade is another key driver affecting the market in the first quarter of 2024. However sanctions against Russian are ruled by law hence will take a significant amount of time to resolve regardless of when the Russian Ukraine conflict might come to an end, meaning that this is anticipated to have a long lasting effect on the tanker market.
- ❑ What needs to be taken into consideration is that the expected unwinding tensions in the Red Sea might lead to a downward correction in earnings. The sentiment is that this unwinding might take place towards the end of 2024.
- ❑ Going forward, it is expected that oil demand could grow by 3.25% over the next two years. This demand is anticipated to be stronger in Asia Pacific while supply growth will be focused mostly in the US, Brazil and Canada. Oil demand and supply dynamics are in place for a positive tanker market outlook ahead.



Tanker Market Timeline October 2023

- **Hamas launches an attack on Israel.**
- **Russia lifts its export ban on diesel.**
- **Autumn refinery turnaround peaks.**

November 2023

- **Russia lifts ban on gasoline exports.**
- **Panama canal reduces transit slots due to low water levels.**

December 2023

- **Major players suspend Suez Canal transits due to the Houthi attacks in the Red Sea/ Gulf of Aden.**

January 2024

- **OPEC+ cuts 2.2 m bpd.**

April 2024

- **Iran – Israeli attacks.**

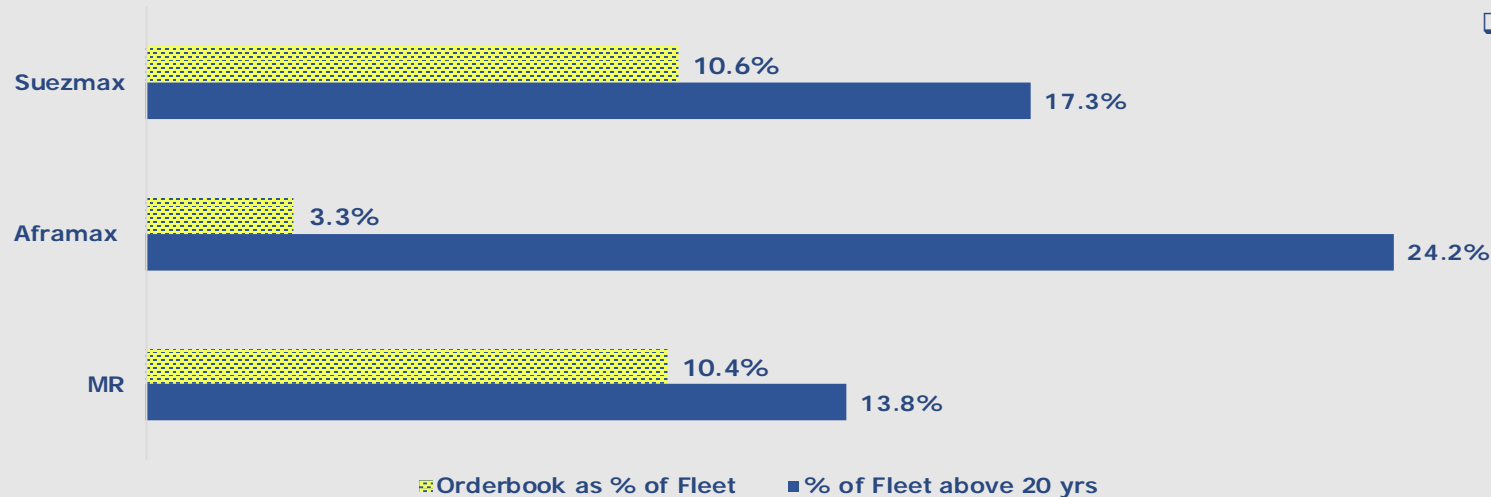
May 2024

- **First Seafarer fatalities in the Red Sea.**



Tanker Market

- ❑ **MR tankers** had a reasonably consistent quarter; MR clean tankers trading in the West outperformed the ones trading in the East- a trend noticeable from Q4 23'.
- ❑ **Aframax and Suezmax** sectors maintained their strong performance in Q4 23' into Q1 24' with earnings slightly declining towards the end of the quarter.



- ❑ **MRs, Aframax and Suezmax** segments have a current orderbook which is lower than the % fleet above 20 years of age. Therefore we anticipate a shrinking of the fleet in the years ahead.
- ❑ Due to the strong prevailing market we do witness limited scrapping activity.
- ❑ Both newbuilding and second hand assets values continued to increase. Should freight rates remain at this levels we might see prices firm further.

Drybulk Market

- ❑ Global seaborne demand for Dry bulk commodities increased by 0.4% in the first four months of 2024.
- ❑ The Chinese economy which accounts for over 40% of global dry bulk seaborne imports continues to be weak mostly due to the Chinese property sector along with ongoing challenges stemming from domestic and retail demand.
- ❑ In Q1 24' the Baltic Handysize TC equivalent averaged c. \$12,000 marking a 24% year on year increase.
- ❑ The Handysize bulker fleet includes many old vessels with demolition potential as 18% of the trading fleet is over 20 years of age.

Financial Results Q1 24'



| Income Statement (Amounts in USD'000s) | Q1 2023 | Q1 2024 |
|---|---------------|---------------|
| Voyage revenues | 65,421 | 41,203 |
| Voyage costs | (16,888) | (13,478) |
| Net revenues | 48,533 | 27,725 |
| Running costs | (6,941) | (6,034) |
| Management fees | (398) | (394) |
| Drydocking Costs | (621) | (625) |
| G&A | (979) | (1,207) |
| Depreciation | (4,089) | (4,027) |
| Income from operations | 35,505 | 15,438 |
| Interest and finance costs | (1,352) | (2) |
| Interest Income | 1,279 | 1,035 |
| Interest Income related party | | 751 |
| Dividend Income from related party | | 190 |
| Foreign exchange (loss)/gain | 292 | (757) |
| Net income/(Loss) | 35,724 | 16,655 |
| Adjusted Net Income/(Loss) | 36,026 | 17,513 |
| EBITDA | 39,885 | 18,898 |
| Adjusted EBITDA | 40,187 | 19,757 |
| Period End Number of Vessels | 12 | 11 |

- ❑ **Revenues** came in at \$41.2 million in Q1 24' compared to \$65.4 million, a 37% decrease compared to Q1 23' due to
 - a lower average number of vessels, and
 - a year on year decline of tanker market spot rates by an average of 38%.
- ❑ **Voyage Costs** decreased by \$3.4 million due to:
 - decreased port expenses by \$ 1.4 million as a result of longer haul voyages, reduction in transit through the Suez Canal, and
 - decreased commissions by \$2.2 million due to lower revenues.
- ❑ **Running Costs** decreased by \$0.9 million due to a lower average number of vessels.
- ❑ **EBITDA** of c. \$19 million in Q1 24' compared to an EBITDA of \$39.9 million in Q1 23'.
- ❑ **Net Income** of c. \$16.7 million in Q1 24' corresponding to a **basic EPS** of \$0.57.

Financial Results Q1 24'



Balance Sheet

(Amounts in \$'000s)

| | 12M 2023 | 3M 2024 |
|--|----------------|----------------|
| Assets | | |
| Cash & cash equivalents | 91,928 | 35,331 |
| Time deposits | 32,100 | 31,628 |
| Receivables from related party | 37,907 | 38,787 |
| Other current assets | 21,255 | 25,656 |
| Vessel, net | 180,847 | 248,873 |
| Investment in related party | 12,799 | 12,929 |
| Total Assets | 376,835 | 393,204 |
| Liabilities & Stockholders Equity | | |
| Payable to related party | 2,324 | 5,257 |
| Trade accounts payable | 8,277 | 6,682 |
| Debt | 0 | 0 |
| Other liabilities | 3,928 | 4,386 |
| Total stockholder equity | 362,305 | 376,879 |
| Total Liabilities & Stockholders Equity | 376,835 | 393,204 |

- ❑ **Free cash (incl. time deposits)** as of March 31, 2024 of c. \$67 million.
- ❑ Following the sale of Gstaad Grace II which took place in April 2024 and the receipt of the \$38.7 million from C3is Inc which will take place within July 2024 our cash balance will be in the order of \$150 million.
- ❑ **Zero debt on our Balance Sheet.**

Financial Snapshot



Liquidity and Gearing

c. \$67 million of cash as of year end 2023 equal to \$2.4 per share

\$ 67.2 million of operating cash flow (LTM)

c. \$14 NAV per outstanding common share

Zero Debt

Profitability, Growth and Values

\$31,600 TCE in Q1 24' per fleet voyage day

c. \$9,000 daily cash flow breakeven per vessel

\$1.1 million of interest income in Q1 24'

Modern Tanker market values are rising

Considerations Going Forward

Escalation or unwinding of geopolitical pressures

Global recession and inflation levels

Further oil supply cuts

One scheduled drydocking up to the end of 2024

Investment Highlights



1

Own a high-quality fleet of crude oil, product tankers and dry bulk carriers

2

Giving value back to shareholders through share buybacks and warrant repurchases

3

Active employment of vessels based on charter market developments

4

Debt free company with minimum capital commitments

5

Track record of cost-efficient vessel operations along with maintaining a healthy capital structure

6

Experienced management and board of directors