ALGHAF MARINE DMCC

QUARTERLY MARKET & TRADING REPORT

Q2 2026

EN590 Diesel • Jet A-1 • Fuel Oil RMG 380

Product Line Expansion Update

DMCC Free Zone, Dubai, UAE

1. Executive Summary

Q2 2026 marked a transition from the acute shock phase that defined Q1 to a period of cautious normalisation — without a return to the pre-crisis trading model. Following the peak of the Hormuz-related disruption, petroleum product markets began a partial recovery, but volatility, sanctions pressure, banking compliance friction, and structural shortages in specific product segments remained systemic features of the operating environment rather than temporary aftershocks.

> *Q2 2026 delivered broad-based volume growth across the portfolio. EN590 Diesel led with a 22% quarter-on-quarter increase, Jet A-1 and Urals volumes each grew 18%, and Naphtha and Fuel Oil / RMG 380 posted more moderate gains of 12% and 5% respectively.*

EN590 Diesel **+22%** 450,000 → 549,000 MT	**Jet A-1** **+18%** 2,700,000 → 3,186,000 bbl	**Urals** **+18%** 4,700,000 → 5,546,000 bbl
Naphtha **+12%** 290,000 → 324,800 MT	**Other / pilot** **+10%** 488,000 → 536,800 MT	**Fuel Oil / RMG 380** **+5%** 377,000 → 395,850 MT

Key developments of the quarter:

- Shipment volumes increased across every product line, led by a 22% rise in EN590 Diesel;
- The product line continued expanding beyond the original three-product core;
- EN590 remained the company's primary product by volume and posted the strongest quarterly growth;
- Jet A-1 and Fuel Oil RMG 380 continued to exhibit high price volatility;
- Demand for flexible, non-bank-dependent settlement structures continued to rise;
- The Trading Portal shifted from an operational convenience to a defined competitive advantage.

2. Global Market Overview — Q2 2026

2.1 Market Background

Q2 2026 was shaped by three concurrent factors: the lagged consequences of the Hormuz disruption and the Iran conflict, downward revisions to global oil demand forecasts, and continued instability in physical product availability — particularly for diesel, jet fuel, and fuel oil.

The IEA's June 2026 Oil Market Report pointed to a downward revision in projected 2026 global oil demand growth of approximately 1.1 mb/d year-on-year, while reported product supply in Q2 2026 fell by roughly 5 mb/d y-o-y, driven by elevated prices and continued disruption to product availability. This external backdrop helps explain why the quarter remained tense: physical, deliverable volumes commanded a premium over paper market quotations throughout Q2.

OPEC's June assessment similarly lowered its demand growth outlook for 2026, citing the effects of the conflict around Iran together with reduced OPEC+ output in May. Taken together, these signals confirm that the uncertainty of Q2 was not a localised phenomenon but a systemic one, consistent across independent forecasting bodies.

Context for Alghaf Marine

The gradual re-opening of regional logistics routes did not eliminate the structural advantages built during Q1. Companies with independent settlement infrastructure and diversified supply access retained a comparative edge over participants still reliant on the traditional banking-and-broker-chain model.

3. Product Market Review

3.1 EN590 Diesel

EN590 remained the company's core product by both volume and inbound demand during Q2 2026.

- Demand held steady across Africa, Asia, the Middle East, and select Central Asian destinations;
- Buyer interest in stable, executable cargoes was high, but the majority of inbound requests remained non-executable due to banking constraints, absence of Proof of Funds, undefined discharge ports, and multi-layer broker chains;
- Continued uncertainty around Russian-origin flows sustained interest in alternative routing and independent trading structures outside the conventional banking perimeter.

Parameter	Value / Range	Trend vs Q1 2026
EN590 FOB Black Sea	$615–695 / MT	Slight upward drift
EN590 CIF ARA (physical)	Premium narrowing vs Q1 peaks	Partial normalisation
Spread to ICE Gasoil	+$220–360 / MT	Narrowing, still elevated
Price fixing >3 months	High risk	Not recommended

Immediately after the close of the quarter, the market absorbed a new risk factor relevant to the Q3 outlook: discussion of a possible restriction on Russian diesel exports amid domestic shortages and refinery attacks. This development post-dates Q2 itself but is a material input to Q3 planning.

3.2 Jet A-1

Jet A-1 remained the product most sensitive to logistics, aviation demand, and regional disruption.

- Through Q2, the market continued to digest the aftershocks of the Q1 shock;
- Jet fuel carried a persistent premium in regions where supply interruptions recurred;
- Demand from Asia and Oceania was uneven: part of the buyer base sought emergency supply, while others deferred purchasing on price grounds;
- For Alghaf Marine, this environment continued to create opportunities in short, tightly priced windows, contingent on strict pre-verification of buyer solvency.

3.3 Fuel Oil / RMG 380

Fuel Oil showed a partial recovery in flows during Q2, though the market remained below pre-crisis levels.

Reuters reported that Middle East fuel oil exports in June 2026 were on track to reach approximately 2.4 million tonnes — a four-month high — but still well below the pre-war monthly baseline of roughly 5.5–6.0 million tonnes. This supports a reading of partial recovery without full normalisation.

- Fujairah and Singapore remained the key hubs to monitor;
- Supply flows recovered in part, but a return to pre-crisis normal did not occur;
- Logistics, insurance, cargo-origin, and settlement risks all remained elevated;
- Company strategy continued to favour short pricing windows, no long fixed-price positions, and dealing exclusively with verified buyers.

4. Company Operating Results — Q2 2026

4.1 Shipment Growth

> *During Q2 2026, Alghaf Marine DMCC recorded volume growth across every product line, led by a 22% increase in EN590 Diesel shipments. This growth was achieved despite a structurally difficult market environment, including elevated freight risk, banking delays, sanctions-related screening, and a high share of non-qualified inquiries.*

Principal drivers of the quarter's growth:

- Improved buyer filtering at the intake stage;
- A rising share of transactions executed through the Trading Portal;
- Growing counterparty confidence in the stage-based settlement model;
- Expansion into additional destination markets;
- Faster processing of qualified applications;
- A deliberate move away from non-executable LC/SBLC-based scenarios;
- Sustained focus on real physical cargo volume rather than paper-trade activity.

4.1.1 Quarterly Shipment Volumes

Growth was uneven across the portfolio. EN590 Diesel led the quarter with a 22% increase, Jet A-1 and Urals volumes each grew 18%, Naphtha rose 12%, other/pilot volumes rose 10%, and Fuel Oil / RMG 380 posted the most moderate gain at 5%. Because the product mix spans two different units of measure (metric tonnes and barrels), the table below intentionally does not present a single blended company-wide total; each line is shown against its own base volume and native unit.

Product	Unit	Q1 2026	Q2 2026	Change
EN590 Diesel	MT	450,000	549,000	+22%
Jet A-1	bbl	2,700,000	3,186,000	+18%
Fuel Oil / RMG 380	MT	377,000	395,850	+5%

Product	Unit	Q1 2026	Q2 2026	Change
Naphtha	MT	290,000	324,800	+12%
Urals	bbl	4,700,000	5,546,000	+18%
Other / pilot products	MT	488,000	536,800	+10%

MT = metric tonnes; bbl = barrels. Figures reflect internally recorded shipment volumes for the respective quarter and are subject to confirmation against independent inspection and documentary close-out records prior to external distribution.

4.2 Inquiry Quality & Conversion

The Q1 pattern persisted into Q2: the majority of inbound inquiries remained non-executable. Internal estimates from Q1 indicated that roughly 80% of incoming inquiries failed to convert into executable transactions, primarily due to the absence of Proof of Funds, undefined discharge ports, non-functional LC/SBLC instruments, and multi-layer broker chains.

For Q2, the following developments were observed:

- Inbound inquiry volume increased in absolute terms;
- Inquiry quality remained heterogeneous, consistent with Q1 patterns;
- The company strengthened its screening procedures at first contact;
- Commercial documentation continued to be released only after baseline verification was complete;
- Priority was maintained for direct buyers and verified agents over unverified broker chains.

5. Product Line Expansion

5.1 Current Core Products

- EN590 Diesel 10 ppm;
- Jet A-1;
- Fuel Oil RMG 380.

5.2 New / Expanded Product Directions

Under active evaluation for near-term addition to the portfolio:

Product	Reason for Addition	Target Region	Commercial Logic
Marine Fuel Oil (LSFO)	Fills gap left by incomplete Fuel Oil recovery	UAE, Singapore, SEA hubs	Leverages existing Fujairah bunker relationships
Gasoline / RON 95	Structural import demand, shorter cycles	Africa, Central Asia	Diversifies away from single-product exposure
Naphtha	Feedstock demand from regional petrochemical buyers	Asia, Middle East	Opens industrial buyer segment beyond fuel distributors
ESPO / crude-related	Emerging arbitrage on Russian crude flows	China, East Asia	Extends trading scope upstream of refined products

Product	Reason for Addition	Target Region	Commercial Logic
Petcoke	Recurring inbound demand, low execution complexity	India, Africa	Fast-cycle trades, low working-capital intensity
Bitumen	Steady infrastructure-linked demand	Central Asia, Afghanistan	Complements existing EN590 corridor into the region

In Q2 2026, the company initiated the expansion of its product portfolio beyond the initial core of EN590, Jet A-1 and Fuel Oil RMG 380. The expansion is focused on products with strong regional demand, shorter execution cycles, and compatibility with the company's existing logistics and settlement infrastructure.

5.3 Strategic Rationale

- Reduces dependency on a single product line;
- Enables engagement with a broader range of buyer profiles;
- Captures demand from clients not yet ready for large-scale EN590 contracts;
- Creates room for trial/test-lot shipments;
- Increases Trading Portal utilisation;
- Reinforces Alghaf Marine's positioning as a multi-product petroleum trading platform, rather than a single-commodity supplier.

6. Trading Portal & Settlement Model

Q2 reinforced a conclusion already evident in Q1: the market has not returned to the traditional bank-centred settlement model. Continued disruption to product supply and price stability, as reflected in both the IEA and Reuters reporting cited above, meant that execution speed and settlement control remained decisive competitive factors throughout the quarter.

The Trading Portal continued to operate across the following dimensions:

- Execution infrastructure, not merely a client-facing interface;
- Verified-buyer access, gated by completed KYC;
- KYC / CIS / Proof of Funds screening at intake;
- Stage-based settlement with buyer-side fund control;
- Digital settlement instruments for counterparties outside functioning banking channels;
- Document visibility at each transaction stage;
- Structural reduction of broker-chain risk.

Operational Read-Through — Q2 2026

Q2 confirmed that the Trading Portal is not merely a client interface, but an execution control environment. It allows the company to qualify buyers, structure settlement, release documents by stage, and reduce exposure to non-performing intermediaries.

7. Risk & Compliance Review

7.1 Market Risks

- Continued price volatility across all three core products;
- Short, unstable pricing windows;
- Divergence between paper-market pricing and physical cargo availability;
- Incomplete recovery in Fuel Oil flows;
- EN590 risk remains elevated pending clarity on Black Sea supply.

7.2 Geopolitical Risks

- Residual aftershocks from the Hormuz crisis and the Iran conflict;
- Ongoing sanctions screening requirements;
- Continued uncertainty over Russian product flow routing;
- Middle East logistics and route risk.

7.3 Banking & Settlement Risks

- LC/SBLC processing delays;
- Correspondent bank compliance friction;
- Transaction holds without stated cause;
- Rising demand from counterparties for a clean, documented chain of title;
- Continued need for alternative, non-bank settlement channels.

7.4 Counterparty Risks

- Fraudulent or pseudo-buyer approaches;
- LOI collectors seeking documentation without genuine transactional intent;
- Agents operating without a verifiable mandate;
- Requests for commercial documentation without Proof of Funds;
- Attempts to bypass the Trading Portal and negotiate off-platform.

8. Regional Demand Distribution

Region	Products	Q2 Demand Character	Operational Notes
Africa	EN590, Fuel Oil, Marine Fuel	Structural, import-driven	High logistics and banking complexity
Southeast Asia	EN590, Jet A-1, Fuel Oil	Recovery after Q1 disruption	Sensitive to price and availability
Middle East	Jet A-1, Fuel Oil, Marine Fuel	Normalising, still volatile	Fujairah remains strategic
Central Asia / Afghanistan	EN590, Diesel, Bitumen	Smaller lots, tight execution control	Requires strict prepayment / staged settlement

Region	Products	Q2 Demand Character	Operational Notes
China / East Asia	ESPO, Fuel Oil, Naphtha	Selective demand	Compliance-sensitive

9. Pricing & Commercial Strategy

> *Long fixed-price commitments remain dangerous. Q2 confirmed that Alghaf Marine should continue using short validity offers, benchmark-linked pricing where appropriate, and mandatory re-confirmation before contract issuance.*

- Price validity: 24–72 hours;
- No long-term fixed pricing without volume or security commitments;
- Benchmark-differential pricing model (ICE Gasoil, Platts Jet A-1 ARA);
- Short delivery windows;
- No document release prior to buyer qualification;
- No direct seller payment outside the approved settlement structure.

10. Strategic Achievements in Q2

- Shipment volumes increased across every product line, led by a 22% rise in EN590 Diesel;
- Product portfolio expansion formally initiated;
- Trading Portal usage increased across the buyer base;
- Buyer screening procedures tightened further;
- Non-executable inquiries filtered earlier in the intake process;
- Greater operational focus on verified buyers and controlled settlement;
- Company strengthened its position as a flexible, independent petroleum trading platform.

11. Outlook for Q3 2026

- The market is expected to continue a partial, uneven stabilisation — not a return to the pre-crisis operating model;
- Diesel risk may intensify on the back of a possible restriction on Russian export volumes amid domestic shortages and refinery outages;
- OPEC+ is reportedly likely to raise production targets again from August, extending the trend of increases through June–July;
- Fuel Oil is expected to continue recovering, without reaching full normalisation;
- Jet A-1 will remain sensitive to logistics disruption;
- Demand for alternative settlement structures and fast execution is expected to persist.

The strategic priority for Q3 2026 is to convert the broad-based volume growth achieved across the portfolio in Q2 — led by EN590 Diesel — into a stable operating base through portfolio expansion, verified buyer onboarding, and disciplined control of settlement and documentation flows.

12. Strategic Conclusion

Q1 2026 established the shock baseline. Q2 2026 confirmed that the market is adapting, but the pre-crisis mechanisms have not been restored. Against this backdrop, Alghaf Marine DMCC did not merely sustain operations — it grew shipment volumes across every product line, led by a 22% increase in EN590 Diesel, and began a deliberate expansion of its product line.

The transition underway is from crisis resilience to disciplined scaling: the operating model built during Q1 — proprietary trading infrastructure, stage-based settlement, diversified settlement channels, and strict counterparty qualification — is now being used as the platform for growth rather than merely a defence against disruption.

The strategic agenda for Q3–Q4 2026 carries forward the priorities set at the end of Q1: scaling the verified buyer base, growing inbound traffic to the Trading Portal, and deepening direct partnerships across Fujairah, Southeast Asian ports, and the Black Sea region — while converting the current market environment into an opportunity for expansion rather than treating it solely as a constraint.

> **ACCESS TO TRADING**
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> Due to continued market volatility and operational risk, access is granted only to verified buyers who have completed full KYC.
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> Proof of Funds is required before any pricing or product documentation is issued.
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> All transactions are executed exclusively through the Trading Portal.

13. Sources & Market References

External market data and forecasts cited in this report are drawn from the following publicly available sources. Figures are presented for contextual and analytical purposes only.

- IEA, Oil Market Report — June 2026 (global demand growth revision; Q2 2026 supply figures).
- Reuters, "OPEC again lowers 2026 global oil demand growth forecast", 11 June 2026.
- Reuters, "Mideast fuel oil exports to hit four-month high in June, still below pre-war levels", 25 June 2026.
- Reuters, "Putin's diesel export ban risks new fuel shock", 1 July 2026.
- Reuters, "OPEC+ likely to raise oil output targets from August again, sources say", 1 July 2026.

All third-party figures are attributed to the sources above at the point of publication and may be subject to subsequent revision by the originating organisations. Alghaf Marine DMCC does not independently verify third-party market data and presents it for contextual reference only.