Pangaea Logistics Solutions Ltd. Reports Financial Results for the Quarter Ended September 30, 2019

NEWPORT, RI - November 7, 2019 - Pangaea Logistics Solutions Ltd. ("Pangaea" or the "Company") (NASDAQ: PANL), a global provider of comprehensive maritime logistics solutions, announced today its results for the three months ended September 30, 2019.

3rd Quarter Highlights

- Net income attributable to Pangaea Logistics Solutions Ltd. were both approximately \$8.3 million for the three months ended September 30, 2019 and 2018.
- Earnings per share were \$0.19 for both three months ended September 30, 2019 and 2018.
- Pangaea's TCE rates were \$15,915 for the three months ended September 30, 2019 and \$14,111 for the three months ended September 30, 2018 while the market average for the third quarter of 2018 was approximately \$13,728, giving the Company an overall average premium over market rates of approximately \$2,187 or 16%. The Company's long-term COAs, cargo focus, and specialized fleet give rise to this premium.
- Total revenue increased to \$118.9 million for the three months ended September 30, 2019, from \$95.3 million for the three months ended September 30, 2018 due to a increase in market rates and shipping days.
- At the end of the quarter, Pangaea had \$36.7 million in cash, restricted cash and cash equivalents.

Ed Coll, Chief Executive Officer of Pangaea Logistics Solutions, commented:

"The third quarter has historically been a strong quarter for us, and this year was no different. We fully deployed our industry leading ice class capabilities to meet our clients' needs during the summer arctic shipping season. Our operating fleet expended from an average of 40 ships in the second quarter to 52 ships in the third quarter. We again pioneered a voyage from the arctic as we completed a breakthrough project in Greenland on one of our ice class ships. Further, through a newly formed JV with we expanded our ice class capabilities by exercising our options for two additional post-panamax ice class vessels bringing our total newbuilding order to four ships. In addition to our ice class operations, we moved forward other strategic initiatives that complement our shipping operations and set the course for future logistics projects. We were excited to receive the first cargo shipment to our new terminal operation in Brayton Point, and the award of a contract to perform stevedoring operations at our customer's port terminal in the Mississippi River. We also took delivery of a new vessel, Bulk Friendship, during the quarter and after the quarter end we agreed to sell two older ships, Bulk Patriot and Bulk Juliana, rebalancing our owned/chartered-in fleet ratios and reducing our average fleet age, while adding cash to be invested in our newbuilding program.

Mr. Coll added, "Collectively these actions are central to our growth strategy as we focus on niches where we can add value and extend services to support our customer base and develop cargo opportunities. As we publish our results, the market buoyancy seen in the summer is extending into fall. Hopefully, positive macroeconomic impacts will continue to strengthen bulk markets. IMO 2020 impacts on the market remain somewhat concerning, but we believe we are in good shape without having committed to significant outlays for scrubber technology."

Results for the three months ended September 30, 2019 and 2018

Total revenue was \$118.9 million for the three months ended September 30, 2019, compared with \$95.3 million for the three months ended September 30, 2018. The total number of shipping days performed increased by 12% to 4,636, compared to 4157 days during the third quarter of 2018.

The average TCE rate achieved was \$15,915 per day for the three months ended September 30, 2019, compare to an average of \$14,111 per day for the same period in 2018. The achieved premium over the average market increased by \$2,187 per day or 16% for the three months ended September 30, 2019, from \$2,716 per day or 24% for the three months ended September 30, 2018. The total number of shipping days increased 12% to 4,636 in the three months ended September 30, 2019, compared to 4,157 for the same period in 2018, predominantly due to the increase in voyage days. Net income held relatively steady at \$8.3 million for both three months ended September 30, 2019 and 2018.

Liquidity and Cash Flows

Cash, restricted cash and cash equivalents were \$36.7 million as of September 30, 2019, compared with \$56.1 million on December 31, 2018.

At September 30, 2019 and December 31, 2018, the Company had working capital of \$23.7 million and \$34.5 million, respectively. For the nine months ended September 30, 2019, the Company's net cash provided by operating activities was \$23.4 million, compared to \$27.2 million for the nine months ended September 30, 2018.

For the nine months ended September 30, 2019 and 2018, net cash used in investing activities was \$48.2 million and \$15.0 million, respectively. Net cash provided by financing activities was \$5.3 million and \$2.5 million, respectively, for the nine months ended September 30, 2019 and 2018. These changes reflect the Company's investment in and purchase of a new vessel in 2019, including the m/v Bulk Spirit and m/v Bulk Friendship which were financed under the finance lease arrangements and the m/v Bulk Independence which was financed under a commercial loan facility. The financing activities also include a dividend paid to our JV partners of \$4.7 million and a dividend paid to the common stockholders of \$5.2 million.

Conference Call Details

The Company's management team will host a conference call to discuss the Company's financial results on November 8, 2019 at 8:00 a.m., Eastern Time (ET). To access the conference call, please dial (888) 895-3561 (domestic) or (904) 685-6494 (international) approximately ten minutes before the scheduled start time and reference ID#6638359

A supplemental slide presentation will accompany this quarter's conference call and can be found attached to the Current Report on Form 8-K that the Company filed concurrently with this press release. This document will be available at http://www.pangaeals.com/company-filings or at sec.gov.

A recording of the call will also be available for two weeks and can be accessed by calling (855) 859-2056 (domestic) or (404) 537-3406 (international) and referencing ID#6638359.

Pangaea Logistics Solutions Ltd. Consolidated Statements of Income (unaudited)

	Th	Three Months Ended September 30,		Nine Months Ended September 30,				
	_	2019		2018		2019		2018
Revenues:								
Voyage revenue	\$	103,806,391	\$	81,812,543	\$	247,087,805	\$	233,979,386
Charter revenue		15,079,005		13,532,296		34,632,391		37,161,948
		118,885,396		95,344,839		281,720,196		271,141,334
Expenses:								
Voyage expense		45,102,602		36,684,994		114,501,121		104,880,511
Charter hire expense		41,980,065		28,532,774		85,244,779		81,912,601
Vessel operating expense		11,331,770		9,863,944		32,160,692		29,759,818
General and administrative		2,768,253		3,704,360		12,160,924		12,211,329
Depreciation and amortization		4,652,563		4,410,977		13,521,078		13,140,234
Loss on sale and leaseback of vessels		_				_		860,426
Total expenses		105,835,253		83,197,049		257,588,594		242,764,919
Income from operations		13,050,143		12,147,790		24,131,602		28,376,415
Other (expense)/income:								
Interest expense, net		(2,499,617)		(2,231,589)		(6,807,837)		(6,384,314)
Interest expense on related party debt		(10,902)		(43,961)		(48,938)		(161,334)
Unrealized (loss)/gain on derivative instruments, net		(301,058)		486,412		2,203,899		477,508
Other income		180,194		38,481		580,106		496,813
Total other expense, net		(2,631,383)		(1,750,657)		(4,072,770)		(5,571,327)
Net income		10,418,760		10,397,133		20,058,832		22,805,088
Income attributable to non-controlling interests		(2,097,200)		(2,120,182)		(4,002,217)		(4,430,120)
Net income attributable to Pangaea Logistics Solutions Ltd.	\$	8,321,560	\$	8,276,951	\$	16,056,615	\$	18,374,968
Earnings per common share:								
Basic	\$	0.19	\$	0.20	\$	0.38	\$	0.44
Diluted	\$	0.19		0.19		0.37		0.43
Weighted average shares used to compute earnings per common share:								
Basic		42,817,933		42,348,175		42,729,775		42,208,038
Diluted		43,354,742		42,878,449		43,247,417		42,727,481

Pangaea Logistics Solutions Ltd. Consolidated Balance Sheets

-		December 31, 2018	
	(unaudited)		
Assets			
Current assets			
Cash and cash equivalents \$	34,171,062	\$ 53,614,735	
Accounts receivable (net of allowance of \$1,823,293 at September 30, 2019 and \$2,357,130 December 31, 2018)	29,221,444	28,481,787	
Bunker inventory	17,002,101	19,222,087	
Advance hire, prepaid expenses and other current assets	27,998,143	12,187,551	
Total current assets	108,392,750	113,506,160	
Restricted cash	2,500,000	2,500,000	
Fixed assets, net	311,728,339	281,355,366	
Investment in newbuildings in-process	7,691,522	_	
Finance lease right of use assets, net	54,239,752	56,113,096	
Total assets \$	484,552,363	\$ 453,474,622	
Liabilities and stockholders' equity			
Current liabilities			
Accounts payable, accrued expenses and other current liabilities \$	35,975,324	\$ 31,897,507	
Related party debt	1,196,683	2,877,746	
Deferred revenue	14,297,237	14,717,072	
Current portion of secured long-term debt	23,740,674	20,127,742	
Current portion of finance lease liabilities	7,568,888	5,364,963	
Dividend payable	1,921,622	4,063,598	
Total current liabilities	84,700,428	79,048,628	
Secured long-term debt, net	88,561,552	95,374,270	
Finance lease liabilities	64,402,040	45,684,727	
Commitments and contingencies (Note 7)			
Stockholders' equity:			
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized and no shares issued or outstanding	_		
Common stock, \$0.0001 par value, 100,000,000 shares authorized; 44,451,940 shares issued and outstanding at September 30, 2019; 43,998,560 shares issued and outstanding at December 31, 2018	4,445	4,400	
Additional paid-in capital	157,176,223	155,946,452	
Retained earnings	18,693,177	5,737,199	
Total Pangaea Logistics Solutions Ltd. equity	175,873,845	161,688,051	
Non-controlling interests	71,014,498	71,678,946	
Total stockholders' equity	246,888,343	233,366,997	
Total liabilities and stockholders' equity	6 484,552,363	\$ 453,474,622	

Pangaea Logistics Solutions Ltd. Consolidated Statements of Cash Flows (unaudited)

Payments of finance lease obligations (4,678,761) (2,177,959) Accrued common stock dividends paid (5,242,613) (1,135,000)		Nine Months Ended September 30,		
Net income \$ 20,058,832 \$ 22,805,088 Adjustments to reconcile net income to net cash provided by operations: 13,521,078 13,140,234 Amorization of deferred financing costs 338,427 517,085 Amorization of prepaid rent 88,948 91,453 Unrealized gain on derivative instruments (220,8599) (477,508) Gain from equity method investe (416,435) (90,000) Provision for doubful accounts (47,551) (1104,288) Loss on sale of vessel — 80,042 Drydocking costs (1,561,689) (1,479,379) Recognized cost for restricted stock issued as compensation 1,365,968 1,064,520 Change in operating assets and labilities: — (60,23,00) (5,532,697) Advance hire, prepaid expenses and other current liabilities (119,835) (466,333) Net cash provided by operating activities 23,401,905 27,224,907 Investing activities (40,201,355) (14,695,391) Purchase of vessels and vessel inprovements (40,201,355) (14,695,391) Pureates of rossels and equipment		2019	2018	
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Net cash provided by financing activities5,340,6852,513,682Net (decrease) increase in cash, cash equivalents and restricted cash(19,443,673)14,733,353Cash, cash equivalents and restricted cash at beginning of period56,114,73538,531,812Cash, cash equivalents and restricted cash at end of period\$ 36,671,062\$ 53,265,165Supplemental cash flow information and disclosure of noncash items\$ 34,171,062\$ 50,765,165Restricted cash2,500,0002,500,000	Cash paid for incentive compensation shares relinquished	—	(101,075)	
Net (decrease) increase in cash, cash equivalents and restricted cash(19,443,673)14,733,353Cash, cash equivalents and restricted cash at beginning of period56,114,73538,531,812Cash, cash equivalents and restricted cash at end of period\$ 36,671,062\$ 53,265,165Supplemental cash flow information and disclosure of noncash items\$ 34,171,062\$ 50,765,165Cash and cash equivalents\$ 34,171,062\$ 50,765,165Restricted cash2,500,0002,500,000	Proceeds from private placement of common stock, net of issuance costs	_	(50,812)	
Cash, cash equivalents and restricted cash at beginning of period56,114,73538,531,812Cash, cash equivalents and restricted cash at end of period\$ 36,671,062\$ 53,265,165Supplemental cash flow information and disclosure of noncash items\$ 34,171,062\$ 50,765,165Cash and cash equivalents\$ 34,171,062\$ 50,765,165Restricted cash2,500,0002,500,000	Net cash provided by financing activities	 5,340,685	2,513,682	
Cash, cash equivalents and restricted cash at end of period\$ 36,671,062\$ 53,265,165Supplemental cash flow information and disclosure of noncash items\$ 34,171,062\$ 50,765,165Cash and cash equivalents\$ 34,171,062\$ 50,765,165Restricted cash2,500,0002,500,000	Net (decrease) increase in cash, cash equivalents and restricted cash	(19,443,673)	14,733,353	
Supplemental cash flow information and disclosure of noncash itemsCash and cash equivalentsRestricted cash\$ 34,171,062\$ 50,765,1652,500,0002,500,000	Cash, cash equivalents and restricted cash at beginning of period	56,114,735	38,531,812	
Cash and cash equivalents \$ 34,171,062 \$ 50,765,165 Restricted cash 2,500,000 2,500,000		\$ 36,671,062 \$		
Restricted cash 2,500,000 2,500,000	Supplemental cash flow information and disclosure of noncash items			
	Cash and cash equivalents	\$ 34,171,062 \$	50,765,165	
\$ 36,671,062 \$ 53,265,165	Restricted cash	2,500,000	2,500,000	
		\$ 36,671,062 \$	53,265,165	

Pangaea Logistics Solutions Ltd. Reconciliation of Non-GAAP Measures (unaudited)

		onths Ended mber 30,	Nine Months Ended September 30,		
	2019	2018	2019 2018		
Net Revenue					
Income from operations	\$ 13,050,143	\$ 12,147,790	\$ 24,131,602 \$ 28,376,415		
General and administrative	2,768,253	3,704,360	12,160,924 12,211,329		
Depreciation and amortization	4,652,563	4,410,977	13,521,078 13,140,234		
Net Revenue	\$ 20,470,959	\$ 20,263,127	\$ 49,813,604 \$ 54,588,404		
Adjusted EBITDA					
Income from operations	\$ 13,050,143	\$ 12,147,790	\$ 24,131,602 \$ 28,376,415		
Depreciation and amortization	4,652,563	4,410,977	13,521,078 13,140,234		
Adjusted EBITDA	\$ 17,702,706	\$ 16,558,767	\$ 37,652,680 \$ 42,377,075		

INFORMATION ABOUT NON-GAAP FINANCIAL MEASURES. As used herein, "GAAP" refers to accounting principles generally accepted in the United States of America. To supplement our consolidated financial statements prepared and presented in accordance with GAAP, this earnings release discusses non-GAAP financial measures, including non-GAAP net revenue and non-GAAP adjusted EBITDA. This is considered a non-GAAP financial measure as defined in Rule 101 of Regulation G promulgated by the Securities and Exchange Commission. Generally, a non-GAAP financial measure is a numerical measure of a company's historical or future performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use non-GAAP financial measures for internal financial and operational decision making purposes and as a means to evaluate period-to-period comparisons of the performance and results of operations of our core business. Our management believes that non-GAAP financial measures provide meaningful supplemental information regarding the performance of our core business by excluding charges that are not incurred in the normal course of business. Non-GAAP financial measures also facilitate management's internal planning and comparisons to our historical performance and liquidity. We believe certain non-GAAP financial measures are useful to investors as they allow for greater transparency with respect to key metrics used by management in its financial and operational decision making and are used by our institutional investors and the analyst community to help them analyze the performance and operational results of our core business.

Net revenue. Net revenue represents total revenue less the total direct costs of transportation and services, which includes charter hire, voyage and vessel operating expenses. Net revenue is included because it is used by management and certain investors to measure performance by comparison to other logistic service providers. Net revenue is not an item recognized by the generally accepted accounting principles in the United States of America, or U.S. GAAP, and should not be considered as an alternative to net income, operating income, or any other indicator of a company's operating performance required by U.S. GAAP. Pangaea's definition of net revenue used here may not be comparable to an operating measure used by other companies.

Adjusted EBITDA and adjusted EPS. Adjusted EBITDA represents income or loss from operations before depreciation, amortization and, when applicable, loss on sale and leaseback of vessel, loss on impairment of vessels and certain non-recurring income and/or expense. Earnings per share represents net income divided by the weighted average number of common shares outstanding. Adjusted earnings per share represents net income attributable to Pangaea Logistics Solutions Ltd. plus, when applicable, loss on sale and leaseback of vessel, loss on impairment of vessel and certain non-recurring income and/or expenses, divided by the weighted average number of shares of common stock.

There are limitations related to the use of net revenue versus income from operations, adjusted EBITDA versus income from operations, and adjusted EPS versus EPS calculated in accordance with GAAP. In particular, Pangaea's definition of adjusted EBITDA used here are not comparable to EBITDA.

The table set forth above provides a reconciliation of the non-GAAP financial measures presented during the period to the most directly comparable financial measures prepared in accordance with GAAP.

About Pangaea Logistics Solutions Ltd.

Pangaea Logistics Solutions Ltd. (NASDAQ: PANL) provides logistics services to a broad base of industrial customers who require the transportation of a wide variety of dry bulk cargoes, including grains, pig iron, hot briquetted iron, bauxite, alumina, cement clinker, dolomite, and limestone. The Company addresses the transportation needs of its customers with a comprehensive set of services and activities, including cargo loading, cargo discharge, vessel chartering, and voyage planning. Learn more at www.pangaeals.com.

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Forward-Looking Statements

Certain statements in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Act of 1995. These forward-looking statements are based on our current expectations and beliefs and are subject to a number of risk factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The Company disclaims any obligation to publicly update or revise these statements whether as a result of new information, future events or otherwise, except as required by law. Such risks and uncertainties include, without limitation, the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand for dry bulk shipping capacity, changes in our operating expenses, including bunker prices, dry-docking and insurance costs, the market for our vessels, availability of financing and refinancing, charter counterparty performance, ability to obtain financing and comply with covenants in such financing arrangements, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, vessels breakdowns and instances of off-hires and other factors, as well as other risks that have been included in filings with the Securities and Exchange Commission, all of which are available at www.sec.gov.