

Pangaea Logistics Solutions Ltd. Reports Record Financial Results for the Quarter Ended September 30, 2021

NEWPORT, RI - November 9, 2021 - 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, 2021.

3rd Quarter Highlights

- Net income attributable to Pangaea Logistics Solutions Ltd. was \$27.0 million for the three months ended September 30, 2021, as compared to \$7.6 million for the same period of 2020.
 - Non-GAAP adjusted net income attributable to Pangaea Logistics Solutions Ltd. was \$21.7 million, as compared to non-GAAP adjusted net income of \$8.1 million for the three months ended September 30, 2020.
- Diluted net income per share was \$0.60 for the three months ended September 30, 2021, as compared to a diluted net income per share of \$0.17 for the same period of 2020.
- Pangaea's TCE rates were \$28,770 per day for the three months ended September 30, 2021, as compared to \$13,316 per day for the three months ended September 30, 2020.
- Adjusted EBITDA was \$33.6 million for the three months ended September 30, 2021, as compared to \$15.4 million for the same period of 2020.
- At the end of the quarter, Pangaea had \$49.2 million in cash and cash equivalents.
- On November 8, 2021, the Company's Board of Directors declared a quarterly cash dividend of \$0.035 per common share, to be paid on December 15, 2021, to all shareholders of record as of December 1, 2021.

Subsequent Business Update

On November 5, 2021 the Company entered into a memorandum of agreement to purchase a 2009 built Panamax vessel to add to its operating fleet for \$19.9 million which is expected to deliver during the first quarter of 2022.

Mark Filanowski, Interim Chief Executive Officer of Pangaea Logistics Solutions, commented:

"Our third quarter and year-to-date results set a record for us. The summer surge in rates worked in our favor, with our new vessels adding to our operating profits as we generated adjusted EBITDA of \$33.6 million for the quarter and net income of \$27 million. In addition to our three shuttle vessels moving bauxite from Jamaica to the Mississippi River, we also had eight ice classed vessels in the Arctic trade for most of the quarter. Two post Panamax vessels are still making their way over the Northern Sea Route to China. We are still able to participate in market volatility with spot ship days, which helped us to achieve average time charter equivalent earnings of \$28,770 per day for the quarter ended September 30, 2021. Forward freight agreements, purchased to protect long cargo positions, added \$5.3 million of unrealized gains to net income for the quarter, which we continue to monitor as the futures markets began a sell-off in recent weeks."

"In the past nine months, we have added six vessels to our fleet, including three newbuilding 95,000 dwt ice class 1A vessels, with one more newbuilding scheduled to be delivered in late November. We are also pleased to announce today the acquisition of a 2009 built Panamax vessel to support our core contract business, expected to deliver in the first quarter of next year. Over the past two years, we have renewed our owned fleet and decreased the average age by 25%, to less than nine years."

"We are encouraged by the steps we have taken and the fundamentals of the dry bulk market. We continue to serve our long-term customers with excellent service, as they are the backbone of our strategy. All of our people have contributed to our results, commercially and technically managing an average of over 55 or more vessels per day, taking delivery of our new vessels, and placing very competitive and creative financing. I especially thank our hard-working crews aboard our ships. We will continue to be opportunistic and are well positioned to face whatever market is around the corner."

Results for the three months ended September 30, 2021 and 2020

Total revenue was \$213.0 million for the three months ended September 30, 2021, compared with \$103.8 million for the three months ended September 30, 2020. The 105% increase in revenues was mainly attributed to the increase in the average TCE rates achieved by our vessels during the third quarter of 2021 compared to the same period in 2020.

Time Charter Equivalent rate (TCE) was \$28,770 per day for the three months ended September 30, 2021, compared to an average of \$13,316 per day for the same period in 2020. The average supramax and panamax market index rates for the third quarter of 2021 were \$32,033 per day. Pangaea's earned TCE rates lagged the market index in the quarter due to the impact of timing of pricing and duration of performing voyages in a rapidly rising market as well as the impact of performance of voyages on fixed freight rates from our long term contracts of affreightment that are less than spot market rates.

Liquidity and Cash Flows

Cash, restricted cash and cash equivalents were \$49.2 million as of September 30, 2021, compared with \$48.4 million on December 31, 2020.

On September 30, 2021 and December 31, 2020, the Company had working capital of \$63.3 million and \$2.2 million, respectively. Net cash provided by operating activities during the nine months ended September 30, 2021 was \$42.7 million compared to net cash provided by operating activities of \$22.4 million for the nine months ended September 30, 2020.

Net cash used in investing activities during the nine months ended September 30, 2021 was \$159.8 million compared to net cash provided by investing activities of \$6.0 million for the same period in 2020. During the nine months ended September 30, 2021, the Company purchased six vessels for \$159.7 million.

Net cash provided by financing activities during the nine months ended September 30, 2021 was \$117.9 million compared to net cash used in financing activities of \$21.4 million for the same period of 2020. During the nine months ended September 30, 2021, the Company received \$188.3 million in proceeds from long-term debt and finance leases and \$6.9 million in proceeds from non-controlling interest recorded as long-term liability. The Company repaid \$58.6 million of long term debt, \$6.5 million of finance leases and \$2.5 million of other long term liabilities. The Company also paid \$4.0 million of cash dividends.

Company Update

On November 8, 2021, the Board of Pangaea Logistics Solutions Ltd. appointed Richard du Moulin to serve as the Company's interim Chairman of the Board of Directors, effective immediately. Mr. du Moulin will serve as an interim Chairman until Mr. Ed Coll, currently on sick leave, is able to return to his position as Chairman. In addition, the Board appointed Claus Boggild to lead independent director effective January 1, 2022.

Conference Call Details

The Company's management team will host a conference call to discuss the Company's financial results on November 10, 2021 at 8:00 a.m., Eastern Time (ET). To access the teleconference, please dial 866-342-8591 (domestic) or 203-518-9713 (international) approximately ten minutes before the teleconference's scheduled start time and reference Conference ID: PANLQ321.

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 one week following the teleconference and will be accessible by calling 800-839-5492 (domestic) or 402-220-2551 (international).

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|---------------------|------------------------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | |
| Voyage revenue | \$ 186,352,802 | \$ 98,120,344 | \$411,978,482 | \$251,501,401 |
| Charter revenue | 26,676,433 | 5,646,214 | 71,567,645 | 18,541,264 |
| Total revenue | 213,029,235 | 103,766,558 | 483,546,127 | 270,042,665 |
| Expenses: | | | | |
| Voyage expense | 60,405,741 | 40,729,271 | 154,357,377 | 120,283,093 |
| Charter hire expense | 103,721,059 | 34,969,551 | 219,960,415 | 82,498,729 |
| Vessel operating expense | 11,753,951 | 9,699,890 | 30,022,420 | 28,958,812 |
| General and administrative | 4,442,064 | 3,691,963 | 14,676,755 | 11,557,594 |
| Depreciation and amortization | 7,163,479 | 4,230,302 | 16,451,303 | 12,818,260 |
| Loss on impairment of vessels | — | — | — | 1,801,039 |
| Loss on sale of vessels | — | 485,580 | — | 705,065 |
| Total expenses | 187,486,294 | 93,806,557 | 435,468,270 | 258,622,592 |
| Income from operations | 25,542,941 | 9,960,001 | 48,077,857 | 11,420,073 |
| Other income (expense): | | | | |
| Interest expense, net | (2,416,677) | (1,956,729) | (6,994,593) | (6,073,599) |
| Income attributable to Non-controlling interest recorded as long-term liability | (325,742) | — | (775,487) | — |
| Unrealized gain (loss) on derivative instruments, net | 5,344,327 | (18,098) | 13,670,475 | (1,530,875) |
| Other income | 550,781 | 301,543 | 801,743 | 996,734 |
| Total other income (expense), net | 3,152,689 | (1,673,284) | 6,702,138 | (6,607,740) |
| Net income | 28,695,630 | 8,286,717 | 54,779,995 | 4,812,333 |
| Income attributable to non-controlling interests | (1,700,399) | (734,472) | (2,703,318) | (1,050,287) |
| Net income attributable to Pangaea Logistics Solutions Ltd. | \$ 26,995,231 | \$ 7,552,245 | \$ 52,076,677 | \$ 3,762,046 |
| Earnings per common share: | | | | |
| Basic | \$ 0.61 | \$ 0.17 | \$ 1.18 | \$ 0.09 |
| Diluted | \$ 0.60 | \$ 0.17 | \$ 1.16 | \$ 0.09 |
| Weighted average shares used to compute earnings per common share: | | | | |
| Basic | 44,004,980 | 43,488,241 | 43,994,726 | 43,393,764 |
| Diluted | 44,927,456 | 43,510,961 | 44,704,303 | 43,398,472 |

Pangaea Logistics Solutions Ltd.
Consolidated Balance Sheets

| | <u>September 30, 2021</u> | <u>December 31, 2020</u> |
|--|---------------------------|--------------------------|
| | <u>(unaudited)</u> | |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 49,164,440 | \$ 46,897,216 |
| Restricted cash | — | 1,500,000 |
| Accounts receivable (net of allowance of \$2,089,898 and \$1,896,038 at September 30, 2021 and December 31, 2020, respectively) | 41,301,940 | 29,152,153 |
| Bunker inventory | 24,881,273 | 15,966,247 |
| Advance hire, prepaid expenses and other current assets | 52,834,890 | 19,515,945 |
| Total current assets | 168,182,543 | 113,031,561 |
| Fixed assets, net | 439,119,414 | 276,741,751 |
| Investment in newbuildings in-process | 4,013,195 | 15,390,635 |
| Finance lease right of use assets, net | 45,468,458 | 45,240,198 |
| Total assets | \$ 656,783,610 | \$ 450,404,145 |
| Liabilities and stockholders' equity | | |
| Current liabilities | | |
| Accounts payable, accrued expenses and other current liabilities | \$ 50,888,657 | \$ 32,400,288 |
| Related party debt | 242,852 | 242,852 |
| Deferred revenue | 24,785,419 | 12,799,561 |
| Current portion of secured long-term debt | 15,569,202 | 57,382,674 |
| Current portion of finance lease liabilities | 13,282,377 | 6,978,192 |
| Dividend payable | 98,864 | 1,005,763 |
| Total current liabilities | 104,867,371 | 110,809,330 |
| Secured long-term debt, net | 108,872,095 | 47,761,898 |
| Finance lease liabilities, net | 143,528,702 | 47,266,104 |
| Long-term liabilities - other | 15,117,209 | 10,135,408 |
| Commitments and contingencies | | |
| 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; 45,641,441 shares issued and outstanding at September 30, 2021; 45,447,751 shares issued and outstanding at December 31, 2020 | 4,564 | 4,545 |
| Additional paid-in capital | 161,187,164 | 159,581,415 |
| Retained earnings | 72,170,881 | 23,179,805 |
| Total Pangaea Logistics Solutions Ltd. equity | 233,362,609 | 182,765,765 |
| Non-controlling interests | 51,035,624 | 51,665,640 |
| Total stockholders' equity | 284,398,233 | 234,431,405 |
| Total liabilities and stockholders' equity | \$ 656,783,610 | \$ 450,404,145 |

Pangaea Logistics Solutions, Ltd.
Consolidated Statements of Cash Flows

| | Nine Months Ended September 30, | |
|---|---------------------------------|---------------|
| | 2021 | 2020 |
| | Unaudited | Unaudited |
| Operating activities | | |
| Net income | \$ 54,779,995 | \$ 4,812,333 |
| Adjustments to reconcile net income to net cash provided by operations: | | |
| Depreciation and amortization expense | 16,451,303 | 12,818,260 |
| Amortization of deferred financing costs | 676,109 | 513,092 |
| Amortization of prepaid rent | 86,442 | 91,704 |
| Unrealized (gain) loss on derivative instruments | (13,670,475) | 1,530,875 |
| Income from equity method investee | (801,743) | (1,097,531) |
| Earnings attributable to non-controlling interest recorded as other long term liability | 775,487 | 104,662 |
| Provision (recovery) for doubtful accounts | 193,860 | (45,661) |
| Loss on impairment of vessels | — | 1,801,039 |
| Loss on sale of vessel | — | 705,065 |
| Drydocking costs | (7,616,318) | (3,112,910) |
| Share-based compensation | 1,734,958 | 1,915,188 |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (12,343,647) | 8,416,171 |
| Bunker inventory | (8,915,026) | 4,768,430 |
| Advance hire, prepaid expenses and other current assets | (19,146,819) | (2,553,779) |
| Accounts payable, accrued expenses and other current liabilities | 18,487,297 | (4,236,385) |
| Deferred revenue | 11,985,858 | (3,989,219) |
| Net cash provided by operating activities | 42,677,281 | 22,441,334 |
| Investing activities | | |
| Purchase of vessels and vessel improvements | (159,710,150) | (2,072,496) |
| Investment in newbuildings in-process | — | (33,446) |
| Purchase of fixed assets and equipment | (137,874) | — |
| Acquisition of non-controlling interest | — | (15,000,000) |
| Proceeds from sale of vessels | — | 11,691,507 |
| Purchase of derivative instrument | — | (628,000) |
| Net cash used in investing activities | (159,848,024) | (6,042,435) |
| Financing activities | | |
| Proceeds from long-term debt | 79,150,000 | — |
| Payments of financing fees and issuance costs | (1,992,346) | (167,984) |
| Payments of long-term debt | (58,614,319) | (9,852,201) |
| Proceeds from finance leases | 109,125,739 | — |
| Payments of finance lease obligations | (6,482,397) | (10,817,136) |
| Payments of other long-term liabilities | (2,500,000) | — |
| Dividends paid to non-controlling interests | (3,333,334) | — |
| Accrued common stock dividends paid | (3,992,500) | (532,834) |
| Cash paid for incentive compensation shares relinquished | (129,190) | (154,126) |
| Contributions from non-controlling interest recorded as long-term liability | 6,901,911 | 322,750 |
| Payments to non-controlling interest recorded as long-term liability | (195,597) | (193,508) |
| Net cash provided by (used in) financing activities | 117,937,967 | (21,395,039) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 767,224 | (4,996,140) |
| Cash, cash equivalents and restricted cash at beginning of period | 48,397,216 | 53,055,091 |
| Cash, cash equivalents and restricted cash at end of period | \$ 49,164,440 | \$ 48,058,951 |
| Supplemental cash flow information | | |
| Cash and cash equivalents | \$ 49,164,440 | \$ 45,558,951 |
| Restricted cash | — | 2,500,000 |
| | \$ 49,164,440 | \$ 48,058,951 |

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

| | Three Months Ended September 30, 2021 | | Nine Months Ended September 30, | |
|--|--|-----------------------------|--|-----------------------------|
| | 2021 | 2020 | 2021 | 2020 |
| <i>Net Transportation and Service Revenue</i> | | | | |
| Gross Profit | \$ 30,003,396 | \$ 14,183,087 | \$ 62,836,408 | \$ 25,620,946 |
| Add: | | | | |
| Vessel Depreciation and Amortization | 7,145,088 | 4,184,759 | 16,369,507 | 12,681,085 |
| Net transportation and service revenue | <u>\$ 37,148,484</u> | <u>\$ 18,367,846</u> | <u>\$ 79,205,915</u> | <u>\$ 38,302,031</u> |
| <i>Adjusted EBITDA</i> | | | | |
| Net Income | 28,695,630 | 8,286,717 | 54,779,995 | 4,812,333 |
| Interest expense, net | 2,742,419 | 1,956,729 | 7,770,080 | 6,073,599 |
| Depreciation and amortization | 7,163,479 | 4,230,302 | 16,451,303 | 12,818,260 |
| EBITDA | 38,601,528 | 14,473,748 | 79,001,378 | 23,704,192 |
| Non-GAAP Adjustment | | | | |
| Loss on impairment of vessels | — | — | — | 1,801,039 |
| Loss on sale of vessels | — | 485,580 | — | 705,065 |
| Share-based compensation | 369,224 | 391,702 | 1,734,958 | 1,915,188 |
| Unrealized (gain) loss on derivative instruments, net | (5,344,327) | 18,098 | (13,670,475) | 1,530,875 |
| Adjusted EBITDA | <u>\$ 33,626,425</u> | <u>\$ 15,369,128</u> | <u>\$ 67,065,861</u> | <u>\$ 29,656,359</u> |
| <i>Earnings Per Common Share</i> | | | | |
| Net income attributable to Pangaea Logistics Solutions Ltd. | <u>\$ 26,995,231</u> | <u>\$ 7,552,245</u> | <u>\$ 52,076,677</u> | <u>\$ 3,762,046</u> |
| Weighted average number of common shares outstanding - basic | <u>44,004,980</u> | <u>43,488,241</u> | <u>43,994,726</u> | <u>43,393,764</u> |
| Weighted average number of common shares outstanding - diluted | <u>44,927,456</u> | <u>43,510,961</u> | <u>44,704,303</u> | <u>43,398,472</u> |
| Earnings per common share - basic | <u>\$ 0.61</u> | <u>\$ 0.17</u> | <u>\$ 1.18</u> | <u>\$ 0.09</u> |
| Earnings per common share - diluted | <u>\$ 0.60</u> | <u>\$ 0.17</u> | <u>\$ 1.16</u> | <u>\$ 0.09</u> |
| <i>Adjusted EPS</i> | | | | |
| Net Income attributable to Pangaea Logistics Solutions Ltd. | \$ 26,995,231 | \$ 7,552,245 | \$ 52,076,677 | \$ 3,762,046 |
| Non-GAAP | | | | |
| Add: loss on sale of vessels | — | — | — | 1,801,039 |
| Loss on impairment of vessels | — | 485,580 | — | 705,065 |
| Unrealized (gain) loss on derivative instruments | (5,344,327) | 18,098 | (13,670,475) | 1,530,875 |
| Non-GAAP adjusted net income (loss) attributable to Pangaea Logistics Solutions Ltd. | <u>\$ 21,650,904</u> | <u>\$ 8,055,923</u> | <u>\$ 38,406,202</u> | <u>\$ 7,799,025</u> |
| Weighted average number of common shares - basic | <u>44,004,980</u> | <u>43,488,241</u> | <u>43,994,726</u> | <u>43,393,764</u> |
| Weighted average number of common shares - diluted | <u>44,927,456</u> | <u>43,510,961</u> | <u>44,704,303</u> | <u>43,398,472</u> |
| Adjusted EPS - basic | <u>\$ 0.49</u> | <u>\$ 0.19</u> | <u>\$ 0.87</u> | <u>\$ 0.18</u> |
| Adjusted EPS - diluted | <u>\$ 0.48</u> | <u>\$ 0.19</u> | <u>\$ 0.86</u> | <u>\$ 0.18</u> |

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.

Gross Profit. Gross profit represents total revenue less net transportation and service revenue and less vessel depreciation and amortization.

Net transportation and service revenue. Net transportation and service revenue represents total revenue less the total direct costs of transportation and services, which includes charter hire, voyage and vessel operating expenses. Net transportation and service revenue is included because it is used by management and certain investors to measure performance by comparison to other logistic service providers. Net transportation and service 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 transportation and service revenue used here may not be comparable to an operating measure used by other companies.

Adjusted EBITDA and adjusted EPS. Adjusted EBITDA represents net income (or loss), determined in accordance with U.S. GAAP, excluding interest expense, income taxes, depreciation and amortization, loss on sale and leaseback of vessels, share-based compensation and other non-operating income and/or expense, if any. 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 of vessel, loss on sale and leaseback of vessel, loss on impairment of vessel, unrealized gains and losses on derivative instruments, and certain non-recurring charges, 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.