

THIRD QUARTER 2022

CONFERENCE CALL PRESENTATION



PANGAEA
LOGISTICS SOLUTIONS LTD.



SAFE HARBOR

This presentation may include certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding future financial performance, future growth and future acquisitions. These statements are based on Pangaea's and managements' current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive and/or regulatory factors, and other risks and uncertainties affecting the operation of Pangaea's business. These risks, uncertainties and contingencies include: business conditions; weather and natural disasters; changing interpretations of GAAP; outcomes of government reviews; inquiries and investigations and related litigation; continued compliance with government regulations; legislation or regulatory environments; requirements or changes adversely affecting the business in which Pangaea is engaged; fluctuations in customer demand; management of rapid growth; intensity of competition from other providers of logistics and shipping services; general economic conditions; geopolitical events and regulatory changes; and other factors set forth in Pangaea's filings with the Securities and Exchange Commission and the filings of its predecessors. The information set forth herein should be read in light of such risks. Further, investors should keep in mind that certain of Pangaea's financial results are unaudited and do not conform to SEC Regulation S-X and as a result such information may fluctuate materially depending on many factors. Accordingly, Pangaea's financial results in any particular period may not be indicative of future results. Pangaea is not under any obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.



3Q22 Executive Summary

Key Performance Highlights

Three Months Ended September 30, 2022

Superior TCE rate driven by strong fleet utilization within higher margin Ice-Class trades

TCE rate exceeded the benchmark average Baltic Panamax and Supramax indices by 40%+ in 3Q22

Strong y/y growth in operating cash flow, adjusted EBITDA and margin realization

Operating cash flow +41% y/y; Adjusted EBITDA +14% y/y; Adjusted EBITDA margin +500 bps y/y

Continued to upgrade fleet, while evaluating divestiture of older, non-core assets

Acquired the Bulk Sachuest, a 56,000 dwt dry bulk vessel, in the second-hand market for \$16.6 million

Significant y/y increase in liquidity being used to support balance sheet optionality

Cash of \$118 million as of 9/30/22, +\$68.8 million y/y; net leverage of 1.2x at quarter-end

Continue to execute on key capital allocation priorities

Organic/inorganic investments, debt reduction, return-of-capital program

Increased quarterly cash dividend to \$0.10 per common share

Strong cash generation supports sustainable quarterly cash dividend as part of balanced return of capital program

Positive full-year 2023 outlook

26% of owned available days fixed at an average of \$23,057/ days



Adjusted EBITDA Performance Bridge

Premium ice-class rates, high owned-fleet utilization offset higher bunker fuel and operating costs resulting from the addition of a new vessel in the fleet

Ice-Class rates were 54% above non-Ice-Class rates in 3Q22

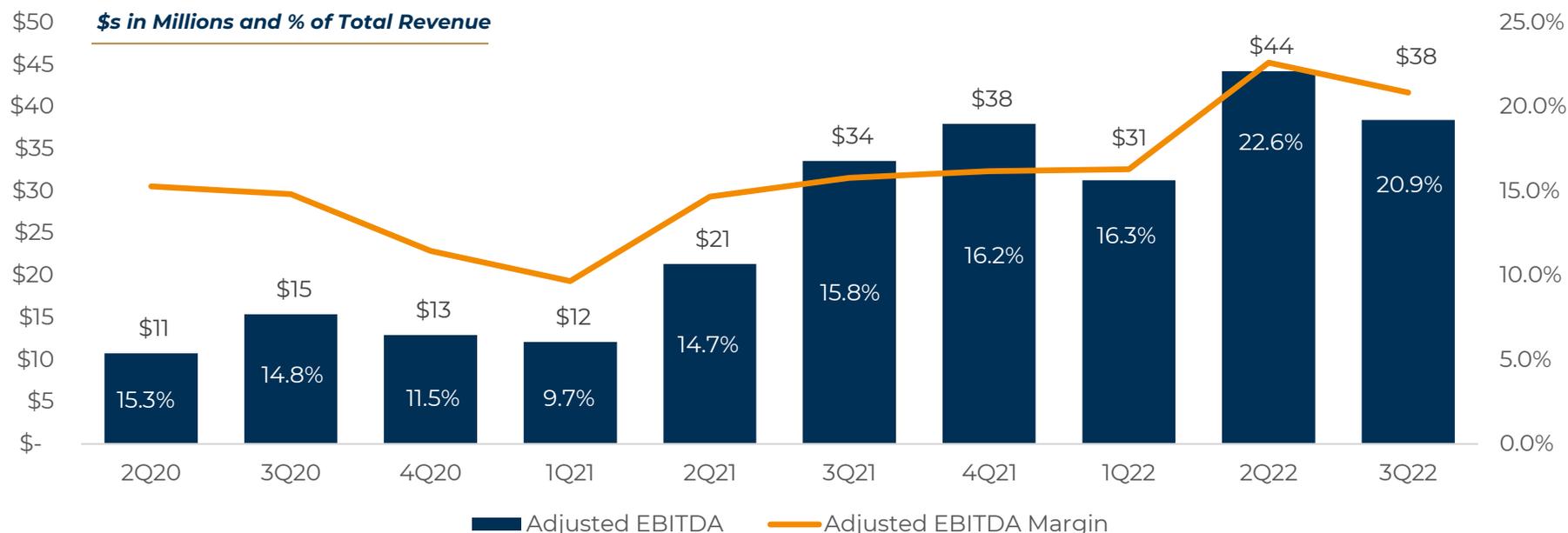
Ice Class rates increased 11% y/y in 3Q22, and remain well-above standard routes

New owned vessels and Chartered-in strategy provided a tailwind during a declining market

Benefit of Nordic Siku and Nordic Sanngijjuq during peak arctic shipping season helped drive lower chartered-in shipping days

Vessel operating costs per day on a nine-month basis increased 9% year-over-year *

Partially attributable to the timing of non-recurring costs related to the change in technical managers of ice class fleet



* Excluding technical management fees.



Time Charter Equivalent Rate

Above-market TCE rate driven by premium rates achieved on active Arctic trade routes throughout Summer 2022

Largest dry bulk owner operating in the Arctic

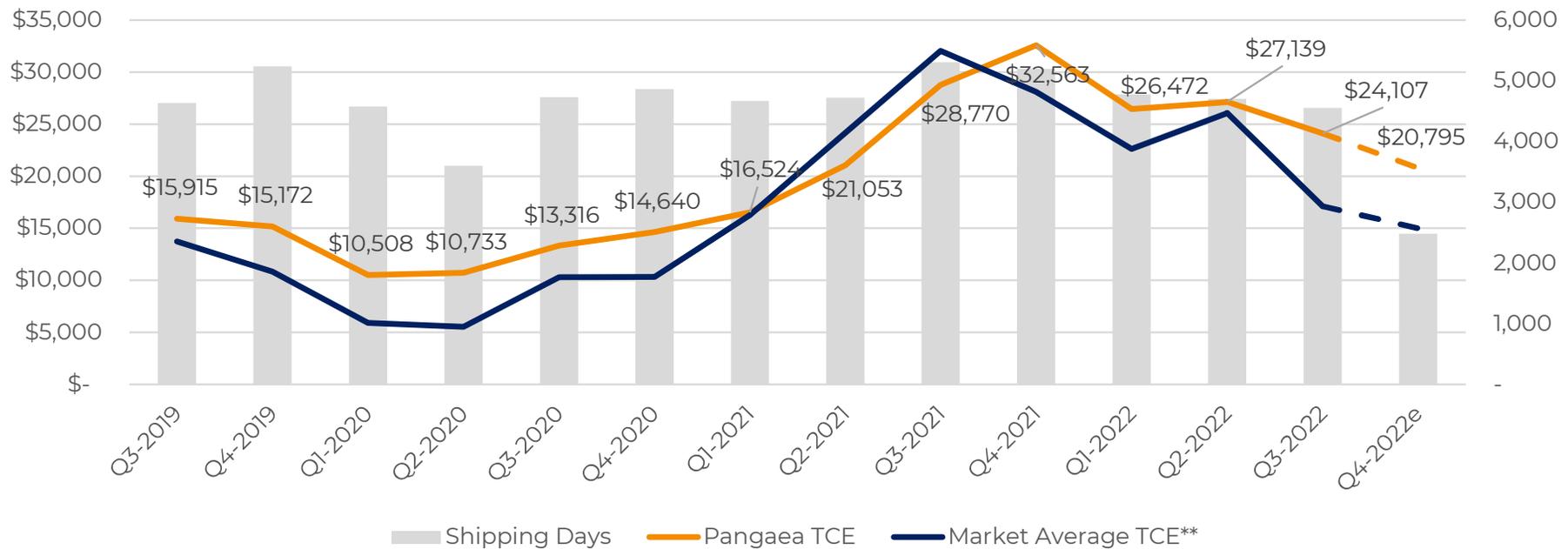
During 3Q22, we fully-utilized all 10 of our ice-class 1A vessels to service our customers

Our Total TCE was 41% above the market in 3Q22

TCE rates declined 16% y/y, but Pangaea's TCE was well-above the benchmark

Our niche, higher-margin trades remain a key area of differentiation

During a seasonal period when dry bulk trading is normally seasonally weak, our summer demand in this trade was solid



* Q4 22 estimated TCE performance based on shipping days performed through November 7, 2022

**Average of the published Panamax and Supramax indices, net of commission



Total Shipping Days

Mix of owned shipping days increased to 47%, resulting in higher margins amid softening market rates

Flexible charter-in strategy allows us to adjust to the prevailing market in order to meet cargo needs

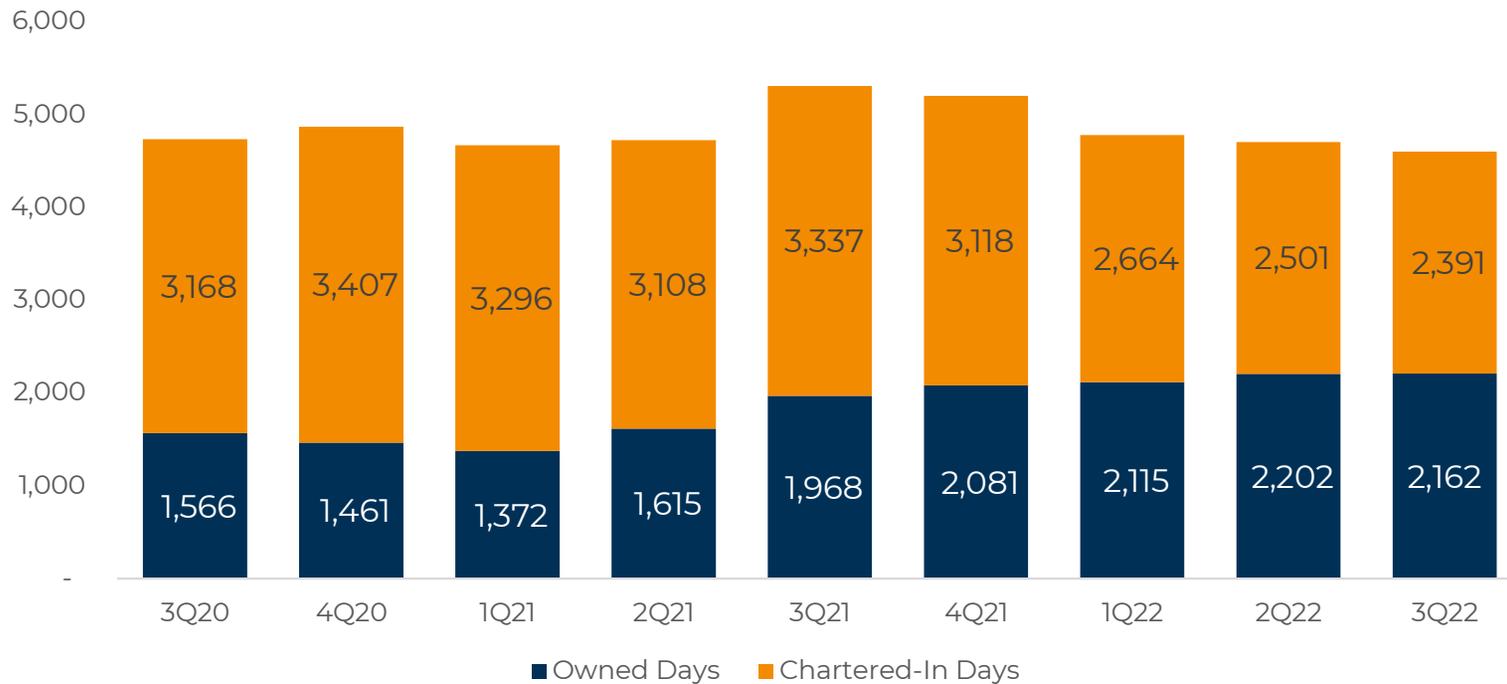
Utilization of chartered-in vessels as a percentage of our total shipping days declined from 63% in 3Q21 to 53% during 3Q22

Chartered Hire Expense Declined 51% year-over-year

28% YoY decrease in chartered-in days and a 47% decline in average market rates, drove charter hire expense down \$53mm YoY

Owned Fleet Continues to Primarily Operate At Attractive Contracted Rates

54% of our owned fleet covered under long-term COAs during 3Q22



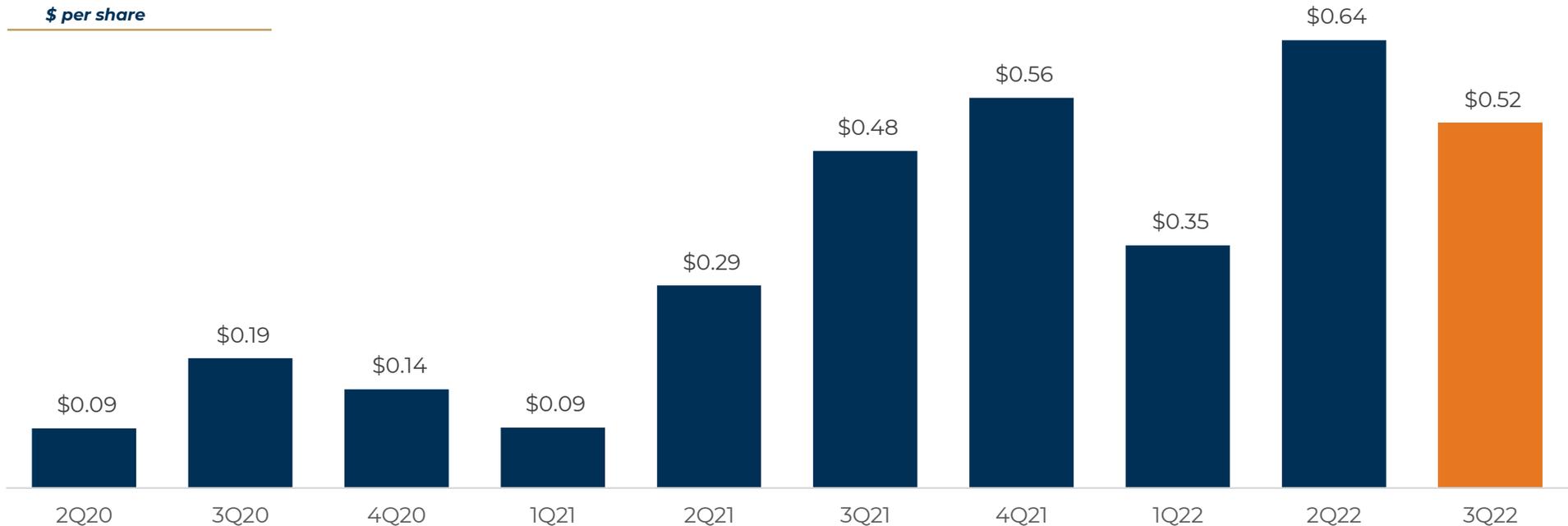
Consistent Earnings Growth

Delivered 8th consecutive quarter of year-over-year growth in profitability in 3Q22

Adjusted Diluted EPS⁽¹⁾ +8.3% year-over-year

Strong performance driven by strong fleet utilization, premium (above-market) Ice-Class rates

\$ per share



- 1) **Adjusted Diluted Earnings per Share (EPS)** represents net income attributable to Pangaea Logistics Solutions Ltd., plus, when applicable, loss on sale and leaseback of vessel, loss on impairment of vessel, gains and losses on derivative instruments, and certain non-recurring charges, divided by the weighted average number of shares of common stock adjusted for the dilutive effect of restricted stock awards.



Strong Cash Flow Generation, Low Net Leverage

Delivered 6th consecutive quarter of year-over-year growth in operating cash flow

Operating Cash Flow +41% year-over-year

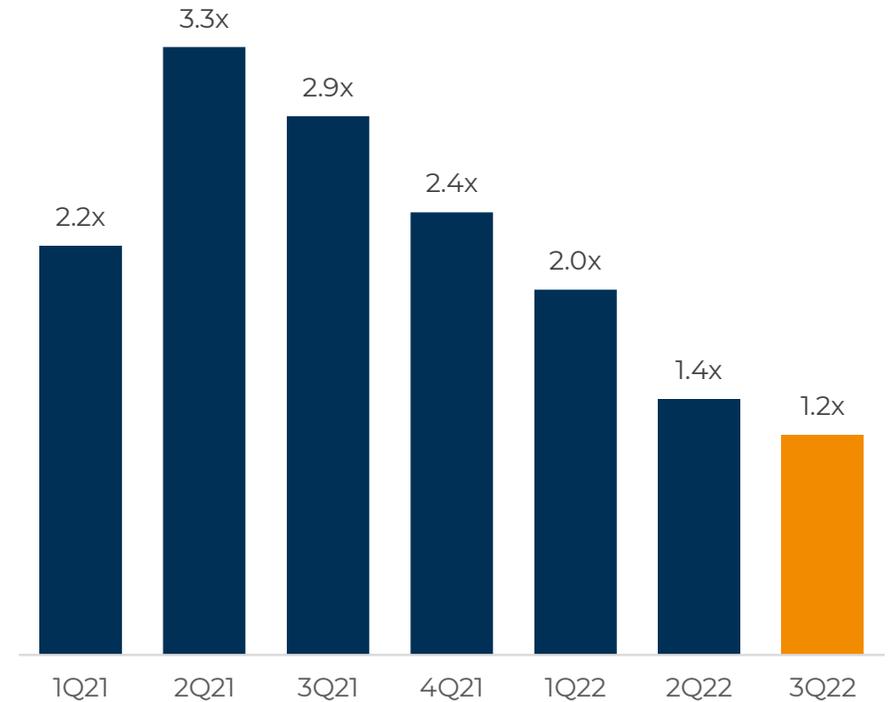
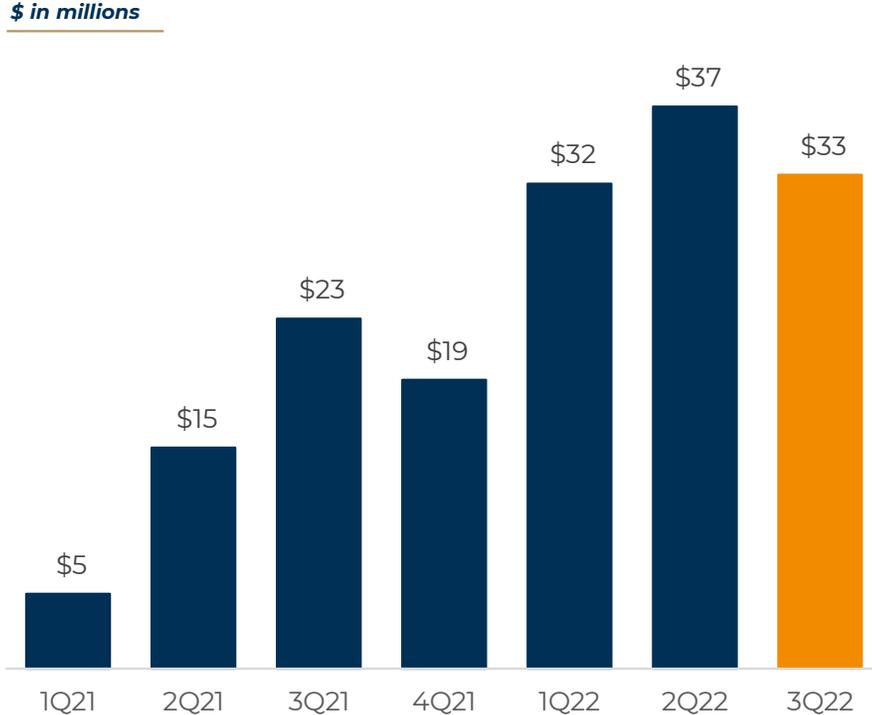
Cash generation driven by increase in profitability and a \$4.2 million improvement in net working capital

Net leverage has been falling consistently since 2Q22

Total net leverage⁽¹⁾ declined by 1.7x

Leverage has declined materially due to high cash generation and improved profitability

\$ in millions



1) **Net Leverage** represents total debt and financial leases, less cash and cash equivalents as of 9/30/2022, divided by total trailing twelve-month Adjusted EBITDA, as defined on slide 7.



Compelling Investment Thesis

Integrated shipping-logistics model delivering consistent, above-market returns

Differentiated model combines world-class shipping owned and chartered fleet with integrated on-shore logistics capabilities

Modern fleet of owned and chartered-in vessels supporting demanding global trade routes

24 owned vessels, including 10 Ice-Class 1A vessels, together with 21 chartered-in vessels as of 9/30/22

Leading position within Ice-Class trades supports superior earned TCE rates

Over the last 3 years, Pangaea has achieved a TCE rate 28% above the average of the published Panamax and Supramax indices

Long-term cargo-based contracts provide multi-year demand visibility

We commit to long term cargo transportation contracts that provide a recurring, profitable base of business

Focused on consistently high fleet utilization to drive operating leverage

We prioritize backhaul cargoes with the purpose of reducing ballast days

On-shore logistics offering provides significant, incremental revenue opportunities

As part of our cargo focused business model, we offer on-shore logistics and stevedoring services and deepen client relationships

Favorable regulatory tailwinds ahead of the IMO 2023 mandate

Expected impact of IMO 2023 to tighten shipping capacity worldwide, beginning January 1, 2023

Disciplined capital allocation strategy

Focused on acquisition of new fleet, upgrade of existing fleet and attractive return of capital program

Significant balance sheet optionality to pursue growth, low net leverage

\$118 million of cash and liquidity, net leverage of 1.2x as of 9/30/22; 90% of long-term debt at a fixed rate of 5.1%



APPENDIX



INCOME STATEMENT DATA

(in thousands, may not foot due to rounding)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|----------------------------------|---------------------|---------------------------------|---------------------|
| | 2022 (unaudited) | 2021 (unaudited) | 2022 (unaudited) | 2021 (unaudited) |
| Revenues: | | | | |
| Voyage revenue | \$ 173,168 | \$ 186,353 | \$ 522,694 | \$ 411,978 |
| Charter revenue | 11,309 | 26,676 | 49,090 | 71,568 |
| Total revenue | 184,477 | 213,029 | 571,783 | 483,546 |
| Expenses: | | | | |
| Voyage expense | 74,716 | 60,406 | 207,874 | 154,357 |
| Charter hire expense | 50,751 | 103,721 | 194,175 | 219,960 |
| Vessel operating expenses | 15,362 | 11,754 | 41,479 | 30,022 |
| General and administrative | 5,777 | 4,442 | 16,195 | 14,677 |
| Depreciation and amortization | 7,366 | 7,163 | 21,960 | 16,451 |
| Loss on impairment of vessels | - | - | 3,008 | - |
| Loss on sale of vessels | - | - | 318 | - |
| Total expenses | 153,971 | 187,486 | 485,011 | 435,468 |
| Income from operations | 30,506 | 25,543 | 86,773 | 48,078 |
| Total other (expense) income, net | (10,745) | 3,153 | (17,077) | 6,702 |
| Net income | 19,761 | 28,696 | 69,696 | 54,780 |
| Income attributable to noncontrolling interests | (973) | (1,700) | (5,707) | (2,703) |
| Net income attributable to Pangaea Logistics Solutions Ltd. | \$ 18,788 | \$ 26,995 | \$ 63,989 | \$ 52,077 |
| Adjusted EBITDA ⁽¹⁾ | \$ 38,490 | \$ 33,626 | \$ 114,034 | \$ 67,065 |

- 1) Adjusted EBITDA represents net income (or loss), determined in accordance with U.S. GAAP, excluding interest expense, income taxes, depreciation and amortization, loss on impairment, loss on sale and leaseback of vessels, share-based compensation and other non-operating income and/or expense, if any.



BALANCE SHEET DATA

(in thousands)

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> |
|--|---------------------------|---------------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 117,949 | \$ 56,209 |
| Accounts receivable, net | 42,343 | 54,259 |
| Other current assets | 62,394 | 73,495 |
| Total current assets | 222,686 | 183,964 |
| | | |
| Fixed assets, including finance lease right of use assets, net | 510,018 | 517,109 |
| Advances for vessel purchases | 1,710 | 1,990 |
| Other Non-current Assets | 4,497 | 3,962 |
| Total assets | \$ 738,911 | \$ 707,024 |
| | | |
| Current liabilities | | |
| Accounts payable, accrued expenses and other current liabilities | \$ 44,492 | \$ 49,154 |
| Related party debt | - | 243 |
| Current portion long-term debt and finance lease liabilities | 29,177 | 29,923 |
| Other current liabilities | 17,432 | 32,419 |
| Total current liabilities | 91,101 | 111,739 |
| | | |
| Secured long-term debt and finance lease liabilities, net | 268,944 | 276,796 |
| Other long-term liabilities | 21,269 | 17,807 |
| | | |
| Total Pangaea Logistics Solutions Ltd. equity | 303,411 | 247,202 |
| Non-controlling interests | 54,186 | 53,479 |
| Total stockholders' equity | 357,597 | 300,681 |
| Total liabilities and stockholders' equity | \$ 738,911 | \$ 707,024 |
| | | |
| Cash flows for the periods ended: | <u>September 30, 2022</u> | <u>September 30, 2021</u> |
| Net cash provided by operating activities | \$ 101,868 | \$ 43,677 |
| Net cash used in investing activities | \$ (11,512) | \$ (159,848) |
| Net cash (used in) provided by financing activities | \$ (28,617) | \$ 117,938 |

The amounts in the table above have been calculated based on unrounded numbers. Accordingly, certain amounts may not sum due to the effect of rounding.

