



4Q22

Earnings Call Presentation



Safe Harbor

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4Q22 and FY2022 Performance Summary

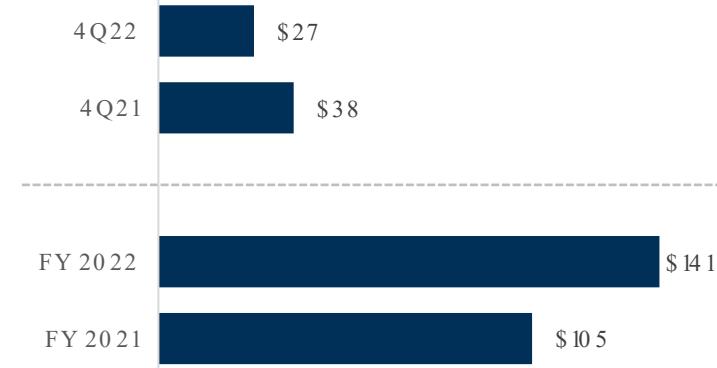
Strong operating results highlight flexible, value-oriented business model

- ✓ Superior TCE rate driven by long-term COAs and cargo-focused strategy resulted in TCE rates exceeding the benchmark average Baltic Panamax and Supramax indices by 41%+ in 4Q22 and 22%+ for FY2022.
- ✓ The expansion of the owned fleet, a focus on improved utilization and execution on unique chartered-in strategy all resulted in Adjusted EBITDA margin expansion of 480 bps Y/Y in 4Q22 and 550 bps Y/Y for FY2022.
- ✓ In January 2023, sold the Bulk Newport, a 10-year-old vessel, for \$9.2 million. The Company will continue to evaluate additional vessel purchases or divestitures in order to meet customer demand and maintain a modern ocean-going fleet.
- ✓ Significant Y/Y increase in liquidity driven by a \$15 million Y/Y increase in operating cash flow generation. Net leverage ratio at 12/31/22 of 1.2x TTM Adjusted EBITDA.
- ✓ Continue to execute on key capital allocation priorities, maintaining cash dividend of \$0.10 per common share, paid on March 15th.
- ✓ Positive full-year 2023 outlook driven by strong supply fundamentals. Through March 14, 2023, 3,970 days performed at an average of \$15,065/day.

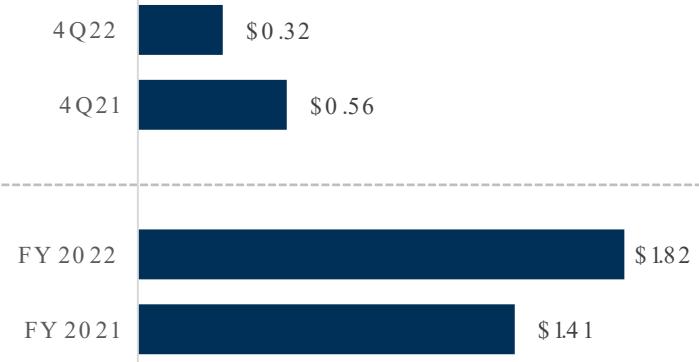


4Q22 and FY2022 Performance Summary (Continued)

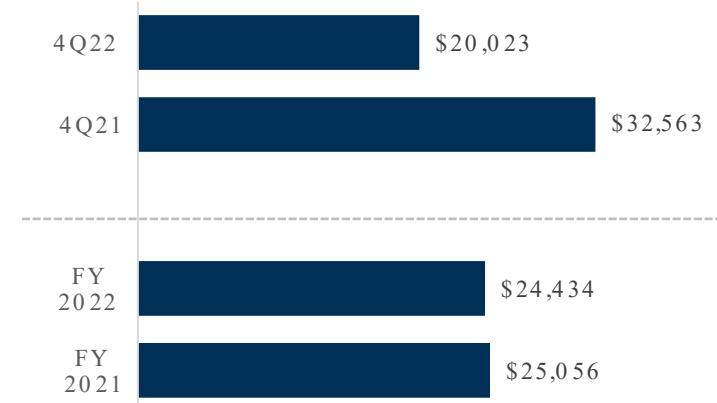
Adjusted
EBITDA
\$s in Millions



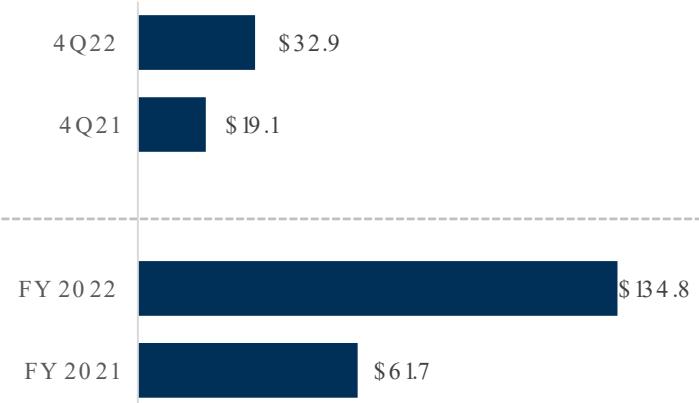
Adjusted EPS
\$s per Share



TCE Rate
\$s per
Shipping Day



Operating
Cash Flow
\$s in Millions

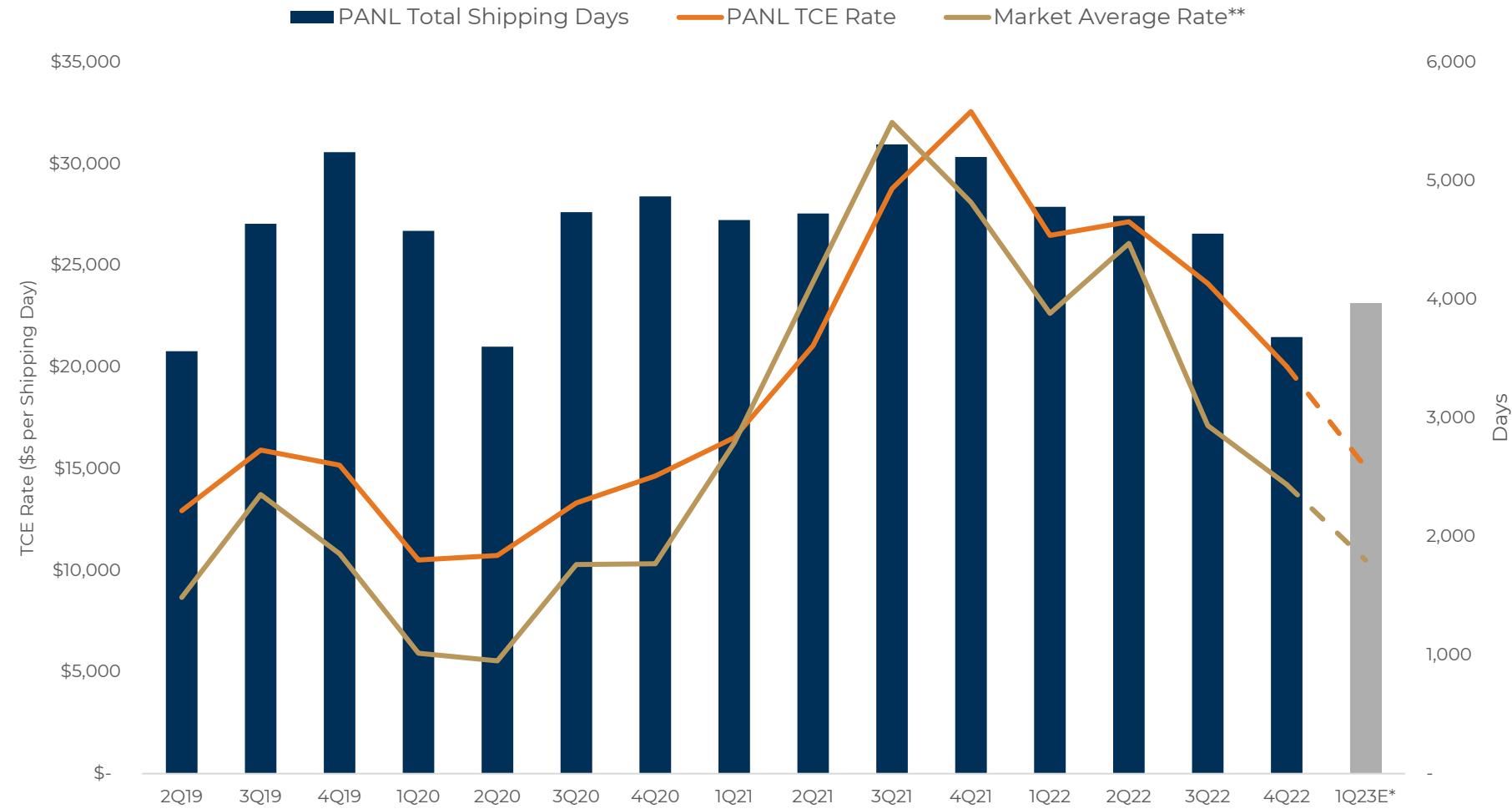


Outperforming Industry Benchmark

Our TCE has exceeded the market by an average of 30% on a trailing 5-year basis

Cargo Focused Business Model Consistently Delivers Above-Market Performance

- Current 1Q23 projected TCE rate of \$15,065, a 43% premium to the market average through the quarter*.
- Our niche, higher-margin trades remain a key area of differentiation



* Q1 23 estimated TCE performance based on shipping days performed through March 14, 2023

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



Recent Vessel Acquisitions

Disciplined acquiror of complementary assets

2021

Purchased 7 vessels for \$205 million



MV Bulk Courageous
- Ultramax



MV Bulk Promise -
Panamax



MV Bulk Valor -
Supramax



MV Nordic Nuluujaak
– Post Panamax⁽¹⁾



MV Nordic Quinnqua –
Post Panamax⁽¹⁾



MV Nordic Sanngijug
– Post Panamax⁽¹⁾



MV Nordic Siku –
Post Panamax⁽¹⁾

2022

Purchased 2 vessels for \$37 million



MV Bulk Concord - Panamax



MV Bulk Sachuest - Supramax

(1) Vessels are owned through a Joint Venture, of which Pangaea owns 50%.



Return of Capital Program

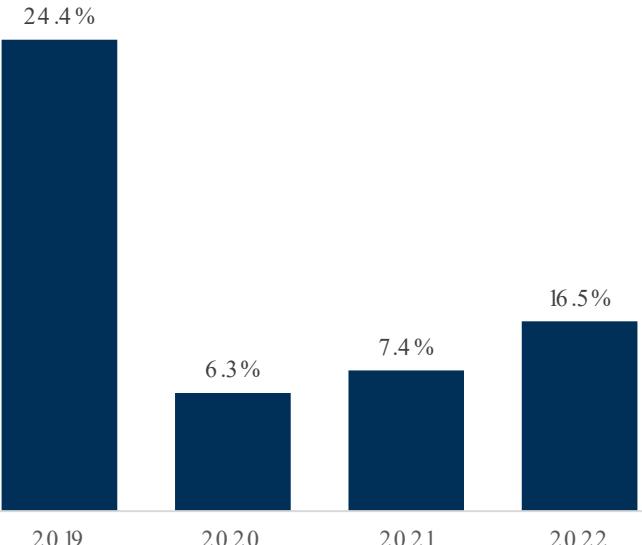
Stable quarterly cash dividend supported by stable profitability

Targeted dividend policy is aimed toward sustainability through the cycle

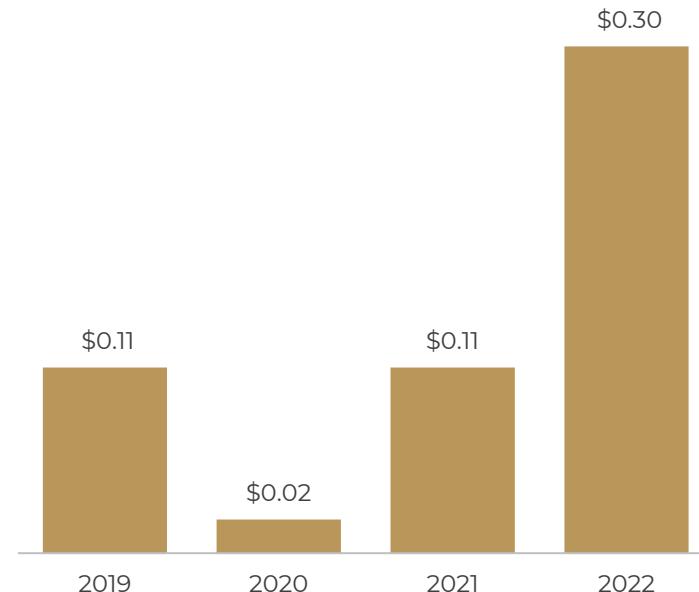
Dividend payout has increased amid favorable market conditions and strategic execution

Improved margins and cash conversion support dividend coverage despite volatile dry bulk market

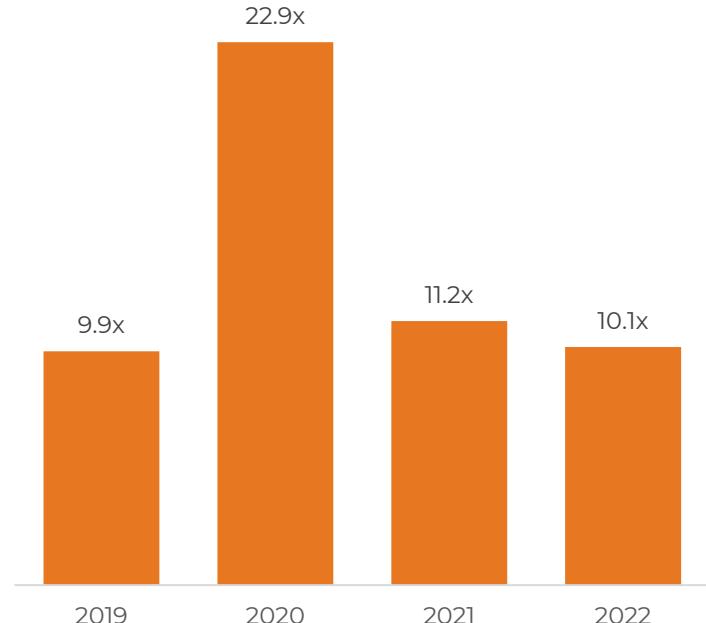
Annual Dividend Payout Ratio
% of Adjusted Net Income



Total Annual Cash Dividend Paid
\$s per Share



Annual Dividend Coverage Ratio
Ratio of Operating Cash Flow to Dividends Issued



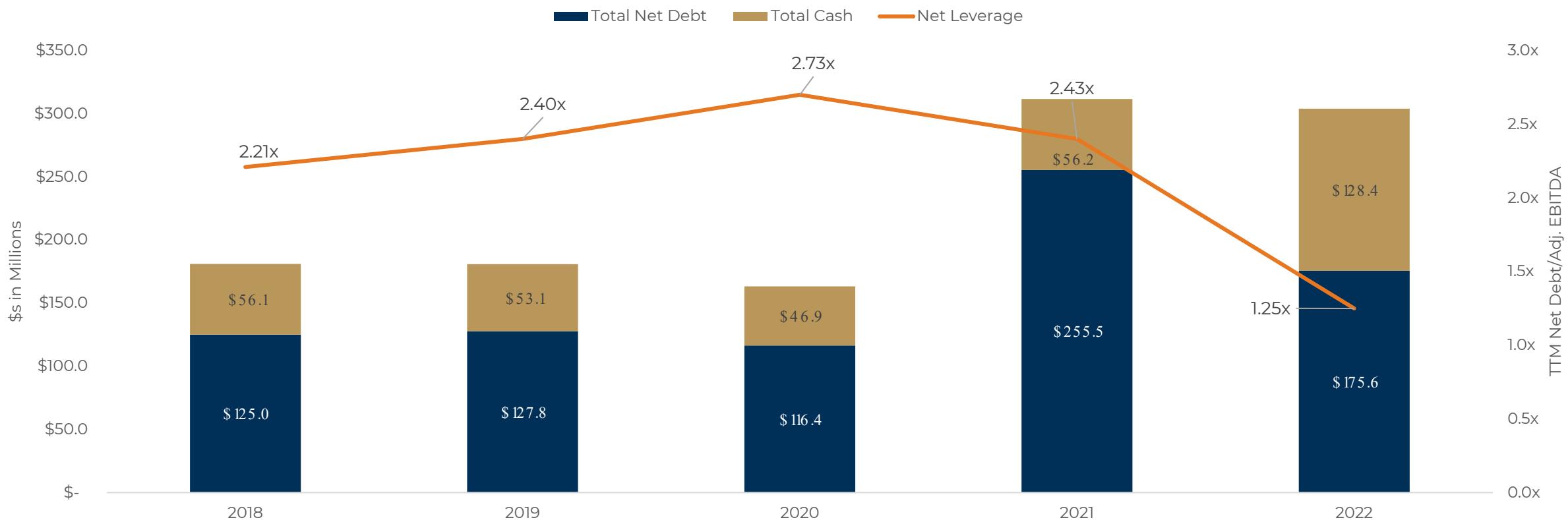
Balance Sheet Update

Ample liquidity to support ongoing growth of business

Opportunistically invested in owned ship fleet during 2021 amid attractive market dynamics

Repaid over \$30 million in debt during 2022 through free cash flow and vessel sales

Capital allocation priorities will be balanced between debt repayment, fleet investment, opportunistic M&A and shareholder returns



Macro Shipping Outlook

Focused on providing comprehensive logistics solutions with targeted dry bulks

Near Term Outlook (1H23)

- Recovery of China economy is expected to be a positive for demand
- US Infrastructure spending is beginning to ramp up, creating favorable tailwinds for construction related raw materials
- Normal seasonality is expected to be amplified by pre-recession demand slowdowns in Europe and North America

Medium Term Outlook (Full-Year 2023)

- Significant decline in vessel manufacturing will constrain ship supply and tighten the overall dry bulk market
- Trade disruptions resulting from geopolitical tensions are expected to increase ton mile demand
- Current risk to medium-term rate improvement is a more pronounced global recession

Long-Term Outlook (2023-2025)

- Clarity in emissions free fuel alternatives creates opportunity for fleet renewal and niche offerings
- Supply chain reorganizations provide the opportunity for the Company to grow its logistics offerings with new and existing customers
- Emissions regulations will continue to put pressure on markets as fleets age amid limited new and compliant vessels are built



Value Creation Strategy

Durable business model insulated from macro volatility – focused on deploying capital to drive above-sector growth



Integrated shipping-logistics model

- Provide solutions to customer supply chain issues
- More efficient, lower total cost of delivery for customer
- Adds volume and margins to PANL ocean freight offerings



High fleet utilization

- Utilize chartered in fleet to arbitrage vessel positions and provide more revenue days



Organic investment

- Offer cargo movement beyond ocean transportation
- Expand owned fleet for growth using our unique business plan
- Apply consistent approach to expand and renew fleet



Inorganic investment

- Purchase vessels for direct and immediate impact to operating margins and cash flow
- Acquire logistics companies to grow in logistics sector



Return of capital

- Sustain consistent dividend approach, not a payout formula
- Conserve capital for fleet renewal and opportunistic growth
- Compensate for volatility of sector by maintaining reasonable liquidity



Balance sheet optionality

- Promote historical lending relationships, sustainable business plan, and consistent performance to help provide favorable lending terms
- Maintain low net leverage and substantial free cash generation to provide flexibility in financing growth projects
- Consider joint ventures to help mitigate risks and create synergies



Investment Conclusion

Small-cap growth play
with stable return of
capital program



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



Positioned to benefit from
tightening global supply of dry-
bulk vessels amid continued
demand growth



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



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



Focused on consistently
high fleet utilization to drive
operating leverage



On-shore logistics offering
provides significant,
incremental revenue
opportunities



Disciplined capital
allocation strategy



Significant balance sheet
optionality to pursue growth,
low net leverage





Appendix



Selected Balance Sheet Data

<i>(in thousands, may not foot due to rounding)</i>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current Assets		
Cash and cash equivalents	\$ 128,385	\$ 56,209
Accounts receivable, net	36,755	54,259
Other current assets	<u>57,371</u>	<u>73,495</u>
Total current assets	<u>222,511</u>	183,964
 Fixed assets, including finance lease right of use assets, net	 520,446	517,109
Advances for vessel purchases	-	1,990
Other Non-current Assets	<u>5,284</u>	<u>3,962</u>
Total assets	<u>\$ 748,241</u>	<u>\$ 707,024</u>
 Current liabilities		
Accounts payable, accrued expenses and other current liabilities	\$ 38,554	\$ 49,154
Related party debt	-	243
Current portion long-term debt and finance lease liabilities	<u>32,148</u>	29,923
Other current liabilities	<u>21,510</u>	<u>32,419</u>
Total current liabilities	<u>92,212</u>	111,739
 Secured long-term debt and finance lease liabilities, net	 267,334	276,796
Other long-term liabilities	<u>19,974</u>	17,807
 Total Pangaea Logistics Solutions Ltd. equity	 <u>314,226</u>	247,202
Non-controlling interests	<u>54,495</u>	<u>53,479</u>
Total stockholders' equity	<u>368,722</u>	300,681
Total liabilities and stockholders' equity	<u>\$ 748,241</u>	<u>\$ 707,024</u>



Selected Income Statement Data

(in thousands, may not foot due to rounding)

	Three months ended December 31,		Twelve months ended December 31	
	2022 (unaudited)	2021 (unaudited)	2022	2021
Revenues:				
Voyage revenue	\$ 117,340	\$ 202,504	\$ 640,034	\$ 614,482
Charter revenue	10,584	32,055	59,673	103,622
Total revenue	<u>127,923</u>	<u>234,558</u>	<u>699,707</u>	<u>718,104</u>
Expenses:				
Voyage expense	54,214	65,266	262,089	219,623
Charter hire expense	28,157	114,992	222,332	334,953
Vessel operating expenses	15,380	12,693	56,859	42,715
General and administrative	3,908	4,290	20,103	18,966
Depreciation and amortization	7,529	6,523	29,490	22,974
Loss on impairment of vessels	-	-	3,008	-
Loss on sale of vessels	-	-	318	-
Total expenses	<u>109,188</u>	<u>203,764</u>	<u>594,199</u>	<u>639,232</u>
Income from operations	<u>18,735</u>	<u>30,794</u>	<u>105,508</u>	<u>78,872</u>
Total other (expense) income, net	<u>(2,923)</u>	<u>(13,201)</u>	<u>(20,000)</u>	<u>(6,499)</u>
Net income	<u>15,812</u>	<u>17,594</u>	<u>85,508</u>	<u>72,374</u>
Income attributable to noncontrolling interests	<u>(309)</u>	<u>(2,444)</u>	<u>(6,016)</u>	<u>(5,147)</u>
Net income attributable to Pangaea Logistics Solutions Ltd.	<u>\$ 15,503</u>	<u>\$ 15,150</u>	<u>\$ 79,491</u>	<u>\$ 67,227</u>



Reconciliation of Non-GAAP Measures (unaudited)

	For the three months ended		For the twelve months ended	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<i>Net Transportation and Service Revenue</i>				
Gross Profit	\$ 22,700,870	\$ 35,102,473	\$129,050,037	\$ 97,938,881
Add:				
Vessel Depreciation and amortization	7,471,538	6,504,554	29,376,777	22,874,061
Net transportation and service revenue	<u>\$ 30,172,408</u>	<u>\$ 41,607,027</u>	<u>\$158,426,814</u>	<u>\$120,812,942</u>
<i>Adjusted EBITDA</i>				
Net Income	\$ 15,812,044	\$ 17,593,709	\$ 85,507,704	\$ 72,373,704
Interest expense, net	4,405,503	3,744,058	21,489,578	11,514,138
Depreciation and amortization	7,529,397	6,522,946	29,489,810	22,974,249
EBITDA	<u>27,746,944</u>	<u>27,860,713</u>	<u>136,487,092</u>	<u>106,862,091</u>
Non-GAAP Adjustments:				
Loss on impairment of vessels	-	-	3,007,809	-
Loss on sale of vessels	-	-	318,032	-
Share-based compensation	309,754	367,939	1,767,726	2,102,897
Unrealized (gain) loss on derivative instruments, net	(1,192,416)	9,784,274	(682,323)	(3,886,201)
Adjusted EBITDA (1)	<u>\$ 26,864,282</u>	<u>\$ 38,012,926</u>	<u>\$140,898,336</u>	<u>\$105,078,787</u>

(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 sale and leaseback of vessels, share-based compensation and other non-operating income and/or expense, if any.



Reconciliation of Non-GAAP Measures (unaudited)

	For the three months ended		For the twelve months ended	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Earnings Per Common Share				
Net income attributable to Pangaea Logistics Solutions Ltd.	\$ 15,502,601	\$ 15,150,156	\$ 79,491,413	\$ 67,226,833
Weighted average number of common shares - basic	44,435,664	44,004,980	44,398,987	43,997,311
Weighted average number of common shares - diluted	<u>44,985,969</u>	<u>44,689,309</u>	<u>45,059,587</u>	<u>44,848,997</u>
Earnings per common share - basic	\$ 0.35	\$ 0.34	\$ 1.79	\$ 1.53
Earnings per common share - diluted	<u>\$ 0.34</u>	<u>\$ 0.34</u>	<u>\$ 1.76</u>	<u>\$ 1.50</u>
Adjusted EPS				
Net income attributable to Pangaea Logistics Solutions Ltd.	\$ 15,502,601	\$ 15,150,156	\$ 79,491,413	\$ 67,226,833
Non-GAAP				
Add:				
Loss on impairment of vessels	-	-	3,007,809	-
Loss on sale of vessels	-	-	318,032	-
Unrealized (gain) loss on derivative instruments, net	1,192,416	(9,784,274)	682,323	3,886,201
Non-GAAP adjusted net income attributable to Pangaea Logistics Solutions L	<u>14,310,185</u>	<u>24,934,430</u>	<u>82,134,931</u>	<u>63,340,632</u>
Weighted average number of common shares - basic	44,435,664	44,004,980	44,398,987	43,997,311
Weighted average number of common shares - diluted	<u>44,985,969</u>	<u>44,689,309</u>	<u>45,059,587</u>	<u>44,848,997</u>
Adjusted EPS - basic	\$ 0.32	\$ 0.57	\$ 1.85	\$ 1.44
Adjusted EPS - diluted	\$ 0.32	\$ 0.56	\$ 1.82	\$ 1.41

