



PANGAEA

1Q23

Earnings Call  
Presentation



# Safe Harbor

## 1Q23 Earnings Call Presentation

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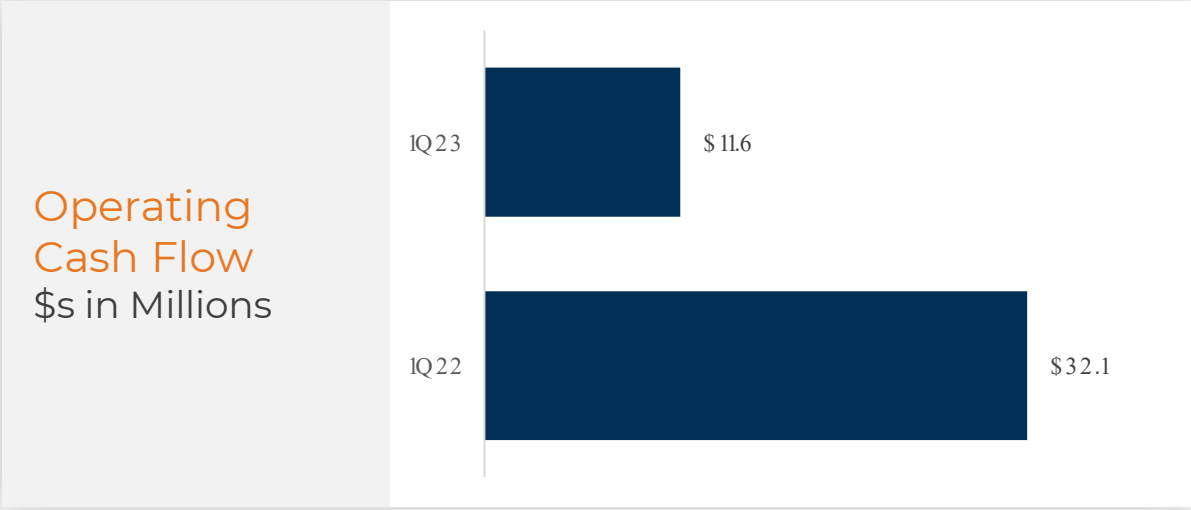
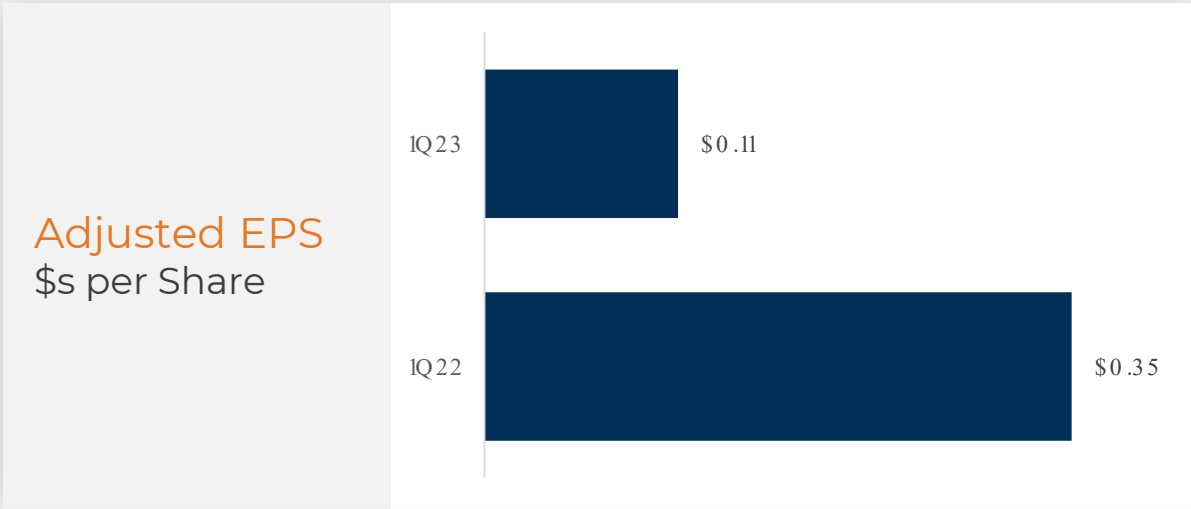
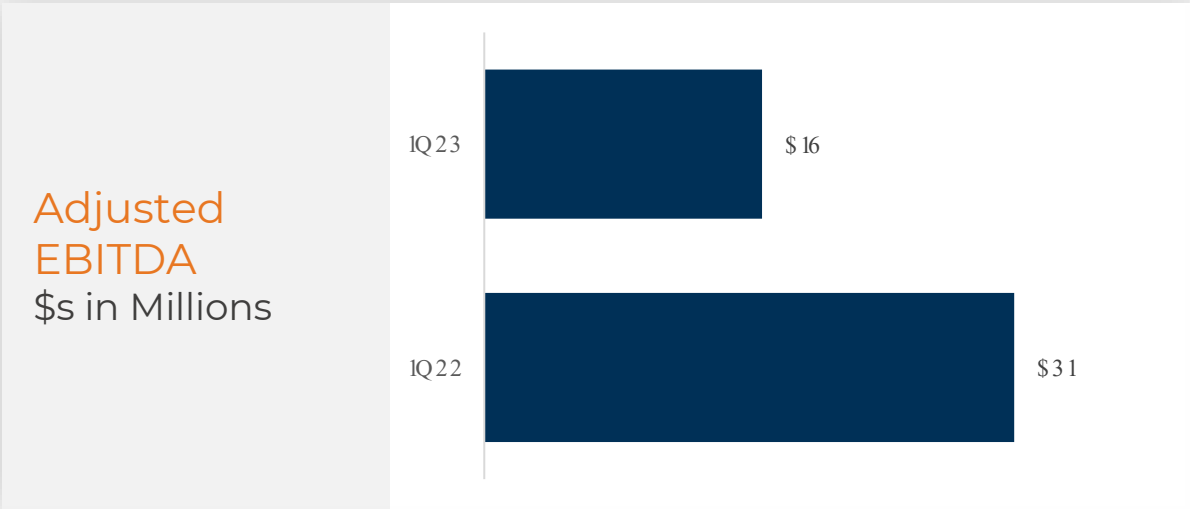
# 1Q23 Performance Summary

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 48%+ in 1Q23.
- ✓ Amid seasonal softness and extended holiday schedules, delivered consistent operating cash flow generation of \$11.6 million during 1Q23 and Adjusted EBITDA of \$16.2 million.
- ✓ In April 2023, announced the purchase of the Bulk Prudence, a 61,00 dwt Ultramax vessel for \$26.6 million. The purchase takes the total number of owned vessels to 25 effective upon delivery in 2Q23.
- ✓ Announced the strategic acquisition of additional Port and Terminal operations in key U.S markets for \$7.2 million. The acquisition represents continued investment in the strategic on-shore services offering, providing for additional margin and customer growth opportunities.
- ✓ Continue to execute on key capital allocation priorities, maintaining cash dividend of \$0.10 per common share, to be paid on June 15, 2023 to all shareholders of record as of June 1, 2023.
- ✓ Positive full-year 2023 outlook driven by improving market rates and strong supply fundamentals. Through May 9, 2023, 2,635 days performed at an average of \$15,678/day.



# 1Q23 Performance Summary

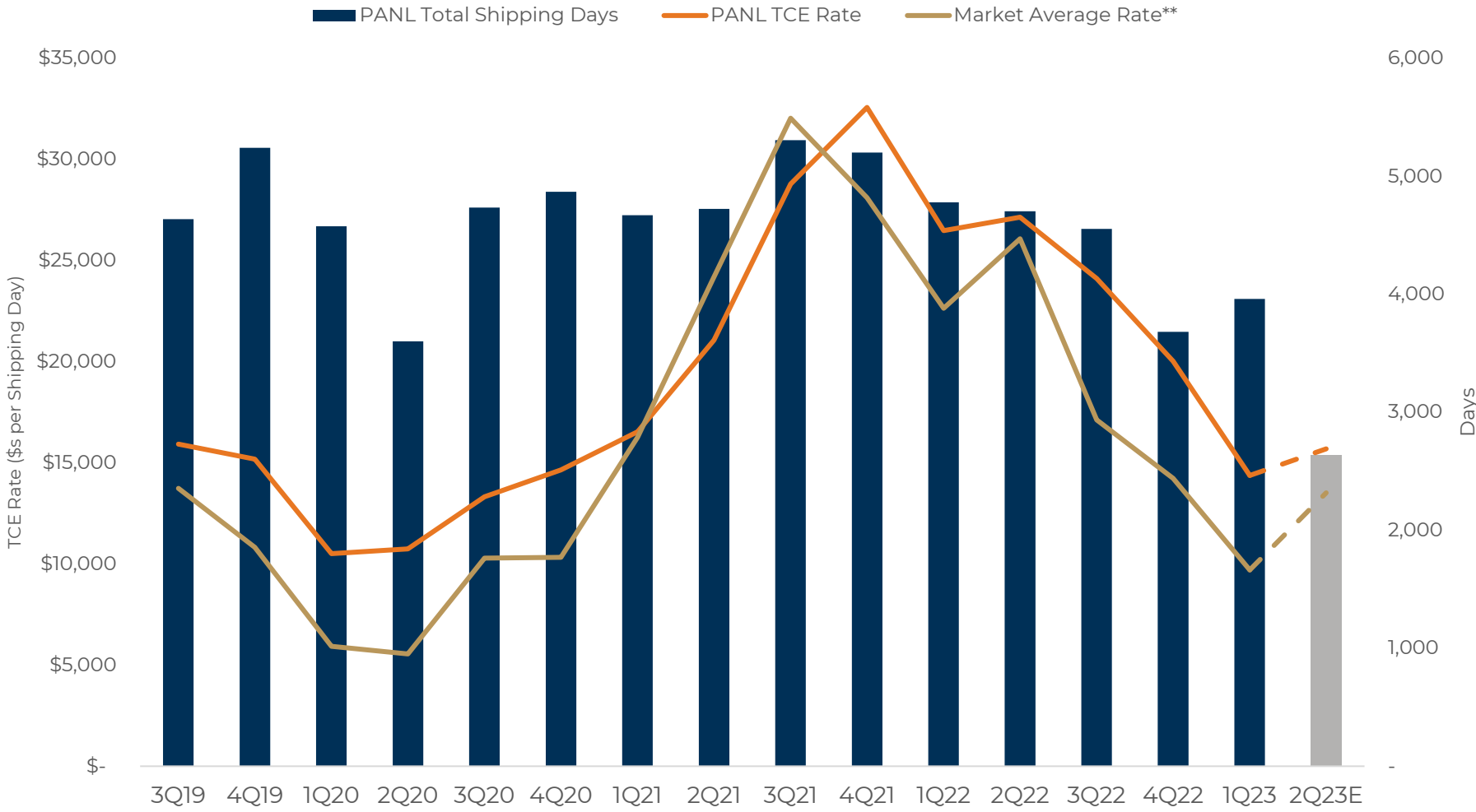


# Outperforming Industry Benchmark

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 2Q23 projected TCE rate of \$15,678, a 16% premium to the market average through the quarter\*.
- Our niche, higher-margin trades remain a key area of differentiation



\* Q2 23 estimated TCE performance based on shipping days performed through May 9, 2023

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



# Recent Vessel Acquisitions

Disciplined acquirer 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<sup>(1)</sup>



MV Nordic Qinnqua - Post Panamax<sup>(1)</sup>



MV Nordic Sanngijug - Post Panamax<sup>(1)</sup>



MV Nordic Siku - Post Panamax<sup>(1)</sup>

2022 & 2023

Purchased 3 vessels for \$64 million



MV Bulk Concord - Panamax



MV Bulk Sachuest - Supramax

Coming June 2023

MV Bulk Prudence - Ultramax

(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

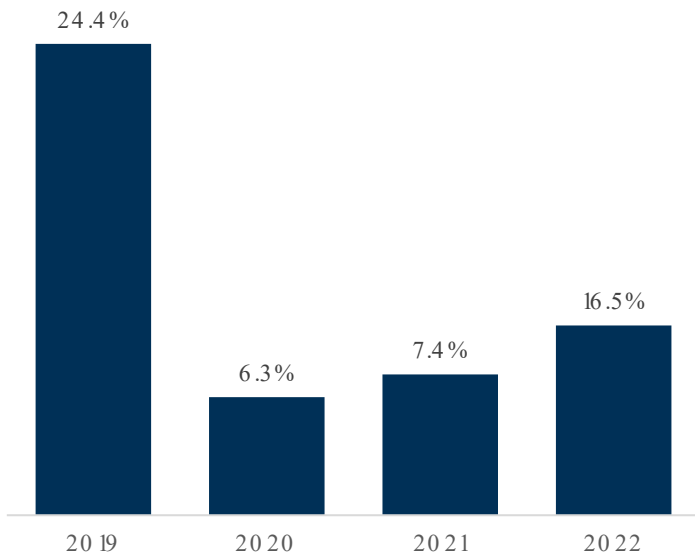
Targeted dividend policy is aimed toward sustainability through the cycle

Dividend payout has increased amid favorable market conditions and strategic execution

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

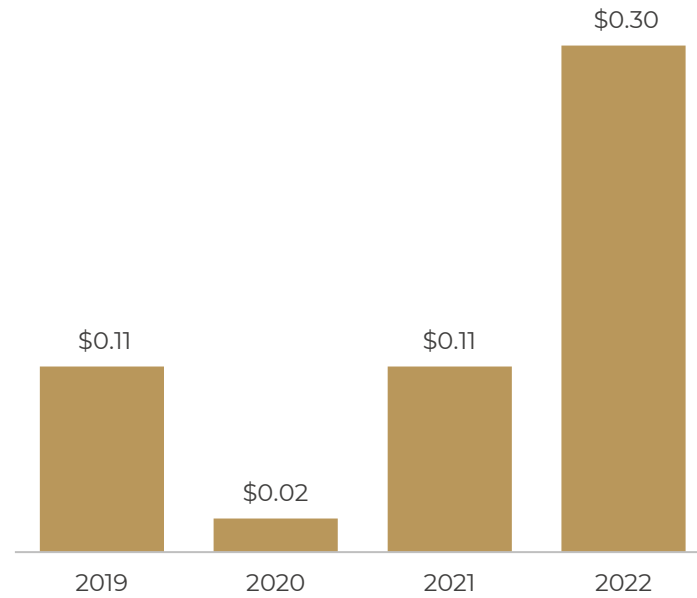
## Annual Dividend Payout Ratio

% of Adjusted Net Income



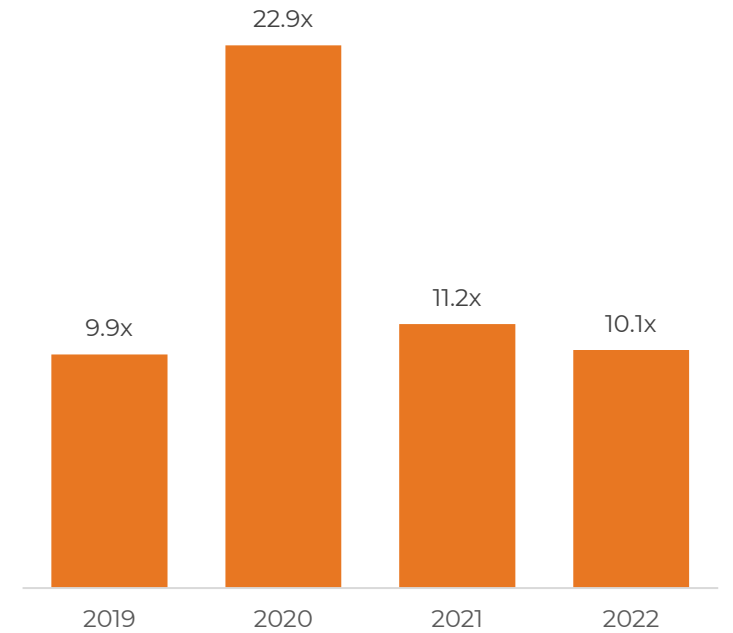
## Total Annual Cash Dividend Paid

\$s per Share



## Annual Dividend Coverage Ratio

Ratio of Operating Cash Flow to Dividends Issued



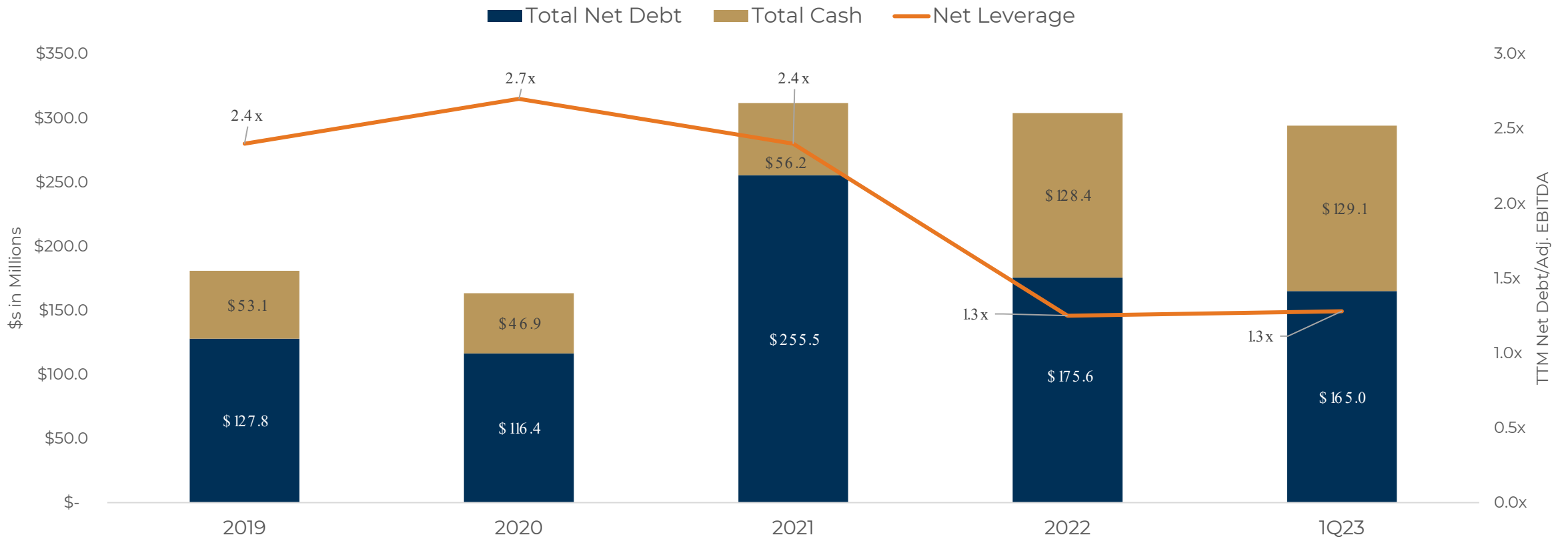
# Balance Sheet Update

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

- Expand capabilities to 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 in support of existing long-term COAs, to maximize returns
- 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



Focused on consistently high fleet utilization to drive operating leverage



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



On-shore logistics offering provides significant, incremental revenue opportunities



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



Disciplined capital allocation strategy



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



Significant balance sheet optionality to pursue growth, low net leverage



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# Appendix



# Selected Balance Sheet Data

<i>(in thousands)</i>	March 31, 2023	December 31, 2022
Current Assets		
Cash and cash equivalents	\$ 129,149,673	\$ 128,384,606
Accounts receivable, net	33,439,701	36,755,149
Other current assets	57,173,436	57,371,267
Total current assets	219,762,810	222,511,022
Fixed assets, including finance lease right of use assets, net	504,730,609	520,446,321
Other Non-current Assets	5,734,456	5,284,127
<b>Total assets</b>	<b>\$ 730,227,875</b>	<b>\$ 748,241,470</b>
Current liabilities		
Accounts payable, accrued expenses and other current liabilities	\$ 40,224,765	\$ 38,554,131
Related party debt	-	-
Current portion long-term debt and finance lease liabilities	29,841,026	32,147,605
Other current liabilities	17,058,810	21,510,136
Total current liabilities	87,124,601	92,211,872
Secured long-term debt and finance lease liabilities, net	260,081,269	267,333,678
Other long-term liabilities	19,829,654	19,974,390
Total Pangaea Logistics Solutions Ltd. equity	313,768,238	314,226,062
Non-controlling interests	49,424,113	54,495,468
Total stockholders' equity	363,192,351	368,721,530
<b>Total liabilities and stockholders' equity</b>	<b>\$ 730,227,875</b>	<b>\$ 748,241,470</b>



# Selected Income Statement Data

(in thousands, may not foot due to rounding)

	Three months ended March 31,	
	2023	2022
	(unaudited)	(unaudited)
Revenues:		
Voyage revenue	\$ 107,950	\$ 176,337
Charter revenue	5,749	15,426
Total revenue	<u>113,699</u>	<u>191,762</u>
Expenses:		
Voyage expense	56,815	65,250
Charter hire expense	22,591	77,712
Vessel operating expenses	13,607	13,188
General and administrative	5,692	5,281
Depreciation and amortization	7,327	7,301
Loss on impairment of vessel	-	3,008
Loss on sale of vessel	1,172	-
Total expenses	<u>107,203</u>	<u>171,741</u>
Income from operations	<u>6,496</u>	<u>20,022</u>
Total other (expense) income, net	<u>(3,093)</u>	<u>2,426</u>
Net income	3,403	22,448
Loss (income) attributable to noncontrolling interests	71	(2,280)
Net income attributable to Pangaea Logistics Solutions Ltd.	<u>\$ 3,474</u>	<u>\$ 20,168</u>
Adjusted EBITDA <sup>(1)</sup>	<u>\$ 16,238</u>	<u>\$ 31,296</u>

# Reconciliation of Non-GAAP Measures

	<u>For the three months ended</u>	
	3/31/2023 (unaudited)	3/31/2022 (unaudited)
<b><i>Net Transportation and Service Revenue</i></b>		
<b>Gross Profit</b>	<b>\$ 13,387,404</b>	<b>\$ 28,329,468</b>
Add:		
Vessel Depreciation and amortization	7,299,382	7,283,028
<b>Net transportation and service revenue</b>	<b><u>\$ 20,686,786</u></b>	<b><u>\$ 35,612,496</u></b>
<b><i>Adjusted EBITDA</i></b>		
<b>Net Income</b>	<b>\$ 3,402,909</b>	<b>\$ 22,447,895</b>
Interest expense	4,250,514	3,371,712
Interest income	(1,049,846)	(539)
(Loss) income attributable to Non-controlling interest recorded as long-term liability interest expense	(144,737)	1,840,333
Depreciation and amortization	7,326,860	7,301,419
<b>EBITDA</b>	<b>13,785,700</b>	<b>34,960,820</b>
Non-GAAP Adjustments:		
Loss on impairment of vessels	-	3,007,809
Loss on sale of vessels	1,172,196	-
Share-based compensation	856,434	827,806
Unrealized loss (gain) on derivative instruments, net	423,569	(7,500,314)
<b>Adjusted EBITDA</b>	<b><u>\$ 16,237,899</u></b>	<b><u>\$ 31,296,121</u></b>

Adjusted EBITDA represents net income (or loss), determined in accordance with U.S. GAAP, excluding interest expense, interest income, 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.



# Reconciliation of Non-GAAP Measures

	For the three months ended	
	3/31/2023 (unaudited)	3/31/2022 (unaudited)
<b>Earnings Per Common Share</b>		
<b>Net income attributable to Pangaea Logistics Solutions Ltd.</b>	<b>\$ 3,474,267</b>	<b>\$ 20,167,965</b>
Weighted average number of common shares - basic	44,712,290	44,388,960
Weighted average number of common shares - diluted	<b>45,116,719</b>	<b>45,192,983</b>
Earnings per common share - basic	\$ 0.08	\$ 0.45
Earnings per common share - diluted	<b>\$ 0.08</b>	<b>\$ 0.45</b>
<b>Adjusted EPS</b>		
<b>Net income attributable to Pangaea Logistics Solutions Ltd.</b>	<b>\$ 3,474,267</b>	<b>\$ 20,167,965</b>
Non-GAAP		
Add:		
Loss on impairment of vessels	-	3,007,809
Loss on sale of vessels	1,172,196	-
Unrealized loss (gain) on derivative instruments, net	423,569	(7,500,314)
<b>Non-GAAP adjusted net income attributable to Pangaea Logistics Solutions Ltd.</b>	<b>5,070,032</b>	<b>15,675,460</b>
Weighted average number of common shares - basic	44,712,290	44,388,960
Weighted average number of common shares - diluted	<b>45,116,719</b>	<b>45,192,983</b>
<b>Adjusted EPS - basic</b>	<b>\$ 0.11</b>	<b>\$ 0.35</b>
<b>Adjusted EPS - diluted</b>	<b>\$ 0.11</b>	<b>\$ 0.35</b>