



PANGAEA

2Q23

Earnings Call  
Presentation



# Safe Harbor

## 2Q23 Earnings Call Presentation

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.



## 2Q23 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 49%+ in 2Q23.
- ✓ Amid a 60% Y-o-Y decrease in market rates caused by normalizing supply conditions, delivered consistent operating cash flow generation of \$2.0 million during 2Q23 and Adjusted EBITDA of \$15.9 million compared to record quarterly profitability in 2Q22.
- ✓ Completed the purchase of the Bulk Prudence, a 61,00 dwt Ultramax vessel for \$26.7 million of cash. The purchase takes the total number of owned vessels to 25.
- ✓ Expect to continue to deliver premium market returns and consistent cash flow generation through the second half of the year, underpinned seasonal ice class demand in Q3. Through August 8, 2023, 3,500 days performed at an average of \$16,700/day.
- ✓ Continue to execute on key capital allocation priorities, maintaining cash dividend of \$0.10 per common share, paid on September 15<sup>th</sup>.
- ✓ Completed the strategic acquisition of additional Port and Terminal operations in key U.S markets for \$7.2 million. Continue to focus on opportunistic expansion of terminal and logistics business.



# 2Q23 Performance Summary

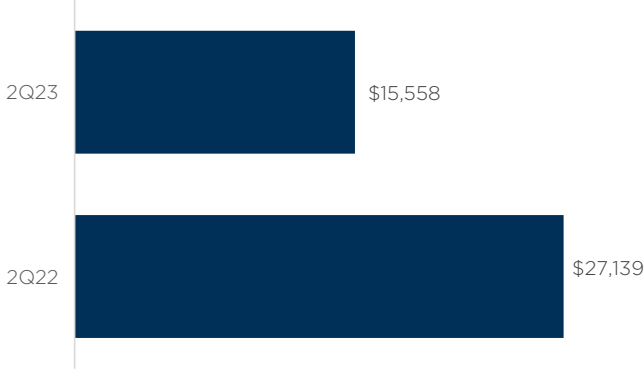
Adjusted EBITDA  
\$s in Millions



Adjusted EPS  
\$s per Share



TCE Rate  
\$s per Shipping Day



Operating Cash Flow  
\$s in Millions

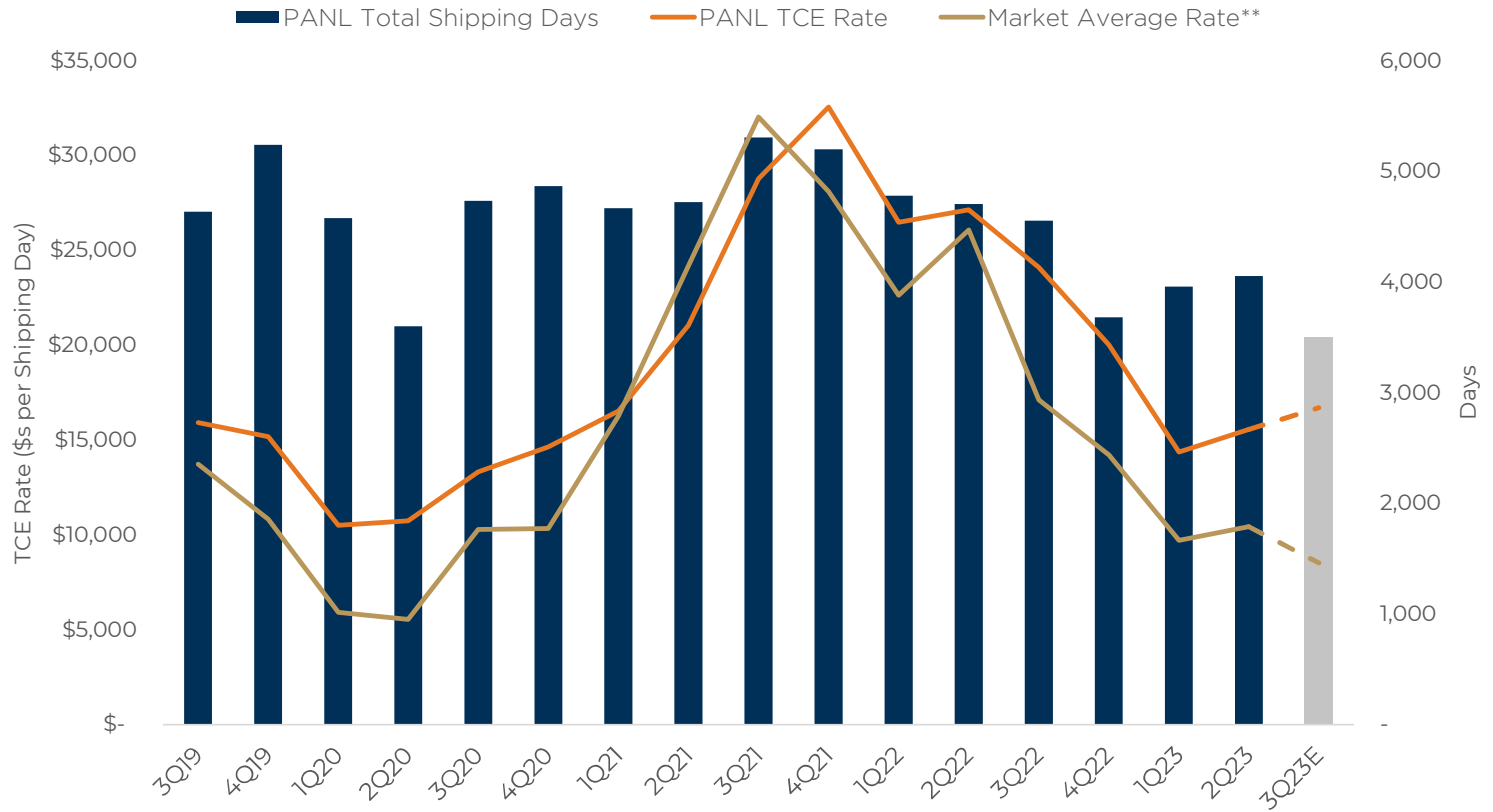


# Outperforming Industry Benchmark

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 3Q23 projected TCE rate of \$16,700, a 96% premium to the market average through the quarter\*.
- Our niche, higher-margin trades remain a key area of differentiation



\* Q3 23 estimated TCE performance based on shipping days performed through August 8, 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<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



MV Bulk Prudence - Ultramax

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

# Return of Capital Program

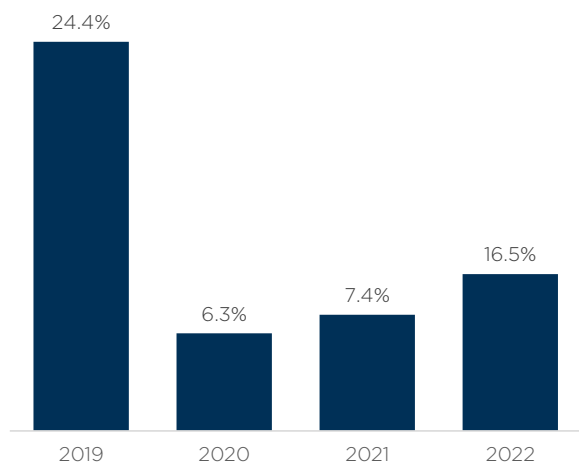
Stable quarterly cash dividend supported by stable profitability

Targeted dividend policy is aimed toward sustainability through the cycle

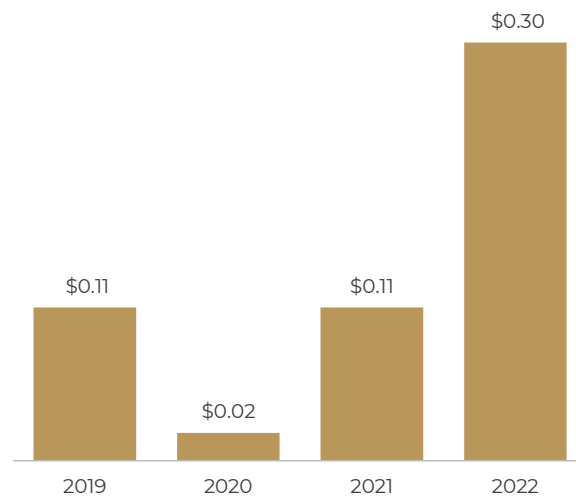
Dividend payout has increased amid favorable market conditions and strategic execution

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

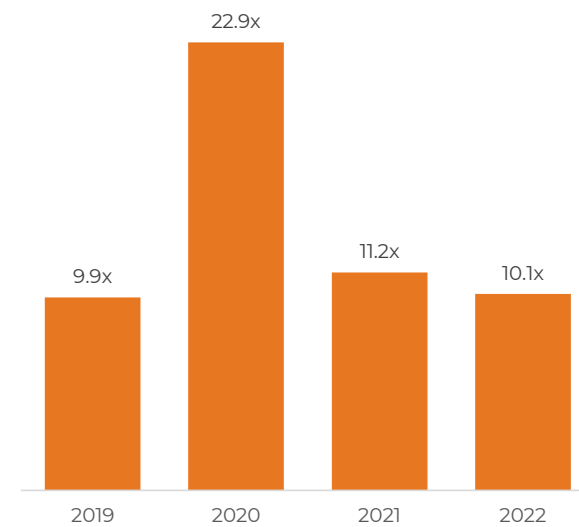
## Annual Dividend Payout Ratio % of Adjusted Net Income



## Total Annual Cash Dividend Paid \$s per Share



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



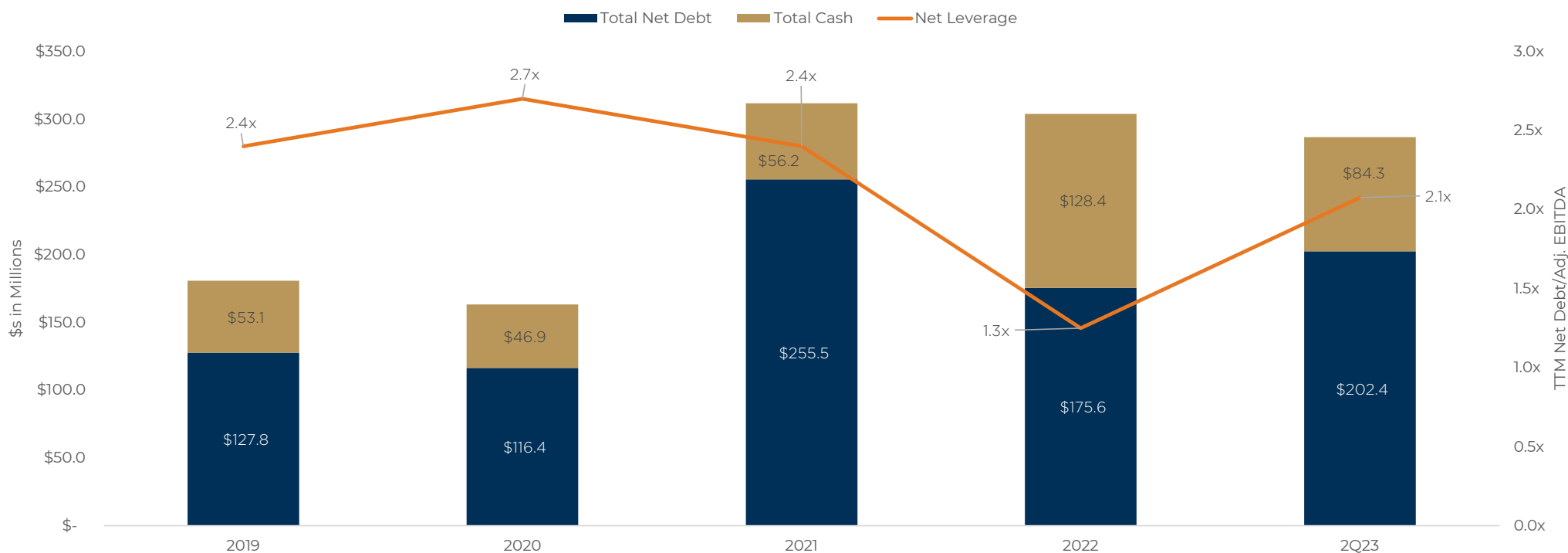
# Balance Sheet Update

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



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



PANGAEA

# Appendix



## Selected Balance Sheet Data

<i>(in thousands)</i>	<b>June 30, 2023</b> <b>(unaudited)</b>	December 31, 2022
<b>Current Assets</b>		
Cash and cash equivalents	\$ 84,296	\$ 128,385
Accounts receivable, net	42,822	36,755
Other current assets	59,812	57,371
<b>Total current assets</b>	<b>186,930</b>	222,511
<b>Fixed assets, including finance lease right of use assets, net</b>	<b>528,431</b>	520,446
Goodwill	3,105	-
Other Non-current Assets	6,107	5,284
<b>Total assets</b>	<b>\$ 724,573</b>	<b>\$ 748,241</b>
<b>Current liabilities</b>		
Accounts payable, accrued expenses and other current liabilities	\$ 46,706	\$ 38,554
Current portion long-term debt and finance lease liabilities	48,683	32,148
Other current liabilities	15,309	21,510
<b>Total current liabilities</b>	<b>110,698</b>	92,212
<b>Secured long-term debt and finance lease liabilities, net</b>	<b>234,068</b>	267,334
Other long-term liabilities	18,235	19,974
<b>Total Pangaea Logistics Solutions Ltd. equity</b>	<b>312,225</b>	314,226
Non-controlling interests	49,346	54,495
<b>Total stockholders' equity</b>	<b>361,572</b>	368,722
<b>Total liabilities and stockholders' equity</b>	<b>\$ 724,573</b>	<b>\$ 748,241</b>

## Selected Income Statement Data

(in thousands, may not foot due to rounding)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenues:</b>				
Voyage revenue	\$ 110,466	\$ 173,189	\$ 218,416	\$ 349,526
Charter revenue	7,090	22,355	12,839	37,781
Terminal & stevedore revenue	520	-	520	-
<b>Total revenue</b>	<b>118,076</b>	<b>195,544</b>	<b>231,775</b>	<b>387,306</b>
<b>Expenses:</b>				
Voyage expense	54,460	67,908	111,274	133,158
Charter hire expense	29,126	65,713	51,717	143,425
Vessel operating expenses	13,211	12,930	26,818	26,118
Terminal Expenses	375	-	375	-
General and administrative	5,923	5,137	11,615	10,419
Depreciation and amortization	7,127	7,293	14,454	14,595
Loss on impairment of vessel	-	-	-	3,008
Loss on sale of vessel	-	318	1,172	318
<b>Total expenses</b>	<b>110,221</b>	<b>159,299</b>	<b>217,424</b>	<b>331,040</b>
<b>Income from operations</b>	<b>7,855</b>	<b>36,245</b>	<b>14,351</b>	<b>56,266</b>
<b>Total other (expense) income, net</b>	<b>(5,088)</b>	<b>(8,758)</b>	<b>(8,181)</b>	<b>(6,332)</b>
<b>Net income</b>	<b>2,767</b>	<b>27,487</b>	<b>6,170</b>	<b>49,935</b>
<b>Loss (income) attributable to noncontrolling interests</b>	<b>78</b>	<b>(2,454)</b>	<b>149</b>	<b>(4,734)</b>
<b>Net income attributable to Pangaea Logistics Solutions Ltd.</b>	<b>\$ 2,845</b>	<b>\$ 25,032</b>	<b>\$ 6,319</b>	<b>\$ 45,200</b>
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$ 15,923</b>	<b>\$ 44,248</b>	<b>\$ 32,161</b>	<b>\$ 75,544</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, other non-operating income and/or expense, and other non-recurring items, if any.

## Reconciliation of Non-GAAP Measures

	For the three months ended		For the six months ended	
	6/30/2023 (unaudited)	6/30/2022 (unaudited)	6/30/2023 (unaudited)	6/30/2022 (unaudited)
<b>Net Transportation and Service Revenue</b>				
Gross Profit	\$ 13,805,410	\$ 41,699,983	\$ 27,192,817	\$ 70,011,060
Add:				
Vessel Depreciation and amortization	7,099,516	7,293,433	14,398,898	14,594,852
<b>Net transportation and service revenue</b>	<b>\$ 20,904,926</b>	<b>\$ 48,993,416</b>	<b>\$ 41,591,715</b>	<b>\$ 84,605,912</b>
<b>Adjusted EBITDA</b>				
Net Income	\$ 2,766,858	\$ 27,486,740	\$ 6,169,770	\$ 49,934,635
Interest expense	4,125,720	3,673,064	8,376,234	7,044,776
Interest income	(1,042,564)	(38,332)	(2,092,410)	(38,871)
Income attributable to Non-controlling interest recorded as long-term liability interest expense	905,337	1,702,674	760,600	3,543,007
Depreciation and amortization	7,126,995	7,293,433	14,453,855	14,594,852
<b>EBITDA</b>	<b>13,882,346</b>	<b>40,117,579</b>	<b>27,668,049</b>	<b>75,078,399</b>
Non-GAAP Adjustments:				
Loss on impairment of vessels	-	-	-	3,007,809
Loss on sale of vessels	-	318,032	1,172,196	318,032
Share-based compensation	267,073	310,979	1,123,507	1,138,785
Unrealized loss (gain) on derivative instruments, net	1,348,284	3,501,649	1,771,853	(3,998,665)
Other non-recurring items	425,702	-	425,702	-
<b>Adjusted EBITDA</b>	<b>\$ 15,923,405</b>	<b>\$ 44,248,239</b>	<b>\$ 32,161,307</b>	<b>\$ 75,544,360</b>

## Reconciliation of Non-GAAP Measures

<b>Earnings Per Common Share</b>				
<b>Net income attributable to Pangaea Logistics Solutions Ltd.</b>	<b>\$ 2,844,540</b>	<b>\$ 25,032,433</b>	<b>\$ 6,318,807</b>	<b>\$ 45,200,398</b>
Weighted average number of common shares - basic	44,744,039	44,430,487	44,744,039	44,411,025
Weighted average number of common shares - diluted	<u>45,122,019</u>	<u>45,070,533</u>	<u>45,122,019</u>	<u>45,129,077</u>
Earnings per common share - basic	<u>\$ 0.06</u>	<u>\$ 0.56</u>	<u>\$ 0.14</u>	<u>\$ 1.02</u>
Earnings per common share - diluted	<u>\$ 0.06</u>	<u>\$ 0.56</u>	<u>\$ 0.14</u>	<u>\$ 1.00</u>
<b>Adjusted EPS</b>				
<b>Net income attributable to Pangaea Logistics Solutions Ltd.</b>	<b>\$ 2,844,540</b>	<b>\$ 25,032,433</b>	<b>\$ 6,318,807</b>	<b>\$ 45,200,398</b>
Non-GAAP				
Add:				
Loss on impairment of vessels	-	-	-	3,007,809
Loss on sale of vessels	-	318,032	1,172,196	318,032
Unrealized loss (gain) on derivative instruments, net	1,348,284	3,501,649	1,771,853	(3,998,665)
Other non-recurring items	425,702	-	425,702	-
<b>Non-GAAP adjusted net income attributable to Pangaea Logistics Solutions Ltd.</b>	<b><u>4,618,526</u></b>	<b><u>28,852,114</u></b>	<b><u>9,688,558</u></b>	<b><u>44,527,574</u></b>
Weighted average number of common shares - basic	<u>44,775,438</u>	44,430,487	44,744,039	44,411,025
Weighted average number of common shares - diluted	<u>45,127,972</u>	<u>45,070,533</u>	<u>45,122,019</u>	<u>45,129,077</u>
<b>Adjusted EPS - basic</b>	<u>\$ 0.10</u>	<u>\$ 0.65</u>	<u>\$ 0.22</u>	<u>\$ 1.00</u>
<b>Adjusted EPS - diluted</b>	<u>\$ 0.10</u>	<u>\$ 0.64</u>	<u>\$ 0.21</u>	<u>\$ 0.99</u>