



PANGAEA

3Q23

Earnings Call
Presentation



Safe Harbor

3Q23 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.



3Q23 Performance Summary

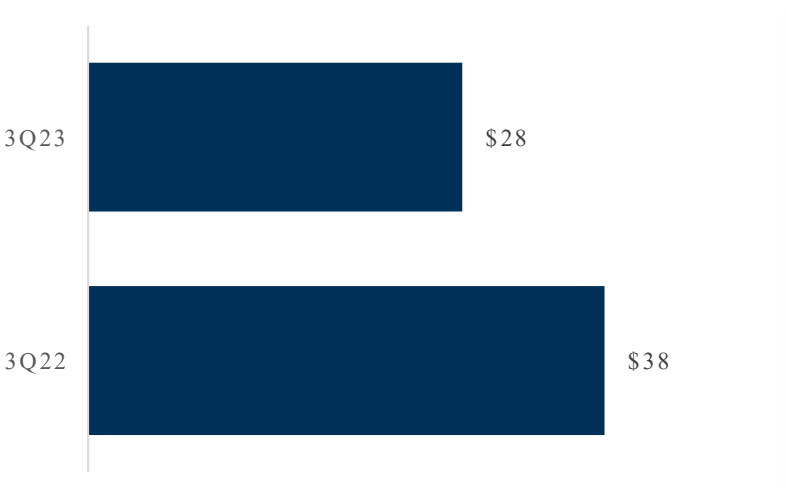
Strong operating results highlight value of specialized ice-class fleet

- ✓ Superior TCE rate driven by long-term COAs, seasonally strong ice-class utilization and cargo-focused strategy resulted in TCE rates exceeding the benchmark average Baltic Panamax and Supramax indices by 49%+ in 3Q23.
- ✓ Despite a 35% year-over-year decrease in TCE rates, maintained approximately flat Adjusted EBITDA margins of 20.6% compared to 20.9% in 3Q22. Lower TCE rates were offset by lower charter-hire expenses and vessel operating due to cost management efforts amid an inflationary environment.
- ✓ Subsequent to the end of the quarter, announced the sale of the Bulk Trident for \$9.8 million. The Company continues to execute on its fleet renewal strategy aimed at maintaining an efficient fleet of vessels with an average age under 10 years.
- ✓ Expect to continue to deliver premium returns over market pricing even in a softer market environment, resulting in continued cash generation. As of November 7, 2023, 2,715 days booked at an average of \$19,000/day.
- ✓ Continue to execute on key capital allocation priorities, maintaining cash dividend of \$0.10 per common share, paid on December 15th.
- ✓ Repaid a total debt of \$7.4 million during the quarter, including \$3.3 million of long-term debt and \$4.1 million of finance leases. The Company continues to focus on reducing its variable rate debt and lowering its cash interest costs to maximize cash flow.



3Q23 Performance Summary

Adjusted EBITDA
\$s in Millions



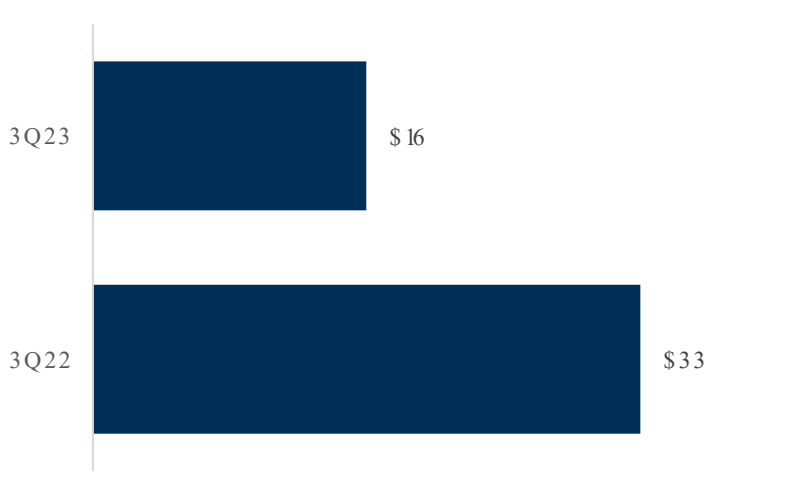
Adjusted EPS
\$s per Share



TCE Rate
\$s per Shipping Day



Operating Cash Flow
\$s in Millions

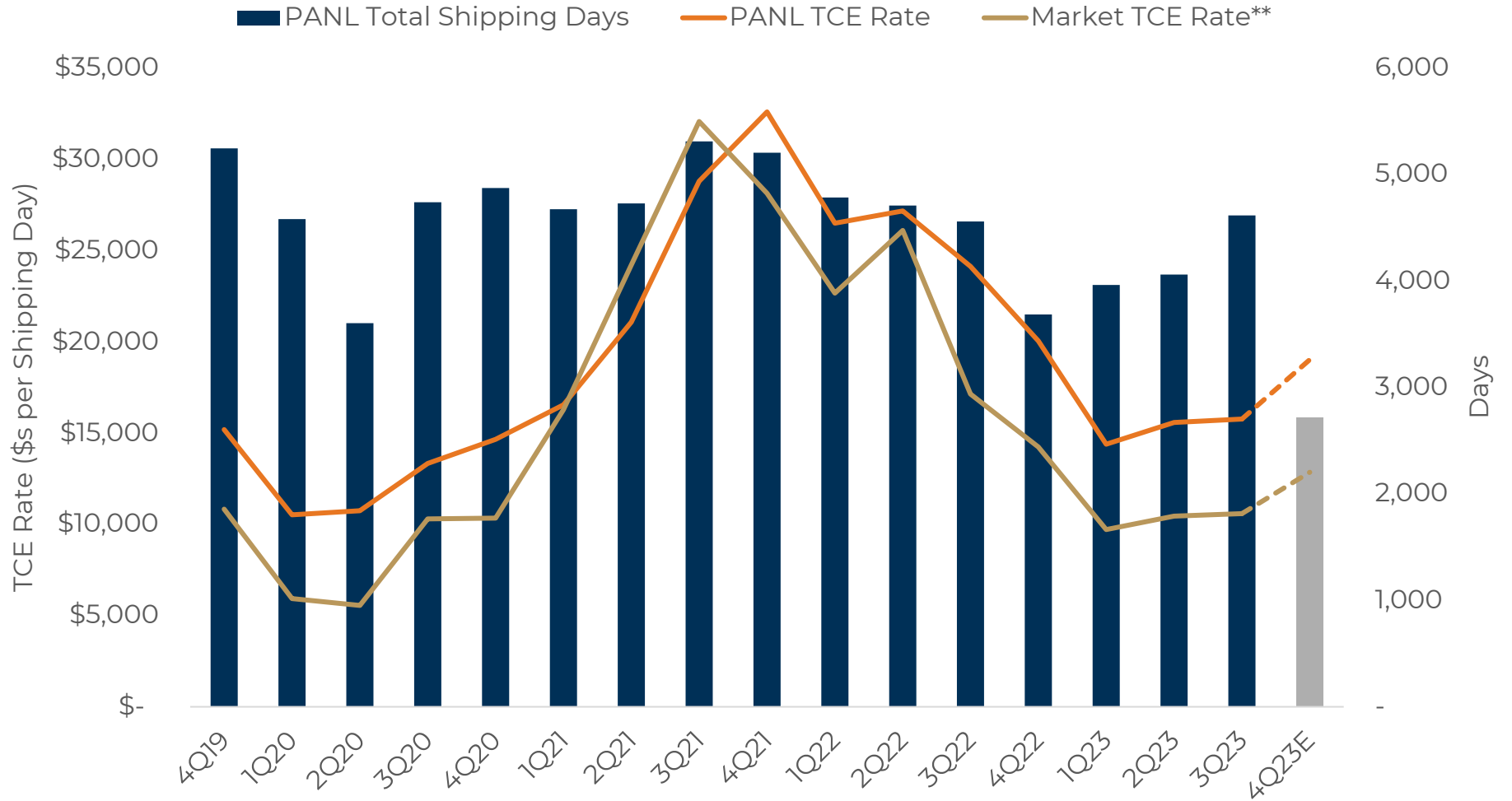


Outperforming Industry Benchmark

Our TCE has exceeded the market by an average of 33% on a trailing 5-year basis

Cargo Focused Business Model Consistently Delivers Above-Market Performance

- Current 4Q23 booked TCE rate of \$19,000, a 38% premium to the market average through the quarter*.
- Our niche, higher-margin trades remain a key area of differentiation



* Q4 23 estimated TCE performance based on shipping days booked as of November 7, 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⁽¹⁾



MV Nordic Qinnqua - Post Panamax⁽¹⁾



MV Nordic Sanngijug - Post Panamax⁽¹⁾



MV Nordic Siku - Post Panamax⁽¹⁾

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

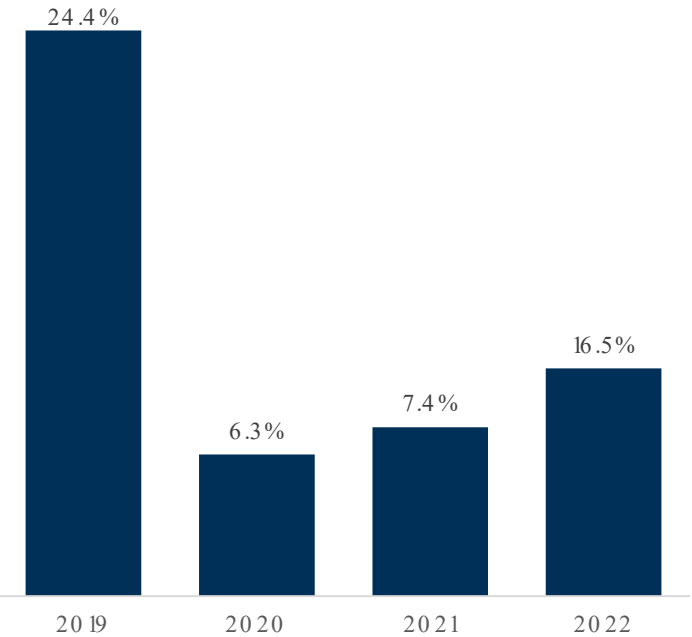
Targeted dividend policy is aimed toward sustainability through the cycle

Dividend payout has increased amid favorable market conditions and strategic execution

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

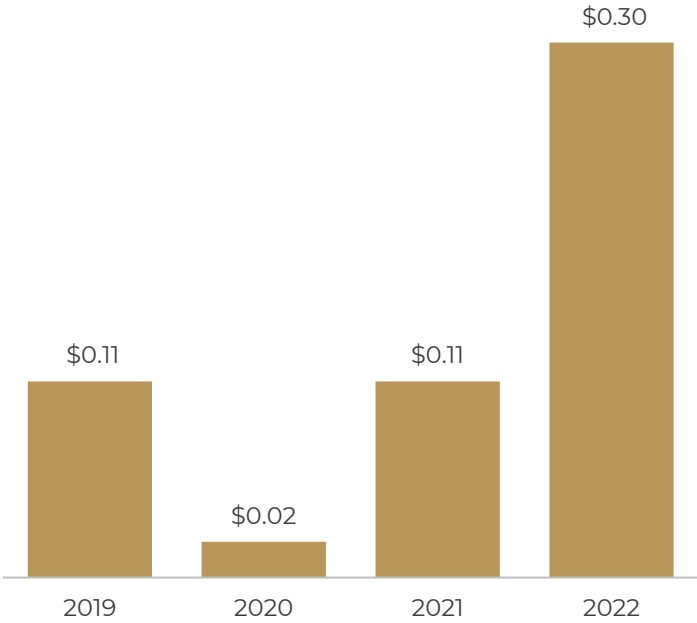
Annual Dividend Payout Ratio

% of Adjusted Net Income



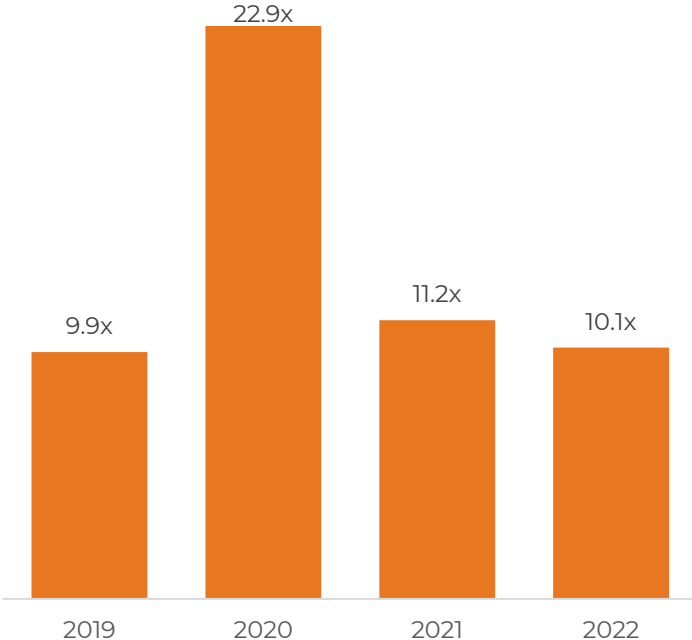
Total Annual Cash Dividend Paid

\$s per Share



Annual Dividend Coverage Ratio

Ratio of Operating Cash Flow to Dividends Issued



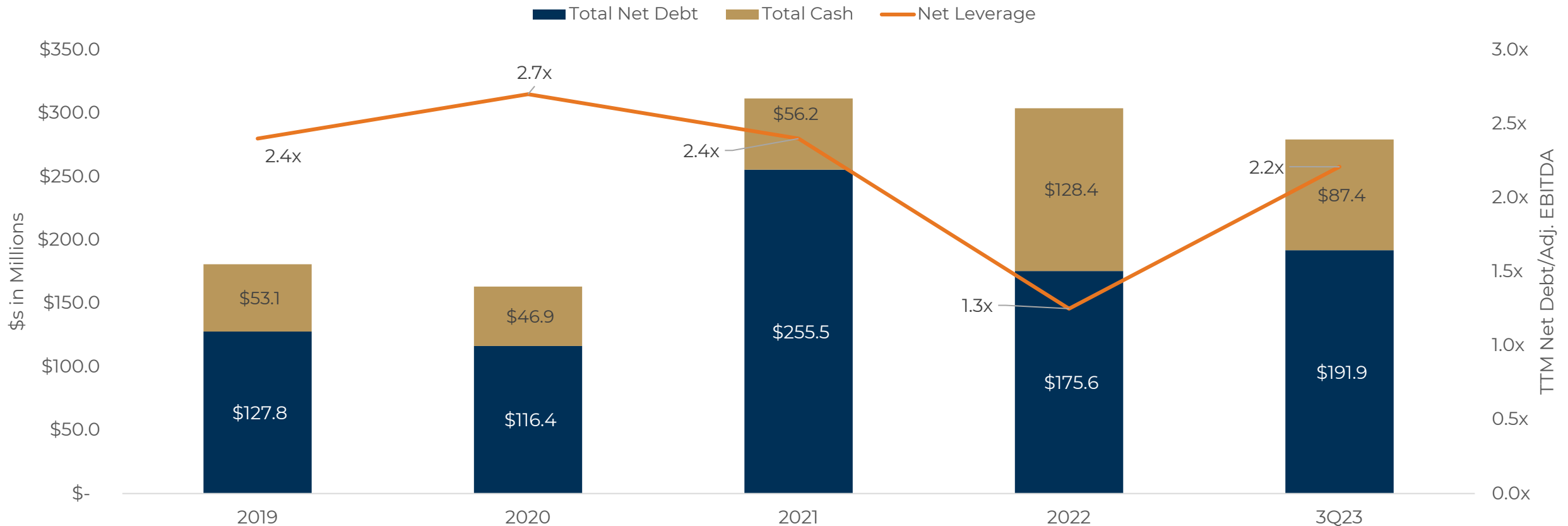
Balance Sheet Update

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

(4Q23 & 1H24)

- Geo-political tensions are weighing on near-term market sentiment and creating nervousness among shippers
- US Infrastructure spending is beginning to ramp up, creating favorable tailwinds for construction related raw materials

Medium Term Outlook

(Full-Year 2024)

- Global dry bulk fleet growth is expected to remain limited amid limited new-building activity
- Trade disruptions resulting from geopolitical tensions are expected to increase could create opportunities as trade looks to avoid regions of turmoil
- Current risk to medium-term rate improvement is a more pronounced global recession

Long-Term Outlook

(2024-2026)

- 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





PANGAEA

Appendix



Selected Balance Sheet Data

(in thousands, may not foot due to rounding)

	<u>September 30, 2023</u> (unaudited)	<u>December 31, 2022</u>
Current Assets		
Cash and cash equivalents	\$ 87,358	\$ 128,385
Accounts receivable, net	53,499	36,755
Other current assets	57,628	57,371
Total current assets	198,484	222,511
Fixed assets, including finance lease right of use assets, net	520,932	520,446
Goodwill	3,105	-
Other Non-current Assets	6,107	5,284
Total assets	\$ 728,628	\$ 748,241
Current liabilities		
Accounts payable, accrued expenses and other current liabilities	\$ 42,375	\$ 38,554
Current portion long-term debt and finance lease liabilities	58,136	32,148
Other current liabilities	14,775	21,510
Total current liabilities	115,286	92,212
Secured long-term debt and finance lease liabilities, net	217,428	267,334
Other long-term liabilities	18,502	19,974
Total Pangaea Logistics Solutions Ltd. equity	326,710	314,226
Non-controlling interests	50,668	54,495
Total stockholders' equity	377,378	368,722
Total liabilities and stockholders' equity	\$ 728,594	\$ 748,241

Selected Income Statement Data

(in thousands, may not foot due to rounding)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues:				
Voyage revenue	\$ 127,885	\$ 173,168	\$ 346,300	\$ 522,694
Charter revenue	3,798	11,309	16,637	49,090
Terminal & stevedore revenue	3,934	-	4,454	-
Total revenue	135,616	184,477	367,391	571,783
Expenses:				
Voyage expense	59,075	74,716	170,349	207,874
Charter hire expense	25,467	50,751	77,183	194,175
Vessel operating expenses	14,253	15,362	41,070	41,479
Terminal Expenses	3,518	-	3,892	-
General and administrative	5,500	5,777	17,115	16,195
Depreciation and amortization	8,092	7,366	22,546	21,960
Loss on impairment of vessel	-	-	-	3,008
Loss on sale of vessel	-	-	1,172	318
Loss on sale and leaseback of vessels	-	-	-	-
Total expenses	115,905	153,971	333,329	485,011
Income from operations	19,711	30,506	34,062	86,773
Total other income (expense), net	479	(10,745)	(7,702)	(17,077)
Net income	20,190	19,761	26,360	69,696
Income attributable to noncontrolling interests	(1,322)	(973)	(1,173)	(5,707)
Net income attributable to Pangaea Logistics Solutions Ltd.	\$ 18,868	\$ 18,788	\$ 25,187	\$ 63,989
Adjusted EBITDA ⁽¹⁾	\$ 27,881	\$ 38,490	\$ 60,042	\$ 114,034

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 nine months ended	
	9/30/2023 (unaudited)	9/30/2022 (unaudited)	9/30/2023 (unaudited)	9/30/2022 (unaudited)
Net Transportation and Service Revenue				
Gross Profit	\$ 25,240,555	\$ 36,301,324	\$ 52,433,372	\$106,349,167
Add:				
Vessel Depreciation and amortization	8,063,270	7,347,170	22,462,168	21,905,239
Net transportation and service revenue	\$ 33,303,825	\$ 43,648,494	\$ 74,895,540	\$128,254,406
Adjusted EBITDA				
Net Income	\$ 20,190,102	\$ 19,761,025	\$ 26,359,872	\$ 69,695,660
Interest expense	4,348,686	4,400,473	12,724,920	11,445,249
Interest income	(775,504)	(284,154)	(2,867,914)	(323,025)
Income attributable to Non-controlling interest recorded as long-term liability interest expense	267,198	2,418,844	1,027,798	5,961,851
Depreciation and amortization	8,092,495	7,365,561	22,546,350	21,960,413
EBITDA	32,122,977	33,661,749	59,791,026	108,740,148
Non-GAAP Adjustments:				
Loss on impairment of vessels	-	-	-	3,007,809
Loss on sale of vessels	-	-	1,172,196	318,032
Share-based compensation	270,007	319,188	1,393,514	1,457,972
Unrealized (gain) loss on derivative instruments, net	(4,531,912)	4,508,758	(2,760,059)	510,093
Other non-recurring items	19,476	-	445,178	-
Adjusted EBITDA	\$ 27,880,548	\$ 38,489,695	\$ 60,041,855	\$114,034,054

Reconciliation of Non-GAAP Measures

	For the three months ended		For the nine months ended	
	9/30/2023 (unaudited)	9/30/2022 (unaudited)	9/30/2023 (unaudited)	9/30/2022 (unaudited)
Earnings Per Common Share				
Net income attributable to Pangaea Logistics Solutions Ltd.	\$ 18,868,291	\$ 18,788,414	\$ 25,187,098	\$ 63,988,812
Weighted average number of common shares - basic	44,775,438	44,415,575	44,754,620	44,386,628
Weighted average number of common shares - diluted	45,081,668	44,640,278	45,108,039	44,624,228
Earnings per common share - basic	\$ 0.42	\$ 0.42	\$ 0.56	\$ 1.44
Earnings per common share - diluted	\$ 0.42	\$ 0.42	\$ 0.56	\$ 1.43
Adjusted EPS				
Net income attributable to Pangaea Logistics Solutions Ltd.	\$ 18,868,291	\$ 18,788,414	\$ 25,187,098	\$ 63,988,812
Non-GAAP				
Add:				
Loss on impairment of vessels	-	-	-	3,007,809
Loss on sale of vessels	-	-	1,172,196	318,032
Unrealized (gain) loss on derivative instruments, net	(4,531,912)	4,508,758	(2,760,059)	510,093
Other non-recurring items	19,476	-	445,178	-
Non-GAAP adjusted net income attributable to Pangaea Logistics Solutions Ltd.	14,355,855	23,297,172	24,044,413	67,824,746
Weighted average number of common shares - basic	44,775,438	44,415,575	44,754,620	44,386,628
Weighted average number of common shares - diluted	45,081,668	44,640,278	45,108,039	44,624,228
Adjusted EPS - basic	\$ 0.32	\$ 0.52	\$ 0.54	\$ 1.53
Adjusted EPS - diluted	\$ 0.32	\$ 0.52	\$ 0.53	\$ 1.52