



PANGAEA

4Q23

Earnings Call
Presentation



Safe Harbor

4Q23 Earnings Call Presentation

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4Q23 & FY2023 Performance Highlights

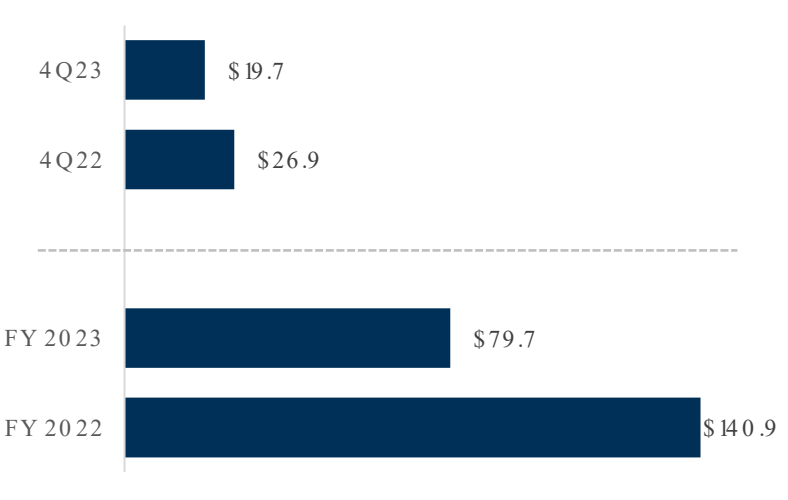
Strong operating results highlight consistency of cargo-focused strategy

- ✓ Superior TCE rate driven by long-term COAs, seasonal ice-class utilization and cargo-focused strategy resulted in TCE rates exceeding the benchmark average Baltic Panamax and Supramax indices by 27%+ in 4Q23 and 39% for FY2023.
- ✓ Despite 43% y/y decline in market rates in 2023 as post-pandemic port capacity constraints eased, maintained Adj. EBITDA margins of 16% for FY2023, well above pre-pandemic levels of ~13% due to disciplined operating expense management and execution of chartered-in strategy.
- ✓ In November 2023, completed the sale of the Supramax Bulk Trident for \$9.8 million. The Company will continue to evaluate fleet renewal and expansion opportunities, particularly in-light of growing demand in key trades.
- ✓ During 2023, the Company deployed \$7.2 million in capital to opportunistically expand its on-shore stevedoring business across the U.S mid-Atlantic and Gulf Coast regions to further vertically integrate its business model and improve its position in key trades.
- ✓ Geopolitical disruptions are supporting market pricing during a period of normal seasonal softness in Q1. As of March 12, 2024, booked 3,513 revenue days at an average TCE of \$17,430/day, and 1,300 charter-in expense days at an average cost of \$17,100
- ✓ Continue to execute on key capital allocation priorities, maintaining cash dividend of \$0.10 per common share, paid on March 15th.

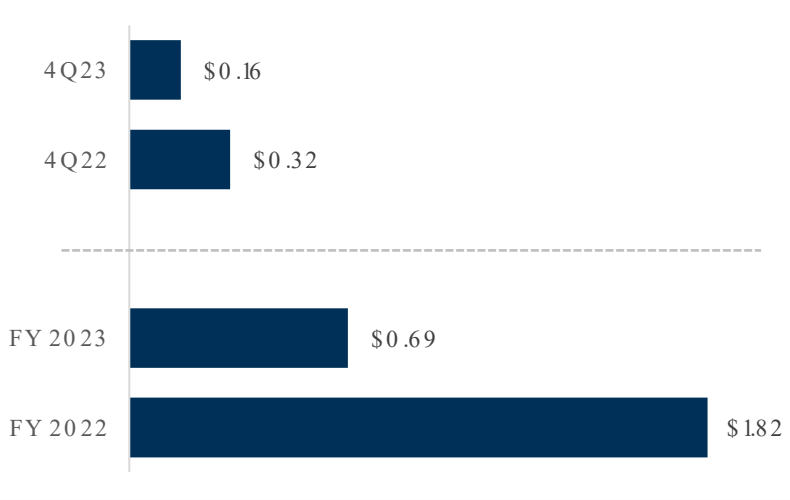


4Q and FY2023 Performance Summary

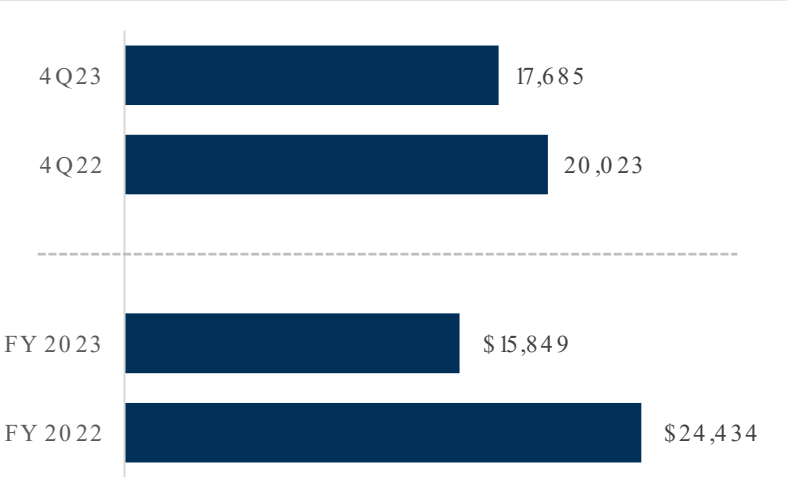
Adjusted EBITDA \$s in Millions



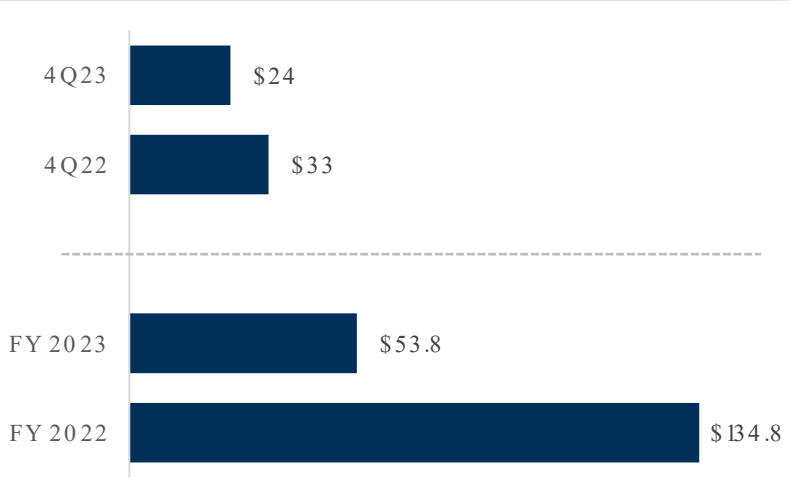
Adjusted EPS \$s per Share



TCE Rate \$s per Shipping Day



Operating Cash Flow \$s in Millions

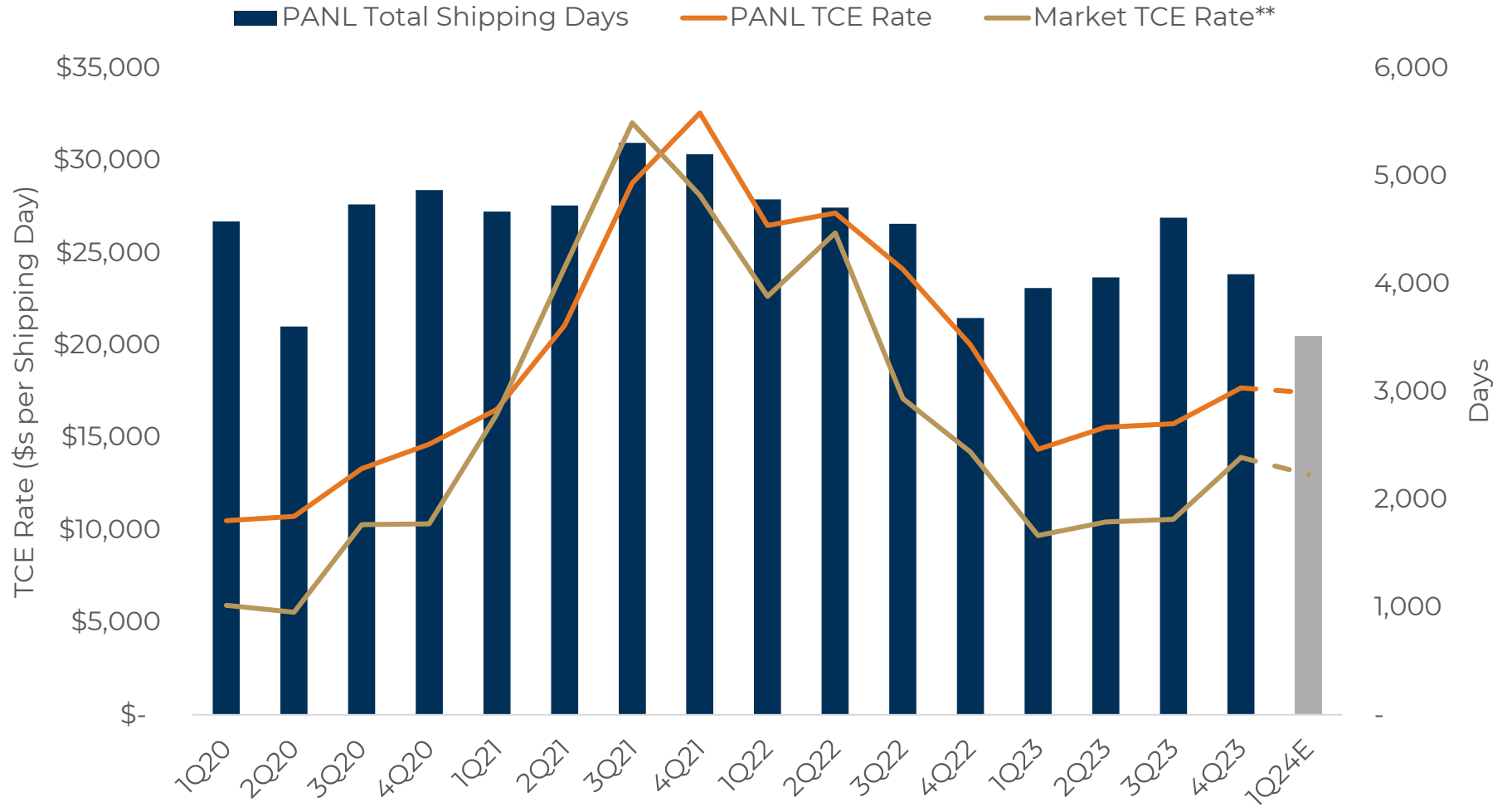


Outperforming Industry Benchmark

Our TCE has exceeded the market by an average of 34% on a trailing 5-year basis

Cargo Focused Business Model Consistently Delivers Above-Market Performance

- Current 1Q24 booked TCE rate of \$17,430, a 34% premium to the market average through the quarter.*
- Our niche, higher-margin trades remain a key area of differentiation.



* Q1 24 estimated TCE performance based on shipping days booked as of March 11, 2024

**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

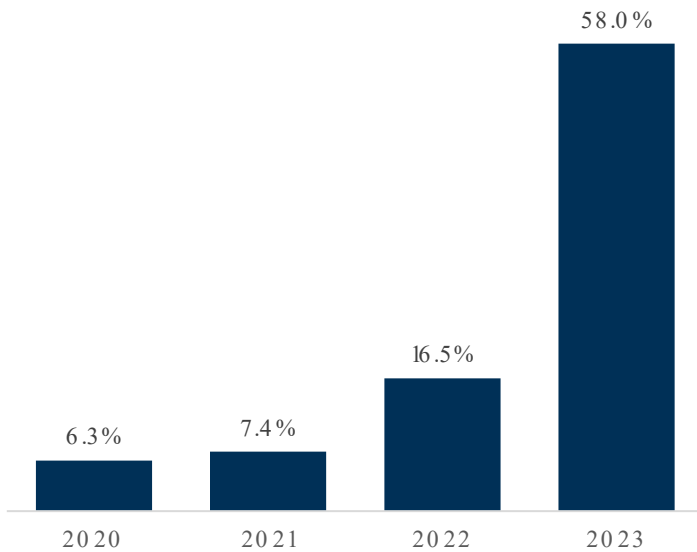
Targeted dividend policy is aimed toward sustainability through the cycle

Dividend payout has increased amid favorable market conditions and strategic execution

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

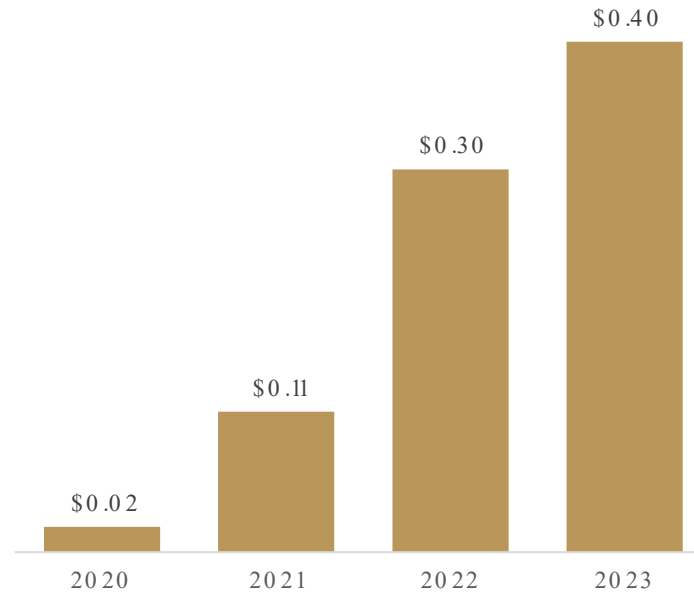
Annual Dividend Payout Ratio

% of Adjusted Net Income



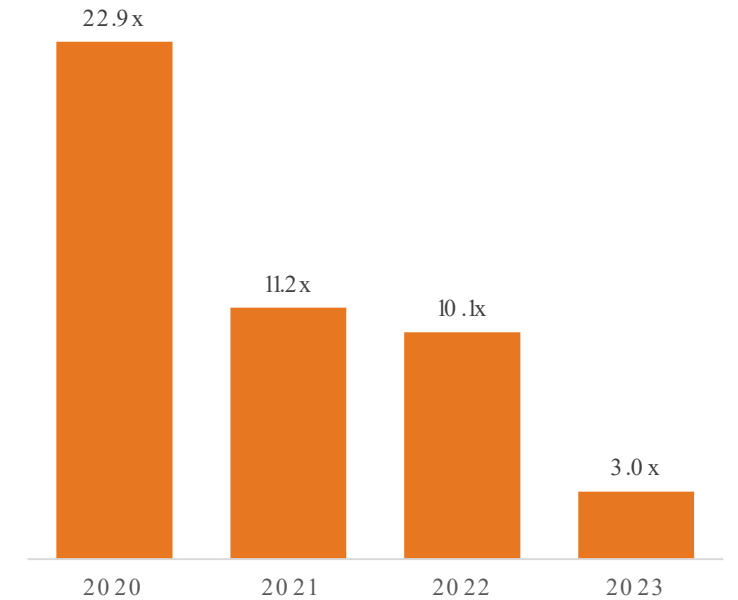
Total Annual Cash Dividend Paid

\$s per Share



Annual Dividend Coverage Ratio

Ratio of Operating Cash Flow to Dividends Issued



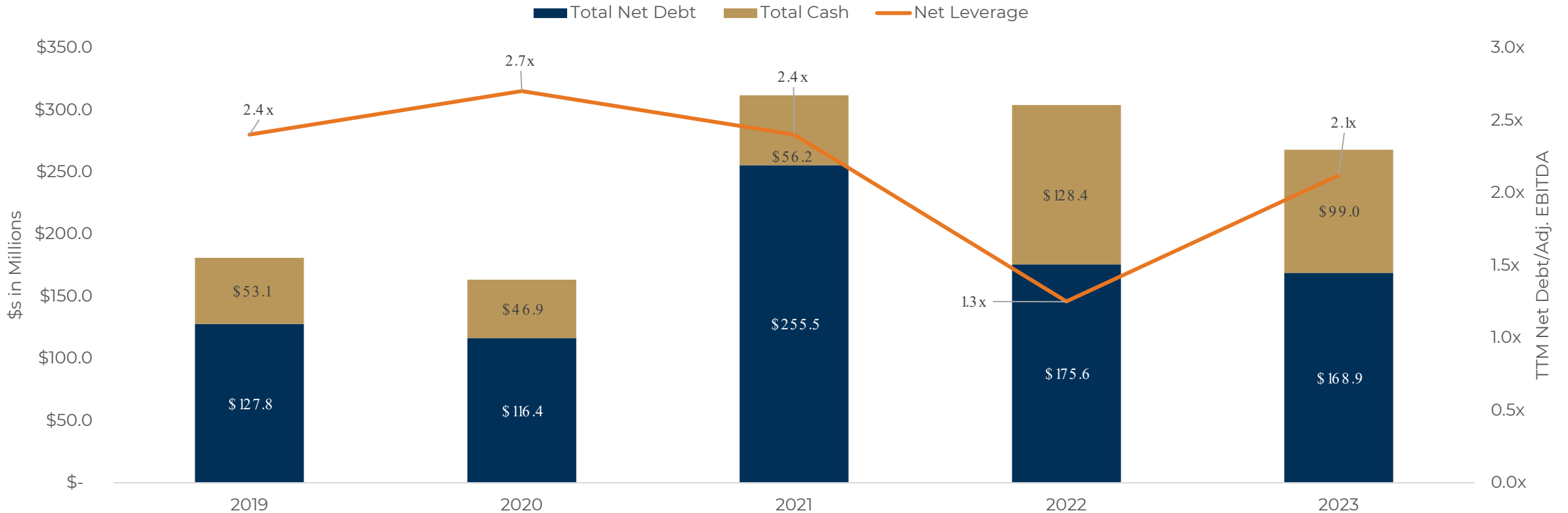
Balance Sheet Update

Ample liquidity to support ongoing growth of business

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

Repaid over \$35 million in debt during 2023 through operating 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

(1H24)

- Geo-political tensions are continuing to create market inefficiencies and support market pricing during the typically soft Q1 period
- 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)

	December 31, 2023 (audited)	December 31, 2022 (audited)
Current Assets		
Cash and cash equivalents	\$ 99,038	\$ 128,385
Accounts receivable, net	47,892	36,755
Other current assets	44,897	57,371
Total current assets	191,826	222,511
Fixed assets, including finance lease right of use assets, net	504,659	520,446
Goodwill	3,105	-
Other Non-current Assets	5,590	5,284
Total assets	\$ 705,180	\$ 748,241
Current liabilities		
Accounts payable, accrued expenses and other current liabilities	\$ 35,836	\$ 38,554
Current portion long-term debt and finance lease liabilities	52,722	32,148
Other current liabilities	16,776	21,510
Total current liabilities	105,334	92,212
Secured long-term debt and finance lease liabilities, net	211,713	267,334
Other long-term liabilities	17,937	19,974
Total Pangaea Logistics Solutions Ltd. equity	323,886	314,226
Non-controlling interests	46,310	54,495
Total stockholders' equity	370,196	368,722
Total liabilities and stockholders' equity	\$ 705,180	\$ 748,241

Selected Income Statement Data

(in thousands, may not foot due to rounding)

	Three months ended December 31,		Twelve months ended December 31,	
	2023 (unaudited)	2022 (unaudited)	2023 (audited)	2022 (audited)
Revenues:				
Voyage revenue	\$ 122,281	\$ 117,340	\$ 468,581	\$ 640,034
Charter revenue	7,079	10,584	23,716	59,673
Terminal & stevedore revenue	2,517	-	6,971	-
Total revenue	131,877	127,923	499,268	699,707
Expenses:				
Voyage expense	57,085	54,214	227,435	262,089
Charter hire expense	33,850	28,157	111,034	222,332
Vessel operating expenses	14,713	15,380	55,784	56,859
Terminal Expenses	1,917	-	5,809	-
General and administrative	5,666	3,908	22,781	20,103
Depreciation and amortization	7,524	7,529	30,070	29,490
Loss on impairment of vessel	-	-	-	3,008
Loss on sale of vessel	566	-	1,739	318
Loss on sale and leaseback of vessels	-	-	-	-
Total expenses	121,322	109,188	454,651	594,199
Income from operations	10,555	18,735	44,617	105,508
Total other expense, net	(8,377)	(2,923)	(16,079)	(20,000)
Net income	2,178	15,812	28,538	85,508
Income attributable to noncontrolling interests	(1,042)	(309)	(2,214)	(6,016)
Net income attributable to Pangaea Logistics Solutions Ltd.	\$ 1,136	\$ 15,503	\$ 26,323	\$ 79,491
Adjusted EBITDA ⁽¹⁾	\$ 19,682	\$ 26,864	\$ 79,724	\$ 140,898

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 twelve months ended	
	12/31/2023 (unaudited)	12/31/2022 (unaudited)	12/31/2023 (unaudited)	12/31/2022 (unaudited)
Net Transportation and Service Revenue				
Gross Profit	\$ 19,040,854	\$ 22,700,870	\$ 69,868,128	\$129,050,037
Add:				
Vessel Depreciation and amortization	7,187,353	7,471,538	29,338,912	29,376,777
Net transportation and service revenue	\$ 26,228,207	\$ 30,172,408	\$ 99,207,040	\$158,426,814
Adjusted EBITDA				
Net Income	\$ 2,177,900	\$ 15,812,044	\$ 28,537,772	\$ 85,507,704
Interest expense, net	3,596,407	3,649,940	13,453,413	14,772,164
(Loss) income attributable to Non-controlling interest recorded as long-term liability interest expense	(565,648)	755,563	462,150	6,717,414
Depreciation and amortization	7,524,045	7,529,397	30,070,395	29,489,810
EBITDA	12,732,704	27,746,944	72,523,730	136,487,092
Non-GAAP Adjustments:				
Loss on impairment of vessels	-	-	-	3,007,809
Loss on sale of vessels	566,315	-	1,738,511	318,032
Share-based compensation	694,293	309,754	2,087,807	1,767,726
Unrealized (gain) loss on derivative instruments, net	5,685,406	(1,192,416)	2,925,347	(682,323)
Other non-recurring items	3,195	-	448,373	-
Adjusted EBITDA	\$ 19,681,913	\$ 26,864,282	\$ 79,723,768	\$140,898,336

Reconciliation of Non-GAAP Measures

	For the three months ended		For the twelve months ended	
	12/31/2023 (unaudited)	12/31/2022 (unaudited)	12/31/2023 (unaudited)	12/31/2022 (unaudited)
Earnings Per Common Share				
Net income attributable to Pangaea Logistics Solutions Ltd.	\$ 1,136,202	\$ 15,502,601	\$ 26,323,300	\$ 79,491,413
Weighted average number of common shares - basic	44,815,282	44,435,664	44,773,899	44,398,987
Weighted average number of common shares - diluted	<u>45,392,225</u>	<u>44,985,969</u>	<u>45,475,453</u>	<u>45,059,587</u>
Earnings per common share - basic	<u>\$ 0.03</u>	<u>\$ 0.35</u>	<u>\$ 0.59</u>	<u>\$ 1.79</u>
Earnings per common share - diluted	<u>\$ 0.03</u>	<u>\$ 0.34</u>	<u>\$ 0.58</u>	<u>\$ 1.76</u>
Adjusted EPS				
Net income attributable to Pangaea Logistics Solutions Ltd.	\$ 1,136,202	\$ 15,502,601	\$ 26,323,300	\$ 79,491,413
Non-GAAP				
Add:				
Loss on impairment of vessels	-	-	-	3,007,809
Loss on sale of vessels	566,315	-	1,738,511	318,032
Unrealized (gain) loss on derivative instruments, net	5,685,406	(1,192,416)	2,925,347	(682,323)
Other non-recurring items	3,195	-	448,373	-
Non-GAAP adjusted net income attributable to Pangaea Logistics Solutions Ltd.	<u>7,391,118</u>	<u>14,310,185</u>	<u>31,435,531</u>	<u>82,134,931</u>
Weighted average number of common shares - basic	44,815,282	44,435,664	44,773,899	44,398,987
Weighted average number of common shares - diluted	<u>45,392,225</u>	<u>44,985,969</u>	<u>45,475,453</u>	<u>45,059,587</u>
Adjusted EPS - basic	<u>\$ 0.16</u>	<u>\$ 0.32</u>	<u>\$ 0.70</u>	<u>\$ 1.85</u>
Adjusted EPS - diluted	<u>\$ 0.16</u>	<u>\$ 0.32</u>	<u>\$ 0.69</u>	<u>\$ 1.82</u>