



PANGAEA

2Q24

Earnings Call  
Presentation



# Safe Harbor

## 2Q24 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.





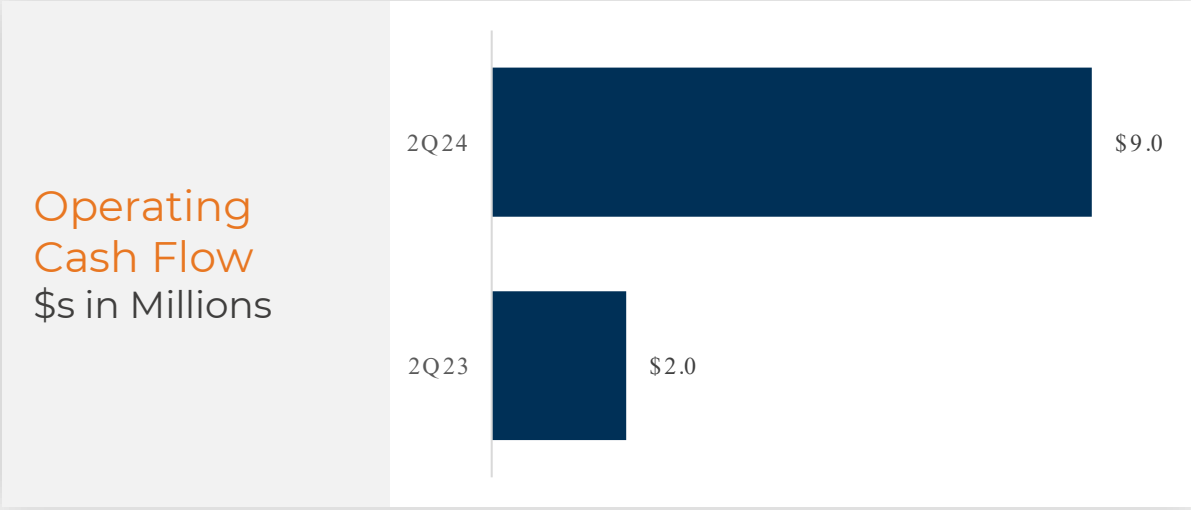
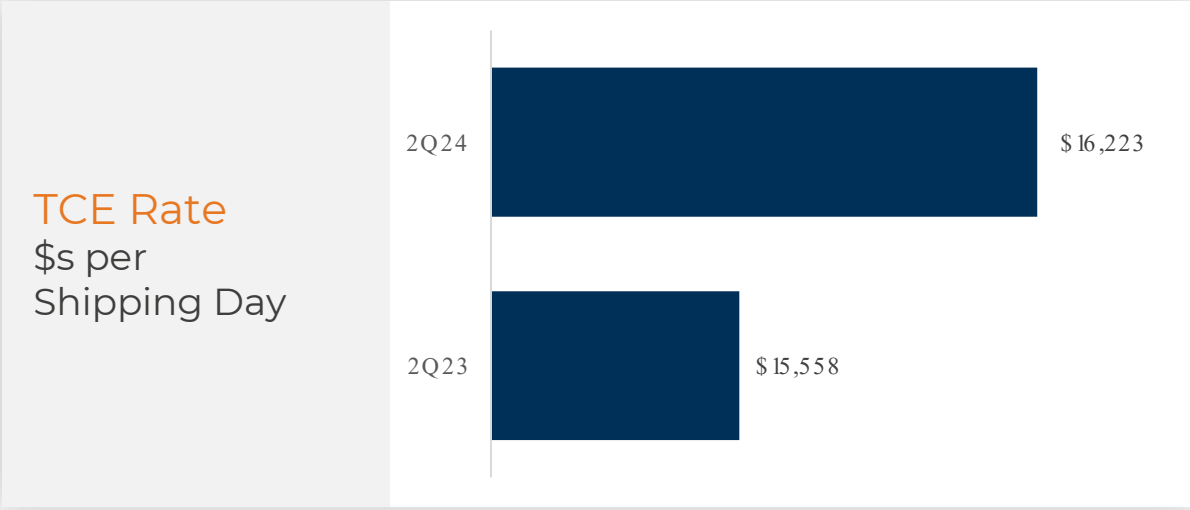
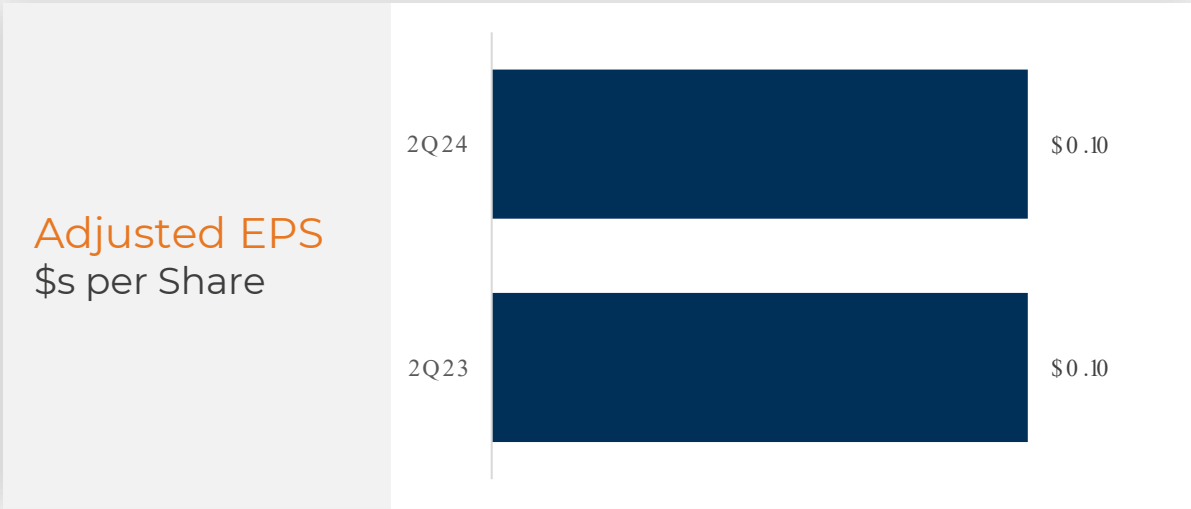
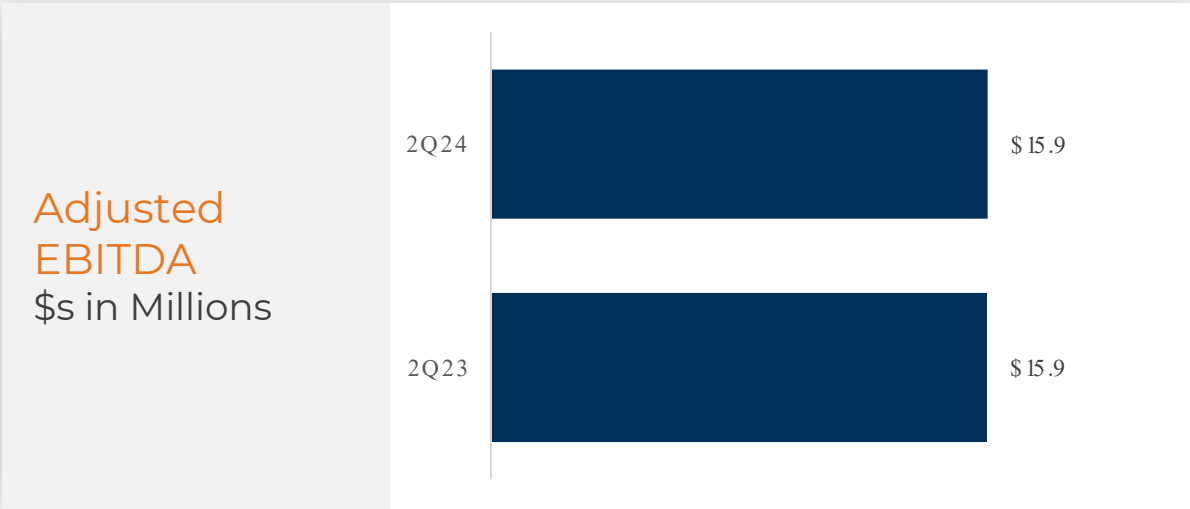
# 2Q24 Performance Highlights

## Consistent financial performance and execution on capital priorities

- ✓ Favorable long-haul voyage demand across and solid base of premium long-term COAs, resulted in earned TCE rates exceeding the benchmark average Baltic Panamax and Supramax indices by 7%+ in 2Q24.
- ✓ Adjusted EBITDA was unchanged y/y at \$15.9 million in 2Q24, as a 9% y/y increase in charter hire expenses per day and a 13%y/y increase in vessel operating expenses per day offset the 45% increase in market dry bulk rates and a 2% increase in shipping days.
- ✓ Announced acquisition of the Bulk Brenton and Bulk Patience for a combined price of \$56.6 million. The acquisitions improve the amount of environmentally compliant fleet tonnage and increased the number of owned vessels to 26.
- ✓ Refinanced and upsized a maturing credit facility in support of the acquisition of the Bulk Brenton and Bulk Patience in 3Q24. In conjunction with the refinancing, repaid \$4.6 million of long-term debt.
- ✓ Entering the third quarter, demand activity in arctic trade routes has accelerated while prevailing market rates have been mixed. As of August 7, 2024, booked 3,298 days at an average of \$17,978/day.
- ✓ Continue to execute on key capital allocation priorities, maintaining cash dividend of \$0.10 per common share, to be paid on September 16, 2024.



# 2Q 2024 Performance Summary

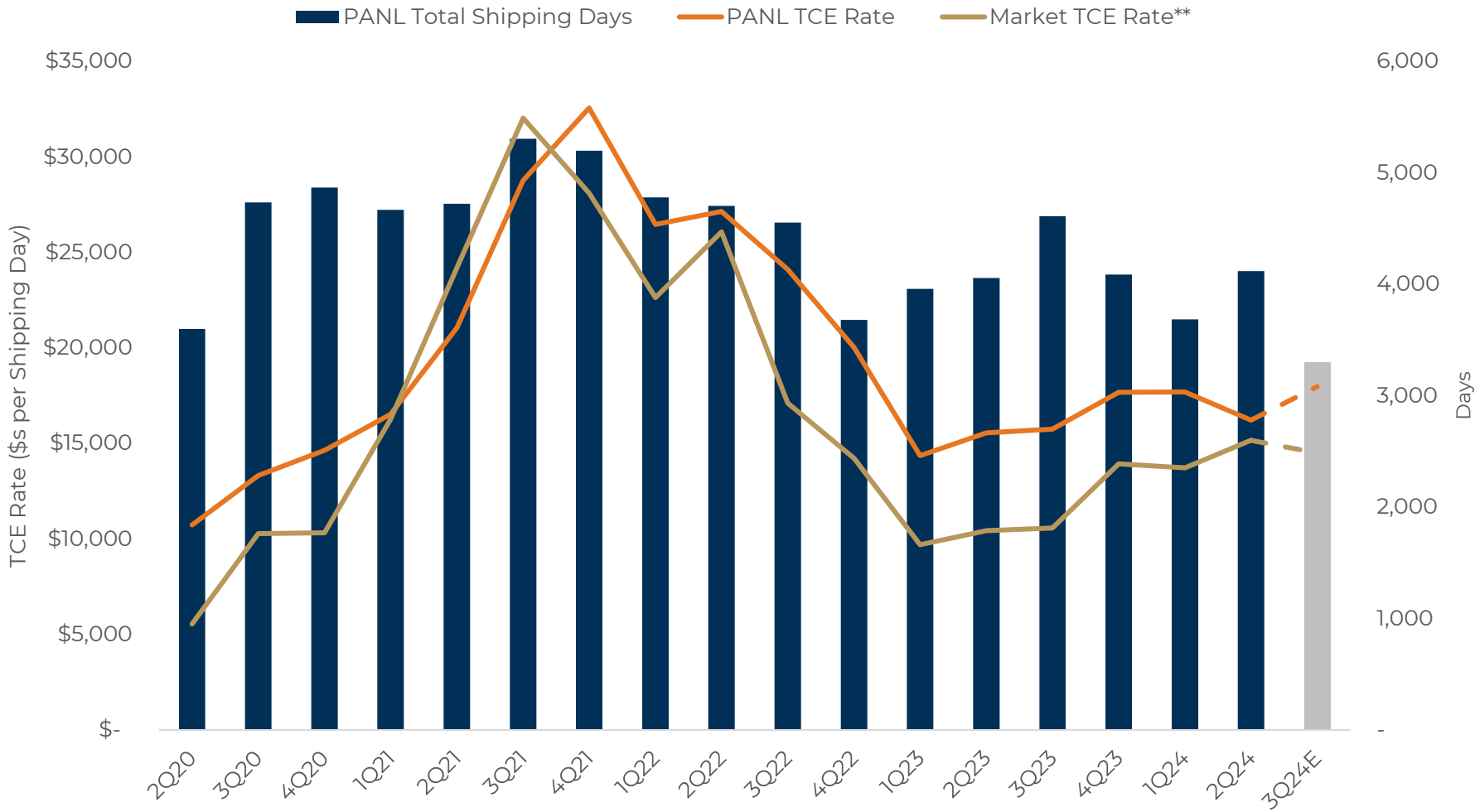


# Outperforming Industry Benchmark

Our TCE has exceeded the market by an average of 31% on a trailing 5-year basis

## Cargo Focused Business Model Consistently Delivers Above-Market Performance

- Current 3Q24 booked TCE rate of \$17,978, an 24% premium to the market average through the quarter.\*
- Our niche, higher-margin trades, long-term COAs and charter-in strategy remain key areas of differentiation.



\* Q3 24 estimated TCE performance based on shipping days booked as of August 7, 2024

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



# Recent Vessel Acquisitions

Disciplined acquirer of complementary assets

## 2021 & 2022

Purchased 9 vessels for \$242 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>



MV Bulk Concord - Panamax



MV Bulk Sachuest - Supramax

## 2023 & 2024

Purchased 2 vessels for \$55 million



MV Bulk Prudence - Ultramax



MV Bulk Brenton - 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

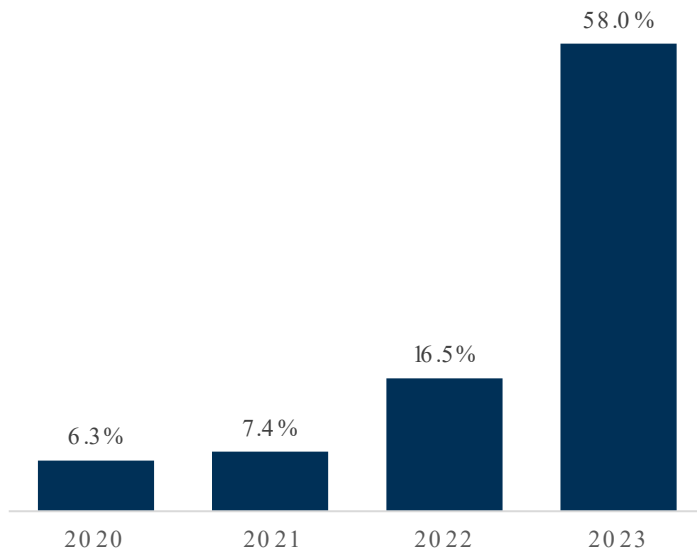
Targeted dividend policy is aimed toward sustainability through the cycle

Dividend payout has increased amid favorable market conditions and strategic execution

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

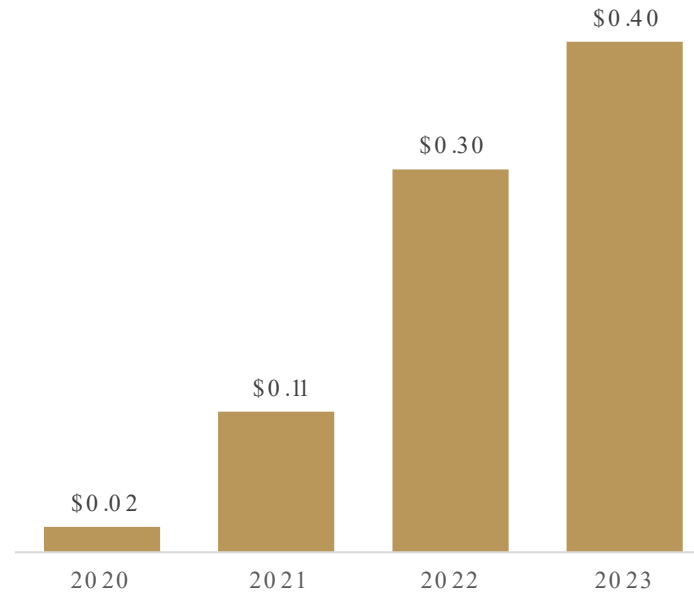
## Annual Dividend Payout Ratio

% of Adjusted Net Income



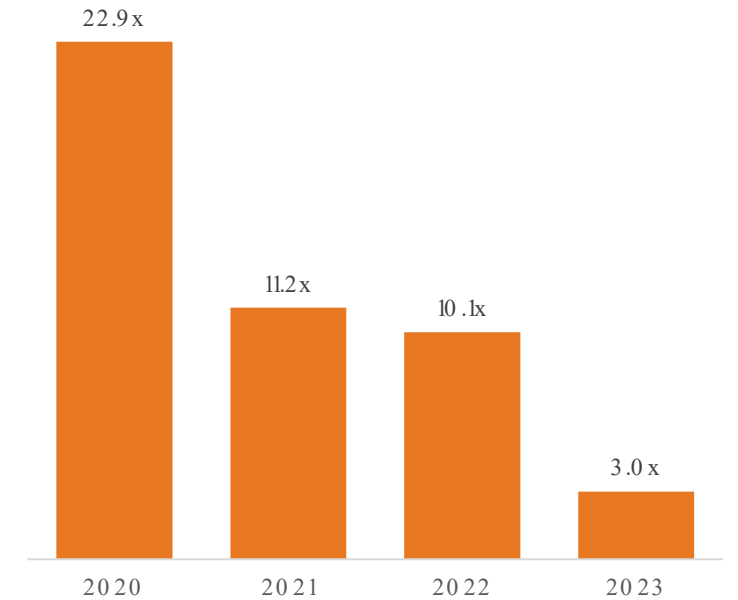
## Total Annual Cash Dividend Paid

\$s per Share



## Annual Dividend Coverage Ratio

Ratio of Operating Cash Flow to Dividends Issued





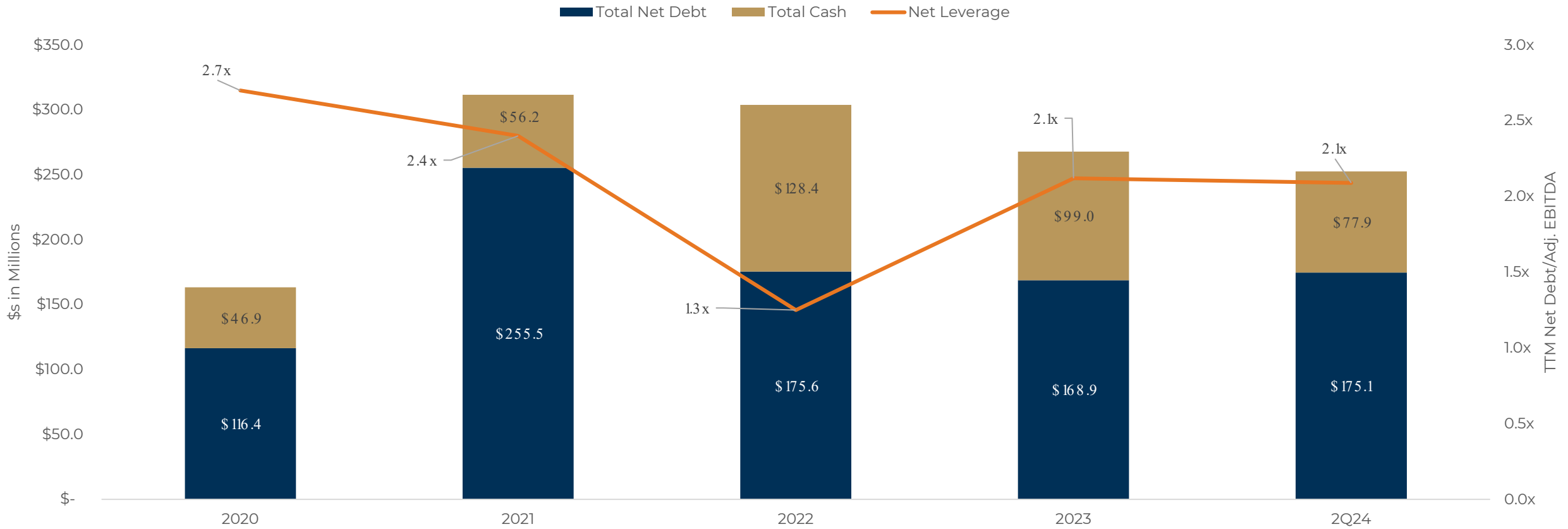
# Balance Sheet Update

Ample liquidity to support ongoing growth of business

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

Repaid over \$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

(2H24)

- While the situation in the Panama Canal has improved ton-mile demand remains elevated because of the disruption in the Red Sea and the Russian invasion of Ukraine. The 2nd half of the year is typically stronger due to the Northern hemisphere grain export season, which we also expect to contribute positively to the market rates for the rest of the year
- US Infrastructure spending is beginning to ramp up, creating favorable tailwinds for construction related raw materials

## Medium Term Outlook

(Full-Year 2025)

- 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

(2026 - 2027)

- 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)

	June 30, 2024 (unaudited)	December 31, 2023 (audited)
<i>Current Assets</i>		
Cash and cash equivalents	\$ 77,947	\$ 99,038
Accounts receivable, net	41,332	47,892
Other current assets	62,072	44,897
<b>Total current assets</b>	<b>181,351</b>	<b>191,826</b>
Fixed assets, including finance lease right of use assets, net	502,478	504,659
Goodwill	3,105	3,105
Other Non-current Assets	5,986	5,590
<b>Total assets</b>	<b>\$ 692,921</b>	<b>\$ 705,180</b>
Current liabilities		
Accounts payable, accrued expenses and other current liabilities	\$ 39,258	\$ 35,836
Current portion long-term debt and finance lease liabilities	33,530	52,722
Other current liabilities	11,181	16,776
<b>Total current liabilities</b>	<b>83,969</b>	<b>105,334</b>
Secured long-term debt and finance lease liabilities, net	215,510	211,713
Other long-term liabilities	16,632	17,937
Total Pangaea Logistics Solutions Ltd. equity	331,530	323,886
Non-controlling interests	45,279	46,310
Total stockholders' equity	376,809	370,196
<b>Total liabilities and stockholders' equity</b>	<b>\$ 692,921</b>	<b>\$ 705,180</b>

# Selected Income Statement Data

(in thousands, may not foot due to rounding)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	(unaudited)	(unaudited)	(audited)	(audited)
<b>Revenues:</b>				
Voyage revenue	\$ 124,096	\$ 110,466	\$ 211,386	\$ 218,416
Charter revenue	3,847	7,090	18,878	12,839
Terminal & stevedore revenue	3,555	520	5,982	520
<b>Total revenue</b>	<b>131,498</b>	<b>118,076</b>	<b>236,246</b>	<b>231,775</b>
<b>Expenses:</b>				
Voyage expense	61,151	54,460	98,266	111,274
Charter hire expense	32,685	29,126	59,828	51,717
Vessel operating expenses	14,736	13,211	27,405	26,818
Terminal Expenses	2,828	375	4,908	375
General and administrative	5,030	5,923	12,308	11,615
Depreciation and amortization	7,454	7,127	14,890	14,454
Loss on sale of vessel	-	-	-	1,172
<b>Total expenses</b>	<b>123,884</b>	<b>110,221</b>	<b>217,604</b>	<b>217,424</b>
<b>Income from operations</b>	<b>7,614</b>	<b>7,855</b>	<b>18,642</b>	<b>14,351</b>
<b>Total other expense, net</b>	<b>(3,621)</b>	<b>(5,088)</b>	<b>(1,983)</b>	<b>(8,181)</b>
<b>Net income</b>	<b>3,994</b>	<b>2,767</b>	<b>16,659</b>	<b>6,170</b>
<b>(Income) loss attributable to noncontrolling interests</b>	<b>(311)</b>	<b>78</b>	<b>(1,302)</b>	<b>149</b>
<b>Net income attributable to Pangaea Logistics Solutions Ltd.</b>	<b>\$ 3,683</b>	<b>\$ 2,845</b>	<b>\$ 15,357</b>	<b>\$ 6,319</b>
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$ 15,931</b>	<b>\$ 15,923</b>	<b>\$ 35,878</b>	<b>\$ 32,161</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	
	6/30/2024 (unaudited)	6/30/2023 (unaudited)	6/30/2024 (unaudited)	6/30/2023 (unaudited)
<b>Net Transportation and Service Revenue</b>				
<b>Gross Profit</b>	<b>\$ 12,671,400</b>	<b>\$ 13,805,410</b>	<b>\$ 31,005,001</b>	<b>\$ 27,192,817</b>
Add:				
Vessel Depreciation and amortization	7,426,197	7,099,516	14,835,191	14,398,898
<b>Net transportation and service revenue</b>	<b>\$ 20,097,597</b>	<b>\$ 20,904,926</b>	<b>\$ 45,840,192</b>	<b>\$ 41,591,715</b>
<b>Adjusted EBITDA</b>				
<b>Net Income</b>	<b>\$ 3,993,500</b>	<b>\$ 2,766,858</b>	<b>\$ 16,659,134</b>	<b>\$ 6,169,770</b>
Interest expense, net	3,147,421	3,083,156	6,123,067	6,283,824
Income (loss) attributable to Non-controlling interest recorded as long-term liability interest expense	(119,950)	905,337	695,152	760,600
Depreciation and amortization	7,453,675	7,126,995	14,890,148	14,453,855
<b>EBITDA</b>	<b>14,474,646</b>	<b>13,882,346</b>	<b>38,367,501</b>	<b>27,668,049</b>
Non-GAAP Adjustments:				
Loss on sale of vessels	-	-	-	1,172,196
Share-based compensation	528,673	267,073	1,667,350	1,123,507
Unrealized loss (gain) on derivative instruments, net	927,503	1,348,284	(4,156,836)	1,771,853
Other non-recurring items	-	425,702	-	425,702
<b>Adjusted EBITDA</b>	<b>\$ 15,930,822</b>	<b>\$ 15,923,405</b>	<b>\$ 35,878,015</b>	<b>\$ 32,161,307</b>

# Reconciliation of Non-GAAP Measures

## *Earnings Per Common Share*

<b>Net income attributable to Pangaea Logistics Solutions Ltd.</b>	<b>\$ 3,682,775</b>	<b>\$ 2,844,540</b>	<b>\$ 15,356,951</b>	<b>\$ 6,318,807</b>
Weighted average number of common shares - basic	<u>45,276,791</u>	<u>44,775,438</u>	<u>45,245,655</u>	<u>44,744,039</u>
Weighted average number of common shares - diluted	<u>46,028,875</u>	<u>45,127,972</u>	<u>45,922,272</u>	<u>45,122,019</u>
Earnings per common share - basic	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 0.34</u>	<u>\$ 0.14</u>
Earnings per common share - diluted	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 0.33</u>	<u>\$ 0.14</u>

## *Adjusted EPS*

<b>Net income attributable to Pangaea Logistics Solutions Ltd.</b>	<b>\$ 3,682,775</b>	<b>\$ 2,844,540</b>	<b>\$ 15,356,951</b>	<b>\$ 6,318,807</b>
Non-GAAP				
Add:				
Loss on impairment of vessels	-	-	-	-
Loss on sale of vessels	-	-	-	1,172,196
Unrealized loss (gain) on derivative instruments, net	927,503	1,348,284	(4,156,836)	1,771,853
Other non-recurring items	-	425,702	-	425,702
<b>Non-GAAP adjusted net income attributable to Pangaea Logistics Solutions Ltd.</b>	<b><u>4,610,278</u></b>	<b><u>4,618,526</u></b>	<b><u>11,200,115</u></b>	<b><u>9,688,558</u></b>
Weighted average number of common shares - basic	<u>45,276,791</u>	<u>44,775,438</u>	<u>45,245,655</u>	<u>44,744,039</u>
Weighted average number of common shares - diluted	<u>46,028,875</u>	<u>45,127,972</u>	<u>45,922,272</u>	<u>45,122,019</u>
<b>Adjusted EPS - basic</b>	<b><u>\$ 0.10</u></b>	<b><u>\$ 0.10</u></b>	<b><u>\$ 0.25</u></b>	<b><u>\$ 0.22</u></b>
<b>Adjusted EPS - diluted</b>	<b><u>\$ 0.10</u></b>	<b><u>\$ 0.10</u></b>	<b><u>\$ 0.24</u></b>	<b><u>\$ 0.21</u></b>