

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-36798

PANGAEA LOGISTICS SOLUTIONS, LTD.
(Exact Name of Registrant as Specified in Its Charter)

Bermuda
(State or Other Jurisdiction of Incorporation or Organization)

c/o Phoenix Bulk Carriers (US) LLC
109 Long Wharf, Newport, RI 02840
(Address of Principal Executive Offices)

98-1205464
(I.R.S. Employer Identification Number)

(401) 846-7790
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, \$0.0001 par value	PANL	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's Common Stock held by non-affiliates at June 30, 2021 was approximately \$175.4 million based on the Nasdaq closing price for such shares on that date. The registrant has no non-voting common equity.

As of March 16, 2022, 45,726,680 shares of Common Shares, \$0.0001 par value per share were outstanding.

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In this Annual Report on Form 10-K (this "Form 10-K"), references to "the Company," "we," "us" and "our" refer to Pangaea Logistics Solutions Ltd and its subsidiaries.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this Annual Report on Form 10-K pertaining to our operations, cash flows and financial position, including, in particular, the likelihood of our success in developing and expanding our business, include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," "forecasts," "may," "should" and similar expressions are forward-looking statements.

All statements in this Form 10-K that are not statements of either historical or current facts are forward-looking statements. Forward-looking statements include, but are not limited to, such matters as:

- our future operating or financial results;
- our ability to charter-in vessels and to enter into COAs ("Contract of Affreightment"), voyage charters, time charters and forward freight agreements, and the performance of our counterparties in such contracts;
- our financial condition and liquidity, including our ability to obtain financing in the future to fund capital expenditures, acquisitions and other general corporate activities;
- our expectations of the availability of vessels to purchase, the time it may take to construct new vessels, and vessels' useful lives;
- competition in the drybulk shipping industry;
- our business strategy and expected capital spending or operating expenses, including drydocking and insurance costs and the ability to expand our presence in logistics trades and custom supply chain management;
- global and regional economic and political conditions and sanctions, including war and piracy; and
- statements about shipping market trends, including charter rates and factors affecting supply and demand.

Many of these statements are based on our assumptions about factors that are beyond our ability to control or predict and are subject to risks and uncertainties that are described more fully under the "Risk Factors" section of this Form 10-K. Any of these factors or a combination of these factors could materially affect our future results of operations and the ultimate accuracy of the forward-looking statements. Factors that might cause future results to differ include, but are not limited to, the following:

- changes in governmental rules and regulations or actions taken by regulatory authorities;
- cybersecurity threats, including the potential misappropriation of assets or sensitive information, corruption of data or operational disruption;
- changes in economic and competitive conditions affecting our business, including market fluctuations in charter rates and charterers' abilities to perform under existing time charters;
- potential liability from future litigation and potential costs due to environmental damage and vessel collisions;
- the impact of sanctions on movement of commodities and demand for supply of drybulk vessels;
- the length and number of off-hire periods; and
- other factors discussed under the "Risk Factors" section of this Form 10-K.

You should not place undue reliance on forward-looking statements contained in this Annual Report on Form 10-K because they are statements about events that are not certain to occur as described or at all. All forward-looking statements in this Form 10-K are qualified in their entirety by the cautionary statements contained in this Form 10-K. These forward-looking statements

are not guarantees of our future performance, and actual results and future developments may vary materially from those projected in the forward-looking statements.

Except to the extent required by applicable law or regulation, we undertake no obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this Form 10-K or to reflect the occurrence of unanticipated events.

PART I.

ITEM 1. BUSINESS

Introduction

Pangaea Logistics Solutions Ltd. and its subsidiaries (collectively, “Pangaea” or the “Company”) provides seaborne drybulk logistics and transportation services. Pangaea utilizes its logistics expertise to service a broad base of industrial customers who require the transportation of a wide variety of drybulk cargoes, including grains, coal, iron ore, pig iron, hot briquetted iron, bauxite, alumina, cement clinker, dolomite and limestone. The Company addresses the logistics needs of its customers by undertaking a comprehensive set of services and activities, including cargo loading, cargo discharge, vessel chartering, voyage planning, and vessel technical management.

Business overview and Recent Developments

The Company provides logistics and transportation services to clients utilizing an ocean-going fleet of motor vessels ("m/v") in the Handymax, Supramax, Ultramax and Panamax segments. At any time, this fleet may be comprised of 45-60 vessels that are chartered-in on a short-term basis for operation under our contract business. In addition, during the year 2021, the Company operated 24 vessels which were wholly-owned or partially-owned through joint ventures. The Company uses this fleet to transport approximately 27 million tons of cargo annually to nearly 300 ports around the world, averaging approximately 55 vessels in service daily in 2021 and 49 during 2020.

The Company’s ocean logistics services provide cargo loading, cargo discharge, vessel chartering, voyage planning, and technical vessel management to vessel and cargo owners. Our logistics capabilities provide a wide array of services which allow our customers to extend their own services, to more efficiently transport their cargo, and to extend relationships with their own suppliers and customers. For some customers, the Company acts as their ocean logistics department, providing scheduling, terminal operations, port services, and marketing functions. For other customers, the Company transports supplies used in mining or processing in addition to cargo transport. The Company has worked with other customers on design, construction, and operation of loading and discharge facilities.

In addition, the Company focuses on fixing cargo and cargo contracts for transportation on backhaul routes. Backhaul routes position vessels for cargo discharge in typical loading areas. Backhaul routes allow us to reduce ballast days and instead earn revenues at times and on routes that are typically traveled without paying cargo.

The Company is a leader in the high ice class sector, secured by its control of a majority of the world’s large dry bulk vessels with Ice-Class 1A designation. High ice class trading includes service in ice-restricted areas in the Northern Hemisphere during both the winter (Baltic Sea and Gulf of St. Lawrence) and summer (Arctic Ocean). Trading during the ice seasons have historically provided superior profit margins, rewarding the Company for its investment in the specialized ships and the expertise it has developed working in these harsh environments.

The Company derives substantially all of its revenue from contracts of affreightment, “COAs”, voyage charters, and time charters. The Company transports a wide range of fundamental global commodities including grains, coal, iron ore, pig iron, hot briquetted iron, bauxite, alumina, cement clinker, dolomite, limestone, and other minor bulk cargo.

The Company’s COAs typically extend for a period of one to five years, although some extend for longer periods. A voyage charter is a contract for the carriage of a specific amount and type of cargo on a load port to discharge port basis, subject to various cargo handling terms. COAs and voyage charters provide voyage revenue to the Company. A time charter is a contract under which the Company is paid to provide a vessel on a per day basis for a specified period of time. Time charters provide charter revenues to the Company.

Active risk management is an important part of our business model. The Company believes its active risk management allows it to reduce the sensitivity of its revenues to market fluctuations and helps it to secure its long-term profitability and lower relative

volatility of earnings. We manage market risk by chartering in vessels for periods of less than nine months on average and through a portfolio approach based upon owned vessels, chartered-in vessels, COAs, voyage charters, and time charters. The Company tries to identify routes and ports for efficient bunkering to minimize its fuel expense. The Company also seeks to hedge a portion of its exposure to changes in the price of marine fuels, or bunkers, through fuel swaps; and to fluctuating future freight rates through forward freight agreements. The Company has also entered into interest rate agreements to fix a portion of our interest rate exposure.

The Company employs the technical management services, Seamar Management S.A., which is 51% owned by the Company, for its non-ice class 1A fleet, and SCF Management Services Ltd., a third party, for its ice class 1A fleet. As of March 16, 2022 the Company is in the process of moving the ice class 1A fleet from SCF Management Services Ltd. to Bernard Schulte Shipmanagement for technical management services. SCF Management Services Ltd. is a Russian company which is subject to sanctions imposed by the US and other governments in February 2022.

Business Strategy

The Company's principal business objectives are to profitably grow its business and increase shareholder value. The Company expects to achieve these objectives through the following strategies:

- **Focus on increasing strategic COAs.** COA is an agreement providing for the transportation between specified points for a specific quantity of cargo over a specific time period but without designating specific vessels or voyage schedules, thereby allowing flexibility in scheduling since no vessel designation is required. COAs can either have a fixed rate or a market-related rate. The Company intends to increase our COA business, in particular, COAs for cargo discharge in traditional loading areas (backhaul), by leveraging its relationships with existing customers and attracting new customers. The Company believes that its dedication to solving its customer's logistics problems, and its reputation and experience in carrying a wide range of cargoes and transiting less common routes and ports, increases its likelihood of securing strategic COAs. COA's provide a consistent cargo base and revenue for our transportation services, around which we attempt to structure other logistics offerings.
- **Expand capacity and flexibility by renewing its owned fleet and invest in ice class niche.** The Company is continually looking to acquire additional high-quality vessels suited for its business strategy, the needs of its customers and growth opportunities the Company identifies. The Company believes that its experience as a reliable and serious counterparty in the purchase and sale market for second-hand vessels positions it as a candidate for acquisition of high quality vessels. The Company currently controls (owns or has an ownership interest in) a fleet of 25 bulk carriers as of March 16, 2022. The current fleet includes six Ice-Class 1A Panamax, four Post Panamax Ice Class 1A, three Panamax, three Ultramax Ice Class 1C and eight Supramax drybulk vessels.
- **Increase backhaul focus, expand and defend its presence in the niche ice trades and increase fleet efficiency.** The Company continues to focus on backhaul cargoes, including backhaul cargoes associated with COAs, to reduce ballast days and increase expected earnings for well-positioned vessels. In addition, the Company intends to continue to charter in vessels for periods of less than nine months, on average, to permit it to match its variable costs to demand. The Company believes that increased vessel utilization and positioning efficiency will enhance its profitability. The Company demonstrated its commitment to remain the leader in high ice class large bulk carriers by taking delivery of its four newbuilding Post Panamax Ice Class vessels in 2021.
- **Focus on customized and complete logistics solutions within targeted dry bulk trades.** The Company intends to leverage its experience in designing custom loading and discharging systems in critical ports and optimizing vessel operations in ports to provide complete logistics solutions to its clients. The Company continues to look for opportunities to transport cargo for clients from, or to, rarely used or underdeveloped port facilities to expand its operations. The Company believes this operational expertise and complete logistics solutions will enhance the services offered, strengthen our client relationships and generate increased operating margins for the Company.

Competitive Strengths

The Company believes that it possesses a number of competitive strengths in its industry, including:

- **Expertise in certain niche markets and routes.** The Company has developed expertise and a major presence in selected niche markets and less commoditized routes, especially the Baltic Sea in winter, the Northern Sea Route between Europe and Asia in summer, and the trade route between Jamaica and the United States, as well as selected ports, particularly in Newfoundland and Baffin Island. The Company believes that there is less competition to carry "minor," as compared to traditional "major," bulk cargoes, and, similarly, that there is less competition on less

commoditized routes. The Company believes that its experience in carrying a wide range of cargoes and transiting less common routes and ports increases its likelihood of securing higher rates and margins than those available for more commoditized cargoes and routes. The Company believes it operates assets well suited to certain of these routes, including its Ice-Class 1A Panamax, Post Panamax Ice Class 1A and Ice-Class 1C Ultramax vessels. The ice-class fleet has historically produced margins that are superior to the average market rate.

- **Enhanced vessel utilization and profitability through strategic backhaul and triangulation methods.** The Company enhances vessel utilization and profitability through selecting COAs and other contracts to carry cargo on what would normally be backhaul or ballast legs. In contrast to the typical practice of incurring charter hire and bunker costs to position an empty vessel in a port or area where cargo is normally loaded, the Company instead actively works with its customers to secure cargoes for discharge in traditional loading areas (backhaul). This practice allows the Company to position vessels for loading at lower costs than it would bear if it positioned such vessels by traveling unladen or if the Company chartered in vessels in a loading area. The Company believes that this focus on backhaul cargoes permits them to benefit from ballast bonuses that are paid to position vessels for fronthaul cargoes or, alternatively, to earn a premium for delivering ships that are in position for fronthaul cargoes.
- **Strong relationships with major industrial customers.** The Company has developed strong commercial relationships with a number of major industrial customers. These customer relationships are based upon the Company's reputation and specific history of service to these customers. The Company believes that these relationships help it generate recurring business with such customers which, in some cases, are formalized through contracts for repeat business (COAs). The Company also believes that these relationships can help create new opportunities. Although many of these relationships have extended over a period of years, there is no assurance that such relationships or business will continue in the future. The Company believes that its familiarity with local regulations and market conditions at its routinely serviced ports, particularly in Newfoundland, Baffin Island and Jamaica, provides it with a strong competitive advantage and allows it to attract new customers and secure recurring business.
- **Logistics approach to commodity business.** The Company seeks employment for its vessels in a way that utilizes its expertise in enhancing productivity of clients' supply chains. The Company focuses on movements of cargo beyond loading and discharge berths and looks for opportunities to add value in clients' supply chains. The Company believes its additional efforts in providing complete logistics provides a competitive advantage and allows it to maintain strong client relationships and generate increased operating margins for the Company.
- **Experienced management team.** The day-to-day operations of a logistics and transportation services company requires close coordination among customers, land-based transportation providers and port authorities around the world. Its efficient operation depends on the experience and expertise of management at all levels, from vessel acquisition and financing strategy to oversight of vessel technical operations and cargo loading and discharge. The Company has a management team of senior executive officers and key employees with extensive experience and relationships in the commercial, technical, and financial areas of the drybulk shipping industry.
- **Strong Alignment and Transparency.** The Company observes that many publicly traded shipping companies rely on service providers affiliated with senior management or dominant shareholders for fundamental activities. Beyond the operational benefits to its customers of integrated commercial and technical management, the Company believes that its shareholders are benefited by its strategy of performing many of those activities in-house. Related to these efforts to maximize alignment of interest, the Company believes that the associated transparency of ownership and authority will be attractive to current and prospective shareholders.
- **Risk-management discipline.** The Company believes its risk management strategy allows it to reduce the sensitivity of its earnings to market changes and lower the risk of losses. The Company manages its risks primarily through short-term charter-in agreements of less than nine months, on average, through the use of forward freight agreements ("FFAs") and fuel hedges, and through modest leverage. The Company believes that shorter-term charters permit it to adjust its variable costs to match demand more rapidly than if it chartered in those vessels for longer periods. The Company may choose to manage the risks of higher rates for certain future voyages by purchasing and selling FFAs to limit the impact of changes in chartering rates. Similarly, the Company may choose to manage the risks of increasing fuel costs through bunker hedging transactions in order to limit the impact of changes in fuel prices on voyage results.

Management

The Company's management team consists of senior executive officers and key employees with decades of experience in the commercial, technical, management and financial areas of the logistics and shipping industries. The Company's Chief

Executive Officer, Mark Filanowski, has over 30 years of experience in the shipping industry. Other members of its management team and key employees, Mads Boye Petersen, Gianni Del Signore, Peter Koken, Courtney Renault, Neil McLaughlin, Robert Seward, and Fotis Doussopoulos and Lydia Doussopoulou also have extensive experience in the shipping industry. The Company believes its management team is well respected in the drybulk sector of the shipping industry and, over the years, has developed strong commercial relationships with industrial customers and lenders. The Company believes that the experience, reputation and background of its management team will continue to be key factors in its success.

The Company provides logistics services and commercially manages its fleet primarily from offices in Newport, Rhode Island, Copenhagen, Denmark and Singapore. Logistics services and commercial management include identifying cargo for transportation, voyage planning, managing relationships, identifying vessels to charter in, and operating such vessels.

The Company's Ice-Class 1A Panamax vessels are technically managed by a third-party manager with extensive expertise managing these vessel types and with ice pilotage. The technical management of the remainder of the Company's owned fleet is performed in-house by our 51% owned joint venture, Seamar Management, S.A.. The Company's technical management personnel have experience in the complexities of oceangoing vessel operations, including the supervision of maintenance, repairs, improvements, drydocking and crewing. The technical management for the Company's chartered-in vessels is performed by each respective third party ship owner.

Operations and Assets

The Company is a service business and our customers use the services we provide because they believe the Company adds and creates value for them. To add value, the Company offers a wide range of logistics services beyond the traditional loading, carriage and discharge of cargoes. The Company works with certain customers to review their contractual delivery terms and conditions, permitting those customers to reduce costs and certain risks. The Company also has a customer that is heavily dependent upon a port that was insufficiently supported by port pilots for the approach to port. To permit a large expansion of its services for this client, the Company formed a separate pilots association to increase the number of available pilots and improve access to the port. Another example of value-added services is the formation of a new port in Newfoundland, Canada to load aggregate cargo for export and a temporary port used in Greenland to load the northernmost dry bulk cargo ever carried. As a result of efforts such as these, in some cases the Company is the de facto logistics department for certain clients.

The Company's core offering is the safe, reliable, and timely loading, carriage, and discharge of cargoes for customers. This offering requires identifying customers, agreeing on the terms of service, selecting a vessel to undertake the voyage, working with port personnel to load and discharge cargo, and documenting the transfers of title upon loading or discharge of the cargo. As a result, the Company spends significant time and resources to identify and retain customers and source potential cargoes in its areas of operation. To further expand its customer base and potential cargoes, the Company has developed expertise in servicing ports and routes subject to severe ice conditions, including the Baltic Sea and the Northern Sea Route.

As of March 16, 2022, the Company operates its fleet of 25 owned or partially owned vessels, which are described in the table below:

Vessel Name	Type	DWT	Year Built	Yard
<i>m/v Bulk Endurance</i>	Ultramax (Ice Class 1C)	59,450	2017	Oshima Shipbuilding
<i>m/v Bulk Destiny</i>	Ultramax (Ice Class 1C)	59,450	2017	Oshima Shipbuilding
<i>m/v Nordic Oasis</i>	Panamax (Ice Class 1A)	76,180	2016	Oshima Shipbuilding
<i>m/v Nordic Olympic</i>	Panamax (Ice Class 1A)	76,180	2015	Oshima Shipbuilding
<i>m/v Nordic Odin</i>	Panamax (Ice Class 1A)	76,180	2015	Oshima Shipbuilding
<i>m/v Nordic Oshima</i>	Panamax (Ice Class 1A)	76,180	2014	Oshima Shipbuilding
<i>m/v Nordic Orion</i>	Panamax (Ice Class 1A)	75,603	2011	Oshima Shipbuilding
<i>m/v Nordic Odyssey</i>	Panamax (Ice Class 1A)	75,603	2010	Oshima Shipbuilding
<i>m/v Bulk Friendship</i>	Supramax	58,738	2011	Nantong Cosco Kawasaki HI
<i>m/v Bulk Independence</i>	Supramax	56,548	2008	Yokohama
<i>m/v Bulk Pride</i>	Supramax	58,749	2008	Tsuneishi Group (Zhoushan) Shipbuilding Inc.
<i>m/v Bulk Trident</i>	Supramax	52,514	2006	Tsuneishi Heavy Industries (Cebu)
<i>m/v Bulk Freedom</i>	Supramax	52,454	2005	Tsuneishi Shipbuilding Co. Ltd.
<i>m/v Bulk Newport</i>	Supramax	52,587	2003	Shin Kurushima Toyohashi
<i>m/v Bulk Spirit</i>	Supramax	52,950	2009	Oshima Shipbuilding
<i>m/v Bulk Valor</i>	Supramax	58,105	2013	Tsuneishi Heavy Industries (Cebu)
<i>m/v Bulk Courageous</i>	Ultramax	61,393	2013	Imabari Shipbuilding Company Limited (Imabari)
<i>m/v Bulk Concord</i>	Ultramax	76,600	2009	Shin Kasado Dockyard Co. Ltd
<i>m/v Bulk Pangaea</i>	Panamax	70,165	1996	Sumitomo Shipbuilding
<i>m/v Bulk Xaymaca</i> ⁽¹⁾	Panamax	76,561	2006	Imabari SB Marugame
<i>m/v Bulk Promise</i>	Panamax	78,228	2013	Shin Kurushima Toyohashi Shipbuilding Company Limited
<i>Nordic Nuluujaak</i>	Post Panamax (Ice Class 1A)	95,000	2021	Guangzhou Shipyard International Company Limited
<i>Nordic Qinngua</i>	Post Panamax (Ice Class 1A)	95,000	2021	Guangzhou Shipyard International Company Limited
<i>Nordic Sanngijuj</i>	Post Panamax (Ice Class 1A)	95,000	2021	Guangzhou Shipyard International Company Limited
<i>Nordic Siku</i>	Post Panamax (Ice Class 1A)	95,000	2021	Guangzhou Shipyard International Company Limited

⁽¹⁾ Formerly known as *m/v Bulk PODS*

The Company owns its vessels through separate wholly-owned subsidiaries and through joint venture entities with other owners, which the Company consolidates as variable interest entities in its consolidated financial statements.

On September 28, 2020, the Company acquired an additional one-third equity interest in its partially-owned consolidated subsidiary Nordic Bulk Holding Company Ltd. (“NBHC”) from one of NBHC’s shareholders. The Company owns two-thirds of NBHC after the acquisition. NBHC is a corporation that was duly organized under the laws of Bermuda in October 2012. The *m/v Nordic Orion* (“Orion”), the *m/v Nordic Odyssey* (“Odyssey”), the *m/v Nordic Oshima* (“Oshima”), the *m/v Nordic Olympic* (“Olympic”), the *m/v Nordic Odin* (“Odin”) and the *m/v Nordic Oasis* (“Oasis”) are owned by wholly-owned subsidiaries of NBHC. All of these vessels are time chartered to NBC, a wholly-owned subsidiary of the Company, at fixed rates and also have a profit share arrangement. NBC commercially operates these vessels in spot and COA trades.

In September 2019, the Company entered into an LLC agreement for the formation of NBP, that, at inception is owned 75% by the Company and 25% by an independent third party. NBP was established for the purpose of constructing and owning four new-build ice class post panamax vessels. The Company took delivery of *Nordic Nuluujaak*, *Nordic Qinngua*, *Nordic Sanngijuj* and *Nordic Suki* during the second quarter through fourth quarters of 2021. The independent third party made additional contribution which increased their ownership interest in NBP to 50% at December 31, 2021. No change of control transactions occurred according to the NBP LLC agreement.

In addition to its owned fleet, the Company operates chartered-in Panamax, including post panamax and Kamsarmax, Supramax, including Ultramax, Handymax and Handysize drybulk carriers. The Company employed an average of 55 vessels at any one time during 2021 and 49 in 2020. In 2021, the Company owned interests in 24 vessels and chartered in another 213 for one or more voyages. In 2020, the Company owned interests in 17 vessels and chartered in another 213 for one or more voyages. The Company generally charters in third-party vessels for periods of less than nine months and, in most cases, less than six months. Chartered-in contracts are negotiated through third-party brokers, who are paid commission on a percentage of charter cost. The Company believes that shorter-term charters afford it flexibility to match its variable costs to its customers’ service requirements and to respond quickly to market volatility. The Company also believes that this combination of owned

and chartered-in vessels helps it to more efficiently match its customer demand than the Company could with only owned vessels or an entirely chartered-in fleet.

Corporate Structure

The Company is a holding company incorporated under the laws of Bermuda as an exempted company on April 29, 2014. The Company's principal executives operate from the offices of its wholly-owned subsidiary Phoenix Bulk Carriers (US) LLC, which is located at 109 Long Wharf, Newport, Rhode Island 02840. The phone number at that address is (401) 846-7790. The Company also has offices in Copenhagen, Denmark, Athens, Greece and Singapore. The Company's corporate website address is <http://www.pangaeals.com>.

As of March 16, 2022, the Company's significant subsidiaries are as follows:

Company Name	Country of Organization	Proportion of Ownership Interest	
Americas Bulk Transport (BVI) Limited	British Virgin Islands	100%	(A)
Phoenix Bulk Management Bermuda Limited	Bermuda	100%	(B)
Phoenix Bulk Carriers (BVI) Limited ("PBC")	British Virgin Islands	100%	(C)
Bulk Ocean Shipping Company (Bermuda) Ltd.	Bermuda	100%	(D)
Phoenix Bulk Carriers (US) LLC	Delaware	100%	(E)
Allseas Logistics Bermuda Ltd.	Bermuda	100%	(F)
Bulk Patriot Ltd. ("Bulk Patriot")	Bermuda	100%	(G)
Bulk Juliana Ltd. ("Bulk Juliana")	Bermuda	100%	(G)
Bulk Trident Ltd. ("Bulk Trident")	Bermuda	100%	(G)
Nordic Bulk Barents Ltd. ("Bulk Barents")	Bermuda	100%	(G)
Nordic Bulk Bothnia Ltd. ("Bulk Bothnia")	Bermuda	100%	(G)
Nordic Bulk Carriers A/S ("NBC")	Denmark	100%	(H)
Nordic Bulk Ventures (Cyprus) Limited ("NBV")	Cyprus	100%	(H)
109 Long Wharf LLC ("Long Wharf")	Delaware	100%	(I)
Bulk Nordic Oshima (MI) Corp. ("Bulk Oshima")	Bermuda	67%	(J)
Bulk Nordic Odin (MI) Corp. ("Bulk Odin")	Bermuda	67%	(J)
Bulk Nordic Olympic (MI) Corp. ("Bulk Olympic")	Bermuda	67%	(J)
Bulk Nordic Oasis (MI) Corp.. ("Bulk Oasis")	Bermuda	67%	(J)
Bulk Nordic Odyssey Corp. (MI)	Marshall Islands	67%	(K)
Bulk Nordic Orion Corp. (MI)	Marshall Islands	67%	(K)
Nordic Bulk Holding Company Ltd. ("NBHC")	Bermuda	67%	(L)
Bulk Courageous Corp. ("Bulk Courageous")	Marshall Islands	100%	(G)
Bulk Valor Corp. ("Bulk Valor")	Marshall Islands	100%	(G)
Bulk Promise Corp. ("Bulk Promise")	Marshall Islands	100%	(G)
Bulk Nordic Five Ltd. ("Five")	Bermuda	100%	(G)
Bulk Nordic Six Ltd. ("Six")	Bermuda	100%	(G)
Bulk Nordic Seven LLC ("Seven")	Marshall Islands	100%	(G)
Bulk Nordic Eight LLC ("Eight")	Marshall Islands	100%	(G)
Bulk Nordic Nine LLC ("Nine")	Marshall Islands	100%	(G)
Bulk Nordic Ten LLC ("Ten")	Marshall Islands	100%	(G)
Nordic Bulk Partners LLC ("NBP")	Marshall Islands	50%	(M)
Nordic Bulk Ventures Holding Company Ltd. ("BVH")	Bermuda	100%	(A)
Bulk Freedom Corp. ("Bulk Freedom")	Marshall Islands	100%	(G)
Bulk Pride Corp. ("Bulk Pride")	Marshall Islands	100%	(G)
Bulk Independence Corp. ("Bulk Independence")	Marshall Islands	100%	(G)
Bulk Friendship Corp. ("Bulk Friendship")	Marshall Islands	100%	(G)
Bulk Beothuk Corp. ("Bulk Beothuk")	Marshall Islands	100%	(G)
Phoenix Bulk 25 Corp. ("Phoenix Bulk 25")	Marshall Islands	100%	(G)
Venture Logistics NL Inc. ("VLNL")	Canada	50%	(N)
Flintstone Ventures Limited ("FVL")	Newfoundland and Labrador	100%	(O)
Seamar Management S.A.	Greece	51%	(P)
Bulk PODS Ltd. ("Bulk PODS")	Marshall Islands	100%	(G)
Bulk Spirit Ltd. ("Bulk Spirit")	Marshall Islands	100%	(G)
Nordic Bulk Carriers Singapore Pte. Ltd.	Singapore	100%	(H)
Narragansett Bulk Carriers (US) Corp.	Rhode Island	100%	(H)
Patriot Stevedoring & Logistics, LLC	Massachusetts	50%	(Q)
Bay Stevedoring LLC	Delaware	100%	(R)
Pangaea Logistics Solutions (US) LLC	Delaware	100%	(S)

(A) The primary purpose of this corporation is to manage and operate ocean going vessels.

(B) The primary purpose of this entity is to perform certain administrative management functions that have been assigned by PBC.

(C) The primary purpose of this corporation is to provide logistics services to customers by chartering, managing and operating ships.

(D) The primary purpose of this corporation is to manage the fuel procurement for all vessels.

- (E) The primary purpose of this corporation is to act as the U.S. administrative agent for the Company.
- (F) The primary purpose of this corporation is to act as the treasury agent for the Company.
- (G) The primary purpose of these entities is owning bulk carriers.
- (H) The primary purpose of these entities is to provide logistics services to customers by chartering, managing and operating ships. NBV is the holding company of NBC.
- (I) Long Wharf is a limited liability company duly organized under the laws of Delaware for the purpose of holding real estate located in Newport, Rhode Island.
- (J) The primary purpose of these entities is owning bulk carriers. These companies are wholly-owned by NBHC, which is two-third owned by the Company.
- (K) The primary purpose of this entity is to transfer ownership of the m/v Nordic Odyssey and m/v Nordic Orion.
- (L) The primary purpose of this entity is to own or lease bulk carriers through wholly-owned subsidiaries. The Company's interest in Bulk Odyssey, Bulk Orion, Bulk Oshima, Bulk Olympic, Bulk Odin and Bulk Oasis is through its interest in NBHC.
- (M) The primary purpose of this entity is to own or lease bulk carriers through wholly-owned subsidiaries.
- (N) The primary purpose of VLNL is to own and operate the deck barge Miss Nora G. Pearl.
- (O) The primary purpose of FVL is the carriage of specialized cargo.
- (P) This entity is the technical manager of 15 vessels owned and operated by the Company.
- (Q) The primary purpose of the company is to manage and operate the Brayton Point Commerce Center Marine Terminal.
- (R) The primary purpose of the company is to manage and operate a port terminal in Louisiana.
- (S) The primary purpose of the company is to manage U.S.-based business activities.

Crewing and Employees

Each of our vessels is crewed with 20-25 independently contracted officers and crew members and, on certain vessels, directly contracted officers. Our technical managers are responsible for locating, contracting and retaining qualified officers for its vessels. The crewing agencies handle each crew member's training, travel and payroll, and ensure that all the crew members on its vessels have the qualifications and licenses required to comply with international regulations and shipping conventions. The Company typically has more crew members on board than are required by the country of the vessel's flag in order to allow for the performance of routine maintenance duties.

The Company employs approximately 70 shore-based personnel and has approximately 500 independently contracted seagoing personnel on its owned vessels. The shore-based personnel are employed in the United States, Athens, Copenhagen and Singapore.

Competition

The Company operates in markets that are highly competitive and based primarily on supply and demand for ocean transport of drybulk commodities. The Company competes for COAs on the basis of service, price, route history, size, age and condition of the vessel and for charters on the basis of service, price, vessel availability, size, age and condition of the vessel, as well as on its reputation as an owner and operator. The Company principally competes with owners and operators of Panamax, Supramax, Ultramax and Handymax bulk carriers. The Company attempts to differentiate itself from other owners and operators by extending its services to support more of its customers' supply chains and concentrates on established niche markets.

Seasonality

Demand for vessel capacity has historically exhibited seasonal variations and, as a result, fluctuations in charter rates. This seasonality may result in quarter-to-quarter volatility in the Company's operating results. The dry bulk carrier market is typically stronger in the fall months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere during the winter months. Seasonal fluctuation are also observed in harvest times in the Northern and Southern Atlantic trades. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. The Company may earn higher margins on ice-class business in winter and during severe ice trading.

Permits and Authorizations

The Company is required by various governmental and quasi-governmental agencies to obtain certain permits and certificates with respect to its vessels. The kinds of permits and certificates required depend upon several factors, including the commodity transported, the waters in which the vessel operates, the nationality of the vessel's crew and the age of the vessel. The Company has been able to obtain all permits and certificates currently required to permit its vessels to operate. Additional laws and regulations, environmental or otherwise, may be adopted which could limit its ability to do business or increase the cost of doing business.

Environmental and Other Regulations

Government regulation significantly affects the ownership and operation of the Company's vessels. The Company is subject to international conventions and treaties, national, state and local laws and regulations in force in the countries in which its vessels may operate or are registered. These regulations relate to safety, health and environmental protection including the storage, handling, emission, transportation and discharge of hazardous and non-hazardous materials, and the remediation of contamination and liability for damage to natural resources. Compliance with such laws, regulations and other requirements entails significant expense, including vessel modifications and implementation of certain operating procedures.

A variety of government and private entities subject the Company's vessels to both scheduled and unscheduled inspections. These entities include the local port authorities (such as the U.S. Coast Guard, harbor master or equivalent), classification societies, flag state administrations (countries of registry), charterers and terminal operators. Certain of these entities require them to obtain permits, certificates or approvals for the operation of its vessels. Failure to maintain necessary permits, certificates or approvals could require it to incur substantial costs or temporarily suspend the operation of one or more of its vessels.

Increasing environmental concerns have created a demand for vessels that conform to the stricter environmental standards. The Company is required to maintain operating standards for all of its vessels that emphasize operational safety, quality maintenance, continuous training of its officers and crews and compliance with United States and international regulations. The Company believes that the operation of its vessels is in substantial compliance with applicable environmental laws and regulations and that its vessels have all material permits, certificates or other approvals necessary for the conduct of its operations as of the date of this Form 10-K. However, because such laws and regulations are frequently changed and may impose increasingly strict requirements, the Company cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of its vessels. In addition, a future serious marine incident that results in significant oil pollution or otherwise causes significant adverse environmental impact could result in additional legislation or regulation that could negatively affect the Company's profitability.

As a global logistics provider, headquartered in the United States, we recognize the impacts of our actions and are focused on establishing safe, responsible, and sustainable policies and practices that will enhance our business for the long term. Transparency is an important step toward sustainability in our industry and we were pleased to present our second concise Environmental, Social and Governance (ESG) report based on the Marine Transportation framework developed by the Sustainability Accounting Standards Board (SASB) during 2021. More specifically over the past several years we have taken steps to integrate ESG into operations, including:

1. Renewed our owned fleet with modern second hand vessels with lower overall fuel consumption than older vessels in order to reduce our fleet's greenhouse gas emissions;
2. We utilize performance monitoring and weather routing services on both our owned and our chartered fleet. Using sophisticated forecasting algorithms and machine learning, we optimize the speed of our vessels by considering commercial and environmental concerns while reducing the amount of fuel consumed when the ships encounter adverse weather and/or currents;
3. We have established Ship Energy Efficiency Management Plans (SEEMP) to improve the efficiency of our vessels. Through the SEEMP, we ensure that all our ships are operated efficiently by:
 - a. Optimizing the speed of the vessels;
 - b. Making course changes to avoid higher fuel consumption caused by rough weather;
 - c. Hull cleaning in dry dock to improve speed and reduce fuel consumption;
4. For our chartered-in fleet we seek to employ the most fuel efficient designs available;
5. Ballast water treatment systems are currently installed on 23 vessels in our current fleet, representing approximately 92% of our current fleet;
6. Use of environmental consultants to assess and improve terminal operations. As the Company expands its operations to ports and terminals, it becomes more exposed to environmental requirements and regulations ashore.

International Maritime Organization

The United Nations' International Maritime Organization, or the IMO, has adopted the International Convention for the Prevention of Marine Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto (collectively referred to as MARPOL 73/78 and herein as "MARPOL"). MARPOL entered into force on October 2, 1983. It has been adopted by over 150 nations, including many of the jurisdictions in which the Company's vessels operate. MARPOL sets forth pollution-prevention requirements applicable to drybulk carriers, among other vessels, and is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried, in bulk, in liquid or packaged form, respectively; and Annexes IV and V relate to sewage and garbage management, respectively. Annex VI, separately adopted by the IMO in September of 1997, relates to air emissions. New emissions standards, titled IMO-2020, took effect on January 1, 2020.

Air Emissions

In September of 1997, the IMO adopted Annex VI to MARPOL to address air pollution. Effective May 2005, Annex VI sets limits on nitrogen oxide emissions from ships whose diesel engines were constructed (or underwent major conversions) on or after January 1, 2000. It also prohibits "deliberate emissions" of "ozone depleting substances," defined to include certain halons and chlorofluorocarbons. Deliberate emissions are not limited to times when the ship is at sea; they can for example include discharges occurring in the course of the ship's repair and maintenance. Emissions of "volatile organic compounds" from certain tankers, and the shipboard incineration (from incinerators installed after January 1, 2000) of certain substances (such as polychlorinated biphenyls (PCBs)) are also prohibited. Annex VI also includes a global cap on the sulfur content of fuel oil (see below).

The IMO's Marine Environment Protection Committee, or MEPC, adopted amendments to Annex VI on October 10, 2008, which amendments were entered into force on July 1, 2010. The Amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulphur contained in any fuel oil used onboard ships. On October 27, 2016, at its 70th session, the MEPC agreed to implement a global 0.5% m/m sulfur oxide emissions limit (reduced from 3.50%) starting from January 1, 2020. This limitation can be met by using low-sulfur compliant fuel oil, alternative fuels, or certain exhaust gas cleaning systems. Ships are now required to obtain bunker delivery notes and International Air Pollution Prevention ("IAPP") Certificates from their flag states that specify sulfur content. Additionally, at MEPC 73, amendments to Annex VI to prohibit the carriage of bunkers above 0.5% Sulphur on ships were adopted and will take effect March 1, 2020, with the exception of vessels fitted with exhaust gas cleaning equipment ("scrubbers") which can carry fuel of higher sulfur content. These regulations subject ocean-going vessels to stringent emissions controls, and may cause us to incur substantial costs, including those related to the purchase, installation and operation of scrubbers and the purchase of compliant fuel oil.

Beginning January 1, 2015, ships operating within an emission control area ("ECA") were not permitted to use fuel with sulfur content in excess of 0.1% (from 1.0%). Amended Annex VI establishes procedures for designating new ECAs. Currently, the Baltic Sea, the North Sea, certain coastal areas of North America and areas of the United States Caribbean Sea adjacent to Puerto Rico and the U.S. Virgin Islands are designated ECAs. Ocean-going vessels in these areas are subject to stringent emissions controls, which may cause the Company to incur additional costs. If other ECAs are approved by the IMO or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the U.S. Environmental Protection Agency (the "EPA"), or the states where the Company operates, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of operations.

As of January 1, 2013, MARPOL made certain measures relating to energy efficiency for ships mandatory. It makes the Energy Efficiency Design Index, or EEDI, applicable to new ships and the Ship Energy Efficiency Management Plan, or SEEMP, applicable to all ships.

Additionally, MEPC 75 introduced draft amendments to Annex VI which impose new regulations to reduce greenhouse gas emissions from ships. These amendments introduce requirements to assess and measure the energy efficiency of all ships and set the required attainment values, with the goal of reducing the carbon intensity of international shipping. The requirements include (1) a technical requirement to reduce carbon intensity based on a new Energy Efficiency Existing Ship Index ("EEXI"), and (2) operational carbon intensity reduction requirements, based on a new operational carbon intensity indicator ("CII"). The attained EEXI is required to be calculated for ships of 400 gross tonnage and above, in accordance with different values set for ship types and categories. With respect to the CII, the draft amendments would require ships of 5,000 gross tonnage to document and verify their actual annual operational CII achieved against a determined required annual operational CII. Additionally, MEPC 75 proposed draft amendments requiring that, on or before January 1, 2023, all ships above 400 gross tonnage must have an approved SEEMP on board. For ships above 5,000 gross tonnage, the SEEMP would need to include

certain mandatory content. The draft amendments introduced at MEPC 75 were adopted at the MEPC 76 session in June 2021 and are expected to enter into force in November 2022, with the requirements for EEXI and CII certification coming into effect from January 1, 2023. The Company is currently assessing the impact of these regulations on its fleet operations. MEPC 77 adopted a non-binding resolution which urges Member States and ship operators to voluntarily use distillate or other cleaner alternative fuels or methods of propulsion that are safe for ships and could contribute to the reduction of Black Carbon emissions from ships when operating in or near the Arctic.

Safety Management System Requirements

The IMO also adopted the International Convention for the Safety of Life at Sea, or SOLAS, and the International Convention on Load Lines, or the LL Convention, which impose a variety of standards that regulate the design and operational features of ships. The IMO periodically revises the SOLAS and LL Convention standards. May 2012 SOLAS amendments entered into force as of January 1, 2014.

The operation of the Company's ships is also affected by the requirements set forth in Chapter IX of SOLAS, which sets forth the IMO's International Management Code for the Safe Operation of Ships and Pollution Prevention, or the ISM Code. The ISM Code requires ship owners and ship managers to develop and maintain an extensive Safety Management System ("SMS"), that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The Company relies upon the safety management system that the Company and its technical managers have developed for compliance with the ISM Code. The failure of a ship owner to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. As of the date of this filing, each of its vessels is ISM code-certified.

The ISM Code requires that vessel operators obtain a safety management certificate, or SMC, for each vessel they operate. This certificate evidences compliance by a vessel's operators with the ISM Code requirements for an SMS. No vessel can obtain an SMC under the ISM Code unless its manager has been awarded a document of compliance, or DOC, issued in most instances by the vessel's flag state. The Company's appointed ship managers have obtained documents of compliance for their offices and safety management certificates for all of its vessels for which the certificates are required by the IMO. The document of compliance, or the DOC, and ship management certificate, or the SMC, are renewed as required.

Furthermore, recent action by the IMO's Maritime Safety Committee and United States agencies indicates that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. For example, cyber-risk management systems must be incorporated by ship-owners and managers by 2021.

This might cause companies to create additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. The impact of such regulations is hard to predict at this time.

The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations might have on the Company's operations.

Pollution Control and Liability Requirements

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatories to such conventions. For example, the IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits. The BWM Convention entered into force on September 8, 2017 at which time mid-ocean ballast exchange or ballast water treatment systems became mandatory. The Company's vessels will be required to be equipped with a ballast water treatment system that meets mandatory concentration limits not later than the first intermediate or renewal survey, whichever occurs first, after the anniversary date of delivery of the vessel in 2014, for vessels with ballast water capacity of 1500 – 5000 cubic meters, or after such date in 2016, for vessels with ballast water capacity of greater than 5000 cubic meters. The cost of compliance with these requirements may be material. The Company's newer fleet of Ice-Class vessels were equipped with these systems when delivered from the shipyard.

The IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, to impose strict liability on ship owners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of ships over 1,000 gross tons to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime

(but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended). With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in ship's bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

Noncompliance with the ISM Code or other IMO regulations may subject the Company to increased liability, lead to decreases in available insurance coverage for affected vessels or result in the denial of access to, or detention in, some ports. As of the date of this report, each of the Company's vessels is ISM Code certified. However, there can be no assurance that such certificate will be maintained.

International Code for Ships Operating in Polar Waters

The IMO in November 2014 adopted the International Code for Ships Operating in Polar Waters (the "Polar Code"), and related amendments to the International Convention for the Safety of Life at Sea ("SOLAS") to make it mandatory.

The Polar Code is mandatory under both SOLAS and MARPOL because it contains both safety and environment related provisions. The MEPC adopted the Polar Code and associated MARPOL amendments in May 2015.

The U.S. Oil Pollution Act of 1990 and Comprehensive Environmental Response, Compensation and Liability Act

The Oil Pollution Act of 1990, ("OPA"), established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all "owners and operators" whose vessels trade with the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone around the United States. The United States has also enacted the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, which applies to the discharge of hazardous substances other than oil, whether on land or at sea. OPA and CERCLA both define "owner and operator" in the case of a vessel as any person owning, operating or chartering by demise, the vessel. Both OPA and CERCLA impact the Company's operations.

Under OPA, vessel owners and operators are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels. OPA defines these other damages broadly to include:

- injury to, destruction or loss of, or loss of use of, natural resources and related assessment costs;
- injury to, or economic losses resulting from, the destruction of real and personal property;
- net loss of taxes, royalties, rents, fees or net profit revenues resulting from injury, destruction or loss of real or personal property, or natural resources;
- loss of subsistence use of natural resources that are injured, destroyed or lost;
- lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources; and
- net cost of increased or additional public services necessitated by removal activities following a discharge of oil, such as protection from fire, safety or health hazards, and loss of subsistence use of natural resources.

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective December 31, 2015, the U.S. Coast Guard adjusted the limits of OPA liability for non-tank vessels (e.g. drybulk) to the greater of \$1,200 per gross ton or \$997,100 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident where the responsible party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

CERCLA contains a similar liability regime whereby owners and operators of vessels are liable for cleanup, removal and remedial costs, as well as damages for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of \$300 per gross ton or \$5.0 million for vessels carrying a hazardous substance as cargo and the greater of \$300 per gross ton or \$500,000 for any other vessel. These limits do not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or negligence, or the primary cause of the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refused to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

OPA and CERCLA both require owners and operators of vessels to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantor.

Incidents such as the 2010 *Deepwater Horizon* oil spill in the Gulf of Mexico may result in additional regulatory initiatives or statutes, including the raising of liability caps under OPA (which were raised on December 31, 2015). Compliance with any new requirements of OPA may substantially impact the Company's cost of operations or require it to incur additional expenses to comply with any new regulatory initiatives or statutes. Additional legislation or regulations applicable to the operation of its vessels that may be implemented in the future could adversely affect its business.

The Company currently maintains pollution liability coverage insurance in the amount of \$1.0 billion per incident for each of the Company's vessels. If the damages from a catastrophic spill were to exceed the Company's insurance coverage it could have an adverse effect on its business and results of operation.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, provided they accept, at a minimum, the levels of liability established under OPA and some states have enacted legislation providing for unlimited liability for oil spills. In some cases, states which have enacted such legislation have not yet issued implementing regulations defining vessel owners' responsibilities under these laws. The Company intends to comply with all applicable state regulations in the ports where its vessels call. The Company believes that it is in substantial compliance with all applicable existing state requirements. In addition, the Company intends to comply with all future applicable state regulations in the ports where its vessels call.

Other Environmental Initiatives

The U.S. Clean Water Act, or CWA, prohibits the discharge of oil, hazardous substances and ballast water in U.S. navigable waters unless authorized by a duly-issued permit or exemption, and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages, and complements the remedies available under OPA and CERCLA. Furthermore, many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law.

The EPA and the USCG have also enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial costs, and/or otherwise restrict our vessels from entering U.S. Waters. The EPA will regulate these ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters pursuant to the Vessel Incidental Discharge Act ("VIDA"), which was signed into law on December 4, 2018 and replaces the 2013 Vessel General Permit ("VGP") program (which authorizes discharges incidental to operations of commercial vessels and contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in U.S. waters, stringent requirements for exhaust gas scrubbers, and requirements for the use of environmentally acceptable lubricants) and current Coast Guard ballast water management regulations adopted under the U.S. National Invasive Species Act ("NISA"), such as mid-ocean ballast exchange programs and installation of approved USCG technology for all vessels equipped with ballast water tanks bound for U.S. ports or entering U.S. waters. VIDA establishes a new framework for the regulation of vessel incidental discharges under Clean Water Act (CWA), requires the EPA to develop performance standards for those discharges within two years of enactment, and requires the U.S. Coast Guard to develop implementation, compliance, and enforcement regulations within two years of EPA's promulgation of standards. Under VIDA, all provisions of the 2013 VGP and USCG regulations regarding ballast water treatment remain in force and effect until the

EPA and U.S. Coast Guard regulations are finalized. Non-military, non-recreational vessels greater than 79 feet in length must continue to comply with the requirements of the VGP, including submission of a Notice of Intent ("NOI") or retention of a PARI form and submission of annual reports. We have submitted NOIs for our vessels where required. On October 26, 2020, the EPA published a Notice of Proposed Rulemaking for Vessel Incidental Discharge National Standards of Performance under

VIDA. By approximately 2022, the U.S. Coast Guard must develop corresponding implementation, compliance and enforcement regulations regarding ballast water. Compliance with the EPA, U.S. Coast Guard and state regulations could require the installation of ballast water treatment equipment on our vessels or the implementation of other port facility disposal procedures at potentially substantial cost, or may otherwise restrict our vessels from entering U.S. waters.

European Union Regulations

In October 2009, the European Union amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly or with serious negligence and the discharges, individually or in the aggregate, result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. Member States were required to enact laws or regulations to comply with the directive by the end of 2010. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims. The directive applies to all types of vessels, irrespective of their flag, but certain exceptions apply to warships or where human safety or that of the ship is in danger.

The European Union has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk ships, as determined by type, age, and flag as well as the number of times the ship has been detained. The European Union also adopted and then extended a ban on substandard ships and enacted a minimum ban period and a definitive ban for repeated offenses. The regulation also provided the European Union with greater authority and control over classification societies, by imposing more requirements on classification societies and providing for fines or penalty payments for organizations that failed to comply.

With effect from January 1, 2010, Directive 2005/33/EC of the European Parliament and of the Council of July 6, 2005, amending Directive 1999/32/EC came into force. The objective of the directive is to reduce emission of sulfur dioxide and particulate matter caused by the combustion of certain petroleum derived fuels.

The directive imposes limits on the sulfur content of such fuels as a condition of their use within a Member State territory. The maximum sulfur content for marine fuels used by inland waterway vessels and ships at berth in ports in EU countries after January 1, 2010, is 0.1% by mass. As of January 1, 2015, all vessels operating within ECAs, worldwide must comply with 0.1% sulfur requirements. Currently, the only grade of fuel meeting 0.1% sulfur content requirement is low sulfur marine gas oil, or LSMGO. As of July 1, 2010, the reduction of applicable sulfur content limits in the North Sea, the Baltic Sea and the English Channel Sulfur Control Areas is 0.1%. As of January 2020, EU member states must also ensure that ships in all EU waters, except the Emission Control Area, use fuels with a 0.5% maximum sulfur content. The Company does not expect that it will be required to modify any of its vessels to meet any of the foregoing low sulfur fuel requirements.

On September 15, 2020, the European Parliament voted to include greenhouse gas emissions from the maritime sector in the European Union's carbon market. On July 14, 2021, the European Parliament formally proposed its plan, which would involve gradually including the maritime sector from 2023 and phasing the sector in over a three-year period. This will require shipowners to buy permits to cover these emissions. Contingent upon negotiations and a formal approval vote, these proposed regulations may not enter into force for another year or two.

Greenhouse Gas Regulation

In July 2011, MEPC adopted two new sets of mandatory requirements to address greenhouse gas emissions from ships, which entered into force in January 2013. Currently operating ships are required to have a Ship Energy Efficiency Management Plan ("SEEMP") on board, and minimum energy efficiency levels per capacity mile, outlined in the Energy Efficiency Design Index ("EEDI"), apply to new ships. These requirements could cause the Company to incur additional compliance costs. The European Union has indicated that it intends to propose an expansion of the existing European Union emissions trading scheme to include emissions of greenhouse gases from marine vessels, and in January 2012 the European Commission launched a public consultation on possible measures to reduce greenhouse gas emissions from ships. In the United States, the EPA has issued a finding that greenhouse gases endanger the public health and safety and has adopted regulations to limit greenhouse gas emissions from certain mobile sources and large stationary sources. Although the mobile source emissions regulations do not apply to greenhouse gas emissions from vessels, such regulation of vessels is foreseeable, and the EPA has in recent years received petitions from the California Attorney General and various environmental groups seeking such regulation. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, the U.S. or other countries

where the Company operates, or any treaty adopted at the international level to succeed the Kyoto Protocol, that restrict emissions of greenhouse gases could require the Company to make significant financial expenditures which the Company cannot predict with certainty at this time.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001 in the United States, there have been a variety of initiatives intended to enhance vessel security such as the Maritime Transportation Security Act of 2002, or MTSA. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. The regulations also impose requirements on certain ports and facilities, some of which are regulated by the U.S. Environmental Protection Agency, or the EPA.

Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new Chapter V became effective in July 2004 and imposes various detailed security obligations on vessels and port authorities, and mandates compliance with the International Ship and Port Facilities Security Code, or the ISPS Code. The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate, or ISSC, from a recognized security organization approved by the vessel's flag state. Among the various requirements are:

- on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status;
- on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore;
- the development of vessel security plans;
- ship identification number to be permanently marked on a vessel's hull;
- a continuous synopsis record kept onboard showing a vessel's history including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and
- compliance with flag state security certification requirements.

Ships operating without a valid certificate may be detained at port until it obtains an ISSC, or it may be expelled from port, or refused entry at port.

Furthermore, additional security measures could be required in the future which could have a significant financial impact on the Company. The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid ISSC that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code.

The Company intends to implement the various security measures addressed by MTSA, SOLAS and the ISPS Code, and the Company intends that its fleet will comply with applicable security requirements. The Company has implemented the various security measures addressed by the MTSA, SOLAS and the ISPS Code.

International Labor Organization

The International Labor Organization (ILO) is a specialized agency of the UN with headquarters in Geneva, Switzerland. The ILO has adopted the Maritime Labor Convention 2006, or MLC 2006. A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance is required to ensure compliance with the MLC 2006 for all ships above 500 gross tons in international trade. The MLC 2006 entered into force on August 20, 2013. Amendments to MLC 2006 entered into force on January 18, 2017. Ships that are subject to the MLC will, after this date, be required to display certificates issued by an insurer or other financial security provider confirming that insurance or other financial security is in place for the cost and expense of crew repatriation, as well as up to four months contractually entitled arrears of wages and entitlements following abandonment. Amendments also require a certificate for liabilities for contractual claims arising from seafarer personal injury, disability or death. The Company's vessels are in full compliance with its requirements.

Inspection by Classification Societies

Every oceangoing vessel must be “classed” by a classification society. The classification society certifies that the vessel is “in class,” signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes, as requested, other surveys that may be required by the vessel's flag state. These surveys are subject to agreements made with the vessel owner and/or to the regulations of the country concerned.

For maintenance of the class certification, annual, intermediate and special surveys of hull and machinery, including the electrical plant, and any special equipment, are required to be performed as follows:

- *Annual Surveys:* For seagoing ships, annual surveys are conducted within three months, before or after each anniversary of the class period indicated in the certificate.
- *Intermediate Surveys:* Extended surveys are referred to as intermediate surveys and are typically conducted two and one-half years after commissioning, and two and one-half years after each class renewal. Intermediate surveys are to be carried out at or between the occasion of the second or third annual survey.
- *Class Renewal Surveys:* Class renewal surveys, also known as special surveys, are carried out at the intervals indicated by the character of classification for the hull. At the special survey, the vessel is thoroughly examined, including audio-gauging to determine the thickness of the steel structures. If the steel thickness is found to be less than class requirements, the classification society would prescribe steel renewals which require drydocking of the vessel. The classification society may grant a one-year grace period for completion of the special survey. Substantial costs may be incurred for steel renewal in order to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey every four or five years, depending on whether a grace period was granted, a shipowner has the option of arranging with the classification society for the vessel's hull or machinery to be on a continuous survey cycle, in which case every part of the vessel would be surveyed on a continuous five-year cycle. This process is referred to as continuous class renewal.

All areas subject to survey, as defined by the classification society, are required to be surveyed at least once per class period unless shorter intervals between surveys are prescribed elsewhere. The period between two subsequent surveys of each area must not exceed five years.

Most vessels undergo regulatory inspection of the underwater parts every 30 to 36 months. If any defects are found, the classification surveyor will issue a recommendation which must be rectified by the ship owner within prescribed time limits.

The Company expects to perform two special surveys in 2022 at an aggregate total cost of approximately \$3.0 million. The Company expects to perform three intermediate surveys in 2022 at an aggregate total cost of approximately \$1.5 million. The Company estimates that offhire related to the surveys and related repair work is ten to twenty days per vessel, depending on the size and condition of the vessel.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as “in class” by a classification society which is a member of the International Association of Classification Societies. All of the Company's vessels are certified by Det Norske Veritas, Nippon Kaiji Kiokai or Bureau Veritas. All new and second-hand vessels that the Company purchases must be certified prior to delivery under its standard purchase contracts, referred to as the memorandum of agreement or ship building contracts. Certification of second-hand vessels must be verified by a Class Maintenance Certificate issued within 72 hours prior to delivery. If the vessel is not certified on the date of closing, the Company has the option to cancel the agreement on the basis of Seller's default, and not take delivery of the vessel.

Risk of Loss and Insurance

General

The operation of any dry bulk vessel includes risks such as mechanical failure, collision, property loss, cargo loss or damage, and business interruption due to political circumstances in foreign countries, hostilities and labor strikes. In addition, there is an

inherent possibility of marine disaster, including oil spills (e.g. fuel oil) and other environmental incidents, and the liabilities arising from owning and operating vessels in international trade. OPA, which imposes virtually unlimited liability for certain oil pollution accidents upon owners, operators and demise charterers of vessels trading in the United States exclusive economic zone, has made liability insurance more expensive for ship owners and operators trading in the U.S. market.

The Company maintains hull and machinery insurance, war risks insurance, protection and indemnity cover and freight, demurrage and defense cover for its owned fleet at amounts it believes address the normal risks of its operations. The Company may not be able to maintain this level of coverage throughout a vessel's useful life. Furthermore, while the Company believes that its current insurance coverage is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that the Company will always be able to obtain adequate insurance coverage at reasonable rates.

Hull & Machinery and War Risks Insurance

The Company maintains marine hull and machinery and war risks insurances, which cover the risk of actual or constructive total loss, for all of its vessels. Vessels are insured for their fair market value, at a minimum, with a deductible of \$100,000 per vessel per incident.

Protection and Indemnity Insurance

Protection and indemnity insurance is a form of mutual indemnity insurance provided by mutual protection and indemnity associations, or P&I Associations, which insure the Company's third party liabilities in connection with its shipping activities. This includes third-party liability and other related expenses resulting from the injury, illness or death of crew, passengers and other third parties, the loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances and salvage, towing and other related costs, including wreck removal. Subject to the "capping" discussed below, the Company's coverage, except for pollution, is unlimited.

The Company's current protection and indemnity insurance coverage for pollution is \$1.0 billion per vessel per incident. The thirteen P&I Associations that comprise the International Group insure approximately 90% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each association's liabilities. As a member of a P&I Association, which is a member of the International Group, the Company is subject to calls payable to the associations based on the group's claim records as well as the claim records of all other members of the individual associations and members of the pool of P&I Associations comprising the International Group.

Exchange Controls

The Company is an exempted company organized under the Bermuda Companies Act. The Bermuda Companies Act differs in some material respects from laws generally applicable to United States companies and their stockholders. However, a general permission issued by the Bermuda Monetary Authority, ("BMA"), results in the Company's common shares being freely transferable among persons who are residents and non-residents of Bermuda. Each shareholder, whether a resident or non-resident of Bermuda, is entitled to one vote for each share of stock held by the shareholder.

Although the Company is incorporated in Bermuda, the Company is classified as a non-resident of Bermuda for exchange control purposes by the BMA. Other than transferring Bermuda Dollars out of Bermuda, there are no restrictions on its ability to transfer funds into and out of Bermuda or to pay dividends in currency other than Bermuda Dollars to U.S. residents (or other non-residents of Bermuda) who are holders of its common shares.

In accordance with Bermuda law, share certificates may be issued only in the names of corporations, individuals or legal persons. In the case of an applicant acting in a special capacity (for example, as an executor or trustee), certificates may, at the request of the applicant, record the capacity in which the applicant is acting. Notwithstanding the recording of any such special capacity, the Company is not bound to investigate or incur any responsibility in respect of the proper administration of any such estate or trust.

The Company will take no notice of any trust applicable to any of its shares or other securities whether or not the Company had notice of such trust.

INDUSTRY AND MARKET CONDITIONS

Market Overview

Ocean going vessels represent the most efficient and often the only means of transporting large volumes of dry cargo over long distances. Dry bulk cargo includes both major and minor commodities such as coal, iron ore, grain, bauxite, cement clinker, and limestone. Dry bulk trade is influenced by the underlying demand for the dry bulk commodities which in turn is influenced by the level of global economic activity.

The world's fleet of vessels dedicated to carrying dry bulk cargoes is traditionally divided into six major categories, based on a vessel's cargo carrying capacity. These categories are: Handysize, Supramax, Ultramax, Panamax, Capesize and Very Large Ore Carrier. Certain routes and geographies are less accessible to certain vessel sizes. For example, Panamax and Supramax vessels are the main dry bulk vessel types deployed in the Baltic due to draft restrictions.

Dry bulk vessels are employed through a number of different chartering options. The most common are time charters, spot charters, and voyage charters. Historically, charter rates have been volatile as they are driven by the underlying balance between vessel supply and demand. Ice class vessels, when operating in ice-bound areas, usually command a rate premium to conventional trades.

Dry Bulk Shipping — the Main Participants

In the dry bulk shipping industry there are multiple functions, with individual parties carrying out one or more of such functions. In general, the principal functions within dry bulk shipping are as follows:

- **Ship Owner or Registered Owner** — Generally, this is an entity retaining the legal title of ownership over a vessel.
- **Ship Operator** — Generally, this is an entity seeking to generate profit either through the chartering of ships (owned or chartered-in) to others, or from the transportation of cargoes. Entities focusing on the transportation of cargoes may engage in chartering of ships to other entities, but those companies focusing on chartering ships to other entities rarely act to carry cargoes for customers.
- **Shipmanager/Commercial Manager** — This is an entity designated to be responsible for the day to day commercial management of the ship and the best contact for the ship regarding commercial matters, including post fixture responsibilities, such as laytime, demurrage, insurance and charter clauses. These companies undertake the activities of ship operators but, unlike a ship operator, they do not own or charter-in the vessels at their own risk.
- **Technical Manager** — This is an entity specifically responsible for the technical operation and technical superintendence of a ship. This company may also be responsible for hiring, training and supervising ship officers and crew, and for all aspects of the day to day operation of the fleet, including repair work, spare parts inventory, re-engineering, surveys and dry-docking.
- **Cargo Owner** — This is normally a producer (e.g., a miner), consumer (e.g., a steel mill) or trading house who requires transportation of cargo by a cargo focused ship operator.

The Company participates in each of these capacities with the exception of cargo owner, although at rare opportunistic times the Company may purchase cargo for resale after completion of a voyage.

The Freight Market

Dry bulk vessels are employed in the market through a number of different chartering options. The general terms typically found in these types of contracts are described below.

- **Time Charter.** A charter under which the vessel owner or operator is paid charterhire on a per-day basis for a specified period of time. Typically, the shipowner receives semi-monthly charterhire payments on a U.S. dollar-per-day basis and is responsible for providing the crew and paying vessel operating expenses, while the charterer is responsible for paying the voyage expenses and additional voyage insurance. The ship owner is also responsible for the vessel's intermediate and special survey (heavy mandatory maintenance) costs. Under time charters, including trip charters, the charterer pays all voyage expenses including port, canal and bunker (fuel) costs.
- **Trip Charter.** A time charter for a trip to carry a specific cargo from a load port to a discharge port at a set daily rate.
- **Voyage Charter.** A charter to carry a specific amount and type of cargo on a load-port to discharge-port basis, subject to various cargo handling terms. Most of these charters are of a single voyage nature, as trading patterns do not encourage

round trip voyage trading. The ship operator receives payment based on a price per ton of cargo loaded on board the vessel. The ship operator is responsible for the payment of all voyage expenses, as well as the costs of owning or hiring the vessel.

- **Contract of Affreightment.** A contract of affreightment, or COA, relates to the carriage of multiple cargoes over the same route and enables the service provider to nominate different vessels to perform the individual voyages. Essentially, it constitutes a series of voyage charters to carry a specified amount of cargo during the term of the CoA, which usually spans a number of months or years. Freight normally is agreed on a U.S. dollar-per-ton carried basis with bunker cost escalation or de-escalation adjustments.
- **Bareboat Charter.** A bareboat charter involves the use of a vessel, usually over longer periods of time (several years). In this case, all voyage expenses and vessel operating expenses, including maintenance, crewing and insurance, are paid for by the charterer. The owner of the vessel receives monthly charterhire payments on a U.S. dollar per day basis and is responsible only for the payment of capital costs related to the vessel. A bareboat charter is also known as a “demise charter” or a “time charter by demise.”

The Company primarily employs its vessels under voyage charters together with COAs and time charters.

Rates

In the time charter (period) market, rates vary depending on the length of the charter period and vessel specific factors such as age, speed, size and fuel consumption. In the voyage charter market, rates are influenced by cargo size, commodity, port dues, bunker prices, and canal transit fees, as well as delivery and redelivery regions. In general, a larger cargo size is quoted at a lower rate per ton than a smaller cargo size. Routes with costly ports or canals generally command higher rates. Voyages loading from a port where vessels usually discharge cargo, or discharging at a port where vessels usually load cargo, are generally quoted at lower rates. These voyages are known as “backhaul” voyages.

In some cases, charters will include an additional payment known as a ballast bonus. A ballast bonus is a lump sum payment made to a shipowner or operator (by the charterer) as compensation for delivering a ship in a particular loading region of the world. For a ship to enter a loading region, an empty (ballast) leg may be required because there are no inbound cargoes. The ballast bonus should reflect the cost of the empty ballast in terms of time and fuel. A typical fixture that involves a ballast bonus might be expressed as “freight hire of \$10,000 per day, plus a ballast bonus of \$100,000 lump sum”.

Within the dry bulk shipping industry, the freight rate indices issued by the Baltic Exchange in London are the references most likely to be monitored. These references are based on actual charter hire rates under charters entered into by market participants as well as daily assessments provided to the Baltic Exchange by a panel of major shipbrokers. The Baltic Exchange, an independent organization comprised of shipbrokers, shipping companies and other shipping players, provides daily independent shipping market information and has created freight rate indices reflecting the average freight rates for the major bulk vessel trading routes. The Baltic Dry Index (“BDI”), is a composite of the Capesize, Panamax and Supramax timecharter averages. It is considered a proxy for dry bulk shipping stocks as well as a general shipping market bellwether.

Dry Bulk Trades Requiring Ice Class Tonnage

Ice class vessels are required to serve ports accessed by routes crossing seasonal or year-round ice-covered oceans, lakes, seas or rivers. Ice class vessels are mainly deployed in the Baltic Sea, the Northern Sea Route (NSR) and the Great Lakes/St. Lawrence Seaway. These regions have experienced strong trade growth in dry bulk cargoes, driven in particular by increased mining activities supported by strong commodity demand in Asia, decreased level of ice, and technology advancement in shipping. The Company's ice class vessels also serve a long term customers requirement in the Canadian Arctic.

ITEM 1A. RISK FACTORS

An investment in our securities involves a high degree of risk. You should consider carefully the material risks described below, which we believe represent the material risks related to our business and our securities, together with the other information contained in this Form 10-K, before making a decision to invest in our securities. This Form 10-K also contains forward-looking statements that involve risks and uncertainties. In connection with such forward looking statements, you should also carefully review the cautionary statements referred to under “Special Note Regarding Forward Looking Statements.” Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks described below.

Summary of Risk Factors

- The cyclical and volatile nature of the seaborne drybulk transportation industry may lead to significant decreases in charter and freight rates, which may have an adverse effect on our revenues, earnings and profitability and our ability to comply with our loan covenants.
- Our financial results and operations may be adversely affected by the ongoing outbreak of COVID-19, and related governmental responses thereto.
- An increase in interest rates could adversely affect our cash flow and financial condition.
- Any change in drybulk carrier capacity in the future may result in lower charter and freight rates which, in turn, will adversely affect our profitability.
- The market values of our owned vessels may decrease, which could limit the amount of funds that we can borrow or cause us to breach certain covenants in our credit facilities and we may incur impairment or a loss if we sell vessels following a decline in their market value.
- The state of the global financial markets and economic conditions may adversely impact our ability to obtain additional financing on acceptable terms and otherwise negatively impact our business.
- Changes in the economic and political environment in China and policies adopted by the government to regulate its economy may have a material adverse effect on our business, financial condition and results of operations.
- Our revenues are subject to seasonal fluctuations, which could affect our operating results and our ability to pay dividends, if any, in the future.
- If our vessels call on ports located in countries or territories or carry cargo that is the subject of sanctions or embargoes imposed by the U.S., the European Union, the United Nations, or other governmental authorities, it could lead to monetary fines or penalties and may adversely affect our reputation and the market for our securities.
- We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.
- Changes in fuel prices, that may result from increased oil prices, may adversely affect our profitability.
- In the highly competitive international shipping industry, we may not be able to compete successfully for chartered-in vessels or for vessel employment and, as a result, we may be unable to charter-in vessels at reasonable rates or employ our vessels profitably.
- Increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to our Environmental, Social and Governance (“ESG”) policies may impose additional costs on us or expose us to additional risks.
- We depend upon a few significant customers for a large part of our revenues and cash flow, and the loss of one or more of these customers could adversely affect our financial performance.
- We are subject to certain risks with counterparties on contracts and the failure of such counterparties to meet their obligations could cause us to suffer losses or otherwise adversely affect our business and ability to comply with covenants in our loan agreements, which could impose operating and financial restrictions on us.
- Obligations associated with being a public company require significant company resources and management attention, and we incur increased costs as a result of being a public company.
- Because we purchase and operate secondhand vessels, we may be exposed to increased operating costs which could adversely affect our earnings and, as our fleet ages, the risks associated with older vessels could adversely affect our ability to obtain profitable charters.
- Our ability to obtain additional debt financing, or to refinance existing indebtedness, may be dependent on the performance and length of our charter contracts and the creditworthiness of our contract counterparties.
- We depend on our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other key employees, and the loss of their services would have a material adverse effect on our business, results and financial condition.
- Exposure to currency exchange rate fluctuations will result in fluctuations in our cash flows and operating results.
- United States tax authorities could treat us as a “passive foreign investment company,” which could have adverse United States federal income tax consequences to U.S. holders.

- We rely on our information systems to conduct our business, and failure to protect these systems against security breaches could adversely affect our business and results of operations, including on our vessels. Additionally, if these systems fail or become unavailable for any significant period of time, our business could be harmed.
- Volatility in the broader securities markets and trading volume of our common shares could adversely impact the trading price of our common shares.
- Because we are a foreign corporation, you may not have the same rights that a shareholder in a U.S. corporation may have, and it may not be possible for our investors to enforce U.S. judgments against us.

Risks Relating to our Industry.

The cyclical and volatile nature of the seaborne drybulk transportation industry may lead to decreases in charter and freight rates, which may have an adverse effect on our revenues, earnings and profitability and its ability to comply with its loan covenants. Going forward, rising protectionism and uncertainty concerning a trade war over tariffs may dampen growth in demand for some products, however, some analysts predict volumes will not change and may increase tonne-miles by disrupting historical trade patterns.

The seaborne drybulk transportation industry is cyclical and volatile, and a lengthy downturn in the drybulk charter market severely affected the entire drybulk shipping industry. Volatility of charter and freight rates is due to various factors, including changing crude oil prices, economic activity in the largest economies, including China, a strong U.S. Dollar and the associated weakening of other world currencies and the supply of available tonnage.

Although our operating fleet is primarily chartered-in on a short-term basis and lower charter rates result in lower charter hire costs, changes in charter and freight rates in the drybulk market affect vessel values and earnings on our owned fleet, and may affect our cash flows, liquidity and ability to comply with the financial covenants in our loan agreements. Another extended downturn in the drybulk carrier market may have adverse consequences. The value of our common shares could be substantially reduced under these circumstances.

We employ our vessels under a mix of voyage charters and time charters and COA's which typically extend for varying lengths of time, from one month to ten years. As a result, we are exposed to changes in market rates for drybulk carriers and such changes may affect our earnings and the value of our owned drybulk carriers at any given time. A COA relates to the carriage of multiple cargoes over the same route and enables the COA holder to nominate different vessels to perform individual voyages. We may not be able to successfully employ our vessels in the future or renew existing contracts at rates sufficient to allow us to meet our obligations. We are also exposed to volatility in the market rates we pay to charter-in vessels. Fluctuations in charter and freight rates result from changes in the supply of and demand for vessel capacity and changes in the demand for seaborne carriage of commodities. Because the factors affecting the supply of and demand for vessels are outside of our control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are also unpredictable.

Factors that influence demand for vessel capacity include:

- supply of and demand for energy resources, commodities, semi-finished and finished consumer and industrial products;
- changes in the exploration or production of energy resources, commodities, semi-finished and finished consumer and industrial products;
- the location of regional and global exploration, production and manufacturing facilities;
- the location of consuming regions for energy resources, commodities, semi-finished and finished consumer and industrial products;
- the globalization of production and manufacturing;
- global and regional economic and political conditions, including armed conflicts, terrorist activities, sanctions, embargoes and strikes;
- natural disasters and other disruptions in international trade;
- developments in international trade;
- changes in seaborne and other transportation patterns, including the distance cargo is transported by sea;
- environmental and other regulatory developments;

- currency exchange rates;
- pandemics, such as the ongoing COVID-19 pandemic;
- bunker (fuel) prices; and
- weather.

Demand for our vessels is dependent upon economic growth in the world's economies, seasonal and regional changes in demand, changes in the capacity of the global drybulk fleet and the sources and supply of drybulk cargo transported by sea. Although the current newbuilding orderbook (as a percentage of the on-the-water fleet) is at a historically low level, a pickup in new ordering could increase global capacity and there can be no assurance that economic growth will continue in order to absorb this higher supply. Adverse economic, political, social or other developments could have a material adverse effect on our business and operating results.

The factors that influence the supply of vessel capacity include:

- the number of newbuilding deliveries;
- port and canal congestion;
- bunker prices;
- the scrapping rate of older vessels;
- vessel casualties;
- speed of vessels being operated;
- the number of vessels that are out of service, namely those that are laid-up, dry-docked, awaiting repairs or otherwise not available for hire;
- availability of financing for new vessels;
- changes in national or international regulations that may effectively cause reductions in the carrying capacity of vessels or early obsolescence of tonnage; and
- changes in environmental and other regulations that may limit the useful lives of vessels or requires technological developments not yet perfected for commercialization.

In addition to the prevailing and anticipated charter and freight rates, factors that affect the rate of newbuilding, scrapping and laying-up include newbuilding prices, secondhand vessel values in relation to scrap prices, costs of bunker fuels and other operating costs, costs associated with classification society surveys, normal maintenance and insurance coverage, the efficiency and age profile of the existing drybulk fleet in the market and government and industry regulation of maritime transportation practices, particularly environmental protection laws and regulations. These factors influencing the supply of and demand for shipping capacity are outside of our control, and we may not be able to correctly assess the nature, timing and degree of changes in industry conditions.

We anticipate that the future demand for our drybulk carriers and our logistics services will be dependent upon economic growth in world economies and its associated industrial production, seasonal and regional changes in demand, changes in the capacity of the global drybulk carrier fleet and the sources and supply of drybulk cargoes to be transported by sea.

Global economic conditions may continue to negatively impact the drybulk shipping industry.

In the current global economy, operating businesses are faced with tightening credit, weak demand for goods and services, and weak international liquidity conditions. There has similarly been a general decline in the willingness by banks and other financial institutions to extend credit, particularly in the shipping industry, due to the historically volatile asset values of vessels. As the shipping industry is highly dependent on the availability of credit to finance and expand operations, it has been negatively affected by this decline. In particular, lower demand for drybulk cargoes as well as diminished trade credit available for the delivery of such cargoes have led to decreased demand for drybulk vessels, creating downward pressure on charter rates and vessel values. Any further weakening in global economic conditions may have a number of adverse consequences for drybulk and other shipping sectors, including, among other things:

- low charter rates, particularly for vessels employed on short-term time charters or in the spot market;
- decreases in the market value of drybulk vessels and limited second-hand market for the sale of vessels;

- limited financing for vessels;
- widespread loan covenant defaults; and
- declaration of bankruptcy by certain vessel operators, vessel owners, shipyards and charterers.

The occurrence of one or more of these events could have a material adverse effect on our business, results of operations, cash flows and financial condition.

An increase in interest rates could adversely affect our cash flow and financial condition.

We are subject to market risks relating to changes in LIBOR rates because we have significant amounts of floating rate debt outstanding. Moreover, in the recent past, concerns have been publicized that some of the member banks surveyed by the British Bankers' Association ("BBA") in connection with the calculation of LIBOR may have been underreporting or otherwise manipulating the inter-bank lending rate applicable to them. A number of BBA member banks entered into settlements with their regulators and law enforcement agencies with respect to alleged LIBOR manipulation, and investigations by regulators and governmental authorities in various jurisdictions are ongoing. The publication of U.S. Dollar LIBOR for the one-week and two-month U.S. Dollar LIBOR tenors ceased on December 31, 2021, and the ICE Benchmark Administration ("IBA"), the administrator of LIBOR, with the support of the United States Federal Reserve and the United Kingdom's Financial Conduct Authority, announced the publication of all other U.S. Dollar LIBOR tenors will cease on June 30, 2023. It is not currently possible to predict the effect of any establishment of alternative reference rates or any other reforms to LIBOR that may be enacted in the United Kingdom or elsewhere. If LIBOR or any alternative reference rate were to increase significantly, the amount of interest payable on our outstanding indebtedness could increase significantly and could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Any change in drybulk carrier capacity in the future may result in lower charter and freight rates which, in turn, will adversely affect our profitability.

The global drybulk fleet has increased significantly over the past 10 years as a result of the large number of newbuilding orders placed throughout this period. Scrapping of older ships has helped curtail some of this new supply growth, but it has not been enough to materially offset the large net growth in the fleet. Supply growth momentum has slowed significantly in recent years as less and less newbuilding orders have been placed. During 2021, 433 newbuilding vessels were delivered to industry participants, and 57 vessels were scrapped, resulting in 3.6% net growth in the drybulk fleet on a DWT-adjusted basis.

The market values of our owned vessels may decrease, which could limit the amount of funds that we can borrow or cause us to breach certain covenants in our credit facilities and we may incur impairment or a loss if we sell vessels following a decline in their market value.

The fair market values of our owned vessels have generally experienced high volatility, and you should expect the market values of our vessels to fluctuate depending on a number of factors including:

- prevailing level of charter and freight rates;
- general economic and market conditions affecting the shipping industry;
- types and sizes of vessels;
- supply of and demand for vessels;
- other modes of transportation;
- cost of newbuildings;
- governmental and other regulations; and
- technological advances.

In addition, as vessels grow older, they generally decline in value. If the market values of our owned vessels decrease, we may not be in compliance with certain covenants in our credit facilities secured by mortgages on our drybulk vessels unless we provide additional collateral or prepay a portion of the loan to a level where we are again in compliance with our loan covenants. We were in compliance with all covenants for the years ended December 31, 2021 and 2020.

If we sell one or more of our vessels at a time when vessel prices have fallen and before we have recorded an impairment adjustment to our consolidated financial statements, the sale proceeds may be less than the vessel's carrying amount, resulting in a loss and a reduction in earnings.

The carrying amounts of vessels held and used by us are reviewed for potential impairment when events or changes in circumstances indicate that the carrying amount of a particular vessel may not be fully recoverable. In such instances, an impairment charge would be recognized if the estimate of the undiscounted future cash flows expected to result from the use of the vessel and its eventual disposition is less than the vessel's carrying amount. This assessment is made at the asset group level which represents the lowest level for which identifiable cash flows are largely independent of other groups of assets. The asset groups are defined by vessel size and classification.

The state of the global financial markets and economic conditions may adversely impact our ability to obtain additional financing on acceptable terms and otherwise negatively impact our business.

Global financial markets can be volatile and contraction in available credit may happen as economic conditions change. In recent years, operating businesses in the global economy have faced weakening demand for goods and services, deteriorating international liquidity conditions, and declining markets which lead to a general decline in the willingness of banks and other financial institutions to extend credit, particularly in the shipping industry. As the shipping industry is highly dependent on the availability of credit to finance and expand operations, it may be negatively affected by such changes and volatility.

Also, as a result of concerns about the stability of financial markets generally, and the solvency of counterparties specifically, the cost of obtaining money from the credit markets may increase if lenders increase interest rates, enact tighter lending standards, refuse to refinance existing debt at all or on terms similar to current debt, and reduce, or cease to provide funding to borrowers. Due to these factors, additional financing may not be available to the extent required, on acceptable terms or at all. If additional financing is not available when needed, or is available only on unfavorable terms, we may be unable to expand or meet our obligations as they come due or we may be unable to enhance our existing business, complete additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

World events could affect our operations and financial results.

Past terrorist attacks, as well as the threat of future terrorist attacks around the world, continue to cause uncertainty in the world's financial markets and may affect our business, operating results and financial condition. Continuing conflicts, instability and other recent developments in Ukraine, the Middle East and elsewhere, and the presence of U.S. or other armed forces in Afghanistan and Syria, may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. Any of these occurrences could have a material adverse impact on our business, financial condition and results of operations.

We face risks attendant to changes in economic and regulatory conditions around the world.

We face risks attendant to changes in economic environments, changes in interest rates, instability in the banking and securities markets and trade regulations around the world, among other factors. Major market disruptions and adverse changes in market conditions and regulatory climate in China, the United States and worldwide may adversely affect our business or impair our ability to borrow amounts under any future financial arrangements.

For example, an economic slowdown in the Asia-Pacific region, especially in China, could negatively affect global economic markets and the market for drybulk shipping. Chinese drybulk imports have accounted for the majority of global drybulk transportation growth annually over the last decade, with recent demand growth driven by stronger iron ore and coal imports into China. Before the global economic financial crisis that began in 2008, China had one of the world's fastest growing economies in terms of gross domestic product, or GDP, which had a significant impact on shipping demand. China and other countries in the Asia Pacific region may continue to experience slowed or even negative economic growth in the future. Our financial condition and results of operations, as well as our future prospects, would likely be hindered by a continuing or worsening economic downturn in any of these countries or geographic regions. Furthermore, there is a rising threat of a Chinese financial crisis resulting from massive personal and corporate indebtedness and "trade wars". The International Monetary Fund has warned that continuing trade tensions, including significant tariff increases, between the United States and China could derail recovery from the impacts of COVID-19. We cannot assure you that the Chinese economy will not experience a significant contraction in the future.

The United States, the European Union and other parts of the world have likewise experienced relatively slow growth and weak economic trends since 2008. Over the past several years, the credit markets in the United States and Europe have improved, however, various economic and governmental factors, together with the concurrent volatility in charter rates and vessel values, may have a material adverse effect on our results of operations, financial condition and cash flows and could cause the price of our common shares to decline. An extended period of deterioration in the outlook for the world economy could reduce the overall demand for our services and could also adversely affect our ability to obtain financing on acceptable terms or at all.

Changes in the economic and political environment in China and policies adopted by the government to regulate its economy may have a material adverse effect on our business, financial condition and results of operations.

The Chinese economy differs from the economies of western countries in such respects as structure, government involvement, level of development, growth rate, capital reinvestment, allocation of resources, bank regulation, currency and monetary policy, rate of inflation and balance of payments position. Prior to 1978, the Chinese economy was a “planned economy”. Since 1978, increasing emphasis has been placed on the utilization of market forces in the development of the Chinese economy. Annual and five-year State Plans are adopted by the Chinese government in connection with the development of the economy. Although state-owned enterprises still account for a substantial portion of the Chinese industrial output, in general, the Chinese government is reducing the level of direct control that it exercises over the economy through State Plans and other measures. There is an increasing level of freedom and autonomy in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a “market economy” and enterprise reform. Limited price reforms were undertaken with the result that prices for certain commodities are principally determined by market forces. In addition, economic reforms may include reforms to the banking and credit sector and may produce a shift away from the export-driven growth model that has characterized the Chinese economy over the past few decades. Many of the reforms are unprecedented or experimental and may be subject to revision, change or abolition based upon the outcome of such experiments. The level of imports to and exports from China could be adversely affected by the failure to continue market reforms or changes to existing pro-export economic policies. The level of imports to and exports from China may also be adversely affected by changes in political, economic and social conditions (including a slowing of economic growth) or other relevant policies of the Chinese government, such as changes in laws, regulations or export and import restrictions, internal political instability, changes in currency policies, changes in trade policies and territorial or trade disputes. A decrease in the level of imports to and exports from China could adversely affect our business, operating results and financial condition.

We may not be able to obtain financing on acceptable terms, which may negatively impact our planned growth.

As a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the ability to obtain money from the credit markets has become more difficult as many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt and reduced, and in some cases ceased, to provide funding to borrowers. Due to these factors, we cannot be certain that financing will be available if needed and to the extent required, on acceptable terms. If financing is not available when needed, or is available only on unfavorable terms, we may be unable to enhance our existing business, complete additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

Acts of piracy on ocean-going vessels could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean and in the Gulf of Aden off the coast of Somalia and, in particular, the Gulf of Guinea region off Nigeria, which experienced increased incidents of piracy in recent years. Sea piracy incidents continue to occur, increasingly in the Sulu Sea and the Gulf of Guinea, with drybulk vessels particularly vulnerable to such attacks. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping. The perception that our vessels are a potential piracy or terrorist target could have a material adverse impact on our business, financial condition and results of operations.

Further, if these piracy attacks occur in regions in which our vessels are deployed that insurers characterize as “war risk” zones or by the Joint War Committee as “war and strikes” listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain, if available at all. In addition, crew costs, including costs that may be incurred to the extent we employ on-board security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability of insurance for our vessels, could have a material adverse impact on our business, results of operations, cash flows and financial condition, and

this may result in loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters.

Political instability, terrorist attacks, international hostilities and global public health threats can affect the seaborne transportation industry, which could adversely affect our business.

We conduct most of our operations outside of the United States, and our business, results of operations, cash flows, financial condition and ability to pay dividends, if any, in the future may be adversely affected by changing economic, political and government conditions in the countries and regions where our vessels are employed or registered. Moreover, we operate in a sector of the economy that is likely to be adversely impacted by the effects of political conflicts, including the current political instability Ukraine, in the Middle East and the South China Sea region and other geographic countries and areas, geopolitical events such as Brexit, terrorist or other attacks, and war (or threatened war) or international hostilities, such as those between the United States and North Korea. Terrorist attacks as well as the frequent incidents of terrorism in the Middle East, and the continuing response of the United States and others to these attacks, as well as the threat of future terrorist attacks around the world, continues to cause uncertainty in the world's financial markets and may affect our business, operating results and financial condition. As a result of the above, insurers have increased premiums and reduced or restricted coverage for losses caused by terrorist acts generally. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. Any of these occurrences could have a material adverse impact on our operating results, revenues and costs.

Further, governments may turn and have turned to trade barriers to protect their domestic industries against foreign imports, thereby depressing shipping demand. In particular, leaders in the United States and China have implemented certain increasingly protective trade measures. The results of the 2020 U.S. presidential election may improve the future relationship between the United States, China and other exporting countries, including with respect to trade policies, treaties, government regulations and tariffs. It is not yet clear how the new United States administration under President Biden may deviate from the former administration's protectionist foreign trade policies. Protectionist developments, or the perception that they may occur, may have a material adverse effect on global economic conditions, and may significantly reduce global trade. Moreover, increasing trade protectionism may cause an increase in (i) the cost of goods exported from regions globally, (ii) the length of time required to transport goods and (iii) the risks associated with exporting goods. Such increases may significantly affect the quantity of goods to be shipped, shipping time schedules, voyage costs and other associated costs, which could have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could have a material adverse effect on our business, results of operations, financial condition and our ability to pay any cash distributions to our stockholders.

In the past, political instability has also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea and the Gulf of Aden off the coast of Somalia.

In addition, public health threats, such as COVID-19, influenza and other highly communicable diseases or viruses, outbreaks of which have from time to time occurred in various parts of the world in which we operate, including China, could adversely impact our operations, the timing of completion of scheduled dry-dockings and ballast water treatment system installation projects, as well as the operations of our customers.

Any of these occurrences could have a material adverse impact on our future performance, results of operations, cash flows and financial position.

Our financial results and operations may be adversely affected by the ongoing outbreak of COVID-19, and related governmental responses thereto.

Since the beginning of calendar year 2020, the outbreak of COVID-19 that originated in China in late 2019 and that has spread to most nations around the globe has resulted in numerous actions taken by governments and governmental agencies in an attempt to mitigate the spread of the virus, including travel bans, quarantines, and other emergency public health measures, and a number of countries implemented lockdown measures. These measures have resulted in a significant reduction in global economic activity and extreme volatility in the global financial markets. If the COVID-19 pandemic continues on a prolonged basis or becomes more severe, the adverse impact on the global economy and the rate environment for cargo vessels may deteriorate further and our operations and cash flows may be negatively impacted. Relatively weak global economic conditions

during periods of volatility have and may continue to have a number of adverse consequences for shipping sectors, including, among other things:

- low charter rates, particularly for vessels employed on short-term time charters or in the spot market;
- limited second-hand market for the sale of vessels;
- limited financing for vessels;
- loan covenant defaults; and
- declaration of bankruptcy by certain vessel operators, vessel owners, shipyards and charterers.

The COVID-19 pandemic and measures to contain its spread have negatively impacted regional and global economies and trade patterns in markets in which we operate, the way we operate our business, and the businesses of our charterers and suppliers. These negative impacts could continue or worsen, even after the pandemic itself diminishes or ends. Companies, including us, have also taken precautions, such as requiring employees to work remotely and imposing travel restrictions, while some other businesses have been required to close entirely. Moreover, we face significant risks to our personnel and operations due to the COVID-19 pandemic. Our crews face risk of exposure to COVID-19 as a result of travel to ports in which cases of COVID-19 have been reported. Our shore-based personnel likewise face risk of such exposure, as we maintain offices in areas that have been impacted by the spread of COVID-19.

Measures against COVID-19 in a number of countries have restricted crew rotations on our vessels, which may continue or become more severe. As a result, in 2021, we experienced and may continue to experience disruptions to our normal vessel operations caused by increased deviation time associated with positioning our vessels to countries in which we can undertake a crew rotation in compliance with such measures. Delays in crew rotations have led to issues with crew fatigue and may continue to do so, which may result in delays or other operational issues. We have had and expect to continue to have increased expenses due to incremental fuel consumption and days in which our vessels are unable to earn revenue in order to deviate to certain ports on which we would ordinarily not call during a typical voyage. We may also incur additional expenses associated with testing, personal protective equipment, quarantines, and travel expenses such as airfare costs in order to perform crew rotations in the current environment. In 2021, delays in crew rotations have also caused us to incur additional costs related to crew bonuses paid to retain the existing crew members on board and may continue to do so.

Epidemics may also affect personnel operating payment systems through which we receive revenues from the chartering of our vessels or pay for our expenses, resulting in delays in payments. Organizations across industries, including ours, are rightly focusing on their employees' well-being, whilst making sure that their operations continue uninterrupted and at the same time, adapting to the new ways of operating. As such employees are encouraged or even required to operate remotely which significantly increases the risk of cyber security attacks.

Further, containment measures and quarantine restrictions adopted by many countries worldwide have caused significant impact on our ability to embark and disembark crew members and on our seafarers themselves. As a result, since the outbreak of COVID-19 and as of the date of this report, we have encountered certain prolonged delays and surrounding complexities in embarking and disembarking crew onto our ships which further resulted in increased operational costs and decreased revenues by reason of off-hires associated with crew rotation and related logistical complications associated with supplying our vessels with spares or other supplies.

The occurrence or continued occurrence of any of the foregoing events or other epidemics or an increase in the severity or duration of the COVID-19 or other epidemics could have a material adverse effect on our business, results of operations, cash flows, financial condition, value of our vessels, and ability to pay dividends.

Our revenues are subject to seasonal fluctuations, which could affect our operating results and our ability to pay dividends, if any, in the future.

We operate our drybulk vessels in markets that have historically exhibited seasonal variations in demand and, as a result, in charter and freight rates. This seasonality may result in quarter-to-quarter volatility in our operating results, which could affect our ability to pay dividends, if any, in the future. The drybulk carrier market is typically stronger in the fall and winter months due to demand increases arising from agricultural harvest and increased coal demand in preparation for winter in the Northern Hemisphere. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. This seasonality may adversely affect our operating results and our ability to pay dividends, if any, in the future.

Risks associated with operating ocean-going vessels could affect our business and reputation, which could adversely affect our revenues and the price of our common shares.

The operation of ocean-going vessels carries inherent risks. These risks include the possibility of:

- marine disaster;
- environmental accidents;
- cargo and property losses or damage;
- business interruptions caused by mechanical failure, human error, war, terrorism, political action in various countries, labor strikes or adverse weather conditions; and
- piracy.

The involvement of our vessels in an environmental disaster may harm our reputation as a safe and reliable vessel owner and operator. Any of these circumstances or events could increase our costs or lower our revenues.

The operation of drybulk carriers entails certain unique operational risks.

The operation of certain ship types, such as drybulk carriers, has certain unique risks. With a drybulk carrier, the cargo itself and its interaction with the ship can be a risk factor. By their nature, drybulk cargoes are often heavy, dense, easily shifted, and react badly to water exposure. In addition, drybulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold), and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach at sea. Furthermore, any defects or flaws in the design of a drybulk carrier may contribute to vessel damage. Hull breaches in drybulk carriers may lead to the flooding of the vessels holds. If a drybulk carrier suffers flooding in its holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel's bulkheads, leading to the loss of the vessel. If we are unable to adequately maintain our vessels, we may be unable to prevent these events. Any of these circumstances or events could negatively impact our business, financial condition, results of operations and our ability to pay dividends, if any, in the future. In addition, the loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator.

If our vessels call on ports located in countries or territories that is the subject of sanctions or embargoes imposed by the U.S., the European Union, the United Nations, or other governmental authorities, it could lead to monetary fines or other penalties and may adversely affect our reputation and the market for our securities.

Although no vessels operated by us have called on ports located in countries or territories that are the subject of country-wide or territory-wide sanctions or embargoes imposed by the U.S. government or other governmental authorities ("Sanctioned Jurisdictions") in violation of applicable sanctions or embargo laws in 2021, and we endeavor to take precautions designed to mitigate such risk, it is possible that, in the future, our vessels may call on ports located in Sanctioned Jurisdictions on our charterers' instructions and/or without our consent. If such activities result in a violation of sanctions or embargo laws, we could be subject to monetary fines, penalties, or other sanctions, and our reputation and the market for our common shares could be adversely affected.

Sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or expanded over time. Current or future counterparties of ours may be affiliated with persons or entities that are or may be in the future the subject of sanctions or embargoes imposed by the U.S., the EU, and/or other international bodies. If we determine that such sanctions require us to terminate existing or future contracts to which we, or our subsidiaries, are party or if we are found to be in violation of such applicable sanctions, our results of operations may be adversely affected or we may suffer reputational harm. The Company, or its respective counterparty, have cancelled certain voyages due to countries around the world imposing sanctions against Russia over its invasion of Ukraine. The Company might be subject to litigation regarding canceled voyages. Although the current market remains strong, and the Company expects to deploy vessels on other voyage and time charter arrangements, the rates achieved may not be at the same levels as the cancelled voyages.

Although we believe that we have been in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines, penalties or other sanctions that could negatively impact our ability to access U.S. capital markets and conduct our business,

and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in, or to divest from, our securities may adversely affect the price at which our securities trade. Additionally, some investors may decide to divest their interest, or not to invest, in our company simply because we do business with companies that do business in sanctioned countries or territories. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. In addition, our reputation and the market for our securities may be adversely affected if we engage in certain other activities, such as lawfully entering into charters with individuals or entities that are not controlled by the governments of countries or territories that are the subject of certain U.S. sanctions or embargo laws, or engaging in operations associated with those countries or territories pursuant to contracts with third parties that are unrelated to those countries or territories or entities controlled by their governments. Investor perception of the value of our common shares may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in the countries or territories that we operate in.

We are subject to international safety regulations and the failure to comply with these regulations may subject us to increased liability, may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports.

The operation of our vessels is affected by the requirements set forth in the United Nations' International Maritime Organization's International Management Code for the Safe Operation of Ships and Pollution Prevention, or ISM Code. The ISM Code requires ship owners and ship managers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation for dealing with emergencies. The failure of a shipowner to comply with the ISM Code may subject it to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. Each of the vessels owned or operated by us is ISM Code-certified.

In addition, vessel classification societies impose significant safety and other requirements on our vessels. In complying with current and future environmental requirements, vessel owners and operators may incur significant additional costs for maintenance and inspection requirements, in developing contingency arrangements for potential spills and in obtaining insurance coverage. Government regulation of vessels, particularly in the areas of safety and environmental protection requirements, can be expected to become stricter in the future and may require us to incur significant capital expenditures to keep our vessels in compliance.

We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.

Our operations are subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which our vessels operate or are registered, which can significantly affect the ownership cost and operation of our vessels. These requirements include, but are not limited to, European Union Regulations, the International Convention for the Prevention of Pollution from Ships of 1975, the International Maritime Organization, or IMO, International Convention for the Prevention of Marine Pollution of 1973, the IMO International Convention for the Safety of Life at Sea of 1974, the International Convention on Load Lines of 1966, the U.S. Oil Pollution Act of 1990, or OPA, the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, or CERCLA, the U.S. Clean Air Act, U.S. Clean Water Act, the U.S. Marine Transportation Security Act of 2002 and the International Code for Ships Operating in Polar Waters.

Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of our vessels. We may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions including greenhouse gases, the management of ballast waters, maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of our ability to address pollution incidents. These costs could have a material adverse effect on our business, results of operations, cash flows and financial condition. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations. Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault.

We are required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. Although we have arranged insurance to cover certain environmental risks, there can be no assurance that such insurance will be sufficient to cover all such risks or that any claims will not have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends.

Regulations relating to ballast water discharge may adversely affect our revenues and profitability.

The UN International Maritime Organization has imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Depending on the date of the IOPP renewal survey, existing vessels constructed before September 8, 2017 must comply with the updated D-2 standard on or after September 8, 2019. For most vessels, compliance with the D-2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Ships constructed on or after September 8, 2017 are to comply with the D-2 standards on or after September 8, 2017 and the costs of compliance may be substantial and adversely affect our revenues and profitability.

Furthermore, United States regulations are currently changing. Although the 2013 Vessel General Permit ("VGP") program and U.S. National Invasive Species Act ("NISA") are currently in effect to regulate ballast discharge, exchange and installation, the Vessel Incidental Discharge Act ("VIDA"), which was signed into law on December 4, 2018, requires that the EPA develop national standards of performance for approximately 30 discharges, similar to those found in the VGP within two years. On October 26, 2020, the EPA published a Notice of Proposed Rulemaking for Vessel Incidental Discharge National Standards of Performance under VIDA. Within two years after the EPA publishes its final Vessel Incidental Discharge National Standards of Performance, the U.S. Coast Guard must develop corresponding implementation, compliance and enforcement regulations regarding ballast water. The new regulations could require the installation of new equipment, which may cause us to incur substantial costs.

Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.

International shipping is subject to various security and customs inspections and related procedures in countries of origin, destination and trans-shipment points. Inspection procedures may result in the seizure of the contents of our vessels, delays in the loading, offloading or delivery of our vessels and the levying of customs duties, fines or other penalties against us.

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, financial condition and results of operations.

Maritime claimants could arrest one or more of our vessels, which could interrupt our cash flow.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a claimant may seek to obtain security for its claim by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of money to have the arrest or attachment lifted. In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could attempt to assert "sister ship" liability against a vessel in our fleet for claims relating to another of our vessels.

Governments could requisition our vessels during a period of war or emergency, resulting in a loss of earnings.

A government could requisition one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes her owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although we would be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of payment would be uncertain. Government requisition of one or more of our vessels may negatively impact our revenues and reduce the amount of dividends, if any, in the future.

Changes in fuel prices may adversely affect profits.

Fuel, or bunkers, is typically the largest expense of our operating business and therefore, changes in the price of fuel may adversely affect our profitability. When we operate vessels under COAs or voyage charters, we are responsible for all voyage costs, including bunkers. The price and supply of fuel can be unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by the Organization of the Petroleum Exporting Countries, or OPEC, and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Further, fuel may become much more expensive in the future, such as when new regulations requiring the use of low sulphur fuel went into effect in 2020. Increased fuel costs may reduce our profitability. We continually monitor the market volatility associated with bunker prices and seek to hedge our exposure to changes in the price of marine fuels with our bunker hedging program. Please see “*The Company’s Management and Discussion Analysis of Financial Condition and Results of Operations - Quantitative and Qualitative Disclosures about Market Risks - Fuel Swap Contracts.*”

In the highly competitive international shipping industry, we may not be able to compete successfully for chartered-in vessels or for vessel employment and, as a result, we may be unable to charter-in vessels at reasonable rates or employ our vessels profitably.

We charter-in and employ vessels in a highly competitive market that is capital intensive and highly fragmented. Competition arises primarily from other vessel owners and operators, some of whom have substantially greater resources than we do. Competition for seaborne transportation of drybulk cargo by sea is intense and depends on the charter or freight rate and on the location, size, age, condition and acceptability of a vessel and its operators. Due to the highly fragmented market, competitors with greater resources are able to operate larger fleets and may be able to offer lower charter or freight rates and higher quality vessels than we are able to offer. If we are unable to successfully compete with other drybulk shipping operators, we may be unable to retain customers or attract new customers, which would have an adverse impact on our results of operations.

Labor interruptions could disrupt our business.

Our vessels are manned by masters, officers and crews that are contracted by our technical managers. If not resolved in a timely and cost-effective manner, industrial action or other labor unrest could prevent or hinder our operations from being carried out normally and could have a material adverse effect on our business, financial condition, results of operations and cash flows, and on our ability to pay dividends.

Increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to our Environmental, Social and Governance (“ESG”) policies may impose additional costs on us or expose us to additional risks.

Companies across all industries are facing increasing scrutiny relating to their ESG policies. Investor advocacy groups, certain institutional investors, investment funds, lenders and other market participants are increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG and similar matters may hinder access to capital, as investors and lenders may decide to reallocate capital or to not commit capital as a result of their assessment of a company’s ESG practices. Companies which do not adapt to or comply with investor, lender or other industry shareholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition, and/or stock price of such a company could be materially and adversely affected.

We may face increasing pressures from investors, lenders and other market participants, who are increasingly focused on climate change, to prioritize sustainable energy practices, reduce our carbon footprint and promote sustainability. As a result, we may be required to implement more stringent ESG procedures or standards so that our existing and future investors and lenders remain invested in us and make further investments in us, especially given the highly focused and specific trade of drybulk transportation in which we are engaged. If we do not meet these standards, our business and/or our ability to access capital could be harmed.

These limitations in both the debt and equity capital markets may affect our ability to grow as our plans for growth may include accessing the equity and debt capital markets. If those markets are unavailable, or if we are unable to access alternative means of financing on acceptable terms, or at all, we may be unable to implement our business strategy, which would have a material adverse effect on our financial condition and results of operations and impair our ability to service our indebtedness. Further, it

is likely that we will incur additional costs and require additional resources to monitor, report and comply with wide ranging ESG requirements. The occurrence of any of the foregoing could have a material adverse effect on our business and financial condition.

Our insurance may not be adequate to cover our losses that may result from our operations due to the inherent operational risks of the seaborne transportation industry.

We carry insurance to protect us against most of the accident-related risks involved in the conduct of our business, including marine hull and machinery insurance, protection and indemnity insurance, which include pollution risks, crew insurance and war risks insurance. However, we may not be adequately insured to cover all of our potential losses, which could have a material adverse effect on us. Additionally, our insurers may refuse to pay particular claims, and our insurance may be voidable by the insurers if we take, or fail to take, certain action, such as failing to maintain certification of our vessels with the applicable maritime regulatory organizations. Any significant uninsured or under-insured loss or liability could have a material adverse effect on our business, financial condition, results of operations and cash flows and our ability to pay dividends. In addition, we may not be able to obtain adequate insurance coverage at reasonable rates in the future during adverse insurance market conditions.

In addition, we do not carry loss-of-hire insurance, which covers the loss of revenues during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to the vessel from accidents. Accordingly, any loss of a vessel or extended vessel off-hire, due to an accident or otherwise, could have a material adverse effect on our business, financial condition, results of operations and our ability to pay dividends.

The logistics industry has its own set of risks, including infrastructure issues, operational efficiencies, lack of digital culture and training, labor relations and operational costs. We may not be able to provide logistics solutions to our customers in the face of obstacles created as a result of one of these factors.

The Company has dedicated resources to developing logistics solutions for our customers. These solutions may depend on infrastructure quality and improvement, the ability to hire qualified personnel, the ability to coordinate operations, development of digital integration and collaboration with suppliers and customers, and the ability to contain costs. If we are unable to facilitate these solutions due to any of these factors, we will not be able to continue developing such solutions.

Failure to comply with the U.S. Foreign Corrupt Practices Act could result in fines, criminal penalties, charter terminations and an adverse effect on our business.

We may operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws and have adopted a code of business conduct and ethics which is consistent and in full compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”). We are subject, however, to the risk that we, our affiliated entities or our or their respective officers, directors, employees and agents may take actions determined to be in violation of such anti-corruption laws, including the FCPA. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions, and might adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting, investigating and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management.

Risks Relating to Our Company

Our business strategy includes chartering-in vessels, and we may not be able to charter-in suitable vessels.

Our business strategy depends, in large part, on our ability to charter-in vessels. If we are not able to find suitable vessels to charter-in, or to charter-in vessels at what we deem to be a reasonable rate, we may not be able to operate profitably or perform our contractual obligations. As a result, we may need to adjust our business strategy, and we may experience material adverse effects on our business, financial condition and results of operations. In addition, if we charter-in a vessel and shipping rates subsequently decrease, or we are unable to secure employment for such a vessel, our obligation under the charter may adversely affect our financial condition and results of operations.

We depend upon a few significant customers for a large part of our revenues and cash flow, and the loss of one or more of these customers could adversely affect our financial performance.

We expect to derive a significant part of our revenue and cash flow from a relatively small number of repeat customers. For the year ended December 31, 2021, no customer accounted for more than 10% of total revenue and all of our top ten customers, representing 36% of total revenue, are repeat customers. If one or more of our significant customers is unable to perform under one or more charters or COAs and we are not able to find a replacement charter or COA; or if a customer exercises certain rights to terminate the charter or COA, we could suffer a loss of revenues that could materially adversely affect our business, financial condition, results of operations and cash available for distribution as dividends to our shareholders.

We could lose a customer or the benefits of a charter or COA if, among other things:

- the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise; or
- the customer terminates the charter because we do not perform in accordance with such charter and do not cure such failures within a specified period.

If we lose a key customer, we may be unable to obtain replacement charters or COAs on comparable terms or at all. The loss of any of our customers, COAs, charters or vessels, or a decline in payments under our agreements, could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our shareholders.

We are a holding company, and depend on the ability of our subsidiaries, through which we operate our business, to distribute funds to us in order to satisfy our financial obligations or to make dividend payments.

We are a holding company, and our subsidiaries conduct all of our operations and own all of our operating assets. The equity interests in our vessel-owning subsidiaries represent a significant portion of our operating assets. As a result, our ability to satisfy our financial obligations and to pay dividends to our shareholders depends on the ability of our subsidiaries to generate profits available for distribution to us and, to the extent that they are unable to generate profits, we will be unable to pay dividends to our shareholders.

We are subject to certain risks with counterparties on contracts and the failure of such counterparties to meet their obligations could cause us to suffer losses or otherwise adversely affect our business and ability to comply with covenants in our loan agreements.

We enter into various contracts that are material to the operation of our business, including COAs, time charters and voyage charters under which we employ our vessels, and charter agreements under which we charter-in vessels. We also enter into loan agreements and hedging agreements, such as bunker swap agreements and forward freight agreements, or FFAs. Such agreements subject us to counterparty risks. The ability and willingness of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control, including, among other things, general economic conditions, the condition of the drybulk shipping industry, the overall financial condition of our counterparty, prevailing prices for drybulk cargoes, rates received for specific types of vessels and voyages, and various expenses. In addition, in depressed market conditions, our customers may no longer need us to carry a cargo that is currently under contract or may be able to obtain carriage at a lower rate. If our customers fail to meet their obligations to us or attempt to renegotiate our agreements, it may be difficult to secure suitable substitute employment for the vessel, and any new charter arrangements we secure may be at lower rates or, if our counterparties fail to deliver a vessel we have agreed to charter-in, or if a counterparty otherwise fails to honor its obligations to us under a contract, we could sustain significant losses, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, ability to pay dividends to holders of our common shares in the amounts anticipated or at all and compliance with covenants in our secured loan agreements.

Additionally, we are subject to certain risks as a result of using our vessels as collateral. If we are in breach of financial covenants contained in our loan agreements, we may not be successful in obtaining waivers and amendments. If our indebtedness is accelerated, it may be difficult in the current financing environment for us to refinance our debt or obtain additional financing and we could lose our vessels if our lenders foreclose on their liens.

We may be unable to comply with covenants in our credit facilities or any financial obligations that impose operating and financial restrictions on us.

Our credit facilities and finance leases, which are secured by mortgages on our vessels, impose certain operating and financial restrictions on us, mainly to ensure that the market value of the mortgaged vessel under the applicable credit facility does not

fall below a certain percentage of the outstanding amount of the loan, which we refer to as the collateral maintenance or loan to value ratio. In addition, certain of our credit facilities include other financial covenants, which require us to, among other things, maintain:

- a consolidated leverage ratio of not more than 200%;
- a consolidated debt service coverage ratio of not less than 120%;
- Minimum consolidated net worth of \$45 million plus, with respect to any vessel purchased or leased by the Guarantor or its subsidiaries, for so long as such vessels are legally or economically owned, 25% of the purchase price or (finance) lease amount of such vessels;
- consolidated minimum liquidity of not less than \$18 million

In general, the operating restrictions that are contained in our credit facilities may prohibit or otherwise limit our ability to, among other things:

- effect changes in management of our vessels;
- sell or dispose of any of our assets, including our vessels;
- declare and pay dividends;
- incur additional indebtedness;
- mortgage our vessels; and
- incur and pay management fees or commissions.

Non-compliance with any of our financial covenants or operating restrictions contained in our credit facilities may constitute an event of default under our credit facilities, which, unless cured within the grace period set forth under the applicable credit facility, if applicable, or waived or modified by our lenders, provides our lenders with the right to, among other things, require us to post additional collateral, enhance our equity and liquidity, increase our interest payments, pay down our indebtedness to a level where we are in compliance, sell vessels in our fleet, reclassify our indebtedness as current liabilities, accelerate our indebtedness, or foreclose their liens on our vessels and the other assets securing the credit facilities, which would impair our ability to continue to conduct our business. As of December 31, 2021, we are in compliance with covenants contained in our debt agreements. Please read “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Borrowing Activities.*”

Furthermore, certain of our credit facilities contain a cross-default provision that may be triggered by a default under one of our other credit facilities. A cross-default provision means that a default on one loan would result in a default on certain other loans. Because of the presence of cross-default provisions in certain of our credit facilities, the refusal of any one lender under our credit facilities to grant or extend a waiver could result in certain of our indebtedness being accelerated. If our secured indebtedness is accelerated in full or in part, it would be very difficult in the current financing environment for us to refinance our debt or obtain additional financing and we could lose our vessels and other assets securing our credit facilities if our lenders foreclose their liens, which would adversely affect our ability to conduct our business.

We may be unable to effectively manage our growth strategy.

One of our principal business strategies is to continue to expand capacity and flexibility by increasing our owned fleet as we secure additional demand for our services. Our growth strategy will depend upon a number of factors, some of which may not be within our control. These factors include our ability to:

- enter into new contracts for the transportation of cargoes;
- develop customized logistics solutions within targeted dry bulk trades;
- locate and acquire suitable vessels for acquisitions at attractive prices;
- obtain required financing for our existing and new operations;
- integrate any acquired vessels successfully with our existing operations, including obtaining any approvals and qualifications necessary to operate vessels that we acquire;
- enhance our customer base;
- hire, train and retain qualified personnel and crew to manage and operate our growing business and fleet;

- identify additional new markets; and
- improve our operating, financial and accounting systems and controls.

We may undertake future financings to finance our growth. Our failure to effectively identify, purchase, develop and integrate any vessels could adversely affect our business, financial condition and results of operations. The number of employees that perform services for us and our current operating and financial systems may not be adequate as we implement our plan to expand the size of our fleet, and we may not be able to effectively hire more employees or adequately improve those systems. Finally, acquisitions may require additional equity issuances or debt issuances (with amortization payments), both of which could lower our available cash. If any such events occur, our financial condition may be adversely affected.

Growing any business presents numerous risks such as difficulty in obtaining additional qualified personnel and managing relationships with customers and suppliers. The expansion of our fleet may impose significant additional responsibilities on our management and staff, and may necessitate that we increase the number of personnel. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with our future growth.

Investment in forward freight agreements and other derivative instruments could result in losses.

We manage our market exposure using forward freight agreements, or FFAs, and other derivative instruments, such as bunker hedging contracts. FFAs are cash-settled derivative contracts based on future freight delivery rates and other derivative instruments. FFAs may be used to hedge exposure to the changing rates by providing for the purchase or sale of a contracted charter rate along a specified route or combination of routes and over a specified period of time. Upon settlement, if the contracted charter rate is less than the settlement rate, the seller of the FFA is required to pay the buyer an amount equal to the difference between the contracted rate and the settlement rate, multiplied by the number of days in the specified period. Conversely, if the contracted rate is greater than the settlement rate, the buyer is required to pay the seller the settlement sum. If we take positions in FFAs and do not correctly anticipate rate movements for the specified vessel route or routes and relevant time period or our assumptions regarding the relative relationships of certain vessels' earnings, routes and other factors relevant to the FFA markets are incorrect, we could suffer losses in settling or terminating our FFAs. In addition, we normally do not designate our FFAs for special hedge accounting and, as such, our use of such derivatives may lead to material fluctuations in our results of operations.

We also seek to manage our exposure to volatility in the market price of bunkers by entering into bunker hedging contracts. There can be no assurance that we will be able to successfully limit our risks, leaving us exposed to unprofitable contracts and we may suffer significant losses from these hedging activities.

Our long-term COAs, single charter bookings and time-charter agreements may result in significant fluctuations in our quarterly results, which may adversely affect our liquidity, as well as our ability to satisfy our financial obligations.

As part of our business strategy, we enter into long-term COAs, single charter bookings and time-charter agreements. We evaluate entering into long-term positions based on the expected return over the full term of the contract. However, long-term contracts that we believe provide attractive returns over their full term may produce losses over portions of the contract period. We may be required to provide additional margin collateral in connection with FFA positions that are settled through clearinghouses, depending upon movements in the FFA markets. These interim losses, fluctuations in our quarterly results or incremental collateral requirements may adversely affect our financial liquidity, as well as our ability to satisfy our financial obligations.

We depend on COAs, which could require us to operate at unfavorable rates for a certain amount of time or subject us to other operating risks.

A significant portion of our revenues are derived from COAs. While COAs provide a relatively stable and predictable source of revenue, they typically fix the rate we are paid for our drybulk shipping services. Once we have entered into a COA, if we have not correctly anticipated vessel rates, location and availability for our owned or chartered-in fleet to fulfill the COA, we could suffer losses. Moreover, factors beyond our control may cause a COA to become unprofitable. Nevertheless, we would be obligated to continue to perform for the term of the COA. In addition, factors beyond our control, such as vessel availability, port delays, changes in government or industry rules or regulation, industrial actions or acts of terrorism or war, could affect our ability to perform our obligations under our COAs, which could result in breach of contract or other claims by our COA

counterparties. Any of these occurrences could have a material adverse effect on our business, financial condition and results of operations and financial condition.

We are a “smaller reporting company” and an “accelerated filer” and we cannot be certain if the reduced disclosure requirements applicable to smaller reporting companies will make our common shares less attractive to investors.

We are a “smaller reporting company,” as defined in the Securities Act of 1934, and may choose to rely on scaled disclosure requirements available to smaller reporting companies. On June 28, 2018, the Commission adopted amendments to the definition of “smaller reporting company” that became effective on September 10, 2018. Under the new definition, generally, a company qualifies as a “smaller reporting company” if it has public float of less than \$250 million; or it has less than \$100 million in annual revenues and no public float or public float of less than \$700 million.

The scaled disclosure requirements for smaller reporting companies permit us to include less extensive narrative disclosure than required of other reporting companies, particularly in the description of executive compensation and to provide audited financial statements for two fiscal years, in contrast to other reporting companies, which must provide audited financial statements for three fiscal years.

Investors may find our common shares and the price of our common shares less attractive because we rely, or may rely, on these exemptions. If some investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and the price of our common shares may be more volatile.

Obligations associated with being a public company require significant company resources and management attention, and we incur increased costs as a result of being a public company.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the rules and regulations of the SEC, including Sarbanes-Oxley, and requirements of the NASDAQ Global Select Market. These requirements and rules may place a strain on our systems and resources. For example, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition and Sarbanes-Oxley requires that we document and maintain effective disclosure controls and procedures and internal control over financial reporting. These reporting and other obligations place significant demands on our management, administrative, operational and accounting resources and we incur significant legal, accounting and other expenses as a result. The expenses incurred by public companies, generally, for reporting and corporate governance purposes have been increasing and the costs we incur for such purposes may strain our resources. We may implement additional financial and management controls and procedures, reporting and business intelligence systems, create or outsource an internal audit function, or hire additional accounting and finance staff. If we are unable to accomplish these objectives in a timely and effective fashion, our ability to comply with the financial reporting requirements and other rules that apply to reporting companies could be impaired. In addition, our limited management resources may exacerbate the difficulties in complying with these reporting and other requirements while focusing on executing our business strategy. Our incremental general and administrative expenses as a publicly traded corporation include costs associated with preparing reports to shareholders, tax returns, investor relations, registrar and transfer agent’s fees, incremental director and officer liability insurance costs and director compensation. Any failure to maintain effective internal control over financial reporting could have a material adverse effect on our business, prospects, liquidity, results of operations and financial condition. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common shares, fines, sanctions and other regulatory action.

A failure to pass inspection by classification societies could result in vessels being unemployable until they pass inspection, resulting in a loss of revenues from such vessels for that period.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the United Nations Safety of Life at Sea Convention. Our owned fleet is currently enrolled with DNV GL Group (DNV), and Nippon Kaiji Kyokai (NK).

A vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special survey, a vessel’s machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Our vessels are on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel must undergo regulatory surveys of its underwater parts every 30 to 60 months.

If a vessel fails any annual survey, intermediate survey or special survey, the vessel may be unable to trade between ports and, therefore, would be unemployable, potentially causing a negative impact on our revenues due to the loss of revenues from such vessel until it was able to trade again.

Because we purchase and operate secondhand vessels, we may be exposed to increased operating costs which could adversely affect our earnings and, as our fleet ages, the risks associated with older vessels could adversely affect our ability to obtain profitable charters.

As part of our current business strategy to increase our owned fleet, we may acquire new and secondhand vessels. While we inspect secondhand vessels prior to purchase, this does not provide us with the same knowledge about their condition that we would have had if these vessels had been built for and operated exclusively by us. Accordingly, we may not discover defects or other problems with secondhand vessels prior to purchasing or chartering-in, or may incur costs to terminate a purchase agreement. Any such hidden defects or problems may be expensive to repair, and if not detected, may result in accidents or other incidents for which we may become liable to third parties.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Older vessels are typically less fuel-efficient than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers.

Furthermore, governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations, or the addition of new equipment and may restrict the type of activities in which the vessel may engage. As our vessels age, market conditions may not justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

Unless we set aside reserves or are able to borrow funds for vessel replacement, we will be unable to replace the vessels in our fleet at the end of their useful lives.

We estimate the useful life of our vessels to be 25 or 30 years from the date of initial delivery from the shipyard. The remaining estimated useful lives of our vessels range from 8 - 30 years, depending on the age and type of vessel. The average age of our owned drybulk carriers at the time of this filing is approximately 9 years. A portion of our cash flows and income are dependent on the revenues earned by employing our vessels. If we are unable to replace the vessels in our fleet at the end of their useful lives, our business, results of operations, financial condition and ability to pay dividends could be materially and adversely affected. We currently do not maintain reserves for vessel replacements. We intend to finance vessel replacements from internally generated cash flow, borrowings under our credit facilities or additional equity or debt offerings.

Our ability to obtain additional debt financing, or to refinance existing indebtedness, may be dependent on the performance and length of our COAs and charters, and the creditworthiness of our contract counterparties.

The performance and length of our COAs and charters and the actual or perceived credit quality of our contract counterparties, and any defaults by them, may materially affect our ability to obtain the additional capital resources required to purchase additional vessels or may significantly increase our costs of obtaining such capital. Our inability to obtain additional financing on acceptable terms or at all may materially affect our results of operations and our ability to implement our business strategy.

We intend to partially finance the acquisition of vessels with borrowings drawn under credit facilities or finance lease obligations. While we may refinance amounts drawn under our credit facilities with the net proceeds of future debt and equity offerings, we cannot assure you that we will be able to do so at interest rates and on terms that are acceptable to us or at all. If we are not able to refinance these amounts with the net proceeds of debt and equity offerings at an interest rate or on terms acceptable to us or at all, we will have to dedicate a larger portion of our cash flow from operations to pay the principal and interest of this indebtedness. If we are not able to satisfy these obligations, we may have to undertake alternative financing plans or sell vessels. The actual or perceived credit quality of our contract counterparties, any defaults by them and the market value of our fleet, among other things, may materially affect our ability to obtain alternative financing. In addition, debt service payments under our credit facilities, finance lease obligations or alternative financing may limit funds otherwise available for working capital, capital expenditures, the payment of dividends and other purposes. If we are unable to meet our debt obligations, or if we otherwise default under our credit facilities or alternative financing arrangements, our lenders could declare the debt, together with accrued interest and fees, to be immediately due and payable and foreclose on our fleet, which could result in the acceleration of other indebtedness that we may have at such time and the commencement of similar foreclosure proceedings by other lenders.

We depend on our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other key employees, and the loss of their services would have a material adverse effect on our business, results and financial condition.

We depend on the efforts, knowledge, skill, reputations and business contacts of our Chief Executive Officer, Mark Filanowski, our Chief Financial Officer, Gianni Del Signore, and other key employees, including Mads Boye Petersen, Peter Koken, Robert Seward, Neil McLaughlin and Fotis Doussopoulos. Accordingly, our success will depend on the continued service of these individuals. We do not have employment agreements with our executive officers or employees. We may experience departures of senior executive officers and other key employees, and we cannot predict the impact that any of their departures would have on our ability to achieve our financial objectives. The loss of the services of any of them could have a material adverse effect on our business, results of operations and financial condition.

Exposure to currency exchange rate fluctuations will result in fluctuations in our cash flows and operating results.

We may generate our revenues and incur some of our operating expenses and general and administrative expenses in currencies other than the U.S. dollar. This difference could lead to fluctuations in our revenues and vessel operating expenses, which would affect our financial results. Expenses incurred in foreign currencies increase when the value of the U.S. dollar falls, which would reduce our profitability. Our operating results could suffer as a result.

We may be subject to litigation, arbitration and other proceedings that could have an adverse effect on our business

We may be, from time to time, involved in various litigation matters arising in the ordinary course of business, or otherwise. These matters may include, among other things, contract disputes, personal injury claims, environmental matters, governmental claims for taxes or duties, securities, or maritime matters. The potential costs to resolve any claim or other litigation matter, or a combination of these, may have a material adverse effect on us because of potential negative outcomes, the costs associated with asserting our claims or defending such lawsuits, and the diversion of management's attention to these matters.

United States tax authorities could treat us as a “passive foreign investment company,” which could have adverse United States federal income tax consequences to U.S. holders

A foreign corporation will be treated as a “passive foreign investment company,” or PFIC, for United States federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of “passive income” or (2) at least 50% of the average value of the corporation's assets produce or are held for the production of those types of “passive income.” For purposes of these tests, “passive income” includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute “passive income.” United States shareholders of a PFIC are subject to a disadvantageous United States federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our proposed method of operation, we do not believe that we will be a PFIC with respect to any taxable year. In this regard, we intend to treat the gross income we derive or are deemed to derive from our time chartering activities as services income, rather than rental income. Accordingly, we believe that our income from our time chartering activities does not constitute “passive income,” and the assets that we own and operate in connection with the production of that income do not constitute passive assets.

There is, however, no direct legal authority under the PFIC rules addressing our proposed method of operation. Accordingly, no assurance can be given that the United States Internal Revenue Service, or IRS, or a court of law will accept our position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if there were to be changes in the nature and extent of our operations.

If the IRS were to find that we are or have been a PFIC for any taxable year, our United States shareholders will face adverse United States tax consequences. Under the PFIC rules, unless those shareholders make an election available under the Code (which election could itself have adverse consequences for such shareholders), such shareholders would be liable to pay United States federal income tax at the then prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common shares, as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of our common shares.

We may have to pay tax on United States source income, which would reduce our earnings

Under sections 863(c)(3) and 887(a) of the United States Internal Revenue Code of 1986, as amended, or the “Code,” 50% of the gross shipping income of a vessel owning or chartering corporation, such as ourselves and our subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States may be subject to a 4% United States federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under section 883 of the Code and the applicable Treasury Regulations recently promulgated thereunder.

If we or our subsidiaries are not entitled to exemption under Code section 883 for any taxable year, we or our subsidiaries could be subject for those years to an effective 2% United States federal income tax on the shipping income these companies derive during the year that are attributable to the transport of cargoes to or from the United States. The imposition of this taxation would have a negative effect on our business and would result in decreased earnings available for distribution to our shareholders.

We rely on our information systems to conduct our business, and failure to protect these systems against security breaches could adversely affect our business and results of operations, including on our vessels. Additionally, if these systems fail or become unavailable for any significant period of time, our business could be harmed.

We rely on our computer systems and network infrastructure across our operations, including on our vessels. The safety and security of our vessels and efficient operation of our business, including processing, transmitting and storing electronic and financial information, are dependent on computer hardware and software systems, which are increasingly vulnerable to security breaches and other disruptions. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect our business and results of operations.

Our vessels rely on information systems for a significant part of their operations, including navigation, provision of services, propulsion, machinery management, power control, communications and cargo management. We have in place safety and security measures on our vessels and onshore operations to secure our vessels against cyber-security attacks and any disruption to their information systems. However, these measures and technology may not adequately prevent security breaches despite our continuous efforts to upgrade and address the latest known threats. A disruption to the information system of any of our vessels could lead to, among other things, wrong routing, collision, grounding and propulsion failure.

Beyond our vessels, we rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches. The technology and other controls and processes designed to secure our confidential and proprietary information, detect and remedy any unauthorized access to that information were designed to obtain reasonable, but not absolute, assurance that such information is secure and that any unauthorized access is identified and addressed appropriately. Such controls may in the future fail to prevent or detect, unauthorized access to our confidential and proprietary information. In addition, the foregoing events could result in violations of applicable privacy and other laws. If confidential information is inappropriately accessed and used by a third party or an employee for illegal purposes, we may be responsible to the affected individuals for any losses they may have incurred as a result of misappropriation. In such an instance, we may also be subject to regulatory action, investigation or liable to a governmental authority for fines or penalties associated with a lapse in the integrity and security of our information systems.

Our operations, including our vessels, and business administration could be targeted by individuals or groups seeking to sabotage or disrupt such systems and networks, or to steal data, and these systems may be damaged, shutdown or cease to function properly (whether by planned upgrades, force majeure, telecommunications failures, hardware or software break-ins or viruses, other cyber-security incidents or otherwise). For example, the information systems of our vessels may be subject to threats from hostile cyber or physical attacks, phishing attacks, human errors of omission or commission, structural failures of resources we control, including hardware and software, and accidents and other failures beyond our control. The threats to our information systems are constantly evolving, and have become increasingly complex and sophisticated. Furthermore, such threats change frequently and are often not recognized or detected until after they have been launched, and therefore, we may be unable to anticipate these threats and may not become aware in a timely manner of such a security breach, which could exacerbate any damage we experience.

We may be required to expend significant capital and other resources to protect against and remedy any potential or existing security breaches and their consequences. A cyber-attack could result in significant expenses to investigate and repair security

breaches or system damages and could lead to litigation, fines, other remedial action, heightened regulatory scrutiny and diminished customer confidence. In addition, our remediation efforts may not be successful, and we may not have adequate insurance to cover these losses.

The unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Risks Related To Our Common Shares

Future sales of our common shares could cause the market price of our common shares to decline.

The market price of our common shares could decline due to sales of a large number of shares in the market, including sales of shares by our large shareholders, or the perception that these sales could occur. These sales could also make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate to raise funds through future offerings of common shares.

We may need to raise additional capital in the future, which may not be available on favorable terms or at all or which may dilute our common shares or adversely affect its market price.

We may require additional capital to expand our business and increase revenues, add liquidity in response to negative economic conditions, meet unexpected liquidity needs caused by industry volatility or uncertainty and reduce our outstanding indebtedness under our existing facilities. To the extent that our existing capital and borrowing capabilities are insufficient to meet these requirements and cover any losses, we will need to raise additional funds through debt or equity financings, including offerings of our common shares, securities convertible into our common shares, or rights to acquire our common shares, or curtail our growth and reduce our assets or restructure arrangements with existing security holders. Any equity or debt financing, or additional borrowings, if available at all, may be on terms that are not favorable to us. Equity financings could result in dilution to our shareholders, as described further below, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our common shares. If our need for capital arises because of significant losses, the occurrence of these losses may make it more difficult for us to raise the necessary capital. If we cannot raise funds on acceptable terms if and when needed, we may not be able to take advantage of future opportunities, grow our business or respond to competitive pressures or unanticipated requirements.

Future issuances of our common shares could dilute our shareholders' interests in our company.

We may, from time to time, issue additional common shares to support our growth strategy, reduce debt or provide us with capital for other purposes that our Board of Directors believes to be in our best interest. To the extent that an existing shareholder does not purchase additional shares that we issue, that shareholder's interest in our company will be diluted, which means that its percentage of ownership in our company will be reduced. Following such a reduction, that shareholder's common shares would represent a smaller percentage of the vote in our Board of Directors' elections and other shareholder decisions.

Volatility in the market price and trading volume of our common shares could adversely impact the trading price of our common shares.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies like us. These broad market factors may materially reduce the market price of our common shares, regardless of our operating performance. The market price of our common shares, which has experienced significant price fluctuations in the past twelve months, could continue to fluctuate significantly for many reasons, including in response to the risks described herein or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political instability.

Classified Board of Directors.

Our Board of Directors is divided into three classes serving staggered, three-year terms. This classified board provision could discourage a third party from making a tender offer for our shares or attempting to obtain control of us. It could also delay shareholders who do not agree with the policies of our Board of Directors from removing a majority of our Board of Directors for up to two years.

We are incorporated in Bermuda and it may not be possible for our investors to enforce U.S. judgments against us.

We are incorporated in Bermuda and substantially all of our assets are located outside the United States. In addition, one of our directors is a non-resident of the United States, and all or a substantial portion of such director's assets are located outside the United States. As a result, it may be difficult or impossible for U.S. investors to serve process within the United States, upon us or our directors and executive officers, or to enforce a judgment against us for civil liabilities in United States courts.

In addition, you should not assume that courts in the countries in which we are incorporated or where our assets are located would enforce judgments of United States courts obtained in actions against us based upon the civil liability provisions of applicable United States federal and state securities laws or would enforce, in original actions, liabilities against us based on those laws.

Because we are a foreign corporation, you may not have the same rights that a shareholder in a U.S. corporation may have.

We are a Bermuda exempted company. Our memorandum of association and bye-laws and the Companies Act, 1981 of Bermuda, or the Companies Act, govern our affairs. The Companies Act does not as clearly establish your rights and the fiduciary responsibilities of our directors as do statutes and judicial precedent in some United States jurisdictions. Therefore, you may have more difficulty in protecting your interests as a shareholder in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction. There is a statutory remedy under Section 111 of the Companies Act which provides that a shareholder may seek redress in the courts as long as such shareholder can establish that our affairs are being conducted, or have been conducted, in a manner oppressive or prejudicial to the interests of some part of the shareholders, including such shareholder. However, you may not have the same rights that a shareholder in a United States corporation may have.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Phoenix Bulk Carriers (US) LLC, the administrative agent for the Company, maintains office space at 109 Long Wharf, Newport, Rhode Island 02840. The building is owned by 109 Long Wharf LLC ("Long Wharf"), a wholly-owned subsidiary of the Company since September 1, 2014. Long Wharf was previously owned by certain of the Company's Executive Officers and Directors. The Company leases office space in Copenhagen, Athens and Singapore.

ITEM 3. LEGAL PROCEEDINGS

We have not been involved in any legal proceedings which we believe are likely to have, or have had a significant effect on our business, financial position, results of operations or cash flows, nor are we aware of any proceedings that are pending or threatened which we believe are likely to have a significant effect on our business, financial position, results of operations or liquidity. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. We expect that these claims would be covered by insurance, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common shares have been traded on The Nasdaq Capital Market under the symbol PANL since our common shares began public trading on October 3, 2014. The Company's internet address is www.pangaeals.com.

Holders of Record

As of the close of business on March 14, 2022, there were approximately 13 stockholders of record of our common stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividends

Under our By-laws, our board of directors may declare dividends or distributions out of contributed surplus and may also pay interim dividends to be paid in cash, shares of the Company's stock or any combination thereof. Our board of directors' objective is to generate competitive returns for our shareholders. Any dividends declared will be in the sole discretion of the board of directors and will depend upon earnings, restrictions in our debt agreements described later in this prospectus, market prospects, current capital expenditure programs and investment opportunities, the provisions of Bermuda law affecting the payment of distributions to shareholders and other factors. Under Bermuda law, the board of directors has no discretion to declare or pay a dividend if there are reasonable grounds for believing that the Company is, or would after the payment be, unable to pay its liabilities as they become due or the realizable value of the Company's assets would thereby be less than its liabilities.

In addition, since we are a holding company with no material assets other than the shares of our subsidiaries through which we conduct our operations, our ability to pay dividends will depend on our subsidiaries' distributing to us their earnings and cash flows. The Company paid a quarterly cash dividend of \$0.035 per common share commencing in May 2019. In March 2020 the Company suspended its dividend due to the uncertainty caused by COVID-19 global pandemic and resumed its quarterly cash dividends payouts in December 2020. We cannot assure you that we will be able to pay regular quarterly dividends, and our ability to pay dividends will be subject to the limitations set forth above and in the section of this Form 10-K titled "[Risk Factors.](#)" The Company has dividends payable of \$0.2 million at December 31, 2021. On February 16, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$0.05 per common share, to be paid on March 15, 2022, to all shareholders of record as of March 1, 2022.

Use of Proceeds

Not applicable

Purchases of Equity Securities by Issuer and Affiliates

Not applicable

Securities Authorized for Issuance Under Equity Compensation Plan

See [Part III, Item 12](#) for information regarding securities authorized for issuance under our equity compensation plan.

ITEM 6. SELECTED FINANCIAL DATA

(in thousands, except shipping days data)

	As of and for the years ended December 31,	
	2021	2020
Selected Data from the Consolidated Statements of Income		
Voyage revenue	\$ 614,482	\$ 349,738
Charter revenue	103,622	33,158
Total revenue	718,104	382,896
Voyage expense	219,623	161,881
Charter hire expense	334,953	127,769
Vessel operating expenses	42,715	38,047
Total cost of transportation and service revenue	597,291	327,697
Vessel depreciation and amortization	22,874	16,928
Gross Profit	97,939	38,271
Other operating expenses	19,067	16,042
Loss on impairment of vessels	—	1,801
Loss on sale of vessels	—	730
Income from operations	78,872	19,697
Total other expense, net	(6,499)	(7,005)
Net income	72,374	12,692
Income attributable to noncontrolling interests	(5,147)	(1,340)
Net income attributable to Pangaea Logistics Solutions Ltd.	\$ 67,227	\$ 11,352
Net income from continuing operations per common share information		
Basic income per share	\$ 1.53	\$ 0.26
Diluted income per share	\$ 1.50	\$ 0.26
Weighted-average common shares Outstanding - basic	43,997	43,418
Weighted-average common shares Outstanding - diluted	44,849	43,817
Cash dividends declared per share	\$ 0.11	\$ 0.02
Adjusted EBITDA ⁽¹⁾	105,079	42,581
Shipping Days ⁽²⁾		
Voyage days	15,932	14,756
Time charter days	3,963	3,021
Total shipping days	19,895	17,777
TCE Rates (\$/day)	\$ 25,056	\$ 12,433
Selected Data from the Consolidated Balance Sheets		
Cash, restricted cash and cash equivalents	\$ 56,209	\$ 48,397
Total assets	\$ 707,024	\$ 450,404
Total secured debt, including obligations under finance leases	\$ 306,719	\$ 159,389
Total shareholders' equity	\$ 300,681	\$ 234,431
Selected Data from the Consolidated Statements of Cash Flows		
Net cash provided by operating activities	\$ 61,745	\$ 20,836
Net cash used in investing activities	\$ (197,792)	\$ (6,888)
Net cash provided by (used in) financing activities	\$ 143,859	\$ (18,606)

Amounts in the table above have been calculated based on unrounded numbers. Accordingly, certain amounts may not appear to recalculate due to the effect of rounding.

⁽¹⁾ Adjusted EBITDA represents operating earnings before interest expense, income taxes, depreciation and amortization, loss on sale and leaseback of vessels, share-based compensation and other non-operating income and/or expense, if any. Adjusted EBITDA is included because it is used by management and certain investors to measure operating performance and is also reviewed periodically as a measure of financial performance by Pangaea's Board of Directors. Adjusted EBITDA is not an item recognized by the generally accepted accounting principles in the United States of America, or U.S. GAAP, and should not be considered as an alternative to net income, operating income, or any other indicator of a company's operating performance required by U.S. GAAP. Pangaea's definition of Adjusted EBITDA used here may not be comparable to the definition of EBITDA used by other companies.

⁽²⁾ Shipping days are defined as the aggregate number of days in a period during which its owned or chartered-in vessels are performing either a voyage charter (voyage days) or time charter (time charter days).

The reconciliation of gross profit to net transportation and service revenue and income from operations to Adjusted EBITDA is as follows:

(in thousands)

	Years Ended December 31,	
	2021	2020
<i>Net Transportation and Service Revenue</i> ⁽³⁾		
Gross Profit ⁽⁴⁾	\$ 97,939	\$ 38,271
Add:		
Vessel Depreciation and Amortization	22,874	16,928
Net transportation and service revenue	<u>\$ 120,813</u>	<u>\$ 55,199</u>
<i>Adjusted EBITDA</i>		
Net Income	\$ 72,374	\$ 12,692
Interest expense, net	11,514	7,831
Depreciation and amortization	22,974	17,055
EBITDA	<u>\$ 106,862</u>	<u>\$ 37,578</u>
Loss on sale of vessel	—	730
Loss on impairment of vessels	—	1,801
Share-based compensation	2,103	2,315
Unrealized (gain) loss on derivative instruments, net	<u>(3,886)</u>	156
Adjusted EBITDA	<u>\$ 105,079</u>	<u>\$ 42,580</u>

Amounts in the table above have been calculated based on unrounded numbers. Accordingly, certain amounts may not appear to recalculate due to the effect of rounding.

⁽³⁾ Net transportation and service revenue represents total revenue less the total direct costs of transportation and services, which includes charter hire, voyage and vessel operating expenses. Net transportation and service revenue is included because it is used by management and certain investors to measure performance by comparison to other logistic service providers. Net transportation and service revenue is not an item recognized by the generally accepted accounting principles in the United States of America, or U.S. GAAP, and should not be considered as an alternative to net income, operating income, or any other indicator of a company's operating performance required by U.S. GAAP. Pangaea's definition of net transportation and service revenue used here may not be comparable to an operating measure used by other companies.

⁽⁴⁾ Gross profit represents total revenue less total cost of transportation and service revenue and less vessel depreciation and amortization.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and footnotes thereto contained in this report.

Forward Looking Statements

All statements other than statements of historical fact included in this Form 10-K including, without limitation, statements under "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" regarding our financial position, business strategy and the plans and objectives of management for future operations, are forward looking statements. When used in this Form 10-K, words such as "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to us or our management, identify forward looking statements. Such forward looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those contemplated by the forward looking statements as a result of the risk factors and other factors detailed in our filings with the Securities and Exchange Commission, including the risk factors set forth in *Part I, Item 1A*, above. All subsequent written or oral forward looking statements attributable to us or persons acting on our behalf are qualified in their entirety by this paragraph.

Overview

Critical Accounting Policies and Estimates

As discussed in Note 3, "Summary of Significant Accounting Policies," of our Financial Statements, which more fully describes our significant accounting policies, the preparation of consolidated financial statements in accordance with U.S. GAAP requires us to exercise judgment in the process of applying our accounting policies. It also requires that we make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and accompanying notes. The accounting policies and estimates that we believe are most critical to the portrayal of our financial condition and results of operations are listed below. We believe these policies require the most difficult, subjective, and complex judgments in estimating the effect of inherent uncertainties.

Revenue Recognition: Revenues are generated from time charters and voyage charters. Time charter revenues are recognized on a straight-line basis over the term of the respective time charter agreements as service is provided. Voyage revenues represent revenues earned by the Company, principally from providing transportation services under voyage charters. A voyage charter involves the carriage of a specific amount and type of cargo on a load port to discharge port basis, subject to various cargo handling terms. Under a voyage charter, the service revenues are earned and recognized ratably over the duration of the voyage. A contract is accounted for when it has approval and commitment from both parties, the rights and payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Estimated losses under a voyage charter are provided for in full at the time such losses become probable. Demurrage, which is included in voyage revenues, represents payments by the charterer to the vessel owner when loading and discharging time exceed the stipulated time in the voyage charter. Demurrage is measured in accordance with the provisions of the respective charter agreements and the circumstances under which demurrage revenues arise. Demurrage revenue is included in the calculation of voyage revenue and recognized ratably over the duration of the voyage to which it pertains. Voyage revenue recognized is presented net of address commissions.

Charter revenues relate to a time charter arrangement under which the Company is paid to provide transportation services on a per day basis for a specified period of time. Revenues from time charters are earned and recognized on a straight-line basis over the term of the charter, as the charters do not fall under the scope of ASC 606. Revenue is not earned when vessels are offhire.

Long-lived Assets Impairment Considerations: The carrying values of the Company's vessels may not represent their fair market value or the amount that could be obtained by selling the vessel at any point in time because the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the pricing of new vessels, which tend to be cyclical. The carrying value of each group of vessels classified as held and used are reviewed for potential impairment when events or changes in circumstances indicate that the carrying value of a particular group may not be fully recoverable. In such instances, an impairment charge would be recognized if the estimate of the undiscounted future cash flows expected to result from the use of the group and its eventual disposition is less than its carrying value. This assessment is made at the assets group level, which

represents the lowest level for which identifiable cash flows are largely independent of other groups of assets. The asset groups established by the Company are defined by vessel size and major characteristic or trade.

The significant factors and assumptions used in the undiscounted projected net operating cash flow analysis include the Company's estimate of future time charter equivalent "TCE" rates based on current rates under existing charters and contracts. When existing contracts expire, the Company uses an estimated TCE based on actual results and extends these rates out to the end of the vessel's useful life. TCE rates can be highly volatile, may affect the fair value of the Company's vessels and may have a significant impact on the Company's ability to recover the carrying amount of its fleet. Accordingly, the volatility is contemplated in the undiscounted projected net operating cash flow by using a sensitivity analysis based on percent changes in the TCE rates. The Company prepares a series of scenarios in an attempt to capture the range of possible trends and outcomes. Projected net operating cash flows are net of brokerage and address commissions and assume no revenue on scheduled offhire days. The Company uses the current vessel operating expense budget, estimated costs of drydocking and historical general and administrative expenses as the basis for its expected outflows, and applies an inflation factor it considers appropriate. The net of these inflows and outflows, plus an estimated salvage value, constitutes the projected undiscounted future cash flows. If these projected cash flows do not exceed the carrying value of the asset group, an impairment charge would be calculated. Measurement of the impairment loss is based on the fair value of the asset as provided by third parties.

The Company concluded that no triggering event had occurred during the twelve months ended December 31, 2021 which would require impairment testing.

The Company concluded that no triggering event had occurred during the first, third and fourth quarter of 2020 which would require impairment testing. During the second quarter of 2020, the Company determined that a triggering event occurred related to the sale of a vessel, as the carrying value exceeded its fair value. A loss on impairment of \$1.8 million was recorded in the second quarter of 2020 when the Memorandum of Agreement was signed. The Company performed an impairment analysis on each asset group and concluded the estimated undiscounted future cash flows were higher than their carrying amount and as such, no additional loss on impairment was recognized.

The table set forth below indicates the purchase price of the Company's vessels and the net carrying amount of each vessel as of December 31, 2021.

(In thousands of U.S. dollars)

Vessel Name	Date Acquired	Size	Year Build	Purchase Price	Net Carrying Amount
m/v Bulk Endurance	January 2017	UMX - 1C	2017	\$ 28,000	\$ 23,070
m/v Bulk Destiny	January 2017	UMX - 1C	2017	24,000	20,075
m/v Bulk Courageous	April 2021	UMX	2013	16,798	16,357
m/v Nordic Oasis	January 2016	PMX-1A	2016	32,600	27,650
m/v Nordic Olympic	February 2015	PMX-1A	2015	32,600	25,983
m/v Nordic Odin	February 2015	PMX-1A	2015	32,625	26,074
m/v Nordic Oshima	September 2014	PMX-1A	2014	33,709	25,612
m/v Nordic Orion	April 2012	PMX-1A	2011	32,363	23,057
m/v Nordic Odyssey	April 2012	PMX-1A	2010	32,691	22,456
m/v Bulk Valor	June 2021	SMX	2013	18,182	17,797
m/v Bulk Friendship	September 2019	SMX	2011	14,447	14,526
m/v Bulk Independence	May 2019	SMX	2008	14,393	13,467
m/v Bulk Pride	December 2017	SMX	2008	14,023	13,561
m/v Bulk Trident	September 2012	SMX	2006	17,010	12,459
m/v Bulk Freedom	June 2017	SMX	2005	9,016	8,477
m/v Bulk Newport	September 2013	SMX	2003	15,546	11,567
m/v Bulk Spirit	February 2019	SMX	2009	13,000	12,293
m/v Bulk Pangaea	December 2009	PMX	1996	26,500	11,802
m/v Bulk Xaymaca ⁽¹⁾	August 2018	PMX	2006	14,010	12,662
m/v Bulk Promise	July 2021	PMX	2013	18,633	18,307
m/v Nordic Nuluujaak	May 2021	Post Panamax 1A	2021	38,424	38,949
m/v Nordic Qinnqua	June 2021	Post Panamax 1A	2021	38,471	38,838
m/v Nordic Saangijuq	September 2021	Post Panamax 1A	2021	37,920	38,377
m/v Nordic Siku	November 2021	Post Panamax 1A	2021	37,935	38,776
Miss Nora G. Pearl	November 2017	Deck Barge	1979	3,833	2,715
Total				\$ 596,728	\$ 514,908

⁽¹⁾ Formerly known as m/v Bulk PODS.

Recent Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04 Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. ASU 2020-04 provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. Companies can apply the ASU immediately, however the guidance will only be available until December 31, 2022. The Company is currently evaluating the impact that adopting this new accounting standard will have on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses. For most financial assets, such as trade and other receivables, loans and other instruments, this standard changes the current incurred loss model to a forward-looking expected credit loss model, which generally will result in the earlier recognition of allowances for losses. The new standard is effective for the Company at the beginning of 2023. Entities are required to apply the provisions of the standard through a cumulative-effect adjustment to retained earnings as of the effective date. The Company is currently assessing the new guidance and its impact on its consolidated financial statements, and it intends to adopt the guidance when it becomes effective in the first quarter of 2023.

Important Financial and Operational Terms and Concepts

The Company uses a variety of financial and operational terms and concepts when analyzing its performance.

These include revenue recognition, deferred revenue, allowance for doubtful accounts, vessels and depreciation and long-lived assets impairment considerations, as defined above as well as the following:

Voyage Expenses. The Company incurs expenses for voyage charters, including bunkers (fuel), port charges, canal tolls, brokerage commissions and cargo handling operations, which are expensed as incurred.

Charter Expenses. The Company charters in vessels to supplement its owned fleet to support its voyage charter operations. The Company hires vessels under time charters with third party vessel owners, and recognizes the charter hire payments as an expense on a straight-line basis over the term of the charter. Charter hire payments are typically made in advance, and the unrecognized portion is reflected as advance hire in the accompanying consolidated balance sheets. Under the time charters, the vessel owner is responsible for the vessel operating costs such as crews, maintenance and repairs, insurance, and stores.

Vessel Operating Expenses. Vessel operating expenses represent the cost to operate the Company's owned vessels. Vessel operating expenses include crew hire and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores, tonnage taxes, other miscellaneous expenses, and technical management fees. These expenses are recognized as incurred. Technical management services include day-to-day vessel operations, performing general vessel maintenance, ensuring regulatory and classification society compliance, arranging the hire of crew, and purchasing stores, supplies, and spare parts.

Fleet Data. The Company believes that the measures for analyzing future trends in its results of operations consist of the following:

- **Shipping days.** The Company defines shipping days as the aggregate number of days in a period during which its owned or chartered-in vessels are performing either a voyage charter (voyage days) or a time charter (time charter days).
- **Daily vessel operating expenses.** The Company defines daily vessel operating expenses as vessel operating expenses divided by ownership days for the period. Vessel operating expenses include crew hire and related costs, the cost of insurance, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes, other miscellaneous expenses, and technical management fees.
- **Chartered in days.** The Company defines chartered in days as the aggregate number of days in a period during which it chartered in vessels from third party vessel owners.
- **Time Charter Equivalent "TCE" rates.** The Company defines TCE rates as total revenues less voyage expenses divided by the length of the voyage, which is consistent with industry standards. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because rates for vessels on voyage charters are generally not expressed in per-day amounts while rates for vessels on time charters generally are expressed in per-day amounts.

Business Overview

The seaborne drybulk transportation industry is cyclical and can be volatile. In 2021 drybulk freight markets reached levels not seen in a decade driven by strong global demand in major and minor bulks, and supply constraints driven by lack of supply and port congestion. The Baltic Dry Index ("BDI"), a measure of dry bulk market performance, averaged 2,956 for 2021, up from an average of 1,085 for 2020. Seasonal volatility within the year resulted in an intra-year low of 1,452 BDI in January and a high of 5,167 in September, which was this highest level since 2008. More specifically, and reflecting the composition of the Company's fleet, the average published market index rates for Supramax and Panamax vessels increased approximately 214% from an average of \$8,020 in 2020 to \$25,146 in 2021. We have historically experienced fluctuations in our results of operations on a quarterly and annual basis. We expect to experience continued fluctuations in our operating results in the foreseeable future due to a variety of factors, including dislocation in supply of vessels, demand for commodities carried on our vessels, competition, and seasonality.

Given the possibilities of wave surges of COVID-19 globally and the uncertainty where they may impact in the future, we have taken steps to manage operating costs, further enhance our financial flexibility, selectively deploy our capital, and protect the health and safety of our crew and shore based employees. Consistent with our chartering strategy we have redelivered chartered-

in vessels when possible and continue to charter in new vessels, when needed, for short term periods dependent on market conditions at the time. We have implemented stricter protocols around crew changes, and required quarantine periods, and shore based employees in our Newport, Copenhagen, Singapore and Athens offices continue to comply with local and international guidelines.

TCE Performance

The Company's TCE rates increased 102% from \$12,433 for year ended December 31, 2020 to \$25,056 for the year ended December 31, 2021. The average supramax and panamax market index rates for 2021 were \$25,146 per day. Pangaea's earned TCE rates were on par with or below the market index during the first three quarters due to the impact of timing of pricing and duration of performing voyages in a rapidly rising market as well as the impact of performance of voyages on fixed freight rates from our long term contracts of affreightment that are less than spot market rates. However, in the fourth quarter of 2021, the Company's achieved TCE rates outperformed the average of the Baltic panamax and supramax market indexes and exceeded the average market rates by approximately 16%. This was the result of the factors noted above, specifically, the pricing and performing of voyages on fixed freight rates as the prevailing market declined as part of the Company's strategy of protecting downside exposure to declining markets.

2021 Highlights

- Net income attributable to Pangaea Logistics Solutions Ltd. of \$67.2 million as compared to \$11.4 million for the year ended December 31, 2020.
- Income from operations of \$78.9 million, up from \$19.7 million for 2020.
- Earnings per share were \$1.50 as compared to \$0.26 for the year ended December 31, 2020.
- Cash flow from operations of \$61.7 million, compared to \$20.8 million for the prior year.
- Pangaea's TCE rates increased 102% to \$25,056 from \$12,433 in 2020.
- At December 31, 2021, Pangaea had \$56.2 million in cash and cash equivalents.

Results of Operations

Fiscal Year Ended December 31, 2021 Compared to Fiscal Year Ended December 31, 2020

Revenues

Pangaea's revenues are derived predominantly from voyage charters and time charters. Total revenue for the fiscal year ended December 31, 2021, was \$718.1 million compared to \$382.9 million, for the same period in 2020. The number of shipping days increased 12% to 19,895 in the fiscal year ended December 31, 2021, from 17,777 for the same period in 2020. The revenue increase was due to a 102% increase in the average TCE rate, which was \$25,056 per day for the twelve months ended December 31, 2021, compared to \$12,433 per day for the same period in 2020.

Components of revenue are as follows:

Voyage revenues for the fiscal year ended December 31, 2021, increased 76% to \$614.5 million from \$349.7 million for the same period in 2020. The increase in voyage revenues was primarily due to higher average TCE rates as noted above. The number of voyage days of increased 8% to 15,932 for the twelve months ended December 31, 2021 from 14,756 for the same period in 2020.

Charter revenues increased 213% to \$103.6 million for the year ended December 31, 2021 from \$33.2 million for the year ended December 31, 2020. The increase in charter revenues was due to an increase in drybulk market rates and an increase in time charter days, which were up 31% to 3,963 in 2021 from 3,021 in 2020. The optionality of our chartering strategy allows the Company to selectively release excess ship days, if any, into the market under time charters arrangements.

Voyage Expenses

Voyage expenses for the fiscal year ended December 31, 2021 were \$219.6 million compared to \$161.9 million for the year ended 2020, an increase of approximately 36%. The increase was primarily attributable to an increase in bunker costs, port expenses and canal fees. Further voyage days increased by 8% to 15,932 days in the twelve months ended December 31, 2021 from 14,756 days for the same period in 2020. Total costs of bunkers consumed increased by 45% for the twelve months ended December 31, 2021 compared to the same period in 2020 due to the increasing market price for bunkers. Port expenses increased by 22% compared to prior year as a result of increased canal fees incurred in the current year.

Charter Hire Expenses

The Company charters in vessels, typically on short term basis, from other shipowners to supplement its owned fleet. Charter hire expenses paid to third party shipowners were \$335.0 million for the year ended December 31, 2021, compared to \$127.8 million for the year ended December 31, 2020, a 162% increase. The increase in charter hire expenses was primarily due to an increase in market rates to charter-in vessels. The average published market rates for Supramax and Panamax vessels increased approximately 214% from an average of \$8,020 in 2020 to \$25,146 in the same period of 2021. Additionally, the number of chartered-in days increased 11% from 11,554 days in the twelve months ended December 31, 2020 to 12,859 days for the twelve months ended December 31, 2021 as the Company limited its exposure to the prevailing market in 2020 due to the impacts of COVID-19 and subsequently increased the chartered-in fleet to meet increasing demand in 2021. The Company's flexible charter-in strategy allows it to supplement its owned fleet with short term chartered-in tonnage at prevailing market prices, when needed, to meet cargo demand.

Vessel Operating Expenses

Vessel operating expenses increased 12%, from \$38.0 million for the year ended December 31, 2020 to \$42.7 million for the year ended December 31, 2021. The increase in vessel operating expenses was predominantly due to an increase in owned days resulting from the acquisition of vessels in 2021. Excluding technical management fees, vessel operating expenses on a per day basis were \$5,260 for the twelve months ended December 31, 2021 and \$5,432 for the twelve months ended December 31, 2020. Technical management fees were approximately \$3.9 million and \$3.6 million, respectively, for the twelve months ended December 31, 2021 and 2020, respectively.

General and Administrative Expenses

General and administrative expenses increased from \$15.9 million for the year ended December 31, 2020 to \$19.0 million for the year ended December 31, 2021. The increase was primarily due to an increase in incentive compensation.

Depreciation and Amortization

Depreciation and amortization expense increased \$5.9 million or 35%. The increase was primarily due to the 16% increase in ownership days to 7,383 days in 2021 from 6,343 days in 2020. The increase in ownership days is due to the acquisition of vessels, as noted above, which was part of a fleet renewal plan. The increase in depreciation and amortization expense is also due to an increase in the cost base of our owned fleet due to the capitalization of ballast water treatment systems ("BWTS") on our vessels.

Loss on sale of vessels

The Company recorded a loss of \$0.7 million on the sale of the m/v Bulk Beothuk, and m/v Bulk Patriot, offset by a small gain on the sale of the m/v Nordic Barents in the year ended December 31, 2020. No loss on sales of vessels were recorded in the year ended December 31, 2021.

Impairment of vessels

During the twelve months ended December 31, 2020, the Company recorded \$1.8 million of impairment of vessel assets. On June 29, 2020 the Company entered into an agreement to sell the Bulk Beothuk for \$4.6 million, the sale was finalized and the vessel delivered to its new owner on August 4, 2020. A loss on impairment of \$1.8 million was recorded in the second quarter of 2020 when the Memorandum of Agreement was signed as the carrying value of the assets exceeded the fair value. No loss on impairment of vessels were recorded in the year ended December 31, 2021.

Unrealized (Loss) Gain on Derivative Instruments

The Company assesses risk associated with fluctuating future freight rates and bunker prices, when appropriate, actively hedges identified economic risk that may impact the operating income of long-term cargo contracts with forward freight agreements or bunker swaps. The usage of such derivatives can lead to fluctuations in the Company's reported results from operations on a period-to-period basis. The Company recorded an unrealized gain on derivative instruments of \$3.9 million in the year ended December 31, 2021 and recorded an unrealized loss of \$0.2 million in the year ended December 31, 2020. Refer to Note 6 *Margin Account, Derivative and Fair Value Measures* to the consolidated financial statements for further information.

Liquidity and Capital Resources

Liquidity and Cash Needs

The Company has historically financed its capital requirements with cash flow from operations, the issuance of common stock, proceeds from non-controlling interests, and proceeds from long-term debt and finance lease financing arrangements. The Company has used its capital primarily to fund operations, vessel acquisitions, and the repayment of debt and the associated interest expense. The Company may consider debt or additional equity financing alternatives from time to time. However, if market conditions deteriorate, the Company may be unable to raise additional debt or equity financing on acceptable terms or at all. As a result, the Company may be unable to pursue opportunities to expand its business.

At December 31, 2021 and 2020, the Company had working capital of \$72.2 million and \$0.5 million, respectively, an increase primarily due to the refinancing of Bulk Nordic Odin, Bulk Nordic Olympic, Bulk Nordic Oshima, and Bulk Nordic Oasis Loan Agreements in 2021. The increase in working capital is also due to an increase in accounts receivable due to increased revenue in 2021.

Considerations made by management in assessing the Company's ability to continue as a going concern are its ability to consistently generate positive cash flows from operations, which were approximately \$61.7 million in 2021, and \$20.8 million in 2020; its excess of cash and cash restricted by facility agents over the current portion of secured long-term debt and finance lease obligations, and its focus on contract employment (COAs). In addition, the Company has demonstrated its ability to adapt to changing market conditions by changing the chartered-in profile to meet its cargo commitments and react to volatile market rates. The Company believes that future operating cash flows together with cash on hand, availability of borrowings, and contributions from non-controlling interests will be sufficient to meet our future operating and capital expenditure cash requirements for the next 12 months and the foreseeable future. For more information on the results of operations, see *Part II. ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Results of Operations*.

Capital Expenditures

The Company's capital expenditures relate to the purchase of vessels and interests in vessels, and to capital improvements to its vessels which are expected to enhance the revenue earning capabilities and safety of these vessels. The Company's owned or partially owned and controlled fleet at December 31, 2021 includes: nine Panamax drybulk carriers (six of which are Ice-Class 1A); eight Supramax drybulk carriers, three Ultramax drybulk carriers (Two of which are Ice-Class IC), and four Post Panamax Ice Class 1A drybulk vessels.

In addition to vessel acquisitions that the Company may undertake in future periods, its other major capital expenditures include funding its program of regularly scheduled drydockings necessary to make improvements to its vessels, as well as to comply with international shipping standards and environmental laws and regulations. This includes installation of BWTS required under new regulations, the cost of which will be \$0.5 million to \$0.7 million per vessel. The Company has some flexibility regarding the timing of drydocking, but the total cost is unpredictable. The Company expects to perform two special surveys in 2022 at an aggregate total cost of approximately \$3.0 million. The Company expects to perform three intermediate surveys in 2022 at an aggregate total cost of approximately \$1.5 million. The Company estimates that offhire related to the surveys and related repair work is ten to twenty days per vessel, depending on the size and condition of the vessel. Funding of these requirements is anticipated to be met with cash from operations. The Company anticipates that this process of recertification will require it to reposition these vessels from a discharge port to shipyard facilities, which will reduce the Company's available days and operating days during that period.

The following table summarizes Pangaea's net cash flows from operating, investing and financing activities for the fiscal years ended December 31, 2021 and 2020:

(in millions)	2021	2020
Net cash provided by operating activities	\$ 61.7	\$ 20.8
Net cash used in investing activities	\$ (197.8)	\$ (6.9)
Net cash provided by (used in) financing activities	\$ 143.9	\$ (18.6)

Operating Activities

Net cash provided by operating activities during the year ended December 31, 2021 was \$61.7 million, compared to net cash provided by operating activities of \$20.8 million during the year ended December 31, 2020. The cash flows from operating activities increased primarily due to the increase in income from operations, partially offset by the impact of changes in working capital.

Investing Activities

Net cash used in investing activities was \$197.8 million for 2021, which consists primarily \$196.6 million for vessel acquisitions and investments in non-consolidated subsidiaries for \$1.1 million.

Net cash used in investing activities was \$6.9 million for 2020, which consists primarily of \$15.0 million paid to acquire an additional one-third interest in NBHC. Refer to Note 11 Other Long-Term Liabilities for further information. This use of cash was offset by proceeds from the sale of three vessels of \$11.7 million.

Financing Activities

Net cash provided by financing activities in 2021 was \$143.9 million compared to net cash used in financing activities of \$18.6 million for the same period of 2020. During the twelve months ended December 31, 2021, the Company received \$220.3 million in proceeds from long-term debt and finance leases and \$9.2 million in proceeds from non-controlling interest recorded as a long-term liability. The Company repaid \$62.0 million of long term debt, \$9.9 million of finance leases and \$2.5 million of other long term liabilities. The Company also paid \$5.5 million of common stock cash dividends and \$3.3 million cash dividends to non-controlling interests.

Net cash used in financing activities was \$18.6 million for 2020, which consists of \$18.0 million of proceeds from secured credit facilities; repayments of \$23.0 million on credit facilities and repayments of \$12.5 million on financing arrangements.

Borrowing Activities

Long-term debt consists of the following:

	December 31, 2021	December 31, 2020	Interest Rate (%)	Maturity Date
Bulk Nordic Odin Ltd., Bulk Nordic Olympic Ltd. Loan Agreement	\$ —	\$ 25,466,300		Not applicable
Bulk Nordic Oasis Ltd. Loan Agreement	—	14,000,000		Not applicable
Bulk Nordic Oshima Ltd. Amended and Restated Loan Agreement	—	12,004,295		Not applicable
Bulk Nordic Odyssey (MI) Corp., Bulk Nordic Orion (MI) Corp. Senior Secured Term Loan Facility ⁽²⁾⁽³⁾	16,224,189	18,000,000	2.95 %	December 2027
Bulk Nordic Oshima (MI) Corp., Bulk Nordic Odin (MI) Corp., Bulk Nordic Olympic (MI) Corp., Bulk Nordic Oasis (MI) Corp. Secured Term Loan Facility ⁽²⁾⁽³⁾⁽⁴⁾	49,400,000	—	3.38 %	June 2027
The Amended Senior Facility - Dated May 13, 2019 (formerly The Amended Senior Facility - Dated December 21, 2017) ⁽⁵⁾				
Bulk Nordic Six Ltd. - Tranche A ⁽²⁾	11,166,661	12,233,329	4.39 %	May 2024
Bulk Nordic Six Ltd. - Tranche B	2,330,000	2,590,000	2.53 %	May 2024
Bulk Pride - Tranche C ⁽²⁾	4,100,000	5,200,000	5.39 %	May 2024
Bulk Independence - Tranche E ⁽²⁾	11,500,000	12,500,000	3.54 %	May 2024
Bulk Freedom Loan Agreement	2,600,000	3,200,000	3.95 %	June 2022
Bulk Valor Corp. Loan and Security Agreement ⁽²⁾	12,718,279	—	3.29 %	June 2028
Bulk Promise Corp.	12,453,926	—	2.43 %	October 2027
109 Long Wharf Commercial Term Loan	484,066	593,666	2.09 %	April 2026
Total	\$ 122,977,121	\$ 105,787,590		
Less: unamortized bank fees ⁽⁶⁾	(1,697,209)	(643,018)		
	\$ 121,279,912	\$ 105,144,572		
Less: current portion	(15,443,115)	(57,382,674)		
Secured long-term debt, net	\$ 105,836,797	\$ 47,761,898		

⁽¹⁾ As of December 31, 2021.

⁽²⁾ Interest rates on the loan facilities are fixed.

⁽³⁾ The borrowers under this facility are owned by NBHC. The Company has two-third's ownership interest and STST has one-third ownership interest in NBHC. NBHC is consolidated in accordance with ASC 810-10 and as such, amounts pertaining to the non-controlling ownership held by the third parties in the financial position of NBHC are reported as non-controlling interest in the accompanying balance sheets.

⁽⁴⁾ On April 26, 2021, NBHC entered into a new Senior Secured Term Loan Facility with two new lenders. The agreement advanced \$53.0 million in respect of the m/v Nordic Oshima, m/v Nordic Olympic, m/v Nordic Odin and m/v Nordic Oasis. The agreement requires repayment of the advance in 24 equal quarterly principal installments of \$1.2 million beginning on June 15, 2021 and a balloon payment of \$24.2 million due in June 2027.

⁽⁵⁾ This facility is cross-collateralized by the vessels m/v Bulk Endurance, m/v Bulk Pride, and m/v Bulk Independence and is guaranteed by the Company.

⁽⁶⁾ A portion of unamortized debt issuance costs were reclassified as a reduction of the finance leases liabilities. Refer to Note 10 "Commitments and Contingencies" for additional information.

Bulk Nordic Odin Ltd., Bulk Nordic Olympic Ltd. Bulk Nordic Odyssey Ltd., Bulk Nordic Orion Ltd. And Bulk Nordic Oshima Ltd. – Dated September 28, 2015 - Amended and Restated Loan Agreement

The amended agreement advanced \$21,750,000 in respect of each the m/v Nordic Odin and the m/v Nordic Olympic; \$13,500,000 in respect of each the m/v Nordic Odyssey and the m/v Nordic Orion, and \$21,000,000 in respect of the m/v Nordic Oshima.

The agreement requires repayment of the advances as follows:

In respect of the Odin and Olympic advances, repayment to be made in 28 equal quarterly installments of \$375,000 per borrower (one of which was paid prior to the amendment by each borrower) and the loan was repaid in full on April 26, 2021.

In respect of the Odyssey and Orion advances, repayment to be made in 20 quarterly installments of \$375,000 per borrower and balloon payments of \$5,677,203 due with each of the final installments in September 2020. In September 2020 the Company amended the facility to make an additional quarterly installment of \$375,000 per borrower and extend the balloon payments to December 2020 which were paid in full on December 23, 2020.

In respect of the Oshima advance, repayment to be made in 28 equal quarterly installments of \$375,000 and the loan was repaid in full on April 26, 2021.

The Bulk Nordic Oasis Ltd. - Loan Agreement - Dated December 11, 2015

The agreement advanced \$21,500,000 in respect of the m/v Nordic Oasis. The agreement requires repayment of the advance in 24 equal quarterly installments of \$375,000 beginning on March 28, 2016 and the loan was repaid in full on April 26, 2021.

The Bulk Nordic Odyssey (MI) Corp., Bulk Nordic Orion (MI) Corp. Senior Secured Term Loan Facility - Dated December 23, 2020.

The agreement advanced \$18,000,000 in respect of the m/v Nordic Odyssey and m/v Nordic Orion. The agreement requires repayment of the advance in 28 equal quarterly principal and interest installments of \$571,821 beginning on March 23, 2021 and a balloon payment of \$4,400,000 due with the final installment in December 2027. Interest on this advance is fixed at 2.95%.

The loan is secured by a first preferred mortgage on the m/v Nordic Odyssey and m/v Nordic Orion, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. Additionally, the agreement contains a collateral maintenance ratio clause which requires the fair market value of the vessel plus the net realizable value of any additional collateral previously provided, to remain above defined ratios. As of December 31, 2021 the Company was in compliance with its financial covenants.

Bulk Nordic Oshima (MI) Corp., Bulk Nordic Odin (MI) Corp., Bulk Nordic Olympic (MI) Corp., and Bulk Nordic Oasis (MI) Corp. Facility Agreement dated April 26, 2021

On April 26, 2021, NBHC entered into a new Senior Secured Term Loan Facility with two new lenders. The agreement advanced \$53.0 million in respect of the m/v Nordic Oshima, m/v Nordic Olympic, m/v Nordic Odin and m/v Nordic Oasis. The agreement requires repayment of the advance in 24 equal quarterly principal installments of \$1,200,000 beginning on June 15, 2021 and a balloon payment of \$24,200,000 due in March 2027. Interest on this advance is fixed at 3.38% effective May 5, 2021. The Loan is secured by a first lien on m/v Nordic Bulk Oshima, m/v Nordic Bulk Odin, m/v Nordic Bulk Olympic and m/v Nordic Bulk Oasis. The Company used a portion of the proceeds of the loan to repay the outstanding balance of \$51.5 million for the Nordic Oshima, Nordic Odin, Nordic Olympic and Nordic Oasis loan facilities which was set to mature on October 1, 2021. As of December 31, 2021 the Company was in compliance with its financial covenants.

The Amended Senior Facility - Dated May 13, 2019 (previously identified as The Amended Senior Facility - Dated December 21, 2017)

On May 13, 2019, the Company, through its wholly owned subsidiaries, Bulk Endurance, Bulk Pride and Bulk Independence entered into the Second Amending Agreement, (the "Second Amendment"), amending and supplementing the First Amending Agreement dated December 17, 2017. The Second Amendment advanced \$14,000,000 under Tranche E in respect to the m/v Bulk Independence, extended maturity dates on Tranche A, B, and C to May 2024, and reduced applicable interest rate margin on Tranche A, B, and C to 1.70% for the first eight quarters following the drawdown of Tranche E, and 2.40% thereafter.

Bulk Endurance Tranche A and B

The amended agreement advanced \$19,500,000 in respect of the m/v Bulk Endurance on January 7, 2017, in two tranches. The agreement requires repayment of Tranche A, totaling \$16,000,000, in three equal quarterly installments of \$100,000 beginning on April 7, 2017 and 27 equal quarterly installments of \$266,667. A balloon payment of \$8,766,658 is due with the final installment in May 2024. Interest on this advance was fixed at 3.69% through March 2021, fixed at 4.39% through December 2021, and fixed at 3.46% thereafter.

The agreement also advanced \$3,500,000 under Tranche B, which is payable in 28 equal quarterly installments of \$65,000 beginning on September 27, 2017, and a balloon payment of \$1,745,000 due with the final installment in May 2024. Interest on this advance is floating at LIBOR plus 1.70% (2.55% at December 31, 2021) through March 2021, and thereafter at LIBOR plus 2.4%.

Bulk Pride Tranche C and D

The amended agreement advanced \$10,000,000 in respect of the m/v Bulk Pride on December 21, 2017, in two tranches. The agreement requires repayment of Tranche C, totaling \$8,500,000, in 26 equal quarterly installments of \$275,000 beginning in March 2018 and a balloon payment of \$1,350,000 due with the final installment in May 2024. Interest on this advance was fixed at 4.69% through March 2021, fixed at 5.39% through December 2021, and fixed at 3.6% thereafter. The agreement also advanced \$1,500,000 under Tranche D, which is payable in 4 equal quarterly installments of \$375,000 beginning in September 2018. Tranche D was fully repaid in June 2019.

Bulk Independence Tranche E

The amended agreement advanced \$14,000,000 under Tranche E in respect of the m/v Bulk Independence on May 13, 2019, which requires repayment of 20 equal quarterly installments of \$250,000 beginning in September 2019 and a balloon payment of \$9,000,000 due with the final installment in May 2024. Interest on this advance was fixed at 3.48% through March 31, 2020, fixed at 2.84% through December 31, 2021 and fixed at 3.54% thereafter.

The loan is secured by first preferred mortgages on the m/v Bulk Endurance, the m/v Bulk Pride and the m/v Bulk Independence, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. Additionally, the agreement contains a minimum liquidity requirement, positive working capital of the borrower and a collateral maintenance ratio clause which requires the fair market value of the vessel plus the net realizable value of any additional collateral previously provided, to remain above defined ratios. At December 31, 2021 and December 31, 2020, the Company was in compliance with these covenants.

The Bulk Freedom Corp. Loan Agreement -- Dated June 14, 2017

The agreement advanced \$5,500,000 in respect of the m/v Bulk Freedom on June 14, 2017. The agreement requires repayment of the loan in 8 quarterly installments of \$175,000 and 12 quarterly installments of \$150,000 beginning on September 14, 2017. A balloon payment of \$2,300,000 is due on June 14, 2022 with the final installment. The facility bears interest at LIBOR plus a margin of 3.75% (3.95% at December 31, 2021).

The loan is secured by a first preferred mortgage on the m/v Bulk Freedom, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. Additionally, the agreement contains a collateral maintenance ratio clause which requires the fair market value of the vessel plus the net realizable value of any additional collateral previously provided, to remain above defined ratios. At December 31, 2021 and December 31, 2020, the Company was in compliance with these covenants.

109 Long Wharf Commercial Term Loan

Initial amount of \$1,096,000 entered into on May 27, 2016. The Long Wharf Construction to Term Loan was repaid from the proceeds of this new facility. The loan is payable in 120 equal monthly installments of \$9,133. Interest is floating at the 30 day LIBOR plus 2.00% (2.09% at December 31, 2020). The loan is collateralized by all real estate located at 109 Long Wharf, Newport, RI, and a corporate guarantee of the Company. The loan contains a maximum loan to value covenant and a debt service coverage ratio. At December 31, 2021 and December 31, 2020, the Company was in compliance with these covenants.

The Bulk Valor Corp. Loan Agreement -- Dated June 17, 2021

The agreement advanced \$13,350,000 in respect of the m/v Bulk Valor on June 17, 2021. The agreement requires repayment of the loan in 28 quarterly installments commencing on September 17, 2021. A balloon payment is due on June 17, 2028. Interest on this advance is fixed at 3.29%. The loan is secured by a first preferred mortgage on the m/v

Bulk Valor, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. As of December 31, 2021 the Company was in compliance with its financial covenants.

The Bulk Promise Corp. Loan Agreement -- Dated July 12, 2021

The agreement advanced \$12,800,000 in respect of the m/v Bulk Promise on July 7, 2021. The agreement requires repayment of the loan in 24 quarterly installments of \$346,074 commencing on October 15, 2021. A balloon payment of \$4,494,224 is due on October 15, 2027. Interest on this advance is floating at three-month LIBOR plus 2.30%. The loan is secured by a first preferred mortgage on the m/v Bulk Promise, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. As of December 31, 2021 the Company was in compliance with its financial covenants.

The future minimum annual payments under the debt agreements are as follows:

	Years ending December 31,
2022	\$ 15,443,115
2023	12,940,758
2024	31,857,187
2025	9,718,626
2026	9,761,812
Thereafter	43,255,623
	\$ 122,977,121

Related Party Transactions

Amounts and notes payable to related parties consist of the following:

	December 31, 2020	Activity	December 31, 2021
<i>Included in trade accounts receivable and voyage revenue on the consolidated balance sheets and statements of income, respectively:</i>			
Trade receivables due from King George Slag ⁽ⁱ⁾	\$ 106,959	\$ (106,959)	\$ —
<i>Included in accounts payable and accrued expenses on the consolidated balance sheets:</i>			
Trade payables due to Seamar ⁽ⁱⁱ⁾	\$ 4,151,192	\$ (1,303,282)	\$ 2,847,910
Commissions payable (trade payables) ⁽ⁱⁱⁱ⁾	—	38,896	38,896
<i>Included in current related party notes payable on the consolidated balance sheets:</i>			
Interest payable – 2011 Founders Note	242,852	—	242,852
Total current related party notes payable	\$ 242,852	\$ —	\$ 242,852

- i. King George Slag LLC is a joint venture of which the Company owns 25% at December 31, 2021 and 2020.
- ii. Seamar Management S.A. ("Seamar") is a joint venture of which the Company owns 51% at December 31, 2021 and 2020.
- iii. Phoenix Bulk Carriers (Brasil) Intermediacoes Maritimas Ltda. - a wholly-owned Company of a member of the Board of Directors

Under the terms of a technical management agreement between the Company and Seamar Management S.A. (Seamar), an equity method investee, Seamar is responsible for the day-to-day operation of some of the Company's owned vessels. During the years ended December 31, 2021 and 2020, the Company incurred technical management fees of \$2,847,120 and \$2,761,800 under this arrangement, which is included in vessel operating expenses in the consolidated statements of income. The total amounts payable

to Seamar at December 31, 2021 and 2020, (including amounts due for vessel operating expenses), were \$2,847,910 and \$4,151,192, respectively.

Accrued dividends consist of the following:

	2013 common stock dividend ⁽²⁾	Dividends payable on issued and outstanding common stock ⁽¹⁾	Total
Balance at December 31, 2019	\$ 478,359	\$ 153,602	\$ 631,961
Accrued dividend	—	908,955	908,955
Paid in cash	(478,359)	(56,794)	(535,153)
Balance at December 31, 2020	—	1,005,763	1,005,763
Accrued dividend	—	4,743,263	4,743,263
Paid in cash	—	(5,535,261)	(5,535,261)
Balance at December 31, 2021	\$ —	\$ 213,765	\$ 213,765

⁽¹⁾ Accrued dividends on unvested restricted shares under the Company's incentive compensation plan.

Effect of Inflation

The Company believes that its business benefits during periods of elevated inflation and positive demand growth, as higher charter rates, and net revenues, more than offset increases in costs relating to vessel operating expenses, drydocking, and general and administrative.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as of December 31, 2021 or 2020.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES

Not applicable for a smaller reporting company.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

This information appears following [Item 15](#) of this Report and is included herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

With the participation of our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2021. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management

recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2021, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal year covered by this report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Cybersecurity

The Company utilizes information technology for internal and external communications with brokers, customers, banks, technical managers and its vessels. It also uses customized software as part of its management and reporting systems. Loss, disruption or compromise of these systems could significantly impact operations and results.

The Company is not aware of any material cybersecurity violation or occurrence. We believe our efforts toward prevention of such violation or occurrence, including system design, user training and monitoring of system access, limit, but may not prevent unauthorized access to our systems.

Other than temporary disruption to operations that may be caused by a cybersecurity breach, the Company considers cash transactions to be the primary risk for potential loss. The Company and its financial institutions take steps to minimize the risk by requiring multiple levels of authorization, encryption and other controls.

Management's Report on Internal Control Over Financial Reporting

Management of Pangaea Logistic Solutions Ltd. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control system was designed to provide reasonable assurance to the Company's management, Board of Directors, and shareholders regarding the preparation and fair presentation of the Company's published financial statements in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

There are inherent limitations to the effectiveness of any system of internal control over financial reporting. Accordingly, even an effective system of internal control over financial reporting can only provide reasonable assurance with respect to financial statement preparation and presentation in accordance with accounting principles generally accepted in the United States of America. Our internal controls over financial reporting are subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the soundness of our systems, the possibility of human error, and the risk of fraud. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may be inadequate because of changes in conditions and the risk that the degree of compliance with policies or procedures may deteriorate over time.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making its assessment of internal control over financial reporting, management used the criteria issued by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in May 2013.

Based on the results of this assessment, management, including our Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer, has concluded that, as of December 31, 2021, the Company's internal control over financial reporting was effective.

Attestation Report of the Registered Public Accounting Firm on Internal Control over Financial Reporting

The Company's internal control over financial reporting as of December 31, 2021 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report which is included herein.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

Our current directors and executive officers are as follows:

Name	Age	Position
Mark L. Filanowski	67	Chief Executive Officer and Director
Gianni Del Signore	39	Chief Financial Officer
Carl Claus Boggild	65	Lead Independent Director
Anthony Laura	69	Director
Richard T. du Moulin	75	Chairman of the Board, Director
Eric S. Rosenfeld	64	Director
David D. Sgro	45	Director

Class I Directors with Terms Expiring in 2024

Eric S. Rosenfeld. Mr. Rosenfeld serves as a director of the Company. Eric Rosenfeld, 64, of New York, New York, U.S.A., has been the President and Chief Executive Officer of Crescendo Partners, L.P., a New York based investment firm, since its formation in November 1998. Prior to forming Crescendo Partners, he held the position of Managing Director at CIBC Oppenheimer and its predecessor company Oppenheimer & Co., Inc. for 14 years. Mr. Rosenfeld currently serves as lead independent director for Primo Water Corp, a water delivery and filtration company, and CPI Aero (Chairman Emeritus), a company engaged in the contract production of structural aircraft parts. He is also on the board at Aecon Group, Inc., a construction company, and Algoma Steel, Inc., a fully integrated producer of hot and cold rolled steel products. Mr. Rosenfeld has also served as Chairman and CEO for Arpeggio Acquisition Corporation, Rhapsody Acquisition Corporation, Trio Merger Corp, Quartet Merger Corp and Harmony Merger Corp., all blank check corporations that later merged with Hill International, Primoris Services Corporation, SAExploration Holdings, Pangaea Logistics Solutions Ltd and NextDecade Corporation respectively. Mr. Rosenfeld is also the Chief SPAC Officer of Legato Merger Corp II., a blank check corporation. Mr. Rosenfeld has also served as the Chief SPAC Officer of Legato Merger Corp, a blank check corporation that later merged with Algoma Steel, Inc. Mr. Rosenfeld is also currently the CEO of Allegro Merger Corp, a non-listed shell company. He was also a director of Canaccord Genuity Group, a full-service financial services company, NextDecade Corporation, a development stage company building natural gas liquefaction plants, Absolute Software Corp., a leader in firmware-embedded endpoint security and management for computers and ultraportable devices, AD OPT Technologies, an airline crew planning service, Sierra Systems Group Inc., an information technology, management consulting and systems integration firm, Emergis Inc., an electronic commerce company, Hill International, a construction management firm, Matrikon Inc. a company that provides industrial intelligence solutions, DALSA Corp., a digital imaging and semiconductor firm, HIP Interactive, a video game company, GEAC Computer, a software company, Computer Horizons Corp. (Chairman), an IT services company, Pivotal Corp, a cloud software firm, Call-Net Enterprises, a telecommunication firm Primoris Services Corporation, a specialty construction company, and SAExploration Holdings, a seismic exploration company.

Mr. Rosenfeld is a regular guest lecturer at Columbia Business School and has served on numerous panels at Queen's University Business Law School Symposia, McGill Law School, the World Presidents' Organization, and the Value Investing Congress. He is a senior faculty member at the Director's College. He is a guest lecturer at Tulane Law School. He has also been a regular guest host on CNBC. Mr. Rosenfeld received an A.B. in economics from Brown University and an M.B.A. from the Harvard Business School. The board nominated Mr. Rosenfeld to be a director because he has extensive experience serving on the boards of multinational public companies and in capital markets and mergers and acquisitions transactions. Mr. Rosenfeld also has valuable experience in the operation of a worldwide business faced with a myriad of international business issues. Mr. Rosenfeld's leadership and consensus-building skills, together with his experience as senior independent director of all boards on which he currently serves, make him an effective board member.

Mark L. Filanowski. Mr. Filanowski was appointed to the position of Chief Executive Officer of the Company in December 2021. He served as Pangaea's Chief Operating Officer from 2016 until his appointment as CEO, was a consultant to the Company from 2014 to 2016, and he has been a board member of the Company since 2014. Mr. Filanowski formed Intrepid Shipping LLC with another board member, Richard du Moulin, in 2002. From 1989 to 2002, he served as Chief Financial Officer and Senior Vice President at Marine Transport Corporation. Mr. Filanowski was Vice President and Controller at Armtex Corporation from 1984 to 1988. Mr. Filanowski started his career at Ernst & Young and worked as a Certified Public Accountant at EY from 1976 to 1984. He has served as the Chairman of the Board at Arvak and at Shoreline Mutual (Bermuda) Ltd., both marine insurance companies. He earned a BS from the University of Connecticut and an MBA from New York

University. Mr. Filanowski's experience in many aspects of the shipping industry, his participation as a director on other independent company boards, and his financial background, qualifications, and experience, make him a valuable part of the Company's board.

Anthony Laura. Mr. Laura is a founder of Pangaea and served as its Chief Financial Officer from the Company's inception until his retirement in April 2017. Prior to co-founding Bulk Partners Ltd., the predecessor to Pangaea, in 1996, Mr. Laura spent 10 years as CFO of Commodity Ocean Transport Corporation (COTCO). Mr. Laura also served as Chief Financial Officer at Navinvest Marine Services from 1986 to 2002. Mr. Laura is a graduate of Fordham University.

Class II Directors with Terms Expiring in 2022

Carl Claus Boggild. Mr. Boggild is a founder of Pangaea and served as its President (Brazil) from the Company's inception until his retirement in 2016. Prior to co-founding Bulk Partners Ltd., the predecessor company to Pangaea, in 1996, Mr. Boggild was Director of Chartering and Operations at the Korf Group of Germany. He also was a partner at Trasafrá Ltd., a Brazilian agent for the largest independent grain parcel operator from Argentina and Brazil to Europe. He worked for Hudson Trading and Chartering where he was responsible for Brazilian related transportation services. As President of COTCO, he was responsible for the operations of its affiliate Handy Bulk Carriers Corporation. Prior to becoming President of COTCO, Mr. Boggild was an Executive Vice President and was responsible for its Latin American operations. Mr. Boggild holds a diploma in International Maritime Law. Mr. Boggild's qualifications to sit on our board include his operational experience and deep knowledge of the shipping industry.

David D. Sgro. Mr. Sgro serves as a director of the Company. Mr. Sgro served as Quartet's chief financial officer, secretary, and a member of its Board of Directors. He has been the Head of Research of Jamarant Capital Mgmt. since its inception in 2015. From 2005 through 2021, Mr. Sgro was an employee of Crescendo Partners, where he completed his tenure as a Senior Managing Director of the firm. Mr. Sgro presently serves or has served on the board of directors of Legato Merger Corp. II, Algoma Steel, Inc., Legato Merger Corp., Allegro Merger Corp., Hill International, NextDecade Corporation, Trio, Primoris Services Corporation, Bridgewater Systems, Inc., SAExploration Holdings, Harmony Merger Corp., Imvescor Restaurant Group, BSM Technologies and COM DEV International Ltd. Mr. Sgro attended Columbia Business School and prior to that, Mr. Sgro worked as an analyst and then senior analyst at Management Planning, Inc., a firm engaged in the valuation of privately held companies. Simultaneously, Mr. Sgro worked as an associate with MPI Securities, Management Planning, Inc.'s boutique investment banking affiliate. Mr. Sgro received a B.S. in Finance from The College of New Jersey and an M.B.A. from Columbia Business School. In 2001, he became a Chartered Financial Analyst (CFA®) Charterholder. Mr. Sgro is an adjunct faculty member at the College of New Jersey and a regular guest lecturer at Columbia Business School.

Class III Directors with Terms Expiring in 2023

Richard T. du Moulin. Mr. du Moulin is currently the President of Intrepid Shipping LLC, a position he has held since he founded Intrepid in 2002. From 1974, he spent 15 years with OMI Corporation, where he served as Executive Vice President, Chief Operating Officer, and as a member of the company's Board of Directors. From 1998 to 2002, Mr. du Moulin served as Chairman and Chief Executive Officer of Marine Transport Corporation. From 1989 to 1998, Mr. du Moulin served as Chairman and CEO of Marine Transport Lines. Mr. du Moulin is a member of the Board Trustees of the Seamens Church Institute of New York and New Jersey. He currently serves as a Director of Teekay Tankers and an advisor to Hudson Structured Capital Management. Mr. du Moulin served as Chairman of Intertanko, the leading trade organization for the tanker industry, from 1996 to 1999. Mr. du Moulin served in the US Navy and is a recipient of the US Coast Guard's Distinguished Service Medal. He received a BA from Dartmouth College and an MBA from Harvard University. Mr. du Moulin's qualifications to sit on our board include his operational experience and deep knowledge of the shipping industry.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires that our directors and executive officers file initial reports of ownership and reports of changes in ownership with the SEC. Directors and executive officers are required to furnish us with copies of all Section 16(a) forms they file. Based solely on a review of the copies of such forms furnished to us and written representations from our directors and executive officers, all Section 16(a) filing requirements were met for the fiscal year ended December 31, 2021, except for one Form 5 filed by Mr. Coll's Irrevocable Trust on February 15, 2022, which was delinquent with respect to three transfer transactions, and two Form 4s filed by Mr. Filanowski on December 13, 2021 and December 21, 2021 which were delinquent with respect to four transfer transactions.

Code of Ethics

In October 2014, our board of directors adopted a code of ethics that applies to directors, officers, and employees of ours and of any subsidiaries we may have in the future (including our principal executive officer, our principal financial officer, our principal accounting officer or controller, and persons performing similar functions). We will provide, without charge, upon request, copies of our code of ethics. Requests for copies of our code of ethics should be sent in writing to Phoenix Bulk Carriers (US) LLC, 109 Long Wharf, Newport, RI 02840.

Corporate Governance

Audit Committee

The Company's Audit Committee is comprised of David Sgro, Eric Rosenfeld and Anthony Laura, each of whom qualifies as independent under the applicable Nasdaq listing requirements and SEC rules.

The Board of Directors has determined that David Sgro is an audit committee "financial expert" as such term is defined in applicable SEC rules, and that he has the requisite financial management expertise within the meaning of Nasdaq rules and regulations. The Audit Committee is responsible for, among other duties, appointing and overseeing the work of, and relationship with, the independent auditors, including reviewing their formal written statement describing the Company's internal quality-control procedures and any material issues raised by the internal quality-control review or peer review of the Company or any inquiry or investigation by governmental or professional authorities and their formal written statement regarding auditor independence; reading and discussing with management and the independent auditors the annual audited financial statements and quarterly financial statements, and preparing annually a report to be included in the Company's proxy statement; providing oversight of the Company's accounting and financial reporting principles, policies, controls, procedures and practices; and discussing with management policies with respect to risk assessment and risk management. In addition, the Board of Directors has tasked the Audit Committee with reviewing transactions with related parties.

Nominating and Corporate Governance Committee

The Company's Nominating and Governance Committee is comprised of Richard du Moulin, Eric Rosenfeld and Carl Claus Boggild, each of whom qualifies as independent under the applicable Nasdaq listing requirements and SEC rules.

The Nominating and Governance Committee, among other duties, assists the Board of Directors in identifying and evaluating qualified individuals to become members of the Board of Directors, and proposing nominees for election to the Board of Directors and to fill vacancies; considers nominees duly recommended by shareholders for election to the Board of Directors; and evaluates annually the independence of each member of the Board of Directors under applicable Nasdaq listing requirements and SEC rules.

Guidelines for Selecting Director Nominees

The guidelines for selecting nominees, which are specified in our Nominating and Corporate Governance Committee Charter, generally provide that persons to be nominated:

- should have demonstrated notable or significant achievements in business, education or public service;
- should possess the requisite intelligence, education and experience to make a significant contribution to the board of directors and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and
- should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of our stockholders.

The Nominating and Corporate Governance Committee will consider a number of qualifications relating to management and leadership experience, background, integrity and professionalism in evaluating a person's candidacy for membership on the board of directors. The nominating and Corporate Governance committee may require certain skills or attributes, such as financial or accounting experience, to meet specific board needs that arise from time to time and will also consider the overall experience and makeup of its members to obtain a broad and diverse mix of board members. The nominating and Corporate Governance committee does not distinguish among nominees recommended by stockholders and other persons.

There have been no material changes to the procedures by which security holders may recommend nominees to our board of directors.

Compensation Committee

The Company's Compensation Committee is comprised of independent directors Richard du Moulin, Eric Rosenfeld and David Sgro. The Compensation Committee reviews and approves compensation paid to the Company's officers and directors and administers the Company's incentive compensation plans, including authority to make and modify awards under such plans. The Compensation Committee Charter is available on the Company's website at www.pangaerals.com.

Compensation Committee Interlocks and Insider Participations

As of December 31, 2021, none of the members of our compensation committee will be, or will have at any time during the past year been, one of our officers or employees. None of our executive officers currently serves or in the past year has served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

ITEM 11. EXECUTIVE COMPENSATION

The Company's senior executives are generally awarded merit increases and annual incentive compensation in December of each year, following completion of annual performance review cycle.

The Company does not have employment agreements with any of its senior executives, including its executive officers, with the exception of the Managing Director of NBC.

Summary Compensation Table of the Company's Named Executive Officers

Smaller reporting companies meet the Regulation S-K Item 402 disclosure requirements by providing the shorter disclosures required under the Securities Act of 1934, specifically, the total compensation of the Company's named executive officer's which consists of (i) the Company's Chief Executive Officer, (ii) each of the Company's next two most highly compensated executive officers, other than its Chief Executive Officer, who served as an executive officer at December 31, 2021 and whose total compensation exceeded \$100,000, and (iii) two individuals for whom disclosure would have been required but who were not serving as executive officers of the Company at December 31, 2021. The following table sets forth the total compensation for the fiscal years ended December 31, 2021 and 2020:

Name and Principal Position	Year	Salary and Compensation	Cash Bonus	All Other Compensation ⁽¹⁾	Total
Edward Coll ⁽²⁾	2021	\$ 250,000	\$ 1,100,000	\$ 6,125	\$ 1,356,125
Former Chief Executive Officer	2020	\$ 250,000	\$ 940,000	\$ 6,125	\$ 1,196,125
Mark L. Filanowski ⁽³⁾	2021	\$ 200,000	\$ 750,000	\$ 45,080	\$ 995,080
Chief Executive Officer (Principal Executive Officer)	2020	\$ 200,000	\$ 300,000	\$ 28,571	\$ 528,571
Gianni Del Signore	2021	\$ 200,000	\$ 350,000	\$ 31,304	\$ 581,304
Chief Financial Officer (Principal Financial Officer)	2020	\$ 200,000	\$ 150,000	\$ 51,065	\$ 401,065

⁽¹⁾ All other compensation includes employer matching contribution to the 401(k) plan and vesting of restricted share grants.

⁽²⁾ Edward Coll, longtime Chief Executive Officer, died on December 14, 2021.

⁽³⁾ On December 14, 2021, the Board of Directors appointed Mark Filanowski as Chief Executive Officer.

Narrative Disclosure to Summary Compensation Table

The Company does not have employment agreements with any of its named executive officers. Bonuses paid to our named executive officers are purely discretionary, as determined by our Compensation Committee, and may be paid in the year following the calendar year to which they relate.

The Company maintains, and the named executive officers participate in, a 401(k) retirement savings plan. Each participant who is a United States employee may contribute to the 401(k) plan, through payroll deductions, up to 90% of his or her salary limited to the maximum allowed by the Internal Revenue Service regulations. All amounts contributed by employee participants and earnings on these contributions are fully vested at all times and are not taxable to participants until withdrawn. Employee participants may elect to invest their contributions in various established funds. The Company also makes matching contributions to the accounts of all plan participants.

Except as set forth above, the Company's named executive officers generally participate in the same programs as its other employees.

Outstanding Equity Awards at Fiscal Year-End

As of December 31, 2021, the Company's named executive officers held the following outstanding equity or equity-based awards, all of which are earned:

	Stock Award Grant Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested
Mark Filanowski	12/28/20	50,000	\$ 132,500
Chief Executive Officer	12/31/19	50,000	\$ 147,500
	01/02/19	45,000	\$ 126,450
	03/15/18	10,550	\$ 32,705
	01/06/17	7,508	\$ 25,002
		<u>163,058</u>	<u>464,157</u>
Gianni DelSignore	12/28/20	55,000	\$ 145,750
Chief Financial Officer	12/31/19	55,000	\$ 162,250
	01/02/19	50,000	\$ 140,500
	03/15/18	6,334	\$ 19,635
	01/06/17	5,667	\$ 18,871
		<u>172,001</u>	<u>487,007</u>

Retirement Benefits, Termination, Severance and Change in Control Payments

As of December 31, 2021, none of the Company's officers, including its named executive officers, have any retirement benefits (other than their right to participate in the Company's 401(k) retirement plan, as described above) or have any rights to severance payments.

Compensation of Non-Employee Directors.

Under the compensation program for our non-employee directors, non-employee directors received a combination of cash compensation and restricted shares of our common stock, pursuant to the 2014 Long-Term Incentive Plan (the "2014 Plan"), as payment for services rendered as such members. See ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS - *Equity Compensation Plan Information* for additional information on the 2014 Plan.

Our director compensation policy provides that each director elected or appointed to the Board is granted a RSU award with a grant-date fair value of approximately \$100,000 calculated in accordance with ASC 718. The Company offers to our non-

independent directors a RSU award with a grant-date fair value of approximately \$50,000. Refer to Note 9, "Common Stock and Non-Controlling Interest", to our financial statements contained herein.

The following table sets forth compensation paid to or earned by our non-employee directors during 2021:

Name ⁽¹⁾	Fees Earned or Paid in Cash		Stock Awards ⁽²⁾		Total
Richard DuMoulin	\$	50,000	\$	100,000	\$ 150,000
Eric Rosenfeld	\$	50,000	\$	100,000	\$ 150,000
David Sgro	\$	50,000	\$	100,000	\$ 150,000
Paul Hong ⁽³⁾	\$	12,500	\$	100,000	\$ 112,500
Nam Trinh ⁽³⁾	\$	12,500	\$	100,000	\$ 112,500
Anthony Laura	\$	43,750	\$	100,000	\$ 143,750
Claus Boggild	\$	25,000	\$	50,000	\$ 75,000

⁽¹⁾ Information for Messrs. Coll and Filanowski, who served as a member of our board of directors in 2021, are not included in this table because they did not receive additional compensation for services rendered as members of our board of directors.

⁽²⁾ Represents the grant-date fair value calculated in accordance with ASC 718. Refer to Note 9, "Common Stock and Non-Controlling Interest" for additional information.

⁽³⁾ At the grant date, Messrs. Trinh and Hong transferred their shares to Pangaea One Acquisition Holdings XIV, LLC ("POAH") through the transfer agreements.

We also reimburse our directors for reasonable and necessary out-of-pocket expenses incurred in attending Board and committee meetings or performing other services for us in their capacities as directors.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted-average exercise price of outstanding options, warrants, and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by shareholders	—	—	510,782
Equity compensation plans not approved by shareholders	—	—	—
Total	—	—	510,782

During 2014, the Company adopted, and our shareholders approved, the 2014 Share Incentive Plan (the "2014 Plan"). The purpose of the 2014 Plan is to assist in attracting, retaining, motivating, and rewarding certain key employees, officers, directors, and consultants of the Company and its affiliates and promoting the creation of long-term value for our shareholders by closely aligning the interests of such individuals with those of such shareholders. The 2014 Plan authorizes the award of share-based incentives to encourage eligible employees, officers, directors, and consultants, as described below, to expend maximum effort in the creation of shareholder value.

On August 12, 2019, the Company's shareholders approved an amendment and restatement of the 2014 Plan that was adopted by the Board on May 14, 2019. The PANGAEA LOGISTICS SOLUTIONS LTD. 2014 SHARE INCENTIVE PLAN (as amended and restated by the Board of Directors on May 14, 2019), (the "Amended Plan"), increased the aggregate number of common shares with respect to which awards may be granted under the Amended Plan, such that the total number of shares made available for grant is 4,500,000. There are 510,782 shares available for future issuance under the equity compensation plans as of December 31, 2021.

Security Ownership of Certain Beneficial Owners

The following table sets forth information regarding the beneficial ownership of our common stock as of March 16, 2022 by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;
- each of our officers and directors; and
- all of our officers and directors as a group.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

<i>Name and Address of Beneficial Owner</i> ⁽¹⁾	<i>Amount and Nature of Beneficial Ownership</i>	<i>Approximate Percentage of Beneficial Ownership</i> ⁽²⁾
<i>Directors and Executive Officers:</i>		
Lagoa Investments ⁽³⁾ c/o Phoenix Bulk Carriers (US) LLC 109 Long Wharf Newport, RI 02840	8,290,437	18.13 %
Gianni DelSignore* 109 Long Wharf Newport, RI 02840	282,555	0.62 %
Richard T. du Moulin* 52 Elm Avenue Larchmont, NY 10538	191,285	0.42 %
Mark L. Filanowski ⁽⁴⁾ * 109 Long Wharf Newport, RI 02840	324,382	0.71 %
Eric S. Rosenfeld ⁽⁵⁾ 777 Third Ave, 37th Floor New York, NY 10017	903,417	1.98 %
David D. Sgro* ⁽⁶⁾ 777 Third Ave, 37th Floor New York, NY 10017	339,494	0.74 %
<i>All Directors and Officers as a Group</i>	10,331,570	22.59 %
<i>Five Percent Holders:</i>		
Lagoa Investments	8,290,437	18.13 %

*Less than 1%.

- (1) Unless otherwise indicated, the business address of each of the individuals is c/o Phoenix Bulk Carriers (US) LLC, 109 Long Wharf, Newport, Rhode Island 02840.
- (2) The beneficial ownership of the common shares by the shareholders set forth in the table is determined in accordance with Rule 13d-3 under the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any common shares as to which the shareholder has sole or shared voting power or investment power and also any common shares that the shareholder has the right to acquire within 60 days. The percentage of beneficial ownership is calculated based on 45,726,680 outstanding common shares. Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all common shares beneficially owned by them.
- (3) Shares owned by Lagoa Investments. Mr. Boggild is the Managing Director of Lagoa Investments and solely for purposes of reporting beneficial ownership of such shares pursuant to Section 13(d) of the Exchange Act, Mr. Boggild may be deemed to be the beneficial owner of the shares held by Lagoa Investments.
- (4) Shares owned by Mark Filanowski include 50,507 common shares held by his family members.
- (5) Shares owned by Eric Rosenfeld include 355,556 shares owned by Crescendo Partners III, L.P. Mr. Rosenfeld is the Managing Member of Crescendo Investments III, LLC which is the General Partner of Crescendo Partners III, L.P. Accordingly, solely for purposes of reporting beneficial ownership of such shares pursuant to Section 13(d) of the Exchange Act, Mr. Rosenfeld may be deemed to be the beneficial owner of the shares held by Crescendo Partners III, L.P.
- (6) Shares owned by David Sgro include 66,667 shares owned by Jamarant Capital L.P. of which Mr. Sgro is the Managing Member. Accordingly, solely for purposes of reporting beneficial ownership of such shares pursuant to Section 13(d) of the Exchange Act, Mr. Sgro may be deemed to be the beneficial owner of the shares held by Jamarant Capital L.P.

ITEM 13. CERTAIN RELATIONSHIPS, RELATED PARTY TRANSACTIONS AND DIRECTOR INDEPENDENCE

All ongoing and future transactions between us and any of our officers and directors or their respective affiliates will be on terms believed by us to be no less favorable to us than are available from unaffiliated third parties. Such transactions will require prior approval by our audit committee and a majority of our disinterested independent directors, in either case who had access, at our expense, to our attorneys or independent legal counsel. We will not enter into any such transaction unless our

audit committee and a majority of our disinterested independent directors determine that the terms of such transaction are no less favorable to us than those that would be available to us with respect to such a transaction with unaffiliated third parties.

Related Party Policy

Our Code of Ethics requires us to avoid, wherever possible, all related party transactions that could result in actual or potential conflicts of interests, except under guidelines approved by the board of directors (or the audit committee). Related-party transactions are defined as transactions in which (1) the aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year, (2) we or any of our subsidiaries is a participant, and (3) any (a) executive officer, director or nominee for election as a director, (b) greater than 5% beneficial owner of our shares of common stock, or (c) immediate family member, of the persons referred to in clauses (a) and (b), has or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). A conflict of interest situation can arise when a person takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise if a person, or a member of his or her family, receives improper personal benefits as a result of his or her position.

We also require each of our directors and executive officers to complete a directors' and officers' questionnaire that elicits information about related party transactions.

These procedures are intended to determine whether any such related party transaction impairs the independence of a director or presents a conflict of interest on the part of a director, employee or officer.

Related Party Transactions

For more information, please read "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Related Party Transactions.*"

Director Independence

We have determined that Richard du Moulin, Eric Rosenfeld, David Sgro and Anthony Laura are "independent directors" under the Nasdaq listing rules, which is defined generally as a person other than an officer or employee of the Company or its subsidiaries or any other individual having a relationship, which, in the opinion of the Company's board of directors would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The firm of Grant Thornton LLP acts as our independent registered public accounting firm. The following is a summary of fees paid to Grant Thornton LLP for services rendered.

Audit Fees

Audit fees consist of the fees and expenses for professional services rendered in connection with the audit of the Company's consolidated financial statements, reviews of the consolidated financial statements included in each of the Company's Quarterly Reports on Form 10-Q and fees for services related to the Company's registration statements, consents, and assistance with and review of documents filed with the SEC. During the years ended December 31, 2021 and 2020, the Company incurred an aggregate of \$804,648 and \$551,100 in audit fees, respectively.

Audit-related fees

During each of the years ended December 31, 2021 and 2020, the Company incurred audit-related fees of \$52,000 and \$52,000, respectively, consisting of the fees and expenses for the audit of Nordic Bulk Holding Company Ltd., a subsidiary of the Company.

Tax Fees

During the years ended December 31, 2021 and 2020, our independent registered public accounting firm did not render any tax services to us.

All Other Fees

During the years ended December 31, 2021 and 2020, there were no fees billed for services provided by our independent registered public accounting firm other than those set forth above.

Pre-Approval of Audit and Non-Audit Services

Our Audit Committee charter provides that all audit services and non-audit services must be pre-approved by the Audit Committee. The Audit Committee may delegate authority to grant pre-approvals of audit and permitted non-audit services to a subcommittee consisting of one or more members of the Audit Committee, provided that any pre-approvals granted by any such subcommittee must be presented to the full Audit Committee at its next scheduled meeting. From time to time, the Audit Committee has delegated to the Chairman of the committee the authority to pre-approve audit, audit-related and permitted non-audit services.

All non-audit services were reviewed with the Audit Committee or the Chairman, which concluded that the provision of such services by Grant Thornton LLP were compatible with the maintenance of such firm's independence in the conduct of their respective auditing functions.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Pangaea Logistic Solutions Ltd.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Pangaea Logistics Solutions Ltd. (a Bermuda corporation) and subsidiaries (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of income, changes in stockholders’ equity, and cash flows for each of the two years in the period ended December 31, 2021, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated March 16, 2022 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2013.

Hartford, Connecticut
March 16, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Pangaea Logistic Solutions Ltd.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Pangaea Logistics Solutions Ltd. (a Bermuda corporation) and subsidiaries (the “Company”) as of December 31, 2021, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2021, and our report dated March 16, 2022 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Annual Report. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Hartford, Connecticut
March 16, 2022

Pangaea Logistics Solutions Ltd.
Consolidated Balance Sheets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 56,208,902	\$ 46,897,216
Restricted cash	—	1,500,000
Accounts receivable (net of allowance of \$1,990,459 and \$1,896,038 at December 31, 2021 and 2020, respectively)	54,259,265	29,152,153
Bunker inventory	27,147,760	15,966,247
Advance hire, prepaid expenses and other current assets	46,347,687	17,826,153
Total current assets	<u>183,963,614</u>	<u>111,341,769</u>
Fixed assets, net	471,912,810	276,741,751
Advances for vessel purchases	1,990,000	—
Investment in newbuildings in-process	—	15,390,635
Finance lease right of use assets, net	45,195,759	45,240,198
Other Non-current Assets	3,961,823	1,689,792
Total assets	<u>\$ 707,024,006</u>	<u>\$ 450,404,145</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable, accrued expenses and other current liabilities	\$ 49,154,439	\$ 32,400,288
Related party notes payable	242,852	242,852
Deferred revenue	32,205,312	12,799,561
Current portion of long-term debt	15,443,115	57,382,674
Current portion of finance lease liabilities	14,479,803	6,978,192
Dividends payable	213,765	1,005,763
Total current liabilities	<u>111,739,286</u>	<u>110,809,330</u>
Secured long-term debt, net	105,836,797	44,507,708
Finance lease liabilities	170,959,553	50,520,294
Long-term liabilities - other - Note 11	17,806,976	10,135,408
Commitments and contingencies - Note 10		
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized and no shares issued or outstanding	—	—
Common stock, \$0.0001 par value, 100,000,000 shares authorized, 45,617,840 and 45,447,751 shares issued and outstanding at December 31, 2021 and 2020, respectively	4,562	4,545
Additional paid-in capital	161,534,280	159,581,415
Retained Earnings	85,663,375	23,179,805
Total Pangaea Logistics Solutions Ltd. equity	<u>247,202,217</u>	<u>182,765,765</u>
Non-controlling interests	53,479,177	51,665,640
Total stockholders' equity	<u>300,681,394</u>	<u>234,431,405</u>
Total liabilities and stockholders' equity	<u>\$ 707,024,006</u>	<u>\$ 450,404,145</u>

The accompanying notes are an integral part of these consolidated financial statements

Pangaea Logistics Solutions Ltd.
Consolidated Statements of Income

	Years ended December 31,	
	2021	2020
Revenues:		
Voyage revenue	\$ 614,482,101	\$ 349,738,153
Charter revenue	103,622,287	33,157,838
Total revenue	718,104,388	382,895,991
Operating expenses:		
Voyage expense	219,623,127	161,881,133
Charter hire expense	334,952,823	127,769,042
Vessel operating expenses	42,715,496	38,047,308
General and administrative	18,966,488	15,915,035
Depreciation and amortization	22,974,249	17,055,271
Loss on impairment of vessels	—	1,801,039
Loss on sale of vessels	—	730,065
Total operating expenses	639,232,183	363,198,893
Income from operations	78,872,205	19,697,098
Other (expense) income:		
Interest expense, net	(10,329,397)	(7,653,512)
Interest expense, non-controlling interest	(1,184,741)	(177,802)
Unrealized gain (loss) gain on derivative instruments	3,886,201	(156,019)
Other income	1,129,436	982,345
Total other expense, net	(6,498,501)	(7,004,988)
Net income	72,373,704	12,692,110
Income attributable to noncontrolling interests	(5,146,871)	(1,339,930)
Net income attributable to Pangaea Logistics Solutions Ltd.	\$ 67,226,833	\$ 11,352,180
Earnings per common share:		
Basic	\$ 1.53	\$ 0.26
Diluted	\$ 1.50	\$ 0.26
Weighted average shares used to compute earnings per common share		
Basic	43,997,311	43,417,879
Diluted	44,848,997	43,817,348

The accompanying notes are an integral part of these consolidated financial statements

Pangaea Logistics Solutions Ltd. Consolidated Statements of Changes in Stockholders' Equity

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Pangaea Logistics Solutions Ltd. Equity	Non-Controlling Interest	Total Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2019	44,886,122	\$ 4,489	\$ 157,504,895	\$ 12,736,580	\$ 170,245,964	\$ 72,825,710	\$ 243,071,674
Share-based compensation	—	—	2,314,940	—	2,314,940	—	2,314,940
Acquisition of noncontrolling interest	—	—	—	—	—	(22,500,000)	(22,500,000)
Issuance of restricted shares, net of forfeitures	561,629	56	(238,420)	—	(238,364)	—	(238,364)
Common Stock Dividend	—	—	—	(908,955)	(908,955)	—	(908,955)
Net income	—	—	—	11,352,180	11,352,180	1,339,930	12,692,110
Balance at December 31, 2020	45,447,751	\$ 4,545	\$ 159,581,415	\$ 23,179,805	\$ 182,765,765	\$ 51,665,640	\$ 234,431,405
Share-based compensation	—	—	2,102,897	—	2,102,897	—	2,102,897
Issuance of restricted shares, net of forfeitures	170,089	17	(150,032)	—	(150,015)	—	(150,015)
Distribution to Non-Controlling interests	—	—	—	—	—	(3,333,334)	(3,333,334)
Common Stock Dividend	—	—	—	(4,743,263)	(4,743,263)	—	(4,743,263)
Net income	—	—	—	67,226,833	67,226,833	5,146,871	72,373,704
Balance at December 31, 2021	45,617,840	\$ 4,562	\$ 161,534,280	\$ 85,663,375	\$ 247,202,217	\$ 53,479,177	\$ 300,681,394

The accompanying notes are an integral part of these consolidated financial statements

Pangaea Logistics Solutions, Ltd.
Consolidated Statements of Cash Flows

	Years ended December 31,	
	2021	2020
Operating activities		
Net income	\$ 72,373,704	\$ 12,692,110
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization expense	22,974,249	17,055,271
Amortization of deferred financing costs	920,995	662,440
Amortization of prepaid rent	115,256	122,272
Unrealized (gain) loss on derivative instruments	(3,886,201)	156,019
Income from equity method investee	(1,129,436)	(1,083,142)
Earnings attributable to non-controlling interest recorded as interest expense	1,184,741	177,802
Provision for doubtful accounts	1,559,378	152,416
Loss on impairment of vessels	—	1,801,039
Loss on sales of vessels	—	730,065
Drydocking costs	(8,075,813)	(5,858,960)
Share-based compensation	2,102,897	2,314,940
Change in operating assets and liabilities:		
Accounts receivable	(26,666,490)	(995,167)
Bunker inventory	(11,181,513)	5,034,763
Advance hire, prepaid expenses and other current assets	(24,935,427)	338,022
Accounts payable, accrued expenses and other current liabilities	16,983,215	(10,887,555)
Deferred revenue	19,405,751	(1,576,833)
Net cash provided by operating activities	<u>61,745,306</u>	<u>20,835,502</u>
Investing activities		
Purchase of vessels and vessel improvements	(194,620,582)	(2,892,776)
Proceeds from sale of vessels	—	11,666,507
Acquisition of non-controlling interest	—	(15,000,000)
Advances for Vessel Purchases / Investment in newbuildings in-process	(1,990,000)	(33,446)
Purchase of equipment and internal use software	(42,963)	—
Contribution to non-consolidated subsidiaries	(1,138,835)	—
Purchase of derivative instrument	—	(628,000)
Net cash used in investing activities	<u>(197,792,380)</u>	<u>(6,887,715)</u>
Financing activities		
Proceeds from long-term debt	79,150,000	18,000,000
Payments of financing and issuance costs	(2,046,450)	(421,775)
Payments of long-term debt	(61,960,469)	(22,990,674)
Proceeds from finance leases	141,166,978	—
Payments on finance lease obligation	(9,919,514)	(12,548,938)
Payments on other long-term liability	(2,500,000)	—
Dividends paid to non-controlling interests	(3,333,334)	—
Common stock accrued dividends paid	(5,535,261)	(535,153)
Cash paid for incentive compensation shares relinquished	(150,015)	(238,364)
Contributions from non-controlling interests	9,182,423	322,750
Payments to non-controlling interest recorded as long-term liability	(195,598)	(193,508)
Net cash provided by (used in) financing activities	<u>143,858,760</u>	<u>(18,605,662)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	7,811,686	(4,657,875)
Cash, cash equivalents and restricted cash at beginning of period	\$ 48,397,216	\$ 53,055,091
Cash, cash equivalents and restricted cash at end of period	<u>\$ 56,208,902</u>	<u>\$ 48,397,216</u>

Pangaea Logistics Solutions, Ltd.
Consolidated Statements of Cash Flows (continued)

Supplemental cash flow items:

Cash paid for interest	<u>\$ 9,088,684</u>	<u>7,149,210</u>
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Supplemental non-cash investing and financing Information:

Deferred consideration related to acquisition of non-controlling interest	<u>\$ —</u>	<u>\$ 7,500,000</u>
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The accompanying notes are an integral part of these consolidated financial statements

NOTE 1 - GENERAL INFORMATION

Pangaea Logistics Solutions Ltd. and its subsidiaries (collectively, the “Company” or “Pangaea”) provides seaborne drybulk logistics and transportation services. Pangaea utilizes its logistics expertise to service a broad base of industrial customers who require the transportation of a wide variety of drybulk cargoes, including grains, pig iron, hot briquetted iron, bauxite, alumina, cement clinker, dolomite and limestone. The Company addresses the logistics needs of its customers by undertaking a comprehensive set of services and activities, including cargo loading, cargo discharge, vessel chartering, voyage planning, and technical vessel management.

At December 31, 2021 the Company owned three Panamax, three Ultramax (two Ultramax Ice Class 1C and one Ultramax), and eight Supramax vessels.

On September 28, 2020, the Company acquired an additional one-third equity interest in its partially-owned consolidated subsidiary Nordic Bulk Holding Company Ltd. (“NBHC”) from one of NBHC’s shareholders. The Company owns two-thirds of NBHC after the acquisition. NBHC owns a fleet of six Panamax Ice Class 1A drybulk vessels. The Company owns 50% of Nordic Bulk Partners LLC. (“NBP”) which owns a fleet of four Post Panamax Ice Class 1A drybulk vessels. The Company also has a 50% interest in the owner of a deck barge.

On November 5, 2021, the Company entered in to a memorandum of agreement to purchase a 2009 Imabari-built 76,600 dwt dry bulk vessel to add to its operating fleet. The vessel was delivered February 17, 2022 and renamed the m/v Bulk Concord.

NOTE 2 – NATURE OF ORGANIZATION

The consolidated financial statements include the operations of Pangaea Logistics Solutions Ltd. and its wholly-owned subsidiaries (collectively referred to as “the Company”), as well as other entities consolidated pursuant to Accounting Standards Codification (“ASC”) 810, *Consolidation*. A summary of the Company’s consolidation policy is provided in Note 3. A summary of the Company’s variable interest entities is provided at Note 4. At December 31, 2021 and 2020, entities that are consolidated pursuant to ASC 810-10 include the following wholly-owned subsidiaries:

- Bulk Partners (Bermuda) Ltd. (“Bulk Partners”) – a corporation that was duly organized under the laws of Bermuda. The primary purpose of this corporation is a holding company.
- Phoenix Bulk Carriers (BVI) Limited (“PBC”) – a corporation that was duly organized under the laws of the British Virgin Islands. The primary purpose of this corporation is to provide logistics services to its customers, and to manage and operate ocean-going vessels.
- Phoenix Bulk Management Bermuda Limited (“PBM”) – a corporation that was duly organized under the laws of Bermuda. Certain of the administrative management functions of PBC have been assigned to PBM.
- Americas Bulk Transport (BVI) Limited – a corporation that was duly organized under the laws of the British Virgin Islands. The primary purpose of this corporation is to charter ships.
- Bulk Ocean Shipping (Bermuda) Ltd. – a corporation that was duly organized under the laws of Bermuda. The primary purpose of this corporation is to manage the fuel procurement of the chartered vessels.
- Phoenix Bulk Carriers (US) LLC – a corporation that duly organized under the laws of Delaware. The primary purpose of this corporation is to act as the U.S. administrative agent for the Company.
- Allseas Logistics Bermuda Ltd. – a corporation that was duly organized under the laws of Bermuda. The primary purpose of this corporation is the Treasury Agent for the group of Companies.
- Narragansett Bulk Carriers (US) Corp. - a corporation organized in July 2012 under the laws of Rhode Island. The primary purpose of this corporation is to manage and operate ocean-going vessels.
- Bulk Pangaea Limited (“Bulk Pangaea”) – a corporation that was duly organized under the laws of Bermuda. Bulk Pangaea was established in September 2009 for the purpose of acquiring the m/v Bulk Pangaea.

- Bulk Trident Ltd. (“Bulk Trident”) – a corporation that was duly organized under the laws of Bermuda. Bulk Trident was established in August 2012 for the purpose of acquiring the m/v Bulk Trident.
- Bulk Phoenix Ltd. (“Bulk Phoenix”) – a corporation that was duly organized under the laws of Bermuda. Bulk Phoenix was established in July 2013 for the purpose of acquiring the m/v Bulk Newport.
- 109 Long Wharf LLC (“Long Wharf”) – a limited liability company that was duly organized under the laws of Delaware for the objective and purpose of holding real estate located in Newport, Rhode Island.
- Nordic Bulk Ventures (Cyprus) Limited (“NBV”) – a corporation that was duly organized in April 2009 under the laws of Cyprus. NBV is the holding company of Nordic Bulk Carriers AS (“NBC”). NBC specializes in ice trading, as well as the carriage of a wide range of commodities, including cement clinker, steel scrap, fertilizers, and grains.
- Nordic Bulk Carriers Singapore Pte. Ltd. (“NBS”) - a corporation that was duly organized in March 2014 under the laws of Singapore. NBS focuses on chartering and operating bulk carriers trading in a wide range of commodities; and is a wholly-owned subsidiary of NBC.
- Nordic Bulk Ventures Holding Company Ltd. (“BVH”) – a corporation that was duly organized under the laws of Bermuda. BVH was established in August 2013 for the purpose of owning Bulk Nordic Five Ltd. (“Five”) and Bulk Nordic Six Ltd. (“Six”). Five and Six are corporations that were duly organized under the laws of Bermuda in November 2013 for the purpose of owning m/v Bulk Destiny and m/v Bulk Endurance, ultramax newbuildings delivered in January 2017. The Company acquired its joint venture partner’s 50% interest in January 2017 for \$0.8 million after which BVH is a wholly-owned subsidiary of the Company.
- Bulk Freedom Corp. (“Bulk Freedom”) – a corporation that was duly organized under the laws of the Marshall Islands. Bulk Freedom was established in May 2017 for the purpose of acquiring the m/v Bulk Freedom.
- Bulk Pride Corp. (“Bulk Pride”) – a corporation that was duly organized under the laws of the Marshall Islands. Bulk Pride was established in October 2017 for the purpose of acquiring the m/v Bulk Pride.
- Flintstone Ventures Limited (“FVL”) - a corporation that was duly organized under the laws of the Province of Nova Scotia on March 17, 2017. FVL focuses on the carriage of specialized cargo.
- Bulk PODS Ltd. (“Bulk PODS”) – a corporation that was duly organized under the laws of the Marshall Islands. Bulk PODS was established in April 2018 for the purpose of acquiring the m/v Bulk PODS. The vessel was renamed m/v Bulk Xaymaca in 2022.
- Bulk Spirit Ltd. (“Bulk Spirit”) – a corporation that was duly organized under the laws of the Marshall Islands. Bulk Spirit was established in October 2018 for the purpose of acquiring the m/v Bulk Spirit.
- Bulk Independence Ltd. (“Bulk Independence”) – a corporation that was duly organized under the laws of the Marshall Islands. Bulk Independence was established in May 2019 for the purpose of acquiring the m/v Bulk Independence.
- Bulk Friendship Ltd. (“Bulk Friendship”) – a corporation that was duly organized under the laws of the Marshall Islands. Bulk Friendship was established in September 2019 for the purpose of acquiring the m/v Bulk Friendship.
- Bulk Courageous Corp. (“Bulk Courageous”) – a corporation that was duly organized under the laws of the Marshall Islands. Bulk Courageous was established in January 2021 for the purpose of acquiring the m/v Bulk Courageous.
- Bulk Valor Corp. (“Bulk Valor”) – a corporation that was duly organized under the laws of the Marshall Islands. Bulk Valor was established in May 2021 for the purpose of acquiring the m/v Bulk Valor.
- Bulk Promise Corp. (“Bulk Promise”) – a corporation that was duly organized under the laws of the Marshall Islands. Bulk Promise was established in April 2021 for the purpose of acquiring the m/v Bulk Promise.

- Phoenix Bulk 25 Corp. (“Phoenix Bulk 25”) – a corporation that was duly organized under the laws of the Marshall Islands. Phoenix Bulk 25 was established in November 2021 for the purpose of acquiring the m/v Bulk Concord.

At December 31, 2021 and 2020, entities that are consolidated pursuant to ASC 810-10, but which are not wholly-owned, include the following:

- Nordic Bulk Holding Company Ltd. (“NBHC”) - a corporation that was duly organized under the laws of Bermuda. NBHC was established in October 2012, for the purpose of owning Bulk Nordic Odyssey Ltd. (“Bulk Odyssey”) and Bulk Nordic Orion Ltd. (“Bulk Orion”) and to invest in additional vessels through its wholly-owned subsidiaries. On September 28, 2020, the Company acquired an additional one-third equity interest in its partially-owned consolidated subsidiary Nordic Bulk Holding Company Ltd. (“NBHC”) from one of NBHC’s shareholders. The Company owns two-thirds equity interest of NBHC after the acquisition and the remainder one-third equity interest is owned by a third-party at December 31, 2021. The Company determined that NBHC is a VIE and that it is the primary beneficiary of NBHC, as it has the power to direct its activities through time charter arrangements with NBC covering all of its owned vessels. Accordingly, the Company has consolidated NBHC for the years ended December 31, 2021 and 2020. Bulk Odyssey, Bulk Orion, Bulk Nordic Oshima Ltd. (“Bulk Oshima”), Bulk Nordic Olympic Ltd. (“Bulk Olympic”), Bulk Nordic Odin Ltd. (“Bulk Odin”) and Bulk Nordic Oasis Ltd. (“Bulk Oasis”), corporations duly organized under the laws of Bermuda between March 2012 and February 2015, are owned by NBHC. These entities were established for the purpose of owning m/v Nordic Odyssey, m/v Nordic Orion, m/v Nordic Oshima, m/v Nordic Olympic, m/v Nordic Odin and m/v Nordic Oasis, respectively. On December 23, 2020 NBHC formed two new wholly owned subsidiaries, Bulk Nordic Odyssey (MI) Corp., and Bulk Nordic Orion (MI) Corp. for the purpose of transferring ownership of the m/v Nordic Odyssey and m/v Nordic Orion to these companies respectively. On January 21, 2021 NBHC formed four new wholly owned subsidiaries, Bulk Nordic Oasis (MI) Corp., Bulk Nordic Odin (MI) Corp., Bulk Nordic Olympic (MI) Corp., and Bulk Nordic Oshima (MI) Corp. for the purpose of transferring ownership of the m/v Nordic Oasis, m/v Nordic Odin, m/v Nordic Olympic and m/v Nordic Oshima to these companies respectively.
- Venture Logistics NL Inc. (“VLNL”) - a corporation that was duly organized m/v in Newfoundland and Labrador, Canada on October 19, 2018. VLNL was established for the purpose of owning and operating a deck barge.
- Nordic Bulk Partners LLC. (“NBP”) – a corporation that was duly organized under the laws of the Marshall Island. NBP was established in September 2019 for the purpose of providing funding to Bulk Seven, Bulk Eight, Bulk Nine, and Bulk Ten for the construction of four newbuilding vessels and subsequently at completion and delivery of the newbuilding vessels owning Bulk Seven, Bulk Eight, Bulk Nine, and Bulk Ten. Bulk Seven, Bulk Eight, Bulk Nine and Bulk Ten are corporations that were duly organized under the laws of the Marshall Islands in September 2019 for the purpose of constructing and owning Post-Panamax newbuilding vessels named m/v Nordic Nuluujaak, m/v Nordic Qinnua, m/v Nordic Saangijjuq and m/v Nordic Siku, respectively, the four newbuilding vessels were delivered in 2021. At December 31, 2021 the Company had a 50% ownership interest in NBP with the other 50% ownership interest owned by the independent third-party.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company and its subsidiaries is presented to assist in understanding the Company’s consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States, and have been applied in the preparation of the consolidated financial statements.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). The accompanying consolidated financial statements present separately our financial position, results of operations, cash flows, and changes in shareholders’ equity.

All intercompany balances and transactions have been eliminated. Certain reclassifications have been made to prior periods to conform to current period presentation.

Principles of Consolidation The purpose of consolidated financial statements is to present the financial position and results of operations of a company and its subsidiaries as if the group were a single company. The first step in the Company’s consolidation policy is to determine whether an entity is to be evaluated for potential consolidation based on its outstanding voting interests or its variable interests. Accordingly, the Company first determines whether the entity is a Variable Interest

Entity (“VIE”) pursuant to the provisions of ASC 810-10. If the entity is a VIE, consolidation is based on the entity’s variable interests and not its outstanding voting shares. If the entity is not determined to be a VIE, the Company evaluates the entity based on its outstanding voting interests.

Amounts pertaining to the non-controlling interests and redeemable noncontrolling interests held by third parties in the financial position and operating results of the Company’s subsidiaries and/or consolidated VIEs are reported as non-controlling interest and redeemable noncontrolling interests in the accompanying consolidated balance sheets.

As part of the Company’s consolidation process, all intercompany balances and transactions are eliminated in the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the percentage completion of spot voyages, the establishment of the allowance for doubtful accounts and the estimate of salvage value used in determining vessel depreciation expense.

Revenue Recognition

Voyage revenues represent revenues earned by the Company, principally from providing transportation services under voyage charters. A voyage charter involves the carriage of a specific amount and type of cargo on a load port to discharge port basis, subject to various cargo handling terms. Under a voyage charter, the service revenues are earned and recognized ratably over the duration of the voyage. Estimated losses under a voyage charter are provided for in full at the time such losses become probable. The voyage contract generally has standard payment terms of 95% freight paid within three days after completion of loading.

Demurrage, which is included in voyage revenues, represents payments by the charterer to the vessel owner when loading and discharging time exceed the stipulated time in the voyage charter. The voyage charter party generally has a “demurrage” or “despatch” clause. As per this clause, the charterer reimburses the Company for any potential delays exceeding the allowed laytime as per the charter party clause at the ports visited which is recorded as demurrage revenue. Conversely, the charterer is given credit if the loading/discharging activities happen within the allowed laytime known as despatch resulting in a reduction in revenue. In a voyage charter contract, the performance obligations begin to be satisfied once the vessel begins loading the cargo. The demurrage and despatch represent variable consideration which is estimated at contract inception. Voyage revenue recognized is presented net of address commissions.

Charter revenues relate to a time charter arrangement under which the Company is paid to provide transportation services on a per day basis for a specified period of time. Revenues from time charters are earned and recognized on a straight-line basis over the term of the charter, as the charters do not fall under the scope of ASC 606. Revenue is not earned when vessels are offhire.

Costs incurred in fulfillment of a contract that meet certain criteria are deferred and recognized when or as the related performance obligations are satisfied. The contract fulfillment costs consist primarily of the fuel consumption that is incurred by the Company from the latter of the end of the previous vessel employment and the contract date until the arrival at the loading port in addition to any port expenses incurred prior to arrival at the load port, as well as any charter hire expenses for third party vessels that are chartered-in. The fuel consumption and any port expenses incurred prior to arrival at the load port during this period are capitalized and recorded in Bunker inventory and Advance hire, prepaid expenses and other current assets, respectively in the Consolidated Balance Sheets and are amortized ratably over the total transit time of the voyage from arrival at the loading port until the vessel departs from the discharge port and expensed as part of Voyage expense. As of December 31, 2021 and 2020, the Company recognized \$3.7 million and \$1.8 million, respectively, of deferred costs which represents bunker expenses and charter hire expenses incurred prior to commencement of loading. These costs are recorded in Advance hire, prepaid expenses and other current assets in the Consolidated Balance Sheet and are expensed as part of Voyage expense and Charter hire expense. Similarly, for any third party vessels that are chartered-in, the charter hire expenses during this period are capitalized and recorded in Advance hire, prepaid expenses and other current assets in the Consolidated Balance Sheets and are expensed as part of Charter hire expense.

The performance obligations under our contracts are transportation services, which are received and consumed by our customers over time, as we perform the services. Revenues are recognized using the input method, proportionate to the days

elapsed since the service commencement compared to the total days anticipated to complete the service. Under the ASC 606 revenue recognition standard, voyage revenue is recognized over the period between load port and discharge port. Costs to fulfill contracts for voyages for which loading has not commenced are recognized as assets and amortized pro rata over the period between load and discharge. Costs to obtain a contract are expensed as incurred, as provided by a practical expedient, since all such costs are expected to be amortized over less than one year.

Assets and liabilities related to our voyage contracts with customers are reported on a contract-by-contract basis at the end of each reporting period. Contract assets also include accounts receivable for amounts billed and currently due from customers, which are reported at their net estimated realizable value. The Company maintains reserves against its accounts receivable for potential credit losses, which were immaterial for the years ended December 31, 2021 and 2020, respectively. Other contract assets include accrued receivables which arise when revenue is recognized in advance of billing for certain voyage contracts and hire paid to ship-owners in advance. Contract liabilities consist of deferred revenue which arises when amounts are billed to or collected from customers in advance of revenue recognition and are recognized within twelve months of the balance sheet date.

Deferred Revenue

Billings for services for which revenue is not recognized in the current period are recorded as deferred revenue. Deferred revenue recognized in the accompanying consolidated balance sheets is expected to be realized within twelve months of the balance sheet date.

Voyage Expenses

The Company incurs expenses for voyage charters that include bunkers (fuel), port charges, canal tolls, broker commissions and cargo handling operations, which are expensed as incurred.

Charter Expenses

The Company charters in vessels to supplement its owned fleet to support its voyage charter operations. The Company hires vessels under time charters with third party vessel owners, and recognizes the charter hire payments as an expense on a straight-line basis over the term of the charter. Charter hire payments are typically made in advance, and the unrecognized portion is reflected as advance hire in the accompanying consolidated balance sheets. Under time charters, the vessel owner is responsible for the vessel operating costs such as crews, maintenance and repairs, insurance, and stores.

Vessel Operating Expenses

Vessel operating expenses ("VOE") represent the cost to operate the Company's owned vessels. VOE include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumables, other miscellaneous expenses, and technical management fees. Technical management services include day-to-day vessel operations, performing general vessel maintenance, ensuring regulatory and classification society compliance, arranging the hire of crew and purchasing stores, supplies and spare parts. These expenses are recognized as incurred.

Concentrations of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents, trade receivables and derivative instruments. The Company maintains its cash accounts with various high-quality financial institutions in the United States, Germany, and Bermuda. The Company performs periodic evaluations of the relative credit standing of these financial institutions. The Company does not believe that significant concentration of credit risk exists with respect to these cash equivalents. Trade accounts receivable are recorded at the invoiced amount, and do not bear interest. The Company performs ongoing credit evaluations of its customers' financial condition, but does not require collateral. Historically, credit risk with respect to trade accounts receivable has been considered minimal due to the long-standing relationships with significant customers, and their relative financial stability. However, current economic conditions could impact the collectability of certain customers' trade receivables, which could have a material effect on the Company's results of operations. Derivative instruments are recorded at fair value. The Company does not have any off-balance sheet credit exposure related to its customers.

At December 31, 2021, two customers accounted for 28% of the Company's trade accounts receivable. At December 31, 2020, there was one customers that accounted for 26% of the Company's trade accounts receivable.

At December 31, 2021, thirteen customers in the United States, five customers in Canada and seven customers in the United Kingdom accounted for 56% of accounts receivable. At December 31, 2020, seventeen customers in the United States, seven customers in Brazil and seven customers in the United Emirates accounted for 59% of accounts receivable.

For the year ended December 31, 2021, revenue from customers in each of the following countries accounted for at least 10% of total revenue; the United States (twenty-six representing 22%), Canada (seven representing 11%), and the United Kingdom (twelve representing 10%). For the year ended December 31, 2020, revenue from customers in each of the following countries accounted for at least 10% of total revenue; the United States (twenty-seven representing 28%) Switzerland (twenty-one representing 14%) and Canada (seven representing 12%).

For the year ended December 31, 2021 there were no customers accounting for 10% or more of total revenue. For the year ended December 31, 2020, one customer accounted for 10% of total revenue.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include short-term deposits with an original maturity of less than three months. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statement of cash flows:

	December 31,	
	2021	2020
Money market accounts – cash equivalents	\$ 35,193,025	\$ 18,443,443
Cash ⁽¹⁾	21,015,877	28,453,773
Total cash and cash equivalents	<u>\$ 56,208,902</u>	<u>\$ 46,897,216</u>
Restricted cash	—	1,500,000
Total cash, cash equivalents and restricted cash	<u>\$ 56,208,902</u>	<u>\$ 48,397,216</u>

⁽¹⁾ Consists of cash deposits at various major banks.

Restricted cash at December 31, 2020 consists of \$1.5 million held by the facility agent as required by the Bulk Nordic Odin Ltd., Bulk Nordic Olympic Ltd. and Bulk Nordic Oshima Ltd. – Dated September 28, 2015 - Amended and Restated Loan Agreement (See Note 8).

Allowance for Doubtful Accounts

The Company provides a specific reserve for significant outstanding accounts that are considered potentially uncollectible in whole or in part. In addition, the Company's policy based on experience is to establish a reserve equal to approximately 25% of accounts receivable balances that are 30-180 days past due and approximately 50% of accounts receivable balances that are 180 or more days past due, and which are not otherwise reserved. The reserve estimates are adjusted as additional information becomes available, or as payments are made. At December 31, 2021 and 2020, the Company has provided an allowance for doubtful accounts of \$1,990,459 and \$1,896,038 respectively, for amounts that are not expected to be fully collected. The provision for doubtful accounts was \$1,559,378 in 2021 and \$152,416 in 2020. The Company wrote off \$1,464,957 and \$165,219 during 2021 and 2020, respectively, which amounts were previously included in the allowance, because these amounts were determined to be uncollectible.

Bunker Inventory

Inventory is primarily comprised of fuel oil purchased and stored onboard a vessel. Inventory is measured at the lower of cost under the first-in, first-out method or net realizable value.

Advanced Hire, Prepaid Expenses and Other Current Assets

Advance hire represents payment to ship owners under time-charters for days subsequent to the balance sheet date. Hire is typically paid in advance for the following fifteen days, but intervals vary by time-charter contract. Prepaid expenses include advance funding to the technical manager for vessel operating expenses, lubricating oils and stores kept on board owned vessels, certain voyage expenses paid in advance and direct costs incurred to fulfill a COA ("Contract of Affreightment").

These specifically identified costs are used to satisfy the contract and are expected to be recovered over the term of the COA. Such costs are amortized on a straight-line basis and charged equally to each of the voyages under the contract. Accrued receivables include accrued demurrage and balance of freight receivable. Other assets include deposits held by counterparties to various derivative instruments and the fair value of derivative instruments when it exceeds the settlement price of the instrument.

At December 31, advance hire, prepaid expenses and other current assets were comprised of the following:

	2021	2020
Advance hire	\$ 12,014,451	\$ 5,026,953
Prepaid expenses	5,956,195	3,706,396
Accrued receivables	17,009,957	6,823,409
Margin Deposit	5,464,379	814,062
Other current assets	5,902,705	1,455,333
Total	<u>\$ 46,347,687</u>	<u>\$ 17,826,153</u>

Other Non-current Assets

At December 31, other non-current assets were comprised of the following:

Name	2021	2020
Investment in Seamar Managements S.A.	\$ 428,572	\$ 200,004
Investment in Pangaea Logistics Solutions (US) LLC	507,270	381,137
Investment in King George Slag LLC	—	200,000
Investment in Bay Stevedoring LLC	3,025,981	908,651
Total	<u>\$ 3,961,823</u>	<u>\$ 1,689,792</u>

Vessels and Depreciation

Vessels are stated at cost, which includes contract price and acquisition costs. Significant improvements to vessels are capitalized; maintenance and repairs that do not improve or extend the lives of the vessels are expensed as incurred. Depreciation is provided using the straight-line method over the remaining estimated useful lives of the vessels (excluding the time a vessel is in dry dock), based on cost less salvage value. Each vessel's salvage value is equal to the product of its lightweight tonnage and an estimated scrap rate of \$300 per ton, which was determined by reference to quoted rates and is reviewed annually. The Company estimates the useful life of its vessels to be 25 years to 30 years from the date of initial delivery from the shipyard. The remaining estimated useful lives of the current fleet are 8 - 30 years. The Company does not incur depreciation expense when vessels are taken out of service for dry docking.

Vessels held for sale are carried at estimated fair value less cost to sell. No additional depreciation expense is recorded for vessels categorized as held for sale.

Deferred Drydock Cost

Significant upgrades made to the vessels during dry docking are capitalized when incurred and amortized on a straight-line basis over the 5 year period until the next dry docking for vessels younger than 15 years, and over the 2.5 year period until next dry docking for vessels older than 15 years at time of dry docking. Costs capitalized as part of the dry docking include direct costs incurred to meet regulatory requirements that add economic life to the vessel, that increase the vessel's earnings capacity or which improve the vessel's efficiency. Direct costs include the shipyard costs, parts, inspection fees, steel, blasting and painting. These costs are recorded in Fixed assets, net or Finance lease right of use assets, net on the Consolidated Balance Sheets. Expenditures for normal maintenance and repairs, whether incurred as part of the dry docking or not, are expensed as incurred. Unamortized dry-docking costs of vessels that are sold are written off and included in the calculation of the resulting gain or loss on sale.

Long-lived Assets Impairment Considerations

The Company evaluates the recoverability of its fixed assets and other assets in accordance with ASC 360-10-15, Impairment or Disposal of Long-Lived Assets, which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts. If indicators of impairment are present, we perform an analysis of the anticipated undiscounted future net cash flows to be derived from the related long-lived assets. Our assessment is made at the asset group level, which represents the lowest level for which identifiable cash flows are largely independent of other groups of assets. The asset groups established by the Company are defined by vessel size and major characteristic or trade.

The significant factors and assumptions used in the undiscounted projected net operating cash flow analysis include the Company's estimate of future time charter equivalent "TCE" rates based on current rates under existing charters and contracts. When existing contracts expire, the Company uses an estimated TCE based on actual results and extends these rates out to the end of the vessel's useful life. TCE rates can be highly volatile, may affect the fair value of the Company's vessels and may have a significant impact on the Company's ability to recover the carrying amount of its fleet. Accordingly, the volatility is contemplated in the undiscounted projected net operating cash flow by using a sensitivity analysis based on percent changes in the TCE rates. The Company prepares a series of scenarios in an attempt to capture the range of possible trends and outcomes. Projected net operating cash flows are net of brokerage and address commissions and assume no revenue on scheduled offhire days. The Company uses the current vessel operating expense budget, estimated costs of drydocking and historical general and administrative expenses as the basis for its expected outflows, and applies an inflation factor it considers appropriate. The net of these inflows and outflows, plus an estimated salvage value, constitutes the projected undiscounted future cash flows. If these projected cash flows do not exceed the carrying value of the asset group, an impairment charge would be calculated. Measurement of the impairment loss is based on the fair value of the asset as provided by third parties.

The Company concluded that no triggering event had occurred during the twelve months ended December 31, 2021 which would require impairment testing.

The Company concluded that no triggering event had occurred during the first, third and fourth quarter of 2020 which would require impairment testing. During the second quarter of 2020, the Company determined that a triggering event occurred related to the sale of a vessel, as the carrying value exceeded its fair value. A loss on impairment of \$1.8 million was recorded in the second quarter of 2020 when the Memorandum of Agreement was signed. The Company performed an impairment analysis on each asset group and concluded the estimated undiscounted future cash flows were higher than their carrying amount and as such, no additional loss on impairment was recognized.

Financing Costs

Qualifying expenses associated with commercial financing and fees paid to financial institutions to obtain financing are carried as a reduction of the outstanding debt and amortized over the term of the arrangement using the effective interest method. The unamortized portion is included as a reduction of secured long-term debt on the consolidated balance sheets.

The components of net debt issuance costs and bank fees, which are included in secured long-term debt on the consolidated balance sheets are as follows:

	December 31,	
	2021	2020
Debt issuance costs and bank fees paid to financial institutions	\$ 7,160,807	\$ 6,547,299
Less: accumulated amortization	(2,157,005)	(2,650,091)
Unamortized debt issuance costs and bank fees	<u>\$ 5,003,802</u>	<u>\$ 3,897,208</u>
Amortization included in interest expense	<u>\$ 920,995</u>	<u>\$ 662,440</u>

Accounts Payable and Accrued Expenses

The components of accounts payable and accrued expenses are as follows:

	December 31,	
	2021	2020
Accounts payable	\$ 21,090,717	\$ 18,678,099
Accrued expenses	16,254,253	6,686,602
Bunkers suppliers	9,260,262	3,967,755
Note Payable - Note 11	2,549,207	2,500,000
Other accrued liabilities	—	567,832
Total	<u>\$ 49,154,439</u>	<u>\$ 32,400,288</u>

Taxation

The Company is not subject to corporate income taxes on its profits in Bermuda because Bermuda does not impose an income tax.

NBC, a wholly-owned subsidiary of the Company, is subject to a Danish tonnage tax. NBC is not taxed on the basis of their actual income derived from their business but on an alternative income determination based on the net tons carrying capability of their fleet. As the tax is not determined based on taxable income, NBC's tax expense of approximately \$605,000 and \$578,000 is included within voyage expenses in the accompanying consolidated statements of income as of December 31, 2021 and 2020, respectively.

Shipping income derived from sources outside the United States is not subject to any United States federal income tax. U.S. sourced income from the international operation of ships that is considered qualified income and earned by a qualified foreign corporation can also be considered exempt from U.S. federal income taxation. The exemption requires a number of tests be met including qualifying income earned subject to an equivalent exemption in a qualified country and a qualified foreign corporation meeting the qualified foreign country, qualified income, stock ownership tests and substantiation requirements. The Company believes it meets all of the tests to qualify for an exemption from income under Internal Revenue Code section 883. To the extent the Company is unable to qualify for the exemption, the Company would be subject to U.S. federal income taxation of 4% of its U.S. shipping income on a gross basis without deductions. If certain other conditions are present, as defined in the Code, U.S. source shipping income, net of applicable deductions, may be subject to federal income tax of up to 21% and a 30% branch profits tax. The company believes that none of its U.S. source shipping income is effectively connected with the conduct of a U.S. trade or business.

Since earnings from shipping operations of the Company are not subject to U.S. or foreign income taxation, the Company has not recorded income tax expense, deferred tax assets or liabilities for the years ended December 31, 2021 and 2020.

Where required, the Company complies with income tax filings in its various jurisdictions of operations. As of December 31, 2021 and 2020, the Company is not subject to U.S. federal or foreign examinations by tax authorities for years before 2016.

Restricted Common Share Awards

Compensation cost of restricted share awards is measured using the grant date fair value of the Company's common shares, as quoted on the Nasdaq Capital Market, multiplied by the total number of shares granted with no forfeiture rate applied. Compensation cost is amortized according to the vesting period indicated in the grant agreement. Total compensation cost recognized during the years ended December 31, 2021 and 2020 is \$2,102,897 and \$2,314,940, respectively, which is included in general and administrative expenses in the consolidated statements of income.

Dividends

Dividends on common stock are recorded when declared by the Board of Directors. Refer to Note 9, "Common Stock and Non-controlling interest" for additional information related to common stock dividends.

Noncontrolling Interests

Noncontrolling interests represent ownership interests attributable to third parties in certain consolidated subsidiaries and VIEs. The portion of equity not owned by us in such entities is reflected as Noncontrolling interests within the equity section of the Consolidated Balance Sheets and, in the case of Redeemable noncontrolling interests, within the long-term liabilities section of the Consolidated Balance Sheets.

Earnings per Common Share

Basic earnings per share ("EPS") is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding during the period.

Diluted EPS is computed using the treasury stock method. Under this method, the amount of unrecognized compensation cost related to future services by employees who were awarded restricted shares is assumed to be used to repurchase common stock at the average market price during the period. The incremental shares (nonvested less repurchased) are considered to be outstanding for diluted EPS. The Company does not have any anti-Dilutive Securities.

Foreign Exchange

The Company conducts all of its business in U.S. dollars; the functional currency of the Company is the US dollar. Accordingly, transactions denominated in currencies other than the functional currency are measured and recorded in the functional currency at the exchange rate in effect on the date of the transactions. There are no foreign exchange transaction gains or losses reflected in the consolidated statements of income.

Derivatives and Hedging Activities

The Company accounts for derivatives in accordance with the provisions of ASC 815, Derivatives and Hedging. The Company uses interest rate swaps to reduce market risks associated with its operations, principally changes in variable interest rates on its bank debt. Additionally, the Company uses forward freight agreements to protect against changes in charter rates and bunker (fuel) swaps to protect against changes in fuel prices. The Company's interest rate swaps, forward freight agreements (FFAs) and bunker swaps have not qualified for hedge accounting treatment. As such, unrealized and realized gains or losses are recognized as a component of Other expense in the Consolidated Statements of Income. Derivative instruments are measured at fair value and are recorded as assets or liabilities.

The Company is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swaps, forward freight agreements and bunker hedges.

Segment Reporting

Operating segments are components of a business that are evaluated regularly by the chief operating decision maker ("CODM") for the purpose of assessing performance and allocating resources. Based on the information that the CODM uses, including consideration of whether discrete financial information is available for the business activities, the Company has identified multiple operating segments which have been aggregated based on considerations such as the nature of its services, customers, operations and economic characteristics. The Company has determined that it operates under one reportable segment.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximate fair value due to the short-term maturities of these instruments. The carrying amount of the Company's floating rate long-term debt approximates its fair value due to the variable interest rates associated with these related credit facilities.

At December 31, 2021, the Company has three fully fixed rate debt facilities and one facility which is fixed in part. At December 31, 2020, the Company has seven fully fixed rate debt facilities. The aggregate carrying amounts and fair values of the long-term debt associated with the fixed rate borrowing arrangements are as follows:

	December 31,	
	2021	2020
Carrying amount of fixed rate long-term debt	\$ 105,109,129	\$ 93,401,776
Fair value of fixed rate long-term debt	\$ 107,624,096	\$ 95,434,525

Fair values of these debt obligations were estimated based on quoted market prices for the same or similar issues of debt with the same remaining maturities, which is considered Level 2 in the fair value hierarchy established by ASC 820.

Leases

During time charter agreements, the charterers have substantive decision-making rights to direct how and for what purpose the vessel is used. As such, the Company had identified that time charter agreements contain a lease. Accordingly, the Company accounts for amounts earned under these agreements in accordance with Topic 842. During time charter agreements, the Company is responsible for operating and maintaining the vessels. These costs are recorded as vessel operating expense in the Consolidated Statements of Income.

At December 31, 2021, the Company had thirteen vessels chartered to customers under time charters that contain leases. These thirteen leases varied in original length from 20 days to 105 days. At December 31, 2021, lease payments due under these arrangements totaled approximately \$9,032,000 and each of the time charters were due to be completed in sixty-four days or less.

At December 31, 2020, the Company had twelve vessels chartered to customers under time charters that contain leases. These twelve leases varied in original length from 20 days to 83 days. At December 31, 2021, lease payments due under these arrangements totaled approximately \$2,404,000 and each of the time charters were due to be completed in thirty days or less.

The Company does not have any sales-type or direct financing leases.

Adoption of the lessee provisions of this guidance did not have a material impact on the Company's consolidated financial statements because the Company does not have any vessels chartered in (operating leases) for longer than one year and the practical expedient relating to leases with terms of 12 months or less was elected. Furthermore, the Company's finance lease right of use assets and finance lease liabilities were referred to as "assets under finance lease" and "obligations under finance leases" in prior period financial statements, but no other changes resulted from adoption of the standard. In addition, the Company has two non-cancelable office leases and non-cancelable office equipment leases and the lease assets and liabilities are not material.

Recent Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04 Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. ASU 2020-04 provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. Companies can apply the ASU immediately, however the guidance will only be available until December 31, 2022. The Company is currently evaluating the impact that adopting this new accounting standard will have on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses. For most financial assets, such as trade and other receivables, loans and other instruments, this standard changes the current incurred loss model to a forward-looking expected credit loss model, which generally will result in the earlier recognition of allowances for losses. The new standard is effective for the Company at the beginning of 2023. Entities are required to apply the provisions of the standard through a cumulative-effect adjustment to retained earnings as of the effective date. The Company is currently assessing the new guidance and its impact on its consolidated financial statements, and it intends to adopt the guidance when it becomes effective in the first quarter of 2023.

NOTE 4 - VARIABLE INTEREST ENTITIES

The Company has evaluated all of its wholly and partially-owned entities, as well as entities with common ownership or other relationships, pursuant to ASC 810. A summary of the Company's consolidation policy is provided in Note 3. The Company has concluded that Bulk Pangaea, Bulk Trident, Bulk Phoenix, Bulk Freedom, Bulk Pride, Bulk PODS, Bulk Spirit, Bulk Independence, Bulk Friendship, Bulk Courageous, Bulk Valor, Bulk Promise, Phoenix Bulk 25, NBH, Long Wharf, NBHC, BVH, NBP, FVL, VBC, and VNLN are the VIEs at December 31, 2021. The Company has concluded that Bulk Pangaea, Bulk Patriot, Bulk Juliana, Bulk Atlantic, Bulk Trident, Bulk Phoenix, Bulk Barents, Bulk Bothnia, Bulk Freedom, Bulk Pride, Bulk PODS, Bulk Spirit, Bulk Independence, Bulk Friendship, NBH, Long Wharf, NBHC, BVH, NBP, FVL, VBC, and VNLN are the VIEs at December 31, 2020. We consolidate a VIE when we have a variable interest in an entity for which we are the primary beneficiary such that we have (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of or the right to receive benefits from the VIE that could potentially be significant to the VIE. The results of operations and financial position of these VIEs are included in our consolidated financial statements.

The aggregate carrying values of the VIEs' assets and liabilities, after elimination of any intercompany transactions and balances, in the consolidated balance sheets were as follows:

(Dollars in millions, figures may not foot due to rounding)

December 31, 2021

	Ship-owning ⁽¹⁾	NBHC	NBC	Long Wharf	VLNL	NBP ⁽³⁾
Total assets	\$ 129.4	\$ 123.9	\$ 72.9	\$ 1.9	\$ 0.9	\$ 161.2
Total liabilities	\$ 135.6	\$ 57.4	\$ 50.6	\$ 2.0	\$ —	\$ 146.6
Total stockholders' equity	\$ (6.2)	\$ 66.5	\$ 22.4	\$ —	\$ 0.9	\$ 14.6
Non-controlling interest ⁽²⁾	\$ —	\$ 52.0	\$ —	\$ —	\$ 1.4	\$ —

December 31, 2020

(Dollars in millions, figures may not foot due to rounding)

	Ship-owning ⁽¹⁾	NBHC	NBC	Long Wharf	VLNL	NBP ⁽³⁾
Total assets	\$ 100.9	\$ 129.3	\$ 37.2	\$ 2.0	\$ 1.3	\$ 19.7
Total liabilities	\$ 100.8	\$ 68.7	\$ 24.5	\$ 2.1	\$ 0.1	\$ 5.1
Total stockholders' (deficit)/equity	\$ —	\$ 60.6	\$ 12.7	\$ (0.1)	\$ 1.3	\$ 14.6
Non-controlling interest ⁽²⁾	\$ —	\$ 50.1	\$ —	\$ —	\$ 1.6	\$ —

⁽¹⁾ Includes all wholly-owned subsidiaries, refer to Note 2 "Nature of Organization" for additional information.

⁽²⁾ Non-controlling interest is held by third parties.

⁽³⁾ NBP was established in September 2019 for the purpose of providing funding to Bulk Seven, Bulk Eight, Bulk Nine, and Bulk Ten for the construction of four newbuilding vessels and subsequently at completion and delivery of the newbuilding vessels owning Bulk Seven, Bulk Eight, Bulk Nine, and Bulk Ten.

NOTE 5 - FIXED ASSETS

At December 31, fixed assets consisted of the following:

	2021	2020
Vessels and vessel upgrades	\$ 554,241,221	\$ 344,212,881
Capitalized dry docking	13,414,394	12,716,442
	<u>567,655,615</u>	<u>356,929,323</u>
Accumulated depreciation and amortization	(97,943,561)	(82,887,697)
Vessels, vessel upgrades and capitalized dry docking, net	<u>469,712,054</u>	<u>274,041,626</u>
Land and building	2,541,085	2,541,085
Computers, equipment and internal use software	1,975,603	2,318,247
Other fixed assets	4,516,688	4,859,332
Accumulated depreciation	(2,315,932)	(2,159,207)
Other fixed assets, net	<u>2,200,756</u>	<u>2,700,125</u>
Total fixed assets, net	<u>\$ 471,912,810</u>	<u>\$ 276,741,751</u>
Advances for vessel purchases	\$ 1,990,000	—
Investment in newbuildings in-process	—	<u>\$ 15,390,635</u>

At December 31, vessels under finance leases consisted of the following:

	2021	2020
Vessels under finance lease	\$ 53,601,534	51,229,372
Accumulated depreciation and amortization	(8,405,775)	(5,989,174)
Vessels under finance lease, net	<u>\$ 45,195,759</u>	<u>\$ 45,240,198</u>

The net carrying value of the Company's fleet consists of the following:

	December 31,	
	2021	2020
<u>Owned vessels</u>		
m/v BULK PANGAEA	\$ 11,802,463	\$ 13,636,241
m/v NORDIC ODYSSEY ⁽¹⁾	22,456,407	24,481,390
m/v NORDIC ORION ⁽¹⁾	23,057,114	22,625,141
m/v NORDIC OSHIMA ⁽¹⁾	25,612,412	26,966,257
m/v NORDIC OLYMPIC ⁽¹⁾	25,982,802	27,421,649
m/v NORDIC ODIN ⁽¹⁾	26,073,841	27,341,460
m/v NORDIC OASIS ⁽¹⁾	27,650,350	28,029,024
m/v NORDIC NULUUJAAK ⁽²⁾⁽⁴⁾	38,949,402	—
m/v NORDIC QINNGUA ⁽²⁾⁽⁴⁾	38,838,142	—
m/v NORDIC SANNGIJUQ ⁽²⁾⁽⁴⁾	38,377,457	—
m/v NORDIC SIKU ⁽²⁾⁽⁴⁾	38,776,359	—
m/v BULK ENDURANCE	23,069,545	24,024,593
m/v BULK COURAGEOUS ⁽⁴⁾	16,356,730	—
m/v BULK NEWPORT	11,566,639	11,966,186
m/v BULK FREEDOM	8,476,937	9,457,640
m/v BULK PRIDE	13,560,656	14,628,727
m/v BULK SPIRIT ⁽⁴⁾	12,293,336	12,849,322
m/v BULK INDEPENDENCE	13,466,530	14,020,964
m/v BULK FRIENDSHIP ⁽⁴⁾	14,526,423	13,431,253
m/v BULK VALOR	17,797,021	—
m/v BULK PROMISE	18,306,557	—
MISS NORA G. PEARL ⁽³⁾	2,714,931	3,161,779
	<u>\$ 469,712,054</u>	<u>\$ 274,041,626</u>
Other fixed assets, net	2,200,756	2,699,836
Total fixed assets, net	<u>\$ 471,912,810</u>	<u>\$ 276,741,462</u>
<u>Vessels under finance lease ⁽⁴⁾</u>		
m/v BULK XAYMACA ⁽⁵⁾	12,661,804	13,095,023
m/v BULK DESTINY	\$ 20,074,619	\$ 20,636,264
m/v BULK TRIDENT	12,459,336	11,508,911
	<u>\$ 45,195,759</u>	<u>\$ 45,240,198</u>
Advances for vessel purchases		
m/v BULK CONCORD ⁽⁶⁾	<u>\$ 1,990,000</u>	<u>\$ —</u>

⁽¹⁾ Vessels are owned by NBHC, a consolidated joint venture in which the Company has a two-third ownership interest at December 31, 2021 and December 31, 2020.

⁽²⁾ Vessels are owned by NBP, a consolidated joint venture in which the Company has a 50% and 75% ownership interest at December 31, 2021 and 2020, respectively.

⁽³⁾ Barge is owned by a 50% owned consolidated subsidiary.

⁽⁴⁾ Refer to Note 10, "Commitments and Contingencies," of our Financial Statements for additional information related to the vessels under finance lease.

⁽⁵⁾ Formerly known as m/v Bulk PODS.

⁽⁶⁾ On November 5, 2021, the Company entered into an agreement to purchase a 2009 built Supramax for \$19.9 million, and placed a deposit of \$2.0 million. The vessel was delivered in February 2022 and renamed the m/v Bulk Concord.

The Company capitalized dry-docking costs on five vessels in 2021 and three vessels in 2020. The amortization period of the capitalized dry docking costs is within the remaining useful life of these vessels and is amortized over the estimated period to next drydocking. The Company capitalized drydocking costs totaling \$8.1 million and \$5.9 million in the twelve months ended December 31, 2021 and 2020, respectively. These costs are recorded in Fixed assets, net or Finance lease right of use assets, net in the Consolidated Balance Sheets.

NOTE 6 - MARGIN ACCOUNTS, DERIVATIVES AND FAIR VALUE MEASURES

Margin Accounts

During December 31, 2021 and 2020, the Company was party to forward freight agreements and fuel swap contracts in order to mitigate the risk associated with volatile freight rates and fuel prices. Under the terms of these contracts, the Company is required to deposit funds in margin accounts if the market value of the hedged item declines. The funds are required to remain in margin accounts as collateral until the market value of the items being hedged return to preset limits. The margin accounts are included in advance hire, prepaid expenses and other current assets in the consolidated balance sheets at December 31, 2021 and 2020.

Forward Freight Agreements

The Company assesses risk associated with fluctuating future freight rates and, when appropriate, hedges identified economic risk with appropriate derivative instruments, specifically FFAs. These economic hedges do not usually qualify for hedge accounting under ASC 815 and as such, the usage of such derivatives can lead to fluctuations in the Company's reported results from operations on a period-to-period basis.

Fuel Swap Contracts

The Company continuously monitors the market volatility associated with bunker prices and seeks to reduce the risk of such volatility through a bunker hedging program. The Company enters into fuel swap contracts that are not designated for hedge accounting under ASC 815 and as such, the usage of such derivatives can lead to fluctuations in the Company's reported results from operations on a period-to-period basis.

Interest rate cap

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps and interest rate caps as part of its interest rate risk management strategy. Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate on the contract. In January 2020, the Company entered into four interest rate cap contracts with total notional amount of \$22.8 million at a cost of \$628,000 to mitigate the risk associated with increases in interest rates on our sale and lease back financing arrangements of the four new-building vessels. In the event that the three-month LIBOR rate rises above the applicable strike rate of 3.25%, the Company would receive quarterly payments related to the spread difference. These interest rate cap agreements do not qualify for hedge accounting treatment.

The estimated fair values of the Company's forward freight agreements and fuel swap contracts are based on market prices obtained from an independent third-party valuation specialist based on published indices. Such quotes represent the estimated amounts the Company would receive or pay to terminate the contracts. The interest rate caps contracts are valued using analysis obtained from independent third party valuation specialists based on market observable inputs, representing Level 2 assets.

The following table summarizes assets and liabilities measured at fair value on a recurring basis at December 31, 2021 and December 31, 2020:

Derivative instruments	Balance Sheet Location	Asset Derivative		Liability Derivative	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Margin accounts ⁽¹⁾	Other current assets	\$ 5,464,379	\$ 814,062	Other current liabilities	\$ —
Forward freight agreements ⁽²⁾	Other current assets	\$ 2,119,581	\$ —	Other current liabilities	\$ 163,335
Fuel swap contracts ⁽²⁾	Other current assets	\$ 1,047,752	\$ —	Other current liabilities	\$ 47,667
Interest rate cap ⁽²⁾	Other current assets	\$ 718,774	\$ 210,910	Other current liabilities	\$ —

- (1) The fair value measurements were all categorized within Level 1 of the fair value hierarchy.
(2) These fair value measurements were all categorized within Level 2 of the fair value hierarchy.

The three levels of the fair value hierarchy established by ASC 820, *Fair Value Measurements and Disclosures*, in order of priority are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Our Level 1 fair value measurements include cash, money-market accounts and restricted cash accounts.

Level 2 – Quoted prices for similar assets and liabilities in active markets or inputs that are observable.

Level 3 – Inputs that are unobservable (for example cash flow modeling inputs based on assumptions).

The following table presents the effect of our derivative financial instruments on the consolidated statements of operations for the twelve months ended December 31, 2021 and 2020:

Derivative instruments	Unrealized gain (loss) on derivative instruments	
	For the year ended December 31,	
	2021	2020
Forward freight agreements	\$ 2,282,916	\$ (13,575)
Fuel Swap Contracts	\$ 1,095,421	\$ 274,646
Interest rate cap	\$ 507,864	\$ (417,090)

The estimated fair values of the Company's forward freight agreements and fuel swap contracts are based on market prices obtained from an independent third-party valuation specialist. Such quotes represent the estimated amounts the Company would receive to terminate the contracts.

NOTE 7 - RELATED PARTY TRANSACTIONS

Amounts and notes payable to related parties consist of the following:

	December 31, 2020	Activity	December 31, 2021
<i>Included in trade accounts receivable and voyage revenue on the consolidated balance sheets and statements of income, respectively:</i>			
Trade receivables due from King George Slag ⁽ⁱ⁾	\$ 106,959	\$ (106,959)	\$ —
<i>Included in accounts payable and accrued expenses on the consolidated balance sheets:</i>			
Trade payables due to Seamar ⁽ⁱⁱ⁾	\$ 4,151,192	\$ (1,303,282)	\$ 2,847,910
Commissions payable (trade payables) ⁽ⁱⁱⁱ⁾	—	38,896	38,896
<i>Included in current related party notes payable on the consolidated balance sheets:</i>			
Interest payable – 2011 Founders Note	242,852	—	242,852
Total current related party notes payable	\$ 242,852	\$ —	\$ 242,852

i. King George Slag LLC is a joint venture of which the Company owns 25% at December 31, 2021 and 2020.

ii. Seamar Management S.A. ("Seamar") Seamar Management S.A. ("Seamar") is a joint venture of which the Company owns 51% at December 31, 2021 and 2020.

iii. Phoenix Bulk Carriers (Brasil) Intermediacoes Maritimas Ltda. - a wholly-owned company of a member of the Board of Directors

Under the terms of a technical management agreement between the Company and Seamar Management S.A. (Seamar), an equity method investee, Seamar is responsible for the day-to-day operation of some of the Company's owned vessels. During the years ended December 31, 2021 and 2020, the Company incurred technical management fees of \$2,847,120 and \$2,761,800 under this arrangement, which is included in vessel operating expenses in the consolidated statements of income. The total amounts payable to Seamar at December 31, 2021 and 2020, (including amounts due for vessel operating expenses), were \$2,847,910 and \$4,151,192, respectively.

NOTE 8 - SECURED LONG-TERM DEBT

Long-term debt consists of the following:

	December 31, 2021	December 31, 2020	Interest Rate (%) ⁽¹⁾	Maturity Date
Bulk Nordic Odin Ltd., Bulk Nordic Olympic Ltd. Loan Agreement	\$ —	\$ 25,466,300		Not applicable
Bulk Nordic Oasis Ltd. Loan Agreement	—	14,000,000		Not applicable
Bulk Nordic Oshima Ltd. Amended and Restated Loan Agreement	—	12,004,295		Not applicable
Bulk Nordic Odyssey (MI) Corp., Bulk Nordic Orion (MI) Corp. Senior Secured Term Loan Facility ⁽²⁾⁽³⁾	16,224,189	18,000,000	2.95 %	December 2027
Bulk Nordic Oshima (MI) Corp., Bulk Nordic Odin (MI) Corp., Bulk Nordic Olympic (MI) Corp., Bulk Nordic Oasis (MI) Corp. Secured Term Loan Facility ⁽²⁾⁽³⁾⁽⁴⁾	49,400,000	—	3.38 %	June 2027
The Amended Senior Facility - Dated May 13, 2019 (formerly The Amended Senior Facility - Dated December 21, 2017) ⁽⁵⁾				
– Bulk Nordic Six Ltd. - Tranche A ⁽²⁾	11,166,661	12,233,329	4.39 %	May 2024
– Bulk Nordic Six Ltd. - Tranche B	2,330,000	2,590,000	2.53 %	May 2024
– Bulk Pride - Tranche C ⁽²⁾	4,100,000	5,200,000	5.39 %	May 2024
– Bulk Independence - Tranche E ⁽²⁾	11,500,000	12,500,000	3.54 %	May 2024
Bulk Freedom Loan Agreement	2,600,000	3,200,000	3.95 %	June 2022
Bulk Valor Corp. Loan and Security Agreement ⁽²⁾	12,718,279	—	3.29 %	June 2028
Bulk Promise Corp.	12,453,926	—	2.43 %	October 2027
109 Long Wharf Commercial Term Loan	484,066	593,666	2.09 %	April 2026
Total	\$ 122,977,121	\$ 105,787,590		
Less: unamortized bank fees ⁽⁶⁾	(1,697,209)	(643,018)		
	\$ 121,279,912	\$ 105,144,572		
Less: current portion	(15,443,115)	(57,382,674)		
Secured long-term debt, net	\$ 105,836,797	\$ 47,761,898		

⁽¹⁾ As of December 31, 2021.

⁽²⁾ Interest rates on the loan facilities are fixed.

⁽³⁾ The borrowers under this facility are owned by NBHC. The Company has two-third's ownership interest and STST has one-third ownership interest in NBHC. NBHC is consolidated in accordance with ASC 810-10 and as such, amounts pertaining to the non-controlling ownership held by the third parties in the financial position of NBHC are reported as non-controlling interest in the accompanying balance sheets.

⁽⁴⁾ On April 26, 2021, NBHC entered into a new Senior Secured Term Loan Facility with two new lenders. The agreement advanced \$53.0 million in respect of the m/v Nordic Oshima, m/v Nordic Olympic, m/v Nordic Odin and m/v Nordic Oasis. The agreement requires repayment of the advance in 24 equal quarterly principal installments of \$1.2 million beginning on June 15, 2021 and a balloon payment of \$24.2 million due in June 2027.

⁽⁵⁾ This facility is cross-collateralized by the vessels m/v Bulk Endurance, m/v Bulk Pride, and m/v Bulk Independence and is guaranteed by the Company.

⁽⁶⁾ A portion of unamortized debt issuance costs were reclassified as a reduction of the finance leases liabilities. Refer to Note 10 "Commitments and Contingencies" for additional information.

Bulk Nordic Odin Ltd., Bulk Nordic Olympic Ltd. Bulk Nordic Odyssey Ltd., Bulk Nordic Orion Ltd. And Bulk Nordic Oshima Ltd. – Dated September 28, 2015 - Amended and Restated Loan Agreement

The amended agreement advanced \$21,750,000 in respect of each the m/v Nordic Odin and the m/v Nordic Olympic; \$13,500,000 in respect of each the m/v Nordic Odyssey and the m/v Nordic Orion, and \$21,000,000 in respect of the m/v Nordic Oshima.

The agreement requires repayment of the advances as follows:

In respect of the Odin and Olympic advances, repayment to be made in 28 equal quarterly installments of \$375,000 per borrower (one of which was paid prior to the amendment by each borrower) and the loan was repaid in full on April 26, 2021.

In respect of the Odyssey and Orion advances, repayment to be made in 20 quarterly installments of \$375,000 per borrower and balloon payments of \$5,677,203 due with each of the final installments in September 2020. In September 2020 the Company amended the facility to make an additional quarterly installment of \$375,000 per borrower and extend the balloon payments to December 2020 which were paid in full on December 23, 2020.

In respect of the Oshima advance, repayment to be made in 28 equal quarterly installments of \$375,000 and the loan was repaid in full on April 26, 2021.

The Bulk Nordic Oasis Ltd. - Loan Agreement - Dated December 11, 2015

The agreement advanced \$21,500,000 in respect of the m/v Nordic Oasis. The agreement requires repayment of the advance in 24 equal quarterly installments of \$375,000 beginning on March 28, 2016 and the loan was repaid in full on April 26, 2021.

The Bulk Nordic Odyssey (MI) Corp., Bulk Nordic Orion (MI) Corp. Senior Secured Term Loan Facility - Dated December 23, 2020.

The agreement advanced \$18,000,000 in respect of the m/v Nordic Odyssey and m/v Nordic Orion. The agreement requires repayment of the advance in 28 equal quarterly principal and interest installments of \$571,821 beginning on March 23, 2021 and a balloon payment of \$4,400,000 due with the final installment in December 2027. Interest on this advance is fixed at 2.95%.

The loan is secured by a first preferred mortgage on the m/v Nordic Odyssey and m/v Nordic Orion, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. Additionally, the agreement contains a collateral maintenance ratio clause which requires the fair market value of the vessel plus the net realizable value of any additional collateral previously provided, to remain above defined ratios. As of December 31, 2021 the Company was in compliance with its financial covenants.

Bulk Nordic Oshima (MI) Corp., Bulk Nordic Odin (MI) Corp., Bulk Nordic Olympic (MI) Corp., and Bulk Nordic Oasis (MI) Corp. Facility Agreement dated April 26, 2021

On April 26, 2021, NBHC entered into a new Senior Secured Term Loan Facility with two new lenders. The agreement advanced \$53.0 million in respect of the m/v Nordic Oshima, m/v Nordic Olympic, m/v Nordic Odin and m/v Nordic Oasis. The agreement requires repayment of the advance in 24 equal quarterly principal installments of \$1,200,000 beginning on June 15, 2021 and a balloon payment of \$24,200,000 due in March 2027. Interest on this advance is fixed at 3.38% effective May 5, 2021. The Loan is secured by a first lien on m/v Nordic Bulk Oshima, m/v Nordic Bulk Odin, m/v Nordic Bulk Olympic and m/v Nordic Bulk Oasis. The Company used a portion of the proceeds of the loan to repay the outstanding balance of \$51.5 million for the Nordic Oshima, Nordic Odin, Nordic Olympic and Nordic Oasis loan facilities which was set to mature on October 1, 2021. As of December 31, 2021 the Company was in compliance with this covenant.

The Amended Senior Facility - Dated May 13, 2019 (previously identified as The Amended Senior Facility - Dated December 21, 2017)

On May 13, 2019, the Company, through its wholly owned subsidiaries, Bulk Endurance, Bulk Pride and Bulk Independence entered into the Second Amendatory Agreement, (the "Second Amendment"), amending and supplementing the First Amendatory Agreement dated December 17, 2017. The Second Amendment advanced \$14,000,000 under Tranche E in respect to the m/v Bulk Independence, extended maturity dates on Tranche A, B, and C to May 2024, and reduced applicable interest rate margin on Tranche A, B, and C to 1.70% for the first eight quarters following the drawdown of Tranche E, and 2.40% thereafter.

Bulk Endurance Tranche A and B

The amended agreement advanced \$19,500,000 in respect of the m/v Bulk Endurance on January 7, 2017, in two tranches. The agreement requires repayment of Tranche A, totaling \$16,000,000, in three equal quarterly installments of \$100,000 beginning on April 7, 2017 and 27 equal quarterly installments of \$266,667. A balloon payment of \$8,766,658 is due with the final installment in May 2024. Interest on this advance was fixed at 3.69% through March 2021, fixed at 4.39% through December 2021, and fixed at 3.46% thereafter.

The agreement also advanced \$3,500,000 under Tranche B, which is payable in 28 equal quarterly installments of \$65,000 beginning on September 27, 2017, and a balloon payment of \$1,745,000 due with the final installment in May 2024. Interest on this advance is floating at LIBOR plus 1.70% (2.55% at December 31, 2020) through March 2021, and thereafter at LIBOR plus 2.4%.

Bulk Pride Tranche C and D

The amended agreement advanced \$10,000,000 in respect of the m/v Bulk Pride on December 21, 2017, in two tranches. The agreement requires repayment of Tranche C, totaling \$8,500,000, in 26 equal quarterly installments of \$275,000 beginning in March 2018 and a balloon payment of \$1,350,000 due with the final installment in May 2024. Interest on this advance was fixed at 4.69% through March 2021, fixed at 5.39% through December 2021, and fixed at 3.6% thereafter. The agreement also advanced \$1,500,000 under Tranche D, which is payable in 4 equal quarterly installments of \$375,000 beginning in September 2018. Tranche D was fully repaid in June 2019.

Bulk Independence Tranche E

The amended agreement advanced \$14,000,000 under Tranche E in respect of the m/v Bulk Independence on May 13, 2019, which requires repayment of 20 equal quarterly installments of \$250,000 beginning in September 2019 and a balloon payment of \$9,000,000 due with the final installment in May 2024. Interest on this advance was fixed at 3.48% through March 31, 2020, fixed at 2.84% through December 31, 2021 and fixed at 3.54% thereafter.

The loan is secured by first preferred mortgages on the m/v Bulk Endurance, the m/v Bulk Pride and the m/v Bulk Independence, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. Additionally, the agreement contains a minimum liquidity requirement, positive working capital of the borrower and a collateral maintenance ratio clause which requires the fair market value of the vessel plus the net realizable value of any additional collateral previously provided, to remain above defined ratios. At December 31, 2021 and December 31, 2020, the Company was in compliance with these covenants.

The Bulk Freedom Corp. Loan Agreement -- Dated June 14, 2017

The agreement advanced \$5,500,000 in respect of the m/v Bulk Freedom on June 14, 2017. The agreement requires repayment of the loan in 8 quarterly installments of \$175,000 and 12 quarterly installments of \$150,000 beginning on September 14, 2017. A balloon payment of \$2,300,000 is due on June 14, 2022 with the final installment. The facility bears interest at LIBOR plus a margin of 3.75% (3.95% at December 31, 2021).

The loan is secured by a first preferred mortgage on the m/v Bulk Freedom, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. Additionally, the agreement contains a collateral maintenance ratio clause which requires the fair market value of the vessel plus the net realizable value of any additional collateral previously provided, to remain above defined ratios. At December 31, 2021 and December 31, 2020, the Company was in compliance with these covenants.

109 Long Wharf Commercial Term Loan

Initial amount of \$1,096,000 entered into on May 27, 2016. The Long Wharf Construction to Term Loan was repaid from the proceeds of this new facility. The loan is payable in 120 equal monthly installments of \$9,133. Interest is floating at the 30 day LIBOR plus 2.00% (2.09% at December 31, 2021). The loan is collateralized by all real estate located at 109 Long Wharf, Newport, RI, and a corporate guarantee of the Company. The loan contains a maximum loan to value covenant and a debt service coverage ratio. At December 31, 2021 and December 31, 2020, the Company was in compliance with these covenants.

The Bulk Valor Corp. Loan Agreement -- Dated June 17, 2021

The agreement advanced \$13,350,000 in respect of the m/v Bulk Valor on June 17, 2021. The agreement requires repayment of the loan in 28 quarterly installments commencing on September 17, 2021. A balloon payment is due on June 17, 2028. Interest on this advance is fixed at 3.29%. The loan is secured by a first preferred mortgage on the m/v

Bulk Valor, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. As of December 31, 2021 the Company was in compliance with its financial covenants.

The Bulk Promise Corp. Loan Agreement -- Dated July 12, 2021

The agreement advanced \$12,800,000 in respect of the m/v Bulk Promise on July 7, 2021. The agreement requires repayment of the loan in 24 quarterly installments of \$346,074 commencing on October 15, 2021. A balloon payment of \$4,494,224 is due on October 15, 2027. Interest on this advance is floating at three-month LIBOR plus 2.30%. The loan is secured by a first preferred mortgage on the m/v Bulk Promise, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. As of December 31, 2021 the Company was in compliance with its financial covenants.

The future minimum annual payments under the debt agreements are as follows:

	Years ending December 31,	
2022	\$	15,443,115
2023		12,940,758
2024		31,857,187
2025		9,718,626
2026		9,761,812
Thereafter		43,255,623
	\$	122,977,121

NOTE 9 - COMMON STOCK AND NON-CONTROLLING INTEREST

Common stock

The Company has 100,000,000 shares of common stock (\$0.0001 par value) authorized, of which 45,617,840 were issued as of December 31, 2021.

Restricted Securities

On August 12, 2019, the Company's shareholders approved an amendment and restatement of the 2014 Plan that was adopted by the Board on May 14, 2019. The PANGAEA LOGISTICS SOLUTIONS LTD. 2014 SHARE INCENTIVE PLAN (as amended and restated by the Board of Directors on May 14, 2019), (the "Amended Plan"), increased the aggregate number of common shares with respect to which awards may be granted under the Amended Plan, such that the total number of shares made available for grant is 4,500,000.

At December 31, 2021, shares issued to employees under the Amended Plan totaled 2,949,554 after forfeitures. These restricted shares vest at the rate of one-third of the total granted on each of the third, fourth and fifth anniversaries of the vesting commencement date.

Total non-cash compensation cost recognized during the years ended December 31, 2021 and 2020 is \$2,102,897 and \$2,314,940, respectively, which is included in general and administrative expenses in the consolidated statements of operations.

A summary of activity related to outstanding restricted securities for fiscal years 2021 and 2020 is presented in the table below:

	Restricted Shares	Weighted-Average Grant-Date Fair Value Per Share
Unvested shares at December 31, 2019	1,915,818	\$ 2.97
Granted	662,301	\$ 2.78
Vested	(748,026)	\$ 2.84
Forfeited	(4,667)	\$ 3.20
Unvested shares at December 31, 2020	<u>1,825,426</u>	\$ 2.96
Granted	243,660	\$ 3.43
Vested	(428,626)	\$ 3.13
Forfeited	(27,601)	\$ 2.84
Unvested shares at December 31, 2021	<u>1,612,859</u>	\$ 2.91

	Fiscal Years Ended December 31,	
	2021	2020
Fair value of restricted shares vested	\$ 1,340,119	\$ 2,076,287
Unrecognized compensation cost for restricted shares	\$ 2,718,222	\$ 4,048,729
Weighted average remaining period to expense restricted shares (years)	2.98	3.41

Dividends

Dividends on common stock are recorded when declared by the Board of Directors. Dividends were declared and paid quarterly commencing in May 2019. In March 2020 the Company suspended its dividend due to the uncertainty caused by COVID-19 global pandemic, and resume its quarterly cash dividends payment in December 2020.

Dividends payable consist of the following:

	2013 common stock dividend ⁽²⁾	Dividends payable on issued and outstanding common stock ⁽¹⁾	Total
Balance at December 31, 2019	\$ 478,359	\$ 153,602	\$ 631,961
Accrued dividend	—	908,955	908,955
Paid in cash	(478,359)	(56,794)	(535,153)
Balance at December 31, 2020	—	1,005,763	1,005,763
Accrued dividend	—	4,743,263	4,743,263
Paid in cash	—	(5,535,261)	(5,535,261)
Balance at December 31, 2021	\$ —	\$ 213,765	\$ 213,765

⁽¹⁾ Accrued dividends on unvested restricted shares under the Company's incentive compensation plan.

⁽²⁾ Payable to related parties.

Noncontrolling Interests

Amounts pertaining to the non-controlling ownership interest held by third parties in the financial position and operating results of the Company's subsidiaries and/or consolidated VIEs are reported as non-controlling interest in the accompanying consolidated balance sheets. The non-controlling ownership interest attributable to NBHC and its wholly-owned shipowning subsidiaries amounts to approximately \$52,041,000 and \$50,067,000 at December 31, 2021 and 2020, respectively.

Non-controlling interest attributable to VLNL was approximately \$1,439,000 and \$1,598,000 at December 31, 2021 and 2020, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

At December 31, 2021, the Company's fleet includes three vessels (Bulk Xaymaca, formerly named Bulk PODS, Bulk Destiny, and Bulk Trident) financed under sale and leaseback financing arrangements accounted for as finance leases in accordance with ASC 840, prior to adoption of ASC 842 on January 1, 2019. Bulk Spirit, Bulk Friendship, Bulk Courageous, Nordic Nuluujaak, Nordic Qinnua, Nordic Sanngjuq and Nordic Siku are under finance leases in accordance with ASC 842. These leases are secured by the assignment of earnings and insurances and by guarantees of the Company. The Company will own these vessels at the end of lease term.

Bulk Trident Bareboat Charter Agreement dated June 7, 2018

The selling price of the m/v Bulk Trident was \$13.0 million and the fair value was estimated to be the same. The Company simultaneously leased the vessel back from the buyer. The minimum lease payments fluctuate based on three-month LIBOR and are payable monthly over the eight-year lease term. The Company has the option to purchase the vessel at the end of the third year of the lease or thereafter, or in the case of default by the lessor, at any time during the lease term. Interest is floating at LIBOR plus 1.7% (1.93% including the margin, at December 31, 2021). The Company will own this vessel at the end of the lease term.

Bulk PODS Bareboat Charter Agreement dated August 1, 2018

The selling price of the m/v Bulk PODS was \$14.8 million and the fair value was estimated to be the same. The Company simultaneously leased the vessel back from the buyer. The minimum lease payments fluctuate based on three-month LIBOR and are payable monthly over the eight-year lease term. The Company has the option to purchase the vessel at the end of the third year of the lease or thereafter, or in the case of default by the lessor, at any time during the lease term. Interest is floating at LIBOR plus 1.7% (1.94% including the margin, at December 31, 2021). The Company will own this vessel at the end of the lease term. The m/v Bulk Pods was renamed to m/v Bulk Xaymaca in February of 2022.

Bulk Spirit Bareboat Charter Agreement dated March 7, 2019

In February 2019, the Company acquired the m/v Bulk Spirit for \$13.0 million, which is the estimated fair value and simultaneously entered into a failed sale and leaseback of the vessel. The Company determined that the transfer of the vessel to the lessor was not a sale in accordance with ASC 606, because control of the vessel was not transferred to the lessor. The lease is classified as finance lease in accordance with ASC 842, because the lease transfers ownership of the vessel to the Company by the end of the lease term. The minimum lease payments include interest at 5.10% for the first five years. Interest fluctuates based on the three-month LIBOR for the remaining three years of the eight-year lease term. The Company has the option to purchase the vessel at the end of the second year of the lease or thereafter, or in the case of default by the lessor, at any time during the lease term. The Company is obligated to repurchase the vessel at the end of the lease term. A balloon payment of \$3.9 million is due with the final lease payment in March 2027. This lease is secured by the assignment of earnings and insurances and by a guarantee of the Company.

Bulk Friendship Bareboat Charter Agreement dated May 14, 2019

In September 2019, the Company acquired the m/v Bulk Friendship for \$14.1 million, which is the estimated fair value and simultaneously entered into a failed sale and leaseback of the vessel. The Company determined that the transfer of the vessel to the lessor was not a sale in accordance with ASC 606, because control of the vessel was not transferred to the lessor. The lease is classified as finance lease in accordance with ASC 842, because the lease includes a fixed price purchase option, which the Company expects to exercise at the end of the lease term. The minimum lease payments include imputed interest at 5.29%. The Company has the option to purchase the vessel at the end of the third year of the lease or thereafter, or in the case of default by the lessor, at any time during the lease term. In the event the Company has not exercised any of the purchase options during the term of the charter then the Company shall have a final purchase option to purchase the vessel at the end of the fifth year at a fixed price of \$7.8 million. This lease is secured by the assignment of earnings and insurances and by a guarantee of the Company.

Bulk Nordic Five Ltd. Amendment and Restatement of Bareboat Charter Agreement dated July 1, 2021

On July 6, 2021, the Company, through its wholly owned subsidiary, Bulk Nordic Five Ltd., and the existing lender agreed to amend and restate the original Bareboat Charter dated October 27, 2016. The amended agreement extends the lease maturity date to April 2028 with a purchase obligation of \$6.95 million. The Company also fixed the interest rate through maturity at 3.97%. The bareboat charter party is secured by a first preferred mortgage on the m/v Bulk Destiny, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. The Company will own this vessel at the end of the lease term. The lease contains a minimum liquidity requirement, positive working capital of the lessee and a collateral maintenance ratio clause which requires the fair market value of the vessel plus the net realizable value of any additional collateral previously provided, to remain above defined ratios. At December 31, 2021 and 2020, the Company was in compliance with these covenants.

Bulk Courageous Corp Bareboat Charter Agreement dated April 8, 2021

In April 2021, the Company took delivery of the m/v Bulk Courageous for \$16.5 million and simultaneously entered into a failed sale and leaseback of the vessel. The Company determined that the transfer of the vessel to the lessor was not a sale in accordance with ASC 606, because control of the vessel was not transferred to the lessor. The lease is classified as finance lease in accordance with ASC 842, because the lease includes a fixed price purchase obligation at the end of the lease term. The minimum lease payments fluctuate based on three-month LIBOR and are payable quarterly over the seven-year lease term. Interest is floating at three-month LIBOR plus 2.75%. On July 8th, 2021, the company fixed interest on the lease at 3.93%. The Company has the option to purchase the vessel in the case of default by the lessor, at any time during the lease term. The purchase obligation at the end of the lease term is at a fixed price of \$3.6 million. This lease is secured by the assignment of earnings and insurances and by a guarantee of the Company.

Bulk Nordic Seven LLC, Bulk Nordic Eight LLC, Bulk Nordic Nine LLC and Bulk Nordic Ten LLC Bareboat Charter Agreements dated September 27, 2019

During 2021, the Company took delivery of four new post-panamax dry bulk vessels and simultaneously entered into the failed sale and leasebacks of the vessels. These vessels are: 1) m/v Nordic Nuluujaak delivered on May of 2021 with a purchase price of \$38.4 million, 2) m/v Nordic Qinngua delivered on June of 2021 with a purchase price of \$38.4 million, 3) m/v Nordic Sanngijuj delivered on September of 2021 with a purchase price of \$37.9 million, and 4) m/v Nordic Siku delivered on November of 2021 with a purchase price of \$37.9 million. The Company determined that the transfers of these vessels to the lessor were not sales in accordance with ASC 606, because control of the vessels were not transferred to the lessor. These leases are classified as finance leases in accordance with ASC 842, because these leases include a fixed price purchase obligation at the end of the lease term.

The lease agreements obligate the Company to sell the vessels upon completion of construction at the lesser of approximately \$32 million or 85% of fair market value at closing. Following the sales, the Company was obligated to charter the vessels from the buyer under a bareboat charter for a period of 15 years from the date of delivery with a fixed purchase price of \$2.5 million each at the end of lease term. The minimum lease payments fluctuate based on three-month LIBOR and are payable monthly over the fifteen-year lease term. Interest is floating at three-month LIBOR plus 3.55%. The Company has the option to purchase these vessels starting in year 5 at 101% of then outstanding principal. These leases are secured by the assignment of earnings and insurances and by a guarantee of the Company.

The Company has also entered into a LLC agreement with the non-controlling interest holder of NBP which includes certain obligations as described in Note 11.

Legal Proceedings and Claims

The Company is subject to certain asserted claims arising in the ordinary course of business. The Company intends to vigorously assert its rights and defend itself in any litigation that may arise from such claims. While the ultimate outcome of these matters could affect the results of operations of any one year, and while there can be no assurance with respect thereto, management believes that after final disposition, any financial impact to the Company would not be material to its consolidated financial position, results of operations, or cash flows.

Long-term Contracts Accounted for as Operating Leases

The Company leases office space for its Copenhagen operations. Since December 31, 2018, this lease continues on a month to month basis. The non-cancelable period is six months.

The Company leases office space for its Singapore operations. At December 31, 2021, the remaining lease term is twenty months.

For the twelve months ended December 31, 2021 and 2020, the Company recognized approximately \$0.2 million as lease expense for office leases in General and Administrative Expenses.

Future minimum lease payments under finance leases with initial or remaining terms in excess of one year at December 31, 2021 were:

	Year ending December 31,
2022	\$ 22,035,541
2023	21,837,288
2024	28,471,145
2025	19,279,316
2026	17,175,193
Thereafter	132,475,870
Total minimum lease payments	\$ 241,274,353
Less amount representing interest	52,528,155
Present value of minimum lease payments	188,746,198
Less current portion	(14,479,803)
Less issuance costs	\$ (3,306,842)
Long-term portion	\$ 170,959,553

NOTE 11 - OTHER LONG-TERM LIABILITIES

In September 2019, the Company entered into an LLC agreement for the formation of NBP, that, at inception is owned 75% by the Company and 25% by an independent third party. NBP was established for the purpose of constructing and owning four new-build ice class post panamax vessels. The third party has committed to contribute additional funding during the construction phase, which increased their ownership of NBP to 50% at the time of delivery of the new-build ice class post panamax vessels. The agreement contains both put and call option provisions. Accordingly, the Company may be obligated, pursuant to the put option, or entitled to, pursuant to the call option, to purchase the third party's interest in NBP beginning anytime after September 2026. The put option and call option are at fixed prices which are not significantly different from each other, starting at \$4.0 million per vessel on the fourth anniversary from completion and delivery of each vessel and declining to \$3.7 million per vessel on or after the seventh anniversary from completion and delivery of each vessel. If neither put nor call option is exercised, the Company is obligated to purchase the vessels from NBP at a fixed price. Pursuant to ASC 480, Distinguishing Liabilities from Equity, the Company has recorded the third party's interest in NBP as a Long term liabilities - Other. The Company took delivery of Nordic Nuluujaak, Nordic Qinnua, Nordic Saangijuuq and Nordic Suki during the second quarter through fourth quarters of 2021, the independent third party made additional contribution of \$9.2 million which increased their ownership interest in NBP to 50% at December 31, 2021. Earnings attributable to the third party's interest in NBP are recorded in Interest expense, non-controlling interest.

On September 28, 2020, the Company acquired an additional one-third equity interest in its partially-owned consolidated subsidiary NBHC from its shareholders. The Company owned a one-third of equity interest of NBHC, a joint-venture formed in October 2012 for the purpose of owning Bulk Nordic Odyssey Ltd. ("Bulk Odyssey") and Bulk Nordic Orion Ltd. ("Bulk Orion") and to invest in additional vessels through its wholly-owned subsidiaries. The acquisition increases the Company's equity interest in NBHC to 66.7%. The purchase price of the equity interest was \$22.5 million, including a \$15.0 million cash payment upon closing and \$7.5 million of deferred consideration, at a six-month LIBOR plus 3.5%, in three equal installments of \$2.5 million due on the first, second, and third anniversaries of September 28, 2020. The Company made the first installment of \$2.5 million in September 2021. The deferred consideration is recorded in "Other current liabilities" for \$2.5 million plus accrued interest and "Long-term liabilities - other" on the Company's Consolidated Balance Sheet as of December 31, 2021. NBHC will continue to be a consolidated entity in the Company's consolidated financial statements pursuant to ASC 810-10. The portion of NBHC not owned by the Company will continue to be recognized as non-controlling interest in the Company's consolidated financial statements.

The components of Other Long-term Liabilities are as follows:

(Dollars in thousands, figures may not foot due to rounding)

	12/31/2021	12/31/2020
Beginning Balance	\$ 10,135	\$ 4,828
Payments to non-controlling interest recorded as long-term liability	(196)	(194)
Contributions from non-controlling interests	9,182	323
Earnings attributable to non-controlling interest recorded as interest expense	1,185	178
Deferred consideration related to acquisition of non-controlling interest	—	5,000
Payments on other long-term liability	(2,500)	—
Ending balance	<u>\$ 17,807</u>	<u>\$ 10,135</u>

NOTE 12 - UNAUDITED QUARTERLY DATA

(Dollars in millions, except share and per share amounts. Figures may not foot due to rounding)	2021				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenues:								
Voyage revenue	\$ 108.2	\$ 117.4	\$ 186.4	\$ 202.5	\$ 86.5	\$ 66.9	\$ 98.1	\$ 98.2
Charter revenue	16.7	28.1	26.7	32.1	9.4	3.5	5.6	14.6
	125.0	145.5	213.0	234.6	95.9	70.4	103.8	112.9
Expenses:								
Voyage expense	47.8	46.1	60.4	65.3	47.8	31.8	40.7	41.6
Charter hire expense	53.6	62.6	103.7	115.0	32.3	15.2	35.0	45.3
Vessel operating expenses	8.5	9.8	11.8	12.7	9.9	9.3	9.7	9.1
General and administrative	4.2	6.0	4.4	4.3	4.0	3.9	3.7	4.4
Depreciation and amortization	4.4	4.9	7.2	6.5	4.2	4.3	4.2	4.2
Loss on impairment of vessels	—	—	—	—	—	1.8	—	—
(Gain) loss on sale of vessel	—	—	—	—	(0.1)	0.3	0.5	—
Total expenses	118.6	129.4	187.5	203.8	98.2	66.6	93.8	104.6
Income/(loss) from operations	6.4	16.1	25.5	30.8	(2.3)	3.8	10.0	8.3
Other income (expense):								
Interest expense, net	(2.0)	(2.6)	(2.4)	(3.3)	(2.1)	(2.0)	(2.0)	(1.8)
Interest expense related party notes payable	(0.3)	(0.2)	(0.3)	(0.4)	—	(0.1)	—	—
Unrealized (loss) gain on derivative instruments	2.0	6.3	5.3	(9.8)	(2.9)	1.4	—	1.4
Other income	0.3	(0.1)	0.6	0.3	0.6	0.1	0.3	—
Total other income (expense), net	0.1	3.4	3.2	(13.2)	(4.5)	(0.6)	(1.7)	(0.4)
Net income (loss)	6.5	19.5	28.7	17.6	(6.8)	3.3	8.3	7.9
Income attributable to noncontrolling interests	(0.7)	(0.3)	(1.7)	(2.4)	—	(0.3)	(0.7)	(0.3)
Net income (loss) attributable to Pangaea Logistics Solutions Ltd.	\$ 5.8	\$ 19.2	\$ 27.0	\$ 15.2	\$ (6.8)	\$ 3.0	\$ 7.6	\$ 7.6
Earnings (loss) per common share:								
Basic	\$ 0.13	\$ 0.44	\$ 0.61	\$ 0.34	\$ (0.16)	\$ 0.07	\$ 0.17	\$ 0.17
Diluted	\$ 0.13	\$ 0.43	\$ 0.60	\$ 0.34	\$ (0.16)	\$ 0.07	\$ 0.17	\$ 0.17
Weighted average shares used to compute earnings per common share								
Basic	43,971,352	43,998,424	44,004,980	44,004,980	43,341,005	43,445,789	43,488,241	43,489,698
Diluted	44,549,286	44,688,602	44,927,456	44,689,309	43,341,005	43,445,789	43,510,961	44,337,242

NOTE 13 - SUBSEQUENT EVENTS

In November 2021 the Company entered into a memorandum of agreement to purchase an Panamax vessel to add to its operating fleet for \$19.9 million. The vessel was delivered to the Company on February 17, 2022 and renamed the m/v Bulk Concord.

On February 16, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$0.05 per common share, to be paid on March 15, 2022, to all shareholders of record as of March 1, 2022.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 16, 2022.

PANGAEA LOGISTICS SOLUTIONS LTD.

By: /s/ Mark L. Filanowski

Mark L. Filanowski

Chief Executive Officer

(Principal Executive Officer)

By: /s/ Gianni Del Signore

Gianni Del Signore

Chief Financial Officer

(Principal Financial and Accounting Officer)

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Mark L. Filanowski and Gianni DelSignore and each of them, as attorney-in-fact with full power of substitution and re-substitution, for him or her and in his or her name, place or stead, in any and all capacities, to sign any and all amendments to this annual report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this annual report on Form 10-K has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Mark L. Filanowski</u> Mark L. Filanowski	Chief Executive Officer	March 16, 2022
<u>/s/ Gianni DelSignore</u> Gianni DelSignore	Chief Financial Officer, Principal Accounting Officer	March 16, 2022
<u>/s/ Carl Claus Boggild</u> Carl Claus Boggild	Director	March 16, 2022
<u>/s/ Richard T. du Moulin</u> Richard T. du Moulin	Chairman of the Board, Director	March 16, 2022
<u>/s/ Anthony Laura</u> Anthony Laura	Director	March 16, 2022
<u>/s/ Eric S. Rosenfeld</u> Eric S. Rosenfeld	Director	March 16, 2022
<u>/s/ David D. Sgro</u> David D. Sgro	Director	March 16, 2022

Exhibit no.	Description
3.1	Certificate of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form S-1 filed on February 4, 2015).
3.2	Bye-laws of Company (incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form S-1 filed on February 4, 2015.)
10.1	Purchase Agreement by and between Bulk Nordic Five Ltd. and Nicole Navigation S.A. dated October 27, 2016 (incorporated by reference to Exhibit 10.30 of the Registrant's Current Report on Form 10-K filed on March 22, 2017).
10.2	Nordic Bulk Six Ltd. Loan Agreement (incorporated by reference to Exhibit 10.32 of the Registrant's Current Report on Form 10-K filed on March 22, 2017).
10.3	Purchase Agreement Addendum by and between Bulk Nordic Five Ltd. and Nicole Navigation S.A. dated October 27, 2016 (incorporated by reference to Exhibit 10.34 of the Registrant's Current Report on Form 10-K filed on March 22, 2017).
10.4	Bulk Freedom Corp. Loan Agreement dated 14 June 2017 (incorporated by reference to Exhibit 10.39 of the Registrant's Current Report on Form 10-Q filed on August 14, 2017).
10.5	Americas Bulk Transport (BVI) Limited Barecon dated 6 June 2017 (incorporated by reference to Exhibit 10.40 of the Registrant's Current Report on Form 10-Q filed on August 14, 2017).
10.6	Americas Bulk Transport (BVI) Limited Barecon Riders dated 6 June 2017 (incorporated by reference to Exhibit 10.41 of the Registrant's Current Report on Form 10-Q filed on August 14, 2017).
10.7	Bareboat Charter Party Dated June 6, 2017 (incorporated by reference to Exhibit 10.41 of the Registrant's Current Report on Form 10-Q filed on August 14, 2017).
10.8	Bareboat Charter Party Dated May 23, 2018 (incorporated by reference to Exhibit 10.43 of the Registrant's Current Report on Form 10-Q filed on August 7, 2018).
10.9	Bareboat Charter Party Dated August 2, 2018 (incorporated by reference to Exhibit 10.43 of the Registrant's Current Report on Form 10-Q filed on November 8, 2018).
10.10	Bareboat Charter Party Dated February 21, 2019 (incorporated by reference to Exhibit 10.44 of the Registrant's Current Report on Form 10-Q filed on May 15, 2019).
10.11	The Amended Senior Facility - Dated May 13, 2019 (incorporated by reference to Exhibit 10.45 of the Registrant's Current Report on Form 10-Q filed on August 12, 2019).
10.12	Bulk Friendship Bareboat Charter Party Dated September 10th 2019 (incorporated by reference to Exhibit 10.46 of the Registrant's Current Report on Form 10-Q filed on November 7, 2019).
10.13	Limited Liability Company Agreement of Nordic Bulk Partners LLC. (incorporated by reference to Exhibit 10.18 of the Registrant's Current Report on Form 10-K filed on March 23, 2020).
10.14	Bareboat Charter Party Dated September 27, 2019 (incorporated by reference to Exhibit 10.19 of Registrant's Current Report on Form 10-K filed on March 23, 2020).
10.15	ASO 2020 Share Transfer Agreement (incorporated by reference to Exhibit 10.18 of Registrant's Current Report on Form 10-K filed on March 23, 2020).
10.16	Bulk Nordic Odyssey (MI) Corp., Bulk Nordic Orion (MI) Corp. Senior Secured Term Loan Facility (incorporated by reference to Exhibit 10.19 of Registrant's Current Report on Form 10-K filed on March 23, 2020).
10.17	Bulk Courageous Bareboat Charter dated March 27, 2021 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 10-Q filed on August 10, 2021).
10.18	Bulk Valor Corp. Loan and Security Agreement dated as of June 17, 2021 (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 10-Q filed on August 10, 2021).
10.19	Bulk Nordic Five Ltd. Amendment and Restatement Agreement of Bareboat Charter dated July 1, 2021 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 10-Q filed on November 9, 2021).
10.20	Bulk Promise Corp. Loan and Security Agreement dated as of July 7, 2021 (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 10-Q filed on November 9, 2021).
23.1	Consent of Grant Thornton LLP.*
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase*
101.DEF	XBRL Taxonomy Extension Definition Linkbase*
101.LAB	XBRL Taxonomy Extension Label Linkbase*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase*
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated March 16, 2022, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Pangaea Logistics Solutions Ltd. on Form 10-K for the year ended December 31, 2021. We consent to incorporation by reference of said reports in the Registration Statements of Pangaea Logistics Solutions Ltd. on Forms S-3 (File No. 333-222476; File No. 333-252019; and File No. 333 252022), and Forms S-8 (File No. 333-234575; File No. 333-214557; and File No. 333-201333).

/s/ GRANT THORNTON LLP

Hartford, Connecticut

March 16, 2022

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark L. Filanowski, certify that:

- 1 I have reviewed this annual report on Form 10-K for the year ended December 31, 2021, of Pangaea Logistics Solutions Ltd.;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2022

/s/ Mark L. Filanowski

Mark L. Filanowski
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gianni DelSignore, certify that:

- 1 I have reviewed this annual report on Form 10-K for the year ended December 31, 2021, of Pangaea Logistics Solutions Ltd.;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2022

/s/ Gianni DelSignore

Gianni DelSignore
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Pangaea Logistics Solutions Ltd. (the "Company") on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark L. Filanowski, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- 1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 16, 2022

/s/ Mark L. Filanowski

Mark L. Filanowski
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Pangaea Logistics Solutions Ltd. (the "Company") on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gianni DelSignore, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- 1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 16, 2022

/s/ Gianni DelSignore

Gianni DelSignore

Chief Financial Officer

(Principal Financial Officer)