



Pioneer Marine Inc. Announces Financial Results for the Quarter and the Six Months Ended June 30, 2021

MAJURO, MARSHALL ISLANDS -- (GlobeNewswire – July 30, 2021) – Pioneer Marine Inc. and its subsidiaries (OSLO-OTC: PNRM) ("Pioneer Marine," or the "Company") a leading shipowner and global drybulk handysize transportation service provider announced its financial and operating results for the quarter and the six months ended June 30, 2021.

Financial Highlights at a glance:

	Second quarter 2021	Second quarter 2020
Net loss	(\$7.1) million	(\$6.5) million
Adjusted net income / (loss)*	\$1.4 million	(\$2.2) million
Time Charter equivalent ("TCE") revenue	\$10.7 million	\$7.4 million
EBITDA	(\$5.5) million	(\$3.6) million
Adjusted EBITDA*	\$2.9 million	\$0.8 million

Jim Papoulis, Chief Executive Officer commented: "Recent market trends have bolstered the year of 2021, paving an overall much healthier year for the shipping industry. The dry cargo market has taken many by surprise so far this year, as rates have changed upwards to their highest levels in over a decade and bulker owners feel confident that the market should retain its strength over the next two to three years and the reason for their optimism is mainly due to tonnage growth and a continuation of strong demand since strong freight rates are being experienced in all segments. It is paramount to note that Covid-19 pandemic played a strong role in the rise of commodities prices.

"Pioneer Marine for the second quarter of 2021 announces an adjusted net income of \$1.4 million and adjusted EBITDA \$2.9 million. We are pleased with the performance of the Company, and we look forward to a promising future, which may bring, both, challenges, and opportunities alike.

"These past months mark a milestone period for our Company, as following our shareholders' approval Pioneer has entered into agreements for the sale of all remaining fleet vessels. Furthermore, our board has approved the proposal of the executive management team consisting of myself and Mrs. Korinna Tapaktoglou to proceed with the buyout of the group's management entities. Following the completion of the disposals and the capital gains distribution we will work closely with our board to ensure a smooth transition of ownership for the Pioneer group of companies. This is a new chapter in our Pioneer journey, and we are grateful for our team that supports us and our partners that have trusted us with the management of their assets. After the buyout is completed, we will be managing a fleet of 13 handy vessels and further expansion is our primary goal. "

Korinna Tapaktoglou, Chief Financial Officer of the Company commented: "We are pleased with the results and developments announced today as we have worked hard to make sure that Pioneer team continues its successful track record while protecting shareholders interest at all times. We have complete trust that the Company will remain strong and grow further to the benefit of all stakeholders."

*For reconciliation and definition of Adjusted Net Income/(Loss) and EBITDA/Adjusted EBITDA refer to "Summary of Operating Data (unaudited)" section within this press release.



Recent Events:

Following the EGM resolutions passed on June 23, 2021, the Company has agreed to sell the remaining vessels of the fleet on terms determined and approved by the Board of Directors. For each vessel's sale, the Company entered into a respective Memorandum of Agreement. All vessels will be delivered with attached charter parties to their new owners and their deliveries are anticipated to be completed by the end of the third quarter 2021.

The Executive Management team of the Company consisting of Mr. Jim Papoulis (CEO) and Mrs. Korinna Tapaktsoglou (CFO) has reached an agreement with the Board of Directors to proceed with the Management Buy Out ("MBO") of the management entities of the Pioneer Marine Inc. group of Companies. The agreement provides that the shares of the three management entities currently owned by Pioneer Marine Inc. will be transferred to an entity controlled by Mr. Papoulis and Mrs. Tapaktsoglou. The transaction is expected to be completed no later than August 31, 2021. Following the completion of the fleet disposal, the Executive Management team will also explore the possibility to acquire the shares of Pioneer Marine Inc.

On June 29, 2021, the Board of Directors of Pioneer Marine Inc. declared a cash dividend of \$0.35 per issued and outstanding share of company's Common Stock. The dividend was paid on July 13, 2021, to stockholders of record as of July 6, 2021.

Additionally, on July 30, 2021, the Board of Directors of Pioneer Marine Inc. declared another cash dividend of \$0.75 per issued and outstanding share of company's Common Stock. The dividend will be paid on August 13, 2021, to stockholders of record as of August 6, 2021.

Liquidity & Capital Resources:

As of June 30, 2021, the Company had a total liquidity of \$22.2 million inclusive of \$5.7 million in restricted cash.

Fleet developments:

Pioneer Marine completed the following vessels disposals during the second quarter of 2021 and up to date:

- Within April 2021 the Company completed the disposals of M/V Eden Bay, M/V Alsea Bay and M/V Emerald Bay and delivered the vessels to their new owners on a charter free basis.
- Within June 2021 the Company also completed the disposals of MV Mykonos Bay and MV Monterey Bay and delivered the vessels to their new owners on a charter free basis.
- Finally, within July 2021, two more vessels were disposed to their new owners the MV Jupiter Bay and the MV Venus Bay, both vessels were delivered with attached charter parties.



Financial Review: Three months ended June 30, 2021

The reported results for the three-month period ended June 30, 2021, amount to \$7.1 million net loss as compared to \$6.5 million net loss for the respective previous year period. Average number of vessels during the three-month period ended June 30, 2021, was 9 vessels versus 16 vessels in the comparative period last year. Net loss for the second quarter of 2021 was affected by the non – cash impairment charge of \$8.5 million relating to the impairment exercise performed according to US GAAP following the agreements entered for vessels disposals, partially offset with a gain of \$0.5 million on disposal. Excluding these one-off charges and drydock cost of M/V Kite Bay \$0.4 million the adjusted net income for the second quarter of 2021 amounts to \$1.4 million.

Adjusted EBITDA totalled \$2.9 million for the second quarter 2021, increased by \$2.1 million as compared to the second quarter of 2020. Despite the reduced fleet (owned and managed) the recovering from the pandemic global economy has led to a surge in the demand for commodities and significantly higher freight rates. Consequently, the TCE rate of \$9,444 achieved in the second quarter of 2021 is 85% above the TCE rate achieved during the same period in 2020.

OPEX per day increased to \$4,567 for the three months ended June 30, 2021, compared to \$3,977 during the same period in 2020. The upward variation is mainly attributable to the additional costs incurred in the preparation of vessels disposals as well as the limited crew expenses in the comparative quarter of 2020 resulting from COVID restrictions prevailing at the time on crew changes worldwide.

General and administrative expenses are slightly increased by \$0.1 million for the three months ended June 30, 2021. Per day amount for the same period increased by 89% due to the significantly reduced number of both owned and commercially managed vessels.

Gain on vessel disposal for the second quarter of 2021 amounted to \$0.5 million and relates to disposals mentioned under “Fleet Developments” section.

Dry docking expense of \$0.4 million relates to the special survey of M/V Kite Bay which was completed within April 2021.

Depreciation cost amounts to \$1.2 million and is impacted downwards due to fleet reduction.

Interest and finance cost of \$0.3 million was decreased by 60% compared to prior year same period, mainly due to the significantly reduced loan balances following vessels disposals and reduced Libor rates.



Financial Review: Six months ended June 30, 2021

The reported results for the six-month period ended June 30, 2021, amount to \$6.9 million net loss as compared to \$7.5 million net loss for the respective previous year period. Average number of vessels during the six-month period ended June 30, 2021 was 11 vessels versus 16 vessels in the comparative period last year. Net loss for the first half of 2021 was affected by the non – cash impairment charge of \$9.0 million relating to the impairment exercise performed according to US GAAP following the agreements entered for vessels disposals, partially offset with a gain of \$0.3 million on disposal. Excluding these one-off charges and drydock cost of M/V Kite Bay \$0.7 million the adjusted net income for the second quarter of 2021 amounts to \$2.5 million.

Adjusted EBITDA totalled \$6.3 million for the first half 2021, increased by \$3 million as compared to first six-month period of 2020. Despite the reduced fleet (owned and managed) the recovering from the pandemic global economy has led to a surge in the demand for commodities and significantly higher freight rates. Consequently, the TCE rate of \$8,941 achieved in the first half of 2021 is 52% above the TCE rate achieved during the same period in 2020.

OPEX per day increased to \$4,495 for the six months ended June 30, 2021, compared to \$4,158 during the same period in 2020. The upward variation is mainly attributable to the additional costs incurred in the preparation of vessels disposals as well as the limited crew expenses in the comparative first half of 2020 resulting from restrictions prevailing at the time on crew changes worldwide.

General and administrative expenses are slightly decreased by \$0.1 million for the six months ended June 30, 2021. Per day amount for the same period increased by 43% due to the significantly reduced number of both owned and commercially managed vessels.

Gain on vessel disposal for the six-months ended on June 30, 2021, amounted to \$0.3 million and relates to disposals mentioned under “Fleet Developments” section and the disposals of M/V Eden Bay, M/V Reunion Bay and M/V Liberty Bay which took place within the first quarter of 2021.

Dry docking expense of \$0.7 million relates to the special survey of M/V Kite Bay which was completed within April 2021.

Depreciation cost amounts to \$2.8 million and is impacted downwards due to fleet reduction.

Interest and finance cost of \$0.9 million was decreased by 53% compared to prior year same period, mainly due to the significantly reduced loan balances following vessels disposals and reduced Libor rates.

Cash Flow Review: Six months ended June 30, 2021.

Cash and cash equivalent, including restricted cash decreased by \$3.2 million as at June 30, 2021 and amounted to \$22.2 million as compared to \$25.4 million as at December 31, 2020.

The decrease is attributable to cash used in financing activities of \$67.5 million partially offset with \$6.9 million by cash provided by operating activities and \$57.3 million cash provided by investing activities.

Cash flow activities highlights during the period include:

- \$6.9 million cash from operating activities of an average fleet of 11 vessels versus \$2.2 million operating cash flow in the comparative period.
- \$57.9 million cash inflow from vessels disposal completed within the period and
- \$34.6 million repayments and prepayments of loans subsequently to vessels disposals.
- \$32.8 million of dividends paid within the first half of 2021



Current Fleet List

Owned Fleet

Vessel	Yard	DWT	Year Built
<u>Handysize</u>			
Ha Long Bay	Kanda Kawajiri	32,311	2007
Teal Bay	Kanda Kawajiri	32,327	2007
Resolute Bay	Hyundai Vinashin	36,767	2012
Orion Bay	Tsuji Heavy Industries	30,009	2012
Kite Bay	Yangzhou Guoyu Shipbuilding	38,419	2016

Commercially Managed Vessels

Handysize

Handy 1	Kanda Shipbuilding	28,342	2008
Handy 2	Hyundai Mipo Dockyard Co., Ltd.	36,892	2011
Handy 3	Hyundai Mipo Dockyard Co., Ltd.	36,892	2012
Handy 4	Hyundai Mipo Dockyard Co., Ltd.	36,887	2013
Handy 5	Jinse Shipbuilding	32,411	2009
Handy 6	Tsuji Heavy Industries	30,153	2012
Handy 7	Tsuji Heavy Industries	30,003	2012
Handy 8	Shimanami Shipyard Co., Ltd.	38,276	2013

Chartered In Vessel

Handysize

Handy 9	Samjin Shipbuilding Industries Co Ltd	33,755	2010
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Summary of Operating Data (unaudited)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Revenue, net	8,522	8,933	19,536	20,000
Voyage expenses	(168)	(1,570)	(501)	(2,991)
Time charter equivalent revenue	8,354	7,363	19,035	17,009
Commercial revenue fee	122	97	137	209
Total	8,476	7,460	19,172	17,218
Charter in expenses	(761)	-	(1,491)	-
Vessel operating expense	(3,850)	(5,790)	(9,293)	(12,175)
Drydock expense	(403)	(25)	(708)	(27)
Depreciation expense	(1,173)	(2,083)	(2,800)	(4,166)
General and administration expense	(878)	(744)	(1,550)	(1,623)
Gain/(loss) on vessel disposition	516	-	343	(74)
Gain on contract termination	-	1,000	-	1,000
Impairment charge	(8,554)	(5,280)	(9,028)	(5,280)
Write off inventory	-	(38)	-	(257)
Interest expense and finance cost	(340)	(841)	(872)	(1,862)
Interest income	-	6	1	40
Other expenses and taxes, net	(95)	(180)	(646)	(269)
Net loss	(7,060)	(6,515)	(6,872)	(7,475)
Gain/(Loss) on vessel disposition	(516)	-	(343)	74
Drydock expense	403	25	708	27
Write off inventory	-	38	-	257
Impairment charge	8,554	5,280	9,028	5,280
Gain on contract termination	-	(1,000)	-	(1,000)
Adjusted net income/(loss) ⁽²⁾	1,381	(2,172)	2,521	(2,837)
Net income/(loss) per share, basic and diluted	(0.28)	(0.25)	(0.27)	(0.29)
Adjusted net income/(loss) per share, basic and diluted ⁽²⁾	0.05	(0.09)	0.10	(0.11)
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net income/(loss)	(7,060)	(6,515)	(6,871)	(7,475)
Depreciation expense	1,173	2,083	2,800	4,166
Interest expense and finance cost	340	841	872	1,862
Other taxes	42	47	102	96
Interest income	-	(6)	(1)	(40)
EBITDA ⁽¹⁾	(5,505)	(3,550)	(3,098)	(1,391)
Gain/(Loss) on vessel disposition	(516)	-	(343)	74
Drydock expense	403	25	708	27
Write off of inventory	-	38	-	257
Impairment loss	8,554	5,280	9,028	5,280
Gain on contract termination	-	(1,000)	-	(1,000)
Adjusted EBITDA ⁽¹⁾	2,936	793	6,295	3,247

(1) Adjusted EBITDA represents net income/(loss) before interest, other taxes, depreciation and amortization, drydock expense, gain/(loss) on vessel disposition, impairment and loss on debt extinguishment and is used as a supplemental financial measure by management to assess our financial and operating performance. We believe that Adjusted EBITDA assists our management and investors by increasing the comparability of our performance from period to period. We believe that including Adjusted EBITDA as a financial and operating measure benefits investor in selecting between investing in us and other investment alternatives. Adjusted EBITDA does not represent and should not be considered as an alternative to net income/(loss) or cash flow from operations, as determined by United States generally accepted accounting principles, or U.S. GAAP, and our calculation of Adjusted EBITDA may not be comparable to that reported by other companies.

(2) Adjusted net income/(loss) and related per share amounts is not a measure prepared in accordance with U.S. GAAP and should not be used in isolation or substitution of Company's results



Summary of Operating Data (unaudited)

Vessel Utilization:	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Ownership days (2)	843	1,456	2,067	2,928
Plus: Chartered in days (10)	91	-	179	-
Less: Off-hire days	36	13	94	41
Less: Off-hire days due to drydock	15	-	23	-
Operating days (3)	<u>883</u>	<u>1,443</u>	<u>2,129</u>	<u>2,887</u>
Fleet Utilization (4)	<u>95%</u>	<u>99%</u>	<u>95%</u>	<u>99%</u>
Commercial Ship days (8)	374	546	573	1,092
TCE per day- \$ (1)	9,444	5,103	8,941	5,892
Opex per day- \$ (6)	4,567	3,977	4,496	4,158
G&A expenses per day- \$ (7)	1,041	511	750	554
G&A expenses basis commercial days -\$ (9)	702	372	579	404
Charter in expense per day -\$ (11)	8,363	-	8,330	-
Fleer vessels at period end	7	16	7	16
Chartered in vessels at period end	1	-	1	-
Average number of vessels during the period (5)	9	16	11	16

- (1) Time Charter Equivalent, or TCE revenue, are non-GAAP measures. Our method of computing TCE revenue is determined by voyage revenues less voyage expenses (including bunkers and port charges). Such TCE revenue, divided by the number of our operating days during the period, is TCE per day, which is consistent with industry practice. TCE revenue is included because it is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance irrespective of changes in the mix of charter types (i.e., spot charters and time charters), and it provides useful information to investors and management.
- (2) Ownership days: We define ship days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ship days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.
- (3) Operating days: We define operating days as the number of our ship days in a period less days required to prepare vessels acquired for their initial voyage and off-hire days associated with off-hire for undergoing repairs, drydocks or special surveys. The Company uses operating days to measure the number of days in a relevant period during which vessels should be capable of generating revenues.
- (4) Fleet utilization is defined as the ratio of operating days to ship days.
- (5) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of ship days divided by the number of calendar days in that period.
- (6) Opex per day: is calculated by dividing vessel operating expenses by ship days for the relevant time period.
- (7) G&A expenses per day: is calculated by dividing general and administrative expenses by ship days for the relevant time period.
- (8) Commercial Ship days: We define commercial ship days as the total of Ship days and the aggregate number of days during the period for which we have each vessel in our commercial fleet under our management. Commercial ship days are an indicator of the size of our owned and managed fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.
- (9) G&A expenses basis commercial days: is calculated by dividing running general and administrative expenses by commercial ship days for the relevant time period.
- (10) Chartered in days: We define chartered-in days as the aggregate number of days in a period during which the Company chartered-in vessels.
- (11) Charter in expense per day: We define charter hire in expense per day as the net per day cost we pay to charter in a vessel..



Condensed Consolidated Balance Sheets (Unaudited)

(In thousands of U.S. Dollars)

As at	June 30, 2021	December 31, 2020
ASSETS		
Cash & cash equivalents	16,438	16,662
Restricted cash (current and noncurrent)	5,749	8,771
Vessel held for sale	-	-
Vessels, net	68,052	137,233
Other fixed assets	11	33
Other receivables and assets (current and non-current)	3,950	6,087
Total assets	94,200	168,786
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	3,000	3,336
Other liabilities (current and noncurrent)	190	218
Dividend payable	8,912	-
Deferred revenue	786	783
Total debt, net of deferred finance costs	26,236	60,741
Total liabilities	39,124	65,078
Shareholders' equity	55,076	103,708
Total liabilities and shareholders' equity	94,200	168,786



Condensed Consolidated Statement of Cash Flows (Unaudited)

(In thousands of U.S. Dollars)

	Six months ended June 30, 2021	Six months ended June 31, 2020
Cash flows from operating activities		
Net loss	(6,872)	(7,475)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation expense	2,800	4,166
Amortization of deferred finance fees	138	137
Staff leaving indemnities liabilities	20	17
Write off of inventory	52	257
Gain/(loss) on vessel disposal	(343)	74
Impairment charge	9,028	5,280
Gain on contract termination	-	(1,000)
Changes in operating assets and liabilities	2,109	736
Net cash provided by operating activities	6,932	2,192
Cash flows from investing activities		
Payments for vessel acquisition and improvements	(576)	(15)
Cash proceed from vessel sale	57,902	7,308
Cash received on contract termination	-	1,000
Purchase of other fixed assets	(12)	(6)
Net cash provided by investing activities	57,314	8,287
Cash flows from financing activities		
Loan repayments and prepayments	(34,644)	(11,577)
Payment of deferred finance fees and other loan related fees	-	(17)
Dividends paid	(32,848)	(7,639)
Net cash used in financing activities	(67,492)	(19,233)
Net decrease in cash and cash equivalents	(3,246)	(8,754)
Cash and cash equivalents and restricted cash at the beginning of the period	25,433	27,318
Cash and cash equivalents and restricted cash at period end	22,187	18,564



About Pioneer Marine Inc.

Pioneer Marine is a leading ship owner and global drybulk handysize transportation service provider. Pioneer Marine currently owns five Handysize vessels, charters in one Handysize vessel, and is commercial manager of eight Handysize vessels.

Forward-Looking Statements

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending" and similar expressions identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors, other important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the failure of counterparties to fully perform their contracts with us, the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand for dry bulk vessel capacity, changes in our operating expenses, including bunker prices, drydock and insurance costs, the market for our vessels, availability of financing and refinancing, charter counterparty performance, ability to obtain financing and comply with covenants in such financing arrangements, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, vessels breakdowns and instances of off-hires and other factors.

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