Pioneer Marine Inc. Announces Financial Results for the Third Quarter and Nine Months Ended September 30, 2020

MAJURO, MARSHALL ISLANDS -- (GlobeNewswire – November 12th, 2020) – 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 ended September 30, 2020.

Financial Highlights at a glance:

	Third Quarter 2020	Third Quarter 2019
Net (loss) / income	**($2.1) million**	**$3.0 million**
Adjusted Net (loss) / income	**($0.8) million**	**$3.0 million**
Time Charter equivalent ("TCE") revenue	**$9.1 million**	**$14.7 million**
Adjusted EBITDA*	**$2.0 million**	**$6.7 million**

Jim Papoulis, Chief Executive Officer commented: "There was extensive uncertainty relating to COVID-19 during the third quarter with the second massive wave significantly affecting businesses, countries, and people worldwide. Despite the ongoing difficulties created by the pandemic, we have made remarkable progress in reducing our operating expenses as well as our debt service costs, and we have significantly enhanced our liquidity. On October 23, 2020 Pioneer successfully completed the sale of the M/V Fortune Bay boosting Company's liquidity by $2.9 million in free cash.

"While we're still facing challenges, it's important to remember the good work and innovation across our company. This is imperative for our future. I am thankful for the dedication and professionalism of our employees, both onshore and offshore and I would like to thank them for their amazing efforts put in during this challenging time. The shipping sector has always proven to be resilient — and so has Pioneer.

"Pioneer remains focused on adapting to this ever-changing environment by delivering the best possible results taking advantage of the Company's solid fundamentals. We have reported a positive EBITDA of $2.0 million for the third quarter of 2020 and $5.2 million for the nine months ended September 30, 2020.

Looking ahead, we are confident that the COVID-19 economic stimulus relief, will contribute towards what we believe will be a sustainably healthy market for one of the most vital supply chain elements. Pioneer is well positioned to capture the upturn in TC rates, aiming to cover part of the fleet to period time charter contracts securing healthy cash flow for the near future. In addition, we will continue to pursue opportunities that will serve our strategic targets of sustainable growth."

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

COVID-19 Outbreak:

On March 11, 2020, the World Health Organization declared the outbreak of 2019 Novel Coronavirus (the "COVID-19") a pandemic. Many countries, ports and organizations, including those where Pioneer conducts a large part of its operations, have implemented restrictive measures such as quarantine and travel limitations to combat the outbreak.

Pioneer having as a primary concern the safety and wellbeing of our employees ashore and onboard the vessels whilst at the same time serving our clients' needs, has taken and continues to take precautionary measures well in advance. Being that globally we are now facing the second massive wave of the pandemic, and the international response continues to develop, we constantly monitor the changing situation and take actions to address and mitigate, to the extent possible, the impact of COVID-19 to our Company's financial position. Such actions include among other cost rationalisation projects, continued efforts to optimise our efficiencies and revenue earning capacity, building effective response strategies.

We aim to provide a safe work environment for the office employees and encourage all meetings be held virtually rather than physically as well as take advantage of the stablished "Work from Home" policy which has proved to be both efficient and effective way of conducting business through enhanced digital means. Furthermore, we worked hard during the summer months to complete the majority of crew changes for our fleet vessels and relief timely our seafarers on board in anticipation of the impending tough winter.

As always, we remain in close cooperation with our Business Partners in order to ensure smooth operation of the Company.

Recent Events:

On October 23, 2020 the M/V Fortune Bay was delivered to her new owners pursuant to a Memorandum of Agreement ("MOA") dated September 14, 2020. Following the sale of the M/V Fortune Bay and the repayment of the respective outstanding loan balance, Company's liquidity is positively impacted by the amount of $2.9 million.

Liquidity & Capital Resources:

As of September 30, 2020, the Company had a total liquidity of $21.8 million including $9.4 million in restricted cash.

<u>Financial Review: Three months ended September 30,2020</u>

The reported results for the three-month period ended September 30, 2020 amount to $2.1 million net loss as compared to $3.0 million net income for the respective previous year period. The decrease is attributable to the poor performance of the dry bulk market during the unprecedented COVID-19 pandemic outbreak. However, net loss for the third quarter of 2020 was also affected by the non – cash impairment charge of $0.7 million relating to M/V Fortune Bay as well as the loss resulting from the disposal of M/V Falcon Bay of $0.6 million, excluding these one off charges the net loss for the third quarter of 2020 amounts to $0.8 million.

Adjusted EBITDA totalled $2.0 million for the third quarter 2020, decreased by $4.7 million as compared to the third quarter of 2019 mainly due to weak conditions prevailing as described above. Consequently, the TCE rate of $6,611 for the third quarter of 2020 is decreased by 26% compared to TCE rate of the same period in 2019.

OPEX per day were increased to $4,469 per day for the three months ended September 30, 2020 compared to $4,242 during the same period in 2019. The upward variation is mainly attributable to the higher costs for crew changes occurred in this quarter as a result of COVID-19 restrictions and additional requirements.

General and administrative expenses are reduced by $0.1 million for the three months ended September 30, 2020 or 11.3% as compared to the comparative prior year period. While the G&A per day basis commercial days is further reduced by 11% to $429 per day.

Loss on vessel disposal for the third quarter of 2020 amounted to $0.6 million and relates to the sale of the M/V Falcon Bay, which was completed on August 13, 2020. There was no sale of any vessel in the same period of 2019.

Vessel impairment loss for the third quarter of 2020 amounted to $0.7 million. It relates to the write down of the carrying value of M/V Fortune Bay to its fair value following the impairment exercise performed triggered by the executed contract for the disposal of the vessel. There was no impairment charge for the same period in 2019.

Depreciation cost amounts to $1.9 million and is impacted downwards due to fleet reduction as Pioneer fleet consists of 15 vessels, while in the same period in 2019 the Company owned 18 vessels.

Interest and finance cost of $0.8 million was decreased by 40.1% positively affected from the reduced debt levels and the significantly reduced Libor rates.

Financial Review: Nine months ended September 30,2020

Company reported a Net Loss of $9.6million for the nine-month period ended September 30, 2020 as compared to $6.7 million net income for the respective period during 2019.

However, net loss for the nine month period ended was also affected by the non – cash impairment loss of $6.0 million relating to both M/V Falcon Bay and M/V Fortune Bay, the loss resulting from the disposal of M/V Calm Bay and M/V Falcon Bay of $0.7 million and the loss from devaluation of bunkers inventory of $0.3 million partially offset with the gain resulting from the contract termination of M/V Fortune Bay of $1.0 million. Excluding these non-cash items and one-off charges, the net loss for the third quarter of 2020 amounts to $3.7 million.

The current COVID-19 pandemic has had a global impact with negative results among almost all sectors of economic activity. The shipping industry is unavoidably affected by this unprecedent financial environment, however despite the current weak market conditions, the Company managed to achieve a TCE rate per day well above market indices at $6,124 while maintaining a high utilisation rate at 98.1%.

Adjusted EBITDA totalled $5.2 million for the nine-month period ended September 30, 2020, decreased by $10.0 million as compared to nine-month period ended September 30, 2019.

The continuous cost reducing initiatives and optimisation of cost control procedures developed by the Company achieved a healthy OPEX rate of $4,259 per day, largely-in line with the $4,281 incurred during relative period in 2019 despite the increased crew change cost as a result of the travel restrictions and additional quarantine requirements.

General and administrative expenses are reduced by $0.1 million for the nine-month ended September 30, 2020 compared to the respective period in 2019. While G&A per day basis commercial days of $410 per day for the nine-month period of 2020 are 9% lower compared to the same period of 2019.

Loss on vessel disposal for the third quarter of 2020 amounted to $0.7 million and relates to the sale of the M/V Calm Bay and the M/V Falcon Bay, which was completed on January 17, 2020 and August 13, 2020, respectively. The comparative gain of $3.9 million in the nine months ended 2020 relate to the sale of M/V Paradise Bay and M/V Tenacity Bay.

Vessel impairment charge for the nine-month period ended September 30, 2020 amounted to $6.0 million. It relates to the write down of the carrying value of M/V Falcon Bay and M/V Fortune Bay to their fair values following the impairment exercise performed pursuant to the agreements entered from their disposal. There was no impairment charge in the same period in 2019.

Gain on contract termination of $1.0 million for the nine-month period ended September 30, 2020 relates to the amount received following the termination agreement for the cancellation of the sale of M/V Fortune Bay with an unaffiliated third party.

Depreciation cost amounts to $6.1 million and was impacted downwards due to fleet reduction from 18 vessels in the nine-month period of 2019 to 16 vessels in the same period in 2020.

Interest and finance cost decreased by 38.7% when compared to the same period in 2019, from $4.4 million to $2.7 million, positively affected from lower Libor rates and reduced loan balances.

Cash Flow Review: Nine months ended September 30, 2020

Cash and cash equivalent, including restricted cash decreased by $5.5 million as at September 30, 2020 and amounted to $21.8 million as compared to $27.3 million as at December 31, 2019.

The decrease is attributable to $28.2 million cash used in financing activities partially offset with $1.6 million cash provided by operating activities and $21.1 million cash provided by investing activities.

Cash flow activities highlights during the nine-month period include:

- $20.2 cash inflow from vessels disposal completed within nine-month period
- $20.6 million scheduled loan repayments and prepayments due to vessels sales, and
- $7.6 million dividend distribution

Current Fleet List

Owned Fleet

Vessel	Yard	DWT	Year Built
Handysize			
Reunion Bay	Kanda Shipbuilding	32,354	2006
Ha Long Bay	Kanda Kawajiri	32,311	2007
Teal Bay	Kanda Kawajiri	32,327	2007
Eden Bay	Shimanami Shipyard	28,342	2008
Emerald Bay	Kanda Shipbuilding	32,258	2008
Mykonos Bay	Jinse Shipbuilding	32,411	2009
Resolute Bay	Hyundai Vinashin	36,767	2012
Jupiter Bay	Tsuji Heavy Industries	30,153	2012
Venus Bay	Tsuji Heavy Industries	30,003	2012
Orion Bay	Tsuji Heavy Industries	30,009	2012
Kite Bay	Yangzhou Guoyu Shipbuilding	38,419	2016
Alsea Bay	Hyundai Mipo Dockyard Co. Ltd	36,892	2011
Liberty Bay	Hyundai Mipo Dockyard Co. Ltd	36,892	2012
Monterey Bay	Hyundai Mipo Dockyard Co. Ltd	36,887	2013

Commercially Managed Fleet

Handysize			
Handy 1	Samjin Shipbuilding Industries Co Ltd	33,755	2011
Handy 2	Samjin Shipbuilding Industries Co Ltd	33,755	2010
Handy 3	Samjin Shipbuilding Industries Co Ltd	33,755	2010
Handy 4	Samjin Shipbuilding Industries Co Ltd	33,755	2010

Summary of Operating Data (unaudited)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Revenue, net	10,045	15,918	30,045	45,019
Voyage expenses	(902)	(1,211)	(3,893)	(5,689)
Time charter equivalent revenue	**9,143**	**14,707**	**26,152**	**39,330**
Commercial revenue fee	118	51	327	93
Total	**9,261**	**14,758**	**26,479**	**39,423**
Vessel operating expense	(6,359)	(7,022)	(18,533)	(21,464)
Drydock expense	-	(21)	(28)	(1,010)
Depreciation expense	(1,924)	(2,346)	(6,090)	(7,084)
General and administration expense	(834)	(940)	(2,457)	(2,541)
Gain on contract termination	-	-	1,000	-
(Loss) / Gain on vessels disposal	(632)	-	(706)	3,851
Impairment charge	(700)	-	(5,980)	-
Write off of inventory	-	-	(257)	-
Interest expense and finance cost	(802)	(1,339)	(2,664)	(4,345)
Interest income	-	95	40	270
Other expenses and taxes, net	(148)	(171)	(417)	(425)
Net (loss) / Income	**(2,138)**	**3,014**	**(9,613)**	**6,675**
Add / Less: Loss/ (Gain) on vessels disposal	632	-	706	(3,851)
Add: Write off of inventory	-	-	257	-
Add: Impairment loss	700	-	5,980	-
Less: Gain on contract termination	-	-	(1,000)	-
Adjusted net (loss)/ income (2)	**(806)**	**3,014**	**(3,670)**	**2,824**
Net (loss)/income per share, basic and diluted	**(0.08)**	**0.12**	**(0.38)**	**0.26**
Adjusted net (loss)/income per share, basic and diluted (2)	**(0.03)**	**0.12**	**(0.15)**	**0.11**

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net (loss) / Income	(2,138)	3,014	(9,613)	6,675
Add: Depreciation expense	1,924	2,346	6,090	7,084
Add: Interest expense and finance cost, net	802	1,339	2,664	4,345
Add: Other taxes	61	50	140	193
Less: Interest income	-	(95)	(40)	(270)
EBITDA (1)	**649**	**6,654**	**(759)**	**18,027**
Add / Less: Loss / (Gain) on vessels disposal	632	-	706	(3,851)
Add: Drydock expense	-	21	28	1,010
Add: Write off of inventory	-	-	257	-
Add: Impairment loss	700	-	5,980	-
Less: Gain on contract termination	-	-	(1,000)	-
Adjusted EBITDA (1)	**1,981**	**6,675**	**5,212**	**15,186**

(1) Adjusted EBITDA represents net income before interest, other taxes, depreciation and amortization, drydock expense, gain on vessel disposal, 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.

Vessel Utilization:	**Three Months Ended September 30, 2020**	**Three Months Ended September 30, 2019**	**Nine Months Ended September 30, 2020**	**Nine Months Ended September 30, 2019**
Ship days (2)	1,423	1,656	4,352	5,014
Less: Off-hire days	40	3	81	19
Less: Off-hire days due to drydock	-	-	-	41
Operating days (3)	1,383	1,653	4,271	4,954
Fleet Utilization (4)	97%	100%	98%	99%
Commercial Ship days (8)	1,945	1,922	5,987	5,642
TCE per day- $ (1)	6,611	8,900	6,123	7,940
Opex per day- $ (6)	4,469	4,242	4,258	4,281
G&A expenses per day- $ (7)	586	557	565	503
G&A expenses basis commercial days- $ (9)	429	480	410	447
Vessels at period end	15	18	15	18
Average number of vessels during the period (5)	15	18	16	18

(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) Ship 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.

Condensed Consolidated Balance Sheets (Unaudited)
(In thousands of U.S. Dollars)

As at	**September 30, 2020**	**December 31, 2019**
ASSETS		
Cash & cash equivalents	12,402	16,362
Restricted cash (current and noncurrent)	9,373	10,957
Vessels held for sale	-	7,350
Vessels, net	149,277	174,635
Other receivables	6,214	7,425
Other assets	39	103
Total assets	**177,305**	**216,832**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	3,421	5,014
Other current liabilities	203	-
Deferred revenue	504	1,144
Total debt, net of deferred finance costs	64,528	84,773
Total liabilities	**68,656**	**90,931**
Shareholders' equity	108,649	125,901
Total liabilities and shareholders’ equity	**177,305**	**216,832**

Condensed Consolidated Statement of Cash Flows (Unaudited)
(In thousands of U.S. Dollars)

	Nine months Ended September 30, 2020	**Nine months Ended September 30, 2019**
Cash flows from operating activities		
Net (loss) / Income	(9,613)	6,675
Adjustments to reconcile net (loss)/ income to net cash provided by operating activities:		
Depreciation	6,090	7,084
Amortization of deferred finance fees	387	251
Write off of inventory	257	-
Impairment charge	5,980	-
Gain on contract termination	(1,000)	-
Loss / (Gain) on vessels disposal	706	(3,851)
Staff Leaving indemnities provision	25	-
Changes in operating assets and liabilities	(1,197)	1,463
Net cash provided by operating activities	**1,635**	**11,622**
Cash flows from investing activities		
Payments for vessel acquisitions & improvements	(124)	(205)
Net proceeds from vessel sale	20,211	9,659
Cash received on contract termination	1,000	-
Purchase of other fixed assets	(11)	(69)
Net cash provided by investing activities	**21,076**	**9,385**
Cash flows from financing activities		
Payment of debt extinguishment fees	-	(21)
Loan repayments & prepayments	(20,582)	(14,175)
Payment of deferred finance fees and other loan related fees	(33)	(160)
Dividends paid	(7,639)	-
Repurchase of common stock	-	(2,609)
Net cash used in financing activities	**(28,254)**	**(16,965)**
Net (decrease) / increase in cash and cash equivalents	**(5,543)**	**4,042**
Cash and cash equivalents and Restricted cash at the beginning of the period	27,318	26,795
Cash and cash equivalents and Restricted cash at period end	**21,775**	**30,837**

About Pioneer Marine Inc.

Pioneer Marine is a leading ship owner and global drybulk handysize transportation service provider. Pioneer Marine currently owns fourteen Handysize carriers and is commercial manager of four 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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