

# PETROGRESS, INC

## FORM 10-Q (Quarterly Report)

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Industry	Integrated Oil & Gas
Sector	Energy
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

(Mark one)



QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period ended: September 30, 2020

or

[ ]

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-55854

**PETROGRESS, INC.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation  
of organization)

27-2019626

(I.R.S. Employer Identification No.)

**1, Akti Xaveriou - 5th Floor**

**Piraeus 18538 - Greece**

(Address of principal executive offices & zip code)

**+30 (210) 459-9741**

(Registrant's telephone number, including area code)

**NONE**

(Former name or former address, if changed since last report)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.001 per share	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all report to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

There were, **31,149,362** shares of the Company's common stock outstanding on November 13<sup>th</sup> 2020.

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## PETROGRESS, INC.

Unless the context otherwise indicates, references to “Petrogress Inc.” “we”, “our”, or “us”, or the “Company” in this Form 10-Q are references to Petrogress Inc, -a Delaware corporation- including its wholly owned and majority-owned subsidiaries, and its ownership interests in equity method investees (corporate entities, partnerships, limited liability companies and other ventures over which Petrogress Inc exerts significant influence by virtue of its ownership interest) companies. Our significant subsidiaries are “Petronav Carriers LLC.,” “Petrogress Int’l LLC.” and “Petrogress Africa Co. Limited”.

### CAUTIONARY STATEMENT RELEVANT TO FORWARD-LOOKING INFORMATION

This quarterly report of Petrogress Corporation contains forward-looking statements relating to Petrogress operations that are based on management’s current expectations, estimates and projections about the petroleum, chemicals, transactions, vessels and other energy-related industries. All statements in this Report that are not representations of historical fact are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and subject to the safe-harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Words or phrases such as “anticipates,” “expects,” “intends,” “plans,” “targets,” “forecasts,” “projects,” “believes,” “seeks,” “schedules,” “estimates,” “positions,” “pursues,” “may,” “could,” “should,” “budgets,” “outlook,” “trends,” “guidance,” “focus,” “on schedule,” “on track,” “is slated,” “goals,” “objectives,” “strategies,” “opportunities” and similar expressions are intended to identify such forward-looking statements.

The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Petrogress undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are: changing crude oil prices; changing refining, marketing and chemicals margins; our ability to realize anticipated cost savings and expenditure reductions; actions of competitors or regulators; public health crises, such as pandemics (including coronavirus (COVID-19)) and epidemics, and any related government policies and actions; timing of exploration expenses; timing of crude oil liftings; the competitiveness of alternate-energy sources or product substitutes; technological developments; the results of operations and financial condition of the our suppliers, vendors, partners and equity affiliates, particularly during extended periods of low prices for crude oil during the COVID-19 pandemic; the inability or failure of our joint-venture partners to fund their share of operations and development activities; the potential failure to achieve expected net production from existing and future crude oil development projects; potential delays in the development, construction or start-up of planned projects; the potential disruption or interruption of our operations due to war, accidents, piracy, political events, civil unrest, severe weather, cyber threats and terrorist acts, crude oil production quotas or other actions that might be imposed by the Organization of Petroleum Exporting Countries, or other natural or human causes beyond the company's control; changing economic, regulatory and political environments in the countries in which we operate; general domestic and international economic and political conditions; the potential liability for remedial actions or assessments under existing or future environmental regulations and litigation; significant operational, investment or product changes required by existing or future environmental statutes and regulations, including international agreements and national or regional legislation and regulatory measures to limit or reduce greenhouse gas emissions; the potential liability resulting from other pending or future litigation; our future acquisition or disposition of assets or shares or the delay or failure of such transactions to close based on required closing conditions; the potential for gains and losses from asset dispositions or impairments; government-mandated sales, divestitures, recapitalizations, industry-specific taxes, changes in fiscal terms or restrictions on scope of company operations; foreign currency movements compared with the U.S. dollar; material reductions in corporate liquidity and access to debt markets; and our ability to identify and mitigate the risks and hazards inherent in operating in the global energy industry; the company’s ability to identify and mitigate the risks and hazards inherent in operating in the global energy industry; and the factors set forth under the heading “Risk Factors” on pages 11 through 16 of the company’s 2019 Annual Report on Form 10-K, on pages 17 and 18 of this report and in subsequent filings with the U.S. Securities and Exchange Commission. Other unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements.

**PART I – FINANCIAL INFORMATION**
**Item 1 – Financial Statements PETROGRESS, INC., AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

	Nine months Ended September 30,		Three months Ended September 30,	
	2020	2019	2020	2019
<b>Revenues:</b>				
Revenues from crude oil sales	\$ 749,200	6,901,443	-	4,984,265
Revenues from gas oil sales	622,000	1,128,000	-	828,000
Revenues for lubricants sales	143,501	-	-	-
Revenues from freights & hires	993,483	542,500	775,483	244,000
Other Revenues	46,778	11,000	12,698	-
<b>Total Revenues</b>	<b>\$ 2,554,962</b>	<b>8,582,943</b>	<b>788,181</b>	<b>6,056,265</b>
<b>Costs and other Deductions:</b>				
Costs of goods sold (crude oil)	(1,250,000)	(5,931,221)	-	(4,765,469)
Costs of goods sold (gas oil)	(520,000)	(810,000)	-	(570,000)
Costs of goods sold (lubricants)	(129,000)	-	-	-
<b>Total Cost and Other Deductions</b>	<b>\$ (1,899,000)</b>	<b>(6,741,221)</b>	<b>-</b>	<b>(5,335,469)</b>
<b>Gross profit</b>	<b>\$ 655,962</b>	<b>1,841,722</b>	<b>788,181</b>	<b>720,796</b>
<b>Operating expenses:</b>				
Corporate expenses	(790,797)	(230,463)	(497,629)	(146,852)
General and administrative expenses	(2,456,502)	(1,476,540)	(1,268,911)	(598,977)
Amortization expense	(49,948)	(6,619)	(41,158)	68
Depreciation expense	(465,996)	(671,309)	(159,101)	(243,261)
<b>Total operating expenses</b>	<b>(3,763,243)</b>	<b>(2,384,931)</b>	<b>(1,966,799)</b>	<b>(989,022)</b>
<b>Operating income / (loss) before other expenses and income tax</b>	<b>\$ (3,107,281)</b>	<b>(543,209)</b>	<b>(1,178,618)</b>	<b>(268,226)</b>
<b>Other Income / (expense), net:</b>				
Interest and finance expenses	(38,888)	(173,604)	(19,250)	(158,111)
Amortization of note discount	(174,292)	(27,869)	-	(27,869)
Change in fair market value of derivative liabilities	740,366	(23,441)	1,626,853	(23,441)
Other income / (expense), net	(38,245)	(323,234)	29,907	215,068
<b>Total other income / (expense), net</b>	<b>\$ 488,941</b>	<b>(548,148)</b>	<b>1,637,510</b>	<b>5,647</b>
<b>Income / (loss) before income taxes</b>	<b>\$ (2,618,340)</b>	<b>(1,091,357)</b>	<b>458,892</b>	<b>(262,579)</b>
Income tax expense	-	-	-	-
<b>Net income / (loss)</b>	<b>\$ (2,618,340)</b>	<b>(1,091,357)</b>	<b>458,892</b>	<b>(262,579)</b>
<b>Net income / (loss) attributable to:</b>				
Shareholders of the Company	(2,618,340)	(1,087,763)	458,892	(267,867)
Non-controlling interests	-	(3,594)	-	5,288
<b>Other comprehensive loss, net of tax</b>				
Foreign currency translation adjustment	-	-	-	-
<b>Comprehensive income / (loss)</b>	<b>\$ (2,618,340)</b>	<b>(1,091,357)</b>	<b>458,892</b>	<b>(262,579)</b>
<b>Comprehensive income / (loss) attributable to:</b>				
Shareholders of the Company	(2,618,340)	(1,087,763)	458,892	(267,867)
Non-controlling interests	-	(3,594)	-	5,288
<b>Weighted average number of common shares outstanding</b>				
Basic	9,803,712	3,860,285	9,803,712	3,860,285
Diluted	-	-	-	-
Basic earnings per share	(0.27)	(0.28)	0.05	(0.07)
Diluted earnings per share	-	-	-	-

See accompanying notes to consolidated financial statements.

**PETROGRESS, INC.**

## CONSOLIDATED STATEMENT OF BALANCE SHEET (Unaudited)

	<u>At September 30,</u>	<u>At December 31,</u>
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 253,005	\$ 391,360
Accounts receivable, net	1,492,595	2,011,430
Claims receivable, net	310,145	478,500
Inventories	1,424,436	1,206,612
Prepaid expenses and other current assets	2,289,861	3,143,221
<b>Total current assets</b>	<b>\$ 5,770,042</b>	<b>7,231,123</b>
<b>Non-Current Assets</b>		
Goodwill	-	900,000
Contract-related licensing agreements	258,747	-
Right of use assets	613,964	-
Vessels and other fixed assets, net	3,826,626	4,249,763
Deferred charges, net	4,353	15,629
Security deposit	11,902	10,584
<b>Total non-current assets</b>	<b>4,715,592</b>	<b>5,175,976</b>
<b>Total Assets</b>	<b>10,485,634</b>	<b>12,407,099</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	2,669,069	1,402,198
Due to related party	522,461	1,271,450
Loan facility from related party	169,407	148,900
Accrued interest	3,129	23,636
Lease liabilities	18,026	-
Convertible promissory notes	178,049	237,197
Derivative liabilities	-	809,877
<b>Total current liabilities</b>	<b>3,560,141</b>	<b>3,893,258</b>
<b>Non-Current Liabilities</b>		
Lease liabilities	665,123	-
<b>Total liabilities</b>	<b>4,225,264</b>	<b>3,893,258</b>
Commitments and Contingencies	-	-
<b>Shareholders' equity:</b>		
Series A Preferred shares, \$100 par value, 100 shares authorized, 100 and 0 shares issued and outstanding as of September 30, 2020 and December 31, 2019.	10,000	10,000
Shares of Common stock, \$0.001 par value, 50,000,000 shares authorized, 25,725,093 and 4,446,645 shares issued and outstanding as of September 30, 2020 and December 31, 2019.	25,725	4,447
Additional paid-in capital	10,258,948	10,073,810
Accumulated comprehensive loss	(9,763)	(9,763)
Retained earnings	(4,024,540)	(1,634,645)
<b>Equity attributable to Shareholders of the Company</b>	<b>6,260,370</b>	<b>8,443,849</b>
Non-controlling interests	-	69,992
<b>Total liabilities and shareholders' equity</b>	<b>10,485,634</b>	<b>12,407,099</b>

See accompanying notes to consolidated financial statements.

**PETROGRESS, INC.**

## CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

	<b>Nine months Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (loss)	\$ (2,618,340)	\$ (1,091,357)
<b>Adjustments to reconcile net income/ (loss) to net cash provided by operating activities:</b>		
Depreciation expense	465,996	671,309
Change in fair value of derivative liabilities	(809,877)	23,442
Share-based compensation expense	1,254,257	92,500
Loss on disposition of fixed assets	-	16,331
Amortization of discount on convertible note	174,292	27,869
Amount of derivative in excess of face value of PCN	-	158,111
Gain / (loss) on settlement of convertible promissory notes	-	39,793
Elimination of PGAS Africa APIC	(925,574)	66,405
<b>Changes in working capital</b>		
(Increase) / Decrease in accounts receivable, net	518,835	1,643,324
(Increase) / Decrease in claims receivable, net	168,355	69,100
(Increase) / Decrease in inventories	(217,824)	(399,098)
(Increase) / Decrease in amounts due from related party	720,000	-
(Increase) / Decrease in prepaid expenses	853,360	(2,014,135)
Increase / (Decrease) in accounts payable and accrued expenses	1,266,871	(275,230)
Increase / (Decrease) in amounts due to related party	(748,989)	183,729
Increase / (Decrease) in accrued interest	-	2,980
Increase / (Decrease) in lease liabilities	683,149	-
(Increase) / Decrease in security deposit	(1,318)	54
(Increase) / Decrease in deferred charges, net	11,276	11,121
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 794,469</b>	<b>\$ (773,752)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(60,113)	(109,935)
Purchase of vessels and other equipment – related party facility	-	-
Purchase of vessels and other equipment	-	-
Acquisition of intangible assets	(872,711)	-
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(932,824)</b>	<b>(109,935)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from convertible promissory notes	-	693,000
Payments made on convertible promissory notes	-	(34,988)
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ 658,012</b>
Effects of exchange rate changes	-	-
<b>NET DECREASE IN CASH</b>	<b>(138,355)</b>	<b>(225,675)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>391,360</b>	<b>661,010</b>
<b>CASH AT PERIOD END</b>	<b>\$ 253,005</b>	<b>\$ 435,335</b>

See accompanying notes to consolidated financial statements.

# PETROGRESS, INC.

## CONSOLIDATED STATEMENT OF EQUITY (Unaudited)

	Total Equity of Petrogress, Inc. Shareholders								
	Preferred Shares	Common Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Comprehensive (Loss)	Total Equity	Non-Controlling Interest	Total Shareholders Equity	
<b>Nine Months Ended September 30, 2019</b>									
Balance at December 31, 2018	\$ 10,000	\$ 3,829	\$ 9,535,161	\$ 1,315,870	\$ (10,231)	\$ 10,854,629	\$ 104,159	\$ 10,958,788	
Shares issued based on convertible notes	-	43	86,291	-	-	86,334	-	86,334	
Shares issued based on compensations	-	50	92,450	-	-	92,500	-	92,500	
Shares issued for liabilities settlement	-	35	76,965	-	-	77,000	-	77,000	
Elimination of PGAF apic / due from shareholders	-	-	66,405	-	-	66,405	-	66,405	
Net loss	-	-	-	(1,087,763)	-	(1,087,763)	(3,594)	(1,091,357)	
Other Comprehensive income / (loss)	-	-	-	-	-	-	-	-	
<b>September 30, 2019 Balance</b>	<b>\$ 10,000</b>	<b>\$ 3,957</b>	<b>\$ 9,857,272</b>	<b>\$ 228,107</b>	<b>\$ (10,231)</b>	<b>\$ 10,089,105</b>	<b>\$ 100,565</b>	<b>\$ 10,189,670</b>	
<b>Nine Months Ended September 30, 2020</b>									
Balance at December 31, 2019	\$ 10,000	\$ 4,447	\$ 10,073,810	\$ (1,634,645)	\$ (9,763)	\$ 8,443,849	\$ 69,992	\$ 8,513,841	
Shares issued based on convertible notes	-	16,486	1,027,619	-	-	1,044,105	-	1,044,105	
Shares issued based on compensations	-	381	14,458	-	-	14,839	-	14,839	
Shares issued for liabilities settlement	-	4,411	190,902	-	-	195,313	-	195,315	
Elimination of PGAF apic / due from shareholders	-	-	(1,047,841)	228,445	-	(819,396)	(69,992)	(889,388)	
Net loss	-	-	-	(2,618,340)	-	(2,618,340)	-	(2,618,340)	
Other Comprehensive income / (loss)	-	-	-	-	-	-	-	-	
<b>September 30, 2020 Balance</b>	<b>\$ 10,000</b>	<b>\$ 25,725</b>	<b>\$ 10,258,948</b>	<b>\$ (4,024,540)</b>	<b>\$ (9,763)</b>	<b>\$ 6,260,370</b>	<b>\$ -</b>	<b>\$ 6,260,370</b>	

See accompanying notes to consolidated financial statements.



# PETROGRESS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### Note 1. General

Petrogress, Inc (PGI), is an integrate energy company, engaged in the upstream, downstream and midstream segments. The company operates Internationally through its wholly owned subsidiaries "Petrogress Int'l LLC.", "Petronav Carriers LLC.", and "Petrogress (Hellas) Co". The company also provides sea-transportation services as an independent established Maritime Company

**Impact of the novel coronavirus (COVID-19) pandemic;** The outbreak of COVID-19 and decreases in commodity prices resulting from oversupply and government-imposed travel restrictions have caused a significant decrease in the demand for our products and has created disruptions and volatility in the global marketplace beginning in the third quarter 2020, which negatively affected significantly our results of operations and cash flows. These conditions have persisted into the second quarter, including a further collapse in commodity prices and sea-transportations, and are expected to negatively affect our results of operations and cash flows as well. There remains a continuing uncertainty regarding the length and impact of the COVID-19 pandemic and associated reductions in demand for our products, on the energy industry and the outlook for our business. Our incomes have been heavily affected during the last nine months and we doubt if there will be any improvement for the rest year. Due to the changing environment, there continues to be uncertainty and unpredictability around the extent to which the COVID-19 pandemic will impact our results, which could be material.

**Basis of Presentation;** The accompanying consolidated financial statements of Petrogress and its subsidiaries (together, Petrogress or the company) have not been audited by an independent registered public accounting firm. In the opinion of the company's management, the interim data includes all adjustments necessary for a fair statement of the results for the interim periods. These adjustments were of a normal recurring nature. The results for the six-month period ended September 30, 2020, are not necessarily indicative of future financial results. The term "earnings" is defined as net income attributable to Petrogress.

Certain notes and other information have been condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these financial statements should be read in conjunction with the company's 2019 Annual Report on Form 10-K.

**Principles of consolidation;** The consolidated financial statements include the consolidated accounts of the Company and its wholly owned and majority-owned subsidiaries as listed in the below table. Inter-company transaction balances and unrealized gains/(losses) on transactions between the companies are eliminated.

Subsidiaries & Affiliates	Incorporation	Percentage Participation
Petrogress Int'l LLC. (PIL)	Delaware	100% (owned to PG)
Petronav Carriers LLC. (PCL)	Delaware	100% (owned to PG)
Petrogress Hellas (PGH)	Greece	100% (owned to PGI)

### Note 2. Information Relating to the Consolidated Statement of Cash Flows

	Nine months Ended September 30,	
	2020	2019
Decrease in Accounts receivable, net	\$ 518,835	\$ 1,643,324
(Increase) / decrease in Claims receivable, net	168,355	69,100
(Increase) in Inventories	(217,824)	(399,098)
(Increase) / decrease due from related party	720,000	-
Decrease in Prepaid expenses and other assets	853,360	(2,014,135)
Increase in Accounts payable and accrued expenses	1,266,871	(275,230)
Increase / (decrease) in Amounts due to related party	(748,989)	183,729
Increase / (decrease) in Accrued interest	-	2,980
Increase in lease liabilities	683,149	-
(Increase) / decrease in Security deposit	(1,318)	54
Decrease in Deferred charges, net	11,276	11,121
<b>Net increase in operating capital</b>	<b>\$ 3,253,715</b>	<b>\$ (778,155)</b>

### Note 3. New Accounting Standards

**Financial Instruments - Credit Losses** Effective January 1, 2020, Petrogress adopted Accounting Standards Update (ASU) 2016-13 and its related amendments.

### Note 4. Summarized Financial Data – Petrogress Int'l llc.

Petrogress Int'l llc (PIL), is a major subsidiary of Petrogress, Inc (PGI), and its subsidiary manage and operate most of Petrogress oil businesses. Assets include those related to the exploration and production of crude oil, and those associated with refining, marketing, and supply and distribution of products derived from petroleum, excluding most of the regulated sea-transportation operations of Petrogress.

The summarized financial information for PIL and its consolidated subsidiaries is as follows:

	Nine months Ended September 30,	
	2020	2019
Sales and other operating revenues	\$ 1,514,701	\$ 8,647,152
Costs and other deductions	(2,180,948)	(7,621,775)
<b>Net income attributable to PIL</b>	<b>\$ (666,247)</b>	<b>\$ 1,025,377</b>

### Note 5. Summarized Financial Data – Petrogress (Hellas) Co.

Petrogress has a 100 percent equity ownership interest in Petrogress Hellas (PGH). Summarized financial information for 100 percent of PGH is presented in the following table:

	Nine months Ended September 30,	
	2020	2019
Sales and other operating revenues	\$ 112,500	\$ 72,000
Costs and other deductions	(155,038)	(104,985)
<b>Net income attributable to PGH</b>	<b>\$ (42,538)</b>	<b>\$ (32,985)</b>

### Note 6. Summarized Financial Data – Petronav Carriers llc.

Petrogress has a 100 percent equity ownership interest in Petronav Carriers llc (PCL). Summarized financial information for 100 percent of PCL is presented in the following table:

	Nine months Ended September 30,	
	2020	2019
Sales and other operating revenues	\$ 1,040,261	\$ 847,333
Costs and other deductions	(2,512,025)	(2,180,448)
<b>Net income attributable to PCL</b>	<b>\$ (1,471,764)</b>	<b>\$ (1,333,115)</b>

### Note 7. Summarized Financial Data – Petrogress, Inc.

The summarized financial information for Petrogress Inc (PGI) and its consolidated subsidiaries is as follows:

	Nine months Ended September 30,	
	2020	2019
Sales and other operating revenues	\$ 2,554,962	\$ 2,526,678
Costs and other deductions	(5,173,302)	(3,396,658)
<b>Net income (loss) attributable to PGI</b>	<b>\$ (2,618,340)</b>	<b>\$ (869,980)</b>
Current assets	5,770,042	7,231,123
Other assets	4,715,592	5,175,976
Current liabilities	3,560,141	3,893,258
Other liabilities	665,123	-
<b>Total PGI net equity</b>	<b>6,260,370</b>	<b>8,443,849</b>

### Note 8. Operating Segments & Geographic presence

Although each subsidiary of Petrogress is responsible for its own affairs, Petrogress manages the operations in these subsidiaries and affiliates. The operations are grouped into three business segments, Upstream, Midstream and Downstream, representing the company's "operating segments" as described in Item 2, Executive Overview.

The company's primary country is the United States of America, its country of Domicile; while Greece is the head operating location. Other components of the Company's operations in Ghana, Nigeria and Cyprus are reported as "International" (outside the United

States). Most of our marketing, sales, ship-management and other related functions are performed at our main office in Piraeus, Greece.

The company evaluate the performance of its operating earnings based on its major's subsidiaries and goods sales.

(a) Earnings by major operating subsidiaries and their trading areas are presented in the following table:

Operating Subsidiaries (1)	Nine months Ended September 30,	
	2020	2019
• Petrogress Int'l LLC. (Internationally)	\$ 1,514,701	7,452,443
• Petronav Carriers LLC. (Internationally)	1,040,261	542,500
• Petrogress Africa Co Ltd. (Nationally Ghana)	-	588,000
• Petrogress (Hellas) Co. (Internationally)	-	-
<b>Totals</b>	<b>\$ 2,554,962</b>	<b>\$ 8,582,943</b>

(b) Earnings by products and other services are presented in the following table:

Sales volumes per product & service (2)	Nine months Ended September 30,	
	2020	2019
• Crude oil	\$ 749,200	6,901,443
• Gas oil	622,000	1,128,000
• Lubricants	143,501	-
• Vessel's hires & freights	993,483	542,500
• Others	46,778	11,000
<b>Totals</b>	<b>\$ 2,554,962</b>	<b>\$ 8,582,943</b>

**Segment Information;** Petrogress' chief operating decision maker is the chief executive officer ("CEO") of its general partner. The CEO reviews Petrogress' discrete financial information, makes operating decisions, assesses financial performance and allocates resources on a type of service basis. Petrogress has two reportable segments: Commodities and Other (C&O) revenues and Hires & Freights (H&F). Each of these segments is organized and managed based upon the nature of the products and services it offers.

**Segment Sales and Other Operating Revenues;** Segment sales and other operating revenues, including internal transfers, for the nine-month periods ended September 30, 2020 and 2019, are presented in the following table. Products are transferred between operating segments at internal product values that approximate market prices. Revenues for the upstream segment are derived primarily from the purchase and sale of crude oil, as well as the sale of third-party. Revenues for the downstream segment are derived from the refining and marketing of petroleum products such as gasoline, gas oils, lubricants, residual fuel oils and other products derived from crude oil. Revenues for the midstream segment generated from the vessels chartering and employment of transportation crude oil or refined products, the storing, the wholesale marketing and the retailing in our gas stations. "All Other" activities include revenues from shipping agency service and other operations.

Sales and Other Operating Revenues		Nine months Ended September 30,	
		2020	2019
Upstream	International	\$ 749,200	\$ 6,901,443
Downstream	International	765,501	1,128,000
Midstream	International	993,483	542,500
All others	International	46,778	11,000
<b>Total Sales and Other Operating Revenues</b>		<b>\$ 2,554,962</b>	<b>\$ 8,582,943</b>

#### Note 9. Inventories

Crude oil, Gas oil and bunkers onboard our vessels are recorded at weighted average cost and carried at the lower of cost or net realizable value. Supplies and other items consist principally of items, spare-parts, consumable goods and equipment supplied to our vessel which are valued at weighted average cost and reviewed periodically for obsolescence or impairment when market conditions indicate.

The table below presents our inventories as of September 30, 2020 and December 31, 2019, respectively:

<b>Commodities and Petroproducts Inventories</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Crude Oil	\$ 601,120	\$ -
Gas Oil	677,018	1,039,020
Lubricants	-	59,479
<b>Vessels Inventories &amp; Others</b>		
Bunkers R.O.B.*	114,864	108,113
Lubricants	31,434	-
Provisions & Stores	-	-
<b>Total</b>	<b>\$ 1,424,436</b>	<b>\$ 1,206,612</b>

\*Vessels ROB of Fuel Oil, Gas Oil, lubricants and new spare parts are calculated in the balance sheets separately from goods.

#### **Note 10. Properties, Vessels and Equipment**

We depreciate our vessels on a straight-line basis over the estimated useful life which is 10 years from the date of being placed in service by the Company or its affiliate. Depreciation is calculated based on a vessel's cost less the estimated residual value.

Vessels and other fixed assets, net consisted of the following as of September 30, 2020 and 2019:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>Estimated useful Life left (in years)</b>
Vessels purchased costs	\$ 10,948,536	\$ 10,888,423	2 - 4
Furniture and equipment	189,748	182,764	4 - 6
Accumulated depreciation	(7,311,943)	(6,821,424)	
<b>Vessels and other fixed assets, net</b>	<b>\$ 3,826,626</b>	<b>\$ 4,249,763</b>	

\* Depreciation for the nine months ended September 30, 2020 and 2019, was \$465,996 and \$671,309, respectively.

#### **Note 12. Litigation**

There are currently no material pending legal or governmental proceedings, other than ordinary routine litigation incidental to the business, to which the Company or any of its subsidiaries is a party or of which any of their property is subject.

#### **Note 13. Other Contingencies and Commitments**

The Company is not a party to any litigation, and, to its best knowledge, no action, suit or proceeding has been threatened against the Company.

#### **Note 14. Fair Value Measurements**

Fair value measurements are determined under a three-level hierarchy for fair value measurements that prioritizes the inputs to valuation techniques used to measure fair value, distinguishing between market participant assumptions developed based on market data obtained from sources independent of the reporting entity ("observable inputs") and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances ("unobservable inputs"). Fair value is the price that would be received to sell an asset or would be paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. In determining fair value, we primarily use prices and other relevant information generated by market transactions involving identical or comparable assets ("market approach"). We also consider the impact of a significant decrease in volume and level of activity for an asset or liability when compared with normal activity to identify transactions that are not orderly.

The highest priority is given to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Securities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The three hierarchy levels are defined as follows:

- Level 1 - Quoted prices in active markets that is unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

- Level 2 - Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly;
- Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Credit risk adjustments are applied to reflect the Company's own credit risk when valuing all liabilities measured at fair value. The methodology is consistent with that applied in developing counterparty credit risk adjustments but incorporates the Company's own credit risk as observed in the credit default swap market.

#### **Note 15. Revenue**

"Sales and other operating revenue" on the Consolidated Statement of Income primarily arise from contracts with customers and consistent with ASC Topic 606. Related receivables are included in "Accounts and notes receivable, net" on the Consolidated Balance Sheet, net of the current expected credit losses. The net balance of these receivables was \$1,492,595 and \$2,011,430 at September 30, 2020, and December 31, 2019, respectively. Other items included in "Accounts and notes receivable, net" represent amounts due from partners for their share of joint venture operating and project costs.

#### **Note 16. Earnings / (Losses) per Share and Shareholders' Equity**

The table below presents the calculation of basic and diluted net income / (loss) attributable to common shareholders per share as of September 30, 2020:

<b>Basic EPS Calculation</b>	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
Net income attributable to common shareholders	\$ (2,618,340)	\$ (1,087,763)
Denominator for basic net income per share – weighted average shares	<b>9,803,712</b>	3,860,285
Conversion of accrued interest on debt held by related party	-	-
Denominator for diluted net income per share	-	-
Basic net earnings per share	<b>(0.27)</b>	(0.28)
Diluted net earnings per share	-	-

As of September 30, 2020, and 2019, the basic weighted average number of shares of Common Stock of the Company was 9,803,712 and 3,860,285, respectively.

#### **Note 17. Other information**

None

## Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations

### Key Financial Results

#### Third quarter of 2020 compared to the Third quarter of 2019

Earnings by product sales	Nine months ended September 30,	
	2020	2019
<b>Net sales volumes per product</b>		
Crude Oil Sales	\$ 749,200	\$ 6,901,443
Gas Oil Sales	622,000	1,128,000
Lubricants Sales	143,501	-
Hires & Freights Sales	993,483	542,500
Other Revenues / Discounts	46,778	11,000
<b>Totals</b>	<b>\$ 2,554,962</b>	<b>\$ 8,582,943</b>

Net loss attributable to Petrogress for the third quarter of 2020 was \$(2,618,340) (\$(0.27) per share), compared to a net loss of \$(1,087,763) (\$(0.28) per share) for the third quarter of 2019.

Refer to the “Results of Operations” section beginning on page 13 for a discussion of our financial results.

### Executive Overview

Petrogress, Inc., is based in Delaware and operates as a holding company and conducts its business through its wholly-owned subsidiaries: *Petronav Carriers LLC.*, which manages day-to-day operations of its beneficially-owned affiliated tanker fleet; and *Petrogress Int’l LLC.*, which is a holding company for subsidiaries currently conducting business in Greece, Cyprus and Ghana, and provides management of crude oil purchases and sales; the company also provides sea-transportation services as an independent maritime entity, operating and managing its own tanker fleet, or chartering on long terms. The company is headquartered from Piraeus – Greece. The company maintain its principal marketing and operating offices at 1, Akti Xaveriou, 18538 Piraeus, Greece. Our telephone number at that address is +30 (210) 459-9741 and our corporate address and registered agent in Delaware is 1013 Centre Road, Suite 403-A, Wilmington, DE 19805 – USA.

### Business Environment and Outlook

Petrogress, is an oil energy and sea transportation company with business activities in the following countries: Greece, Cyprus, Egypt, Nigeria and Ghana.

Earnings of the company depend mostly on the profitability of its crude oil business segment. The most significant factor affecting the results of operations is the price of crude oil, which is determined in global markets outside of the company’s control. The price of crude oil has fallen significantly since mid-year 2019. The downturn in the price of crude oil has impacted the company's results of operations, cash flows, leverage, capital and exploratory investment program and production outlook. A sustained lower price environment could result in the impairment or write-off of specific assets in future periods. Similarly, impairments or write-offs have occurred, and may occur in the future, as a result of managerial decisions not to progress certain projects in the company’s portfolio. We have reacted to the downturn by effecting reductions in operating expenses, pacing and re-focusing of capital and exploratory expenditures. We estimate that oil prices will remain on low levels for the rest of the year which shall continue affecting our operations and cash flow. In addition, the sea-transpiration impacted hardly due to global low demand of oil products.

**Response to Market Conditions and COVID-19** During the third quarter of 2020, travel restrictions and other constraints on economic activity were implemented in many locations around the world to limit the spread of the COVID-19 virus. Lower commodity prices negatively impacted the company’s third quarter 2020 financial and operating results. While demand and commodity prices have shown signs of recovery, they are not back to pre-pandemic levels, and financial results will likely continue to be challenged in future quarters. Due to the rapidly changing of environment, there continues to be uncertainty and unpredictability around the extent to which the COVID-19 pandemic will impact our results, which could be material.

Refer to the “Cautionary Statements Relevant to Forward-Looking Information” on Page 2 and to “Risk Factors” in Part II, Item 1A, on page 17-18 for a discussion of some of the inherent risks that could materially impact the company’s results of operations or financial condition.

### Operating sectors

Our business operates in the downstream and midstream sectors of the energy industry, where we acquire and supply crude oil, and engage in the refining and marketing of refined products and lubricants. As a supplier, we procure crude oil from our direct sources and deliver by our tankers fleet to buyers’ destinations. With service centers in East Mediterranean and West Africa, we believe that we are one of a limited number of independent physical suppliers that owns and operates a fleet of supplying vessels and conducts physical supply operations in multiple jurisdictions.

We provide our customers with services that require sophisticated logistical operations designed to meet their strict oil quality and delivery scheduling needs. We believe that our extensive experience and management systems allow us to meet our customers’ specific requirements when they purchase and take delivery of crude oil, refined products and lubricants around the areas in which

we operate. We have devoted our efforts to building a global brand and believe that our customers recognize our brand as representing high quality service and products at each of our locations. We also perform our technical ship operations in-house, which helps us maintain high levels of customer service. Throughout our history, we have expanded our business capabilities through strategic alliances, select business and vessel acquisitions, and the establishment of new service centers.

### ***Other Businesses***

Effectuated as on November 2019, the company concluded the negotiations to lease three Gas refilling stations in the Mainland of South Greece. The procedures for the obtaining the operating licenses from the local authorities are in progress, simultaneously with the preparation of gas stations designs and drawings in order to commence the modernization and renovation under our brand names. We estimate to complete and have them ready for operations within nine months' time. The gas Stations shall be operated by our Hellenic branch in Greece and we expect to be ready by June 2020.

### ***Our key business segments***

The following are descriptions of our recent initiatives undertaken in each of our key business segments:

***Upstream;*** Earnings for the upstream segment are closely aligned with industry prices for crude oil. Crude oil prices are subject to external factors over which the company has no control, including product demand connected with global economic conditions, industry production and inventory levels, technology advancements, production quotas or other actions imposed by the Organization of Petroleum Exporting Countries (OPEC) or other producers, actions of regulators, weather-related damage and disruptions, competing fuel prices, natural and human causes beyond the company's control such as the COVID-19 pandemic, and regional supply interruptions. The company is actively managing its schedule of work, contracting, procurement, and supply chain activities to effectively manage costs, ensure supply chain resiliency and continuity, and support operational goals. The spot markets for many services and materials are softening in response to the economic impact of the COVID-19 pandemic, including the drastic reductions in demand for petroleum products, including gasoline and fuel, among others, and in crude oil prices, which have resulted in significant reductions in economic activity and associated spending in the energy sector. Commodity prices have fallen below break-even levels in many regions.

***Downstream:*** As on February 2018, our Partnership agreement with Platon Ghana Oil Refinery (PGOR) -an unrelated third party- is still ongoing and renewed on an annual basis and pursuant its terms Petrogress will feed and supply the crude oil for storage, refinement, marketing and distribution in Ghana jointly with PGOR. The storage capacity under the Partnership Agreement is 24,000 tons and the monthly processing capacity of the refinery is 10,000 tons. Petrogress and Platon both plans to invest additional funds to upgrade the processing monthly capacity into refined products of Gas Oil, Naphtha, and fuel in view of the high local demand. Under the Platon Partnership Agreement, all expenses of the partnership operations are shared by both Petrogress and Platon. After deducting the operating/processing expenses, the net profits from the sale of the products are split evenly between Petrogress and Platon. As of the date the Platon Partnership Agreement was executed, Petrogress ceased other sales of crude to third customers in West Africa. During the year the company expanded its operations to other sectors, engaging into gas-stations operator and lubricants distributor. The company's most significant marketing areas are the West Coast of Africa and East Mediterranean where Petrogress affiliates have significant ownership interests, representations and partnership agreements, in these areas.

***Midstream;*** The outbreak of COVID-19 pandemic occurred the ceased of our entire fleet operations and employments which resulted the complete elimination of freight and hire incomes, while the fleet expenses remained on the same levels during and March, April and May 2020. Nevertheless, we believe the shipping industry will be rectified and return to the normal levels, therefore we still seek to expand our midstream operations in other international ocean routes by adding to our fleet larger and younger tanker vessels. We are monitoring the vessel market for opportunities while we are also working to secure the necessary funding for expansion. Our business strategy is based in part upon the expansion of our business to new, or within existing, markets. In order to expand our operations, we will be required to use cash from operations, incur borrowings or raise capital through the sale of debt or equity securities in the public or private markets.

### ***Results of Operations***

The following section presents the results of operations and variances on a before-tax basis for the company's business operations, as well as for "All Other."

Our operating revenues are driven primarily of the commodities trading sales and our tankers fleet employment days during which our vessels are generating revenues, while our financial results are subject to a number of sectors and reflects to the following factors:

***Cost of commodities;*** is the cost we purchase the oil products -mainly the crude oil- and such cost is based either on Brent Index prices or Fixed price, the quality and quantity of the product.

***Commodities Operating Expenses;*** relates to products surveys before and after the shipment, bunkers supplied to the employment vessel, cargoes surveys, loading/unloading expenses, agency and representative services.

***Shipping & Logistic Expenses;*** includes the sea freight and mobilization cost, the performed loading and discharging of the product, and any expenses occurred during the shipping time from the loading point up to unloading facilities.

**Vessels Operating Expenses;** includes crew wages and bonuses, their medical support and travelling, maintenance and repairs to the vessels hull and their machineries, expenses for supplies of spare-parts and consumable stores, paints, lubricants, fresh water, bunkers, agency services, etc.

**General and Administrative Expenses;** relates to our directors, officers and managers salaries and compensations, shore staff wages, employee's federal insurance, offices lease and utilities, telecommunications, travelling and representations of our officers, our agency fees we pay to our branch's offices in Greece, Cyprus, Ghana and Nigeria.

**Corporate Expenses;** are all company's expenses and includes, our executive's compensations, attorney's fee, Auditors and accountant fees, Consultant's and P/R fees, Transfer agents of our stock, miscellaneous.

**Other factors may affect our Results of Operations;** In addition to the said expenses there are factors beyond of our control which may affect seriously our operations results. Inasmuch as we trade also West Africa, which is considered as high risky area, we are expose in a serious amount of risks, such as piracies and hijacks, civil wars, stolen of properties, economy distress, and credit risks.

**EBITDA and Adjustment;** EBITDA represents net income before expenses, taxes and depreciation. Adjusted EBITDA represents net income before expense, taxes, taxes, depreciation and amortization of dry-docking.

	Nine months ended September 30,	
	2020	2019
<b>Operating Earnings / (losses)</b>	\$ (3,107,281)	\$ (543,209)

Operating losses of during the third quarter of 2020 amount to \$(3,107,281), compared to operating losses of \$(543,209) for the same period in 2019. The increase was primarily due to lower crude oil sales prices and the cease of operations as of September 30, 2020.

### Consolidated Statement of Income

#### Sales of products provided in the below table:

Net sales volumes per product	Nine months Ended September 30,	
	2020	2019
<b>Crude Oil Sales</b>	\$ 749,200	\$ 6,901,443
<b>Gas Oil Sales</b>	622,000	1,128,000
<b>Lubricants Sales</b>	143,501	-
<b>Hires &amp; Freights Sales</b>	993,483	542,500
<b>Other Revenues/Discounts</b>	46,778	11,000
<b>Totals</b>	\$ 2,554,962	\$ 8,582,943

#### Cost of Goods Sold provided in the below table:

Cost of goods sold	Nine months Ended September 30,	
	2020	2019
<b>Crude Oil purchased costs</b>	\$ (1,250,000)	\$ (5,931,221)
<b>Gas Oil purchased costs</b>	(520,000)	(810,000)
<b>Lubricants purchased costs</b>	(129,000)	-
<b>Totals</b>	\$ (1,899,000)	\$ (6,741,221)

- **Sales:** Total operating sales for the nine months ended September 30, 2020 and 2019, were \$2,554,962 and \$8,582,943, respectively, a decrease of \$6,027,981 or approximately 71%.
- **Cost of goods sold:** For the nine months ended September 30, 2020 and 2019, cost of goods sold was \$1,899,000 and \$6,741,221, respectively, a decrease of \$4,842,221 or approximately 72%.
- **Corporate expenses:** Corporate expenses mainly include the expenses incurred by Petrogress, Inc. Our Corporate expenses for the nine months ended September 30, 2020 and 2019 were \$790,797 and \$230,463, respectively, an increase of \$560,334 or approximately 244%.



- **General and administrative expenses:** For the nine months ended September 30, 2020, General and administrative expenses increased to \$2,456,502 compared to \$1,476,540 for the nine months ended September 30, 2019, an increase of \$979,962 or approximately 67%.
- **Net income / (loss) attributable PGI:** For the nine months ended September 30, 2020, the Company had a net loss of \$2,618,340 while for the nine months ended September 30, 2019, the Company had a net loss of \$1,091,357, an increase of \$1,526,983 or approximately 140%.
- **EBITDA:** For the nine months ended September 30, 2020, EBITDA amounted to \$(3,107,281) compared to \$(543,209) for the nine months ended September 30, 2019.

Consolidated results of Operation (after eliminations)	Nine months Ended September 30,	
	2020	2019
<b>Total Operating Revenues</b>	\$ 2,554,962	\$ 8,582,943
<b>Total Operating Expenses &amp; Cost of Goods Sold*</b>	\$ (5,662,243)	\$ (9,126,152)

\* Operating expenses includes, corporate expenses, shipping & logistic, commodities purchase cost, fleet expenses, General and Administrative expenses, and Depreciation expense;

#### Summarized Financial Data – Subsidiaries

The management and operation of our business is performed directly and independently by each subsidiary. Assets, inventories, partnership interests, joint venture interests and contracts are held by the subsidiaries. Petrogress, Inc., the parent company, does not have revenues while it suffers all the necessary operating and general and administrative expenses in order to comply with the regulatory requirements of the SEC.

#### Petrogress Int'l LLC. (PIL)

Petrogress Int'l LLC. (PIL), performs most of the trading of the oil products. PIL, is the company which serves as a holding company for conducting business across the world through its affiliates and subsidiaries.

Summarized financial information is presented in the following table:

	Nine months Ended September 30,	
	2020	2019
Sales and other operating revenues	\$ 1,514,701	\$ 8,647,152
Cost and other expenses	(2,180,948)	(7,621,775)
<b>Net income / (loss) attributable to PIL*</b>	<b>\$ (666,247)</b>	<b>\$ 1,025,377</b>

\* 100% Net income / (loss) attributable to Petrogress, Inc.

#### Petronav Carriers LLC. (PCL)

Petronav Carriers LLC., (PCL) is the company that serves as the manager and operator of our tanker fleet of four vessels wholly owned by its five subsidiaries. PCL operates and charter the tankers fleet to PIL and third-party charterers.

Summarized financial information is presented in the following table:

	Nine months Ended September 30,	
	2020	2019
Sales and other operating revenues	\$ 1,040,261	\$ 847,333
Cost and other expenses	(2,512,025)	(2,180,448)
<b>Net income / (loss) attributable to PCL *</b>	<b>\$ (1,471,764)</b>	<b>\$ (1,333,115)</b>

\* 100% Net income / (loss) attributable to Petrogress, Inc.

#### Petrogress Hellas Branch (PGH)

Petrogress Hellas (PGH) is the branch of PIL in Greece and operates-monitoring and managed the entire day-to-day activities of the company's subsidiaries. Through PGH, PIL has commenced the Gas-Fueling Stations in Greece.

Summarized financial information is presented in the following table:

Nine months Ended

	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
Sales and other operating revenues	\$ 112,500	\$ 72,000
Cost and other expenses	(155,038)	(104,985)
<b>Net income / (loss) attributable to Petrogress Int'l LLC.*</b>	<b>\$ (42,538)</b>	<b>\$ (32,985)</b>

100% Net income / (loss) attributable to Petrogress Int'l LLC.

### **Petrogress, Inc. (PGI)**

Petrogress, Inc. (PGI) is the parent holding company of the group and doesn't make any revenues from operations while it suffers all the necessary operating and general and administrative expenses in order to comply with the regulatory requirements of SEC. The following table presents the results of equity interest PGI has into the subsidiaries:

	<b>Nine months Ended</b>	
	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
Sales and other operating revenues	\$ -	\$ -
Corporate, Administrative and other expenses	(437,791)	(670,676)
<b>Net income / (loss) attributable to Petrogress, Inc.*</b>	<b>\$ (437,791)</b>	<b>\$ (670,676)</b>

Net income / (loss) attributable from ownership interest of the subsidiaries.

### **Revenue Concentrations**

The following table is a summary of customers who accounted for more than ten percent (10%) of the Company's revenues for the nine months ended September 30, 2020 and 2019:

<b>Customer</b>	<b>September 30, 2020</b>	<b>September 30, 2019</b>
A	29%	*
B	15%	*
C	10%	*

Summary of customers who accounted for more than ten percent (10%) of the Company's accounts receivable for the periods ended September 30, 2020 and December 31, 2019 is showing on the below table:

<b>Customer</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>
A	32%	55%
B	28%	*
C	13%	*

### **Liquidity & Capital Resources**

Our main sources of liquidity are cash and cash equivalents, accounts receivable and internally generated cash flow from operations. At September 30, 2020, we had a working capital of \$2,209,901 consisting of \$235,005 in cash and cash equivalents, \$1,492,595 in accounts receivable, \$310,145 in claims receivable, \$1,424,436 in inventories, and \$2,289,861 in prepaid expenses and other current assets.

For the nine months ended September 30, 2020, net cash provided by operating activities was \$794,469 compared to \$773,752 of net cash used in for the same period in 2019.

Assets included in the calculation of the Company's working capital have decreased by \$1,461,081 mainly from the decrease in accounts receivable which have decreased by \$518,835. This decrease has been financed mainly by our net income and the increase of our liabilities included in working capital, namely the decrease in Convertible promissory notes and Derivative liabilities which have decreased by \$59,148 and \$809,877 respectively, during the nine months ended September 30, 2020.

The company's future debt level is dependent primarily on results of operations, cash that may be generated from asset dispositions, the capital program, lending commitments to affiliates, and shareholder contributions. Our need for capital resources is driven by our expansion plans, ongoing maintenance and improvement of our vessels, support of our operational expenses, corporate overhead and the expenses we suffer in order to comply with the regulatory requirements of SEC. Specifically, Petrogress, Inc., the parent company,

does not have revenues while it suffers all the necessary operating and general and administrative expenses to comply with the regulatory requirements of the SEC.

**Cash and Cash Equivalents;** The following table presents sources and uses of cash and cash equivalents:

<b>Sources of cash and cash equivalents</b>	<b>Nine months Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
Operating activities	\$ 794,469	\$ (773,752)
Borrowing	-	658,012
Others	(932,824)	(109,935)
<b>Total sources of cash and cash equivalents</b>	<b>\$ (138,355)</b>	<b>\$ (225,675)</b>

Management seeks to secure the necessary financing for the expansion of Company's operations. The company needs to raise a reasonable finance in order to expand its operations, increase the oil sales and support its projects-operations.

### Item 3 – Quantitative and Qualitative Disclosures About Market Risk

Information about market risks for the nine months ended September 30, 2020, does not differ materially from that discussed under Item 7A of Petrogress's 2019 Annual Report on Form 10-K.

### Item 4 – Controls and Procedures

#### (a) Evaluation of disclosure controls and procedures

The company's management has evaluated, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures were effective as of September 30, 2020.

#### (b) Changes in internal control over financial reporting

During the quarter ended September 30, 2020, there were no changes in the company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1 – Legal Proceedings

Information about legal proceedings for the nine months ended September 30, 2020, does not differ materially from that discussed under Item 7A of Petrogress's 2019 Annual Report on Form 10-K.

### Item 1A – Risk Factors

Information about risk factors for the nine months ended September 30, 2020, does not differ materially from that set forth under the heading "Risk Factors" on pages 11 through 16 of the company's 2019 Annual Report on Form 10-K, other than as reflected in the risk factor below.

***Impacts of the novel coronavirus (COVID-19) pandemic and geopolitical factors have resulted in a significant decrease in demand for Petroleum products and caused a precipitous drop in commodity prices, which has had and is expected to continue to have an adverse, and potentially material adverse, effect on Petrogress's future financial and operating results.***

As of the date of this Quarterly Report on Form 10-Q, the economic, business, and oil and shipping industry impacts from the COVID-19 pandemic and the disruption to capital markets have been far reaching. Crude oil prices, the single largest variable that affects the company's results of operations, have fallen dramatically to historic lows, even going negative in some cases, due to a combination of a severely reduced demand for crude oil, gasoline, jet fuel, diesel fuel, and other refined products resulting from government-mandated travel restrictions and an economic standstill resulting from the COVID-19 pandemic.

As a result, a market imbalance has existed and may continue to exist, with oil supplies vastly exceeding current and expected near-term demand. Although OPEC and other countries have agreed to cut global oil supply, the commitments and actions to date have not matched the dramatic decrease in global demand, which is driving increasing inventory levels with refineries, pipelines and storage facilities at or close to storage capacity in a growing number of locations.

Extended periods of low prices for crude oil are expected to have a material adverse effect on the company's results of operations, financial condition and liquidity. Among other things, the company's earnings, cash flows, and capital and exploratory expenditure

programs are expected to be negatively affected. As a result, the value of the company's assets may also become impaired in future periods.

The company's operations and workforce are being impacted by the COVID-19 pandemic, causing certain operations to be curtailed to various degrees, which may become suspended completely if adverse conditions persist. As a result of decreased demand for its products, the company has made significant cuts to its operations during March and third quarter of 2020, which are expected to negatively impact our future operations, cash flows and assets.

The company's suppliers and customers are also being heavily impacted by the COVID-19 pandemic and access to materials, supplies, and contracts has been strained. In certain cases, the company has received notices invoking force majeure provisions in supplier contracts and receivables. This strain on the financial health of the company's customers could put further pressure on the company's financial results and may negatively impact supply and sales assurance and performance for the company.

In light of the significant uncertainty around the duration and extent of the impact of the COVID-19 pandemic, management is currently unable to develop with any level of confidence estimates and assumptions that may have a material impact on the company's consolidated financial statements and financial or operational performance in any given period. In addition, the unprecedented nature of such market conditions could cause current management estimates and assumptions to be challenged in hindsight.

There continues to be uncertainty and unpredictability around the impact of the COVID-19 pandemic on our financial and operating results in future periods. The extent to which the COVID-19 pandemic adversely impacts our future financial and operating results, and for what duration and magnitude, depends on several factors that are continuing to evolve, are difficult to predict and, in many instances, are beyond the company's control. Such factors include the duration and scope of the pandemic, including any resurgences of the pandemic, and the impact on our workforce and operations; the negative impact of the pandemic on the economy and economic activity, including travel restrictions and prolonged low demand for our products; the ability of our affiliates, suppliers and partners to successfully navigate the impacts of the pandemic; the actions taken by governments, businesses and individuals in response to the pandemic; the actions of OPEC and other countries that otherwise impact supply and demand and correspondingly, commodity prices; the extent and duration of recovery of economies and demand for our products after the pandemic subsides; and Petrogress ability to keep its cost model in line with changing demand for petroleum products and shipping.

The impact of the COVID-19 pandemic is rapidly evolving, and the continuation or a resurgence of the pandemic could precipitate or aggravate the other risk factors identified in our 2019 Form 10-K, which in turn could further materially and adversely affect our business, financial condition, liquidity, results of operations and profitability, including in ways not currently known or considered by us to present significant risks.

## Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

The table below presents the issued shares during the quarter ended September 30, 2020:

Period	Total Number of Shares	Class
July 1 – July 31, 2020	8,419,758	Common shares
August 1 – August 31, 2020	7,522,973	Common shares
September 1 – September 30, 2020	1,948,800	Common shares
<b>Total</b>	<b>17,891,531</b>	

## Item 6- Exhibits

The information required by this Item 6 is set forth in the Exhibit Index accompanying this Form 10Q

## EXHIBITS INDEX

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Exhibit Number	Exhibits Description	Page(s)
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Rule 13a-14a/Rule 14d-14(a)*</a>	Page 21
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Rule 13a-14a/Rule 14d-14(a)*</a>	Page 22
32.1	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350.*</a>	Page 23
32.2	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350.*</a>	Page 24
101.1	<a href="#">Interactive data files pursuant to Rule 405 of Regulation S-T*</a>	

\* Filed herewith

\*\* Furnished herewith

## SIGNATURES

Pursuant to the requirements of Section 13 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.

Date: November 13, 2020

PETROGRESS, INC.

By: */s/ Christos Traios*

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Christos Traios

President and Chief Executive Officer (Principal Executive Officer)

By: */s/ Evangelos Makris*

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Evangelos Makris

Chief Financial Officer (Principal Financial and Accounting Officer)

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

I, Christos P. Traios, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Petrogress, Inc.;
- (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(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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 registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and 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.

November 13, 2020

**Petrogress, Inc.**

By: /s/ Christos P. Traios  
Christos P. Traios  
Chief Executive Officer

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

I, Evangelos Makris, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Petrogress, Inc.;
- (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(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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 registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and 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.

November 13, 2020

**Petrogress, Inc.**

By: /s/ Evangelos Makris  
Evangelos Makris  
Chief 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 quarterly report of Petrogress, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2020 (the “Report”), I, Christos Traios, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (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.

/s/ Christos P. Traios  
Christos P. Traios  
Chief Executive Officer  
November 13, 2020

**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 quarterly report of Petrogress, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2020 (the “Report”), I, Evangelos Makris, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (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.

/s/ Evangelos Makris  
Evangelos Makris  
Chief Financial Officer  
November 13, 2020