

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2019

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 001-33393

GENCO SHIPPING & TRADING LIMITED

(Exact name of registrant as specified in its charter)

Republic of the Marshall Islands

(State or other jurisdiction of
incorporation or organization)

98-043-9758

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

299 Park Avenue, 12th Floor, New York, New York 10171

(Address of principal executive offices) (Zip Code)

(646) 443-8550

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required 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, 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 ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☒

Emerging growth company ☐

If emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards 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 ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

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

| Title of each class | Trading Symbol(s) | Name of exchange on which registered |
|--|-------------------|--------------------------------------|
| Common stock, par value \$0.01 per share | GNK | New York Stock Exchange (NYSE) |

The number of shares outstanding of each of the issuer's classes of common stock, as of November 7, 2019: Common stock, par value \$0.01 per share — 41,754,413 shares.

Genco Shipping & Trading Limited

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Website Information

We intend to use our website, www.GencoShipping.com, as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included in our website's Investor section. Accordingly, investors should monitor the Investor portion of our website, in addition to following our press releases, SEC filings, public conference calls, and webcasts. To subscribe to our e-mail alert service, please submit your e-mail address at the Investor Relations Home page of the Investor section of our website. The information contained in, or that may be accessed through, our website is not incorporated by reference into or a part of this document or any other report or document we file with or furnish to the SEC, and any references to our website are intended to be inactive textual references only.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
Genco Shipping & Trading Limited

Condensed Consolidated Balance Sheets as of September 30, 2019 and December 31, 2018

(U.S. Dollars in thousands, except for share and per share data)

(Unaudited)

| | September 30, 2019 | December 31, 2018 |
|--|-----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 165,876 | \$ 197,499 |
| Restricted cash | — | 4,947 |
| Due from charterers, net of a reserve of \$1,257 and \$669, respectively | 20,391 | 22,306 |
| Prepaid expenses and other current assets | 9,996 | 10,449 |
| Inventories | 22,982 | 29,548 |
| Vessels held for sale | 21,819 | 5,702 |
| Total current assets | <u>241,064</u> | <u>270,451</u> |
| Noncurrent assets: | | |
| Vessels, net of accumulated depreciation of \$272,074 and \$244,529, respectively | 1,290,741 | 1,344,870 |
| Deferred drydock, net of accumulated amortization of \$11,860 and \$13,553 respectively | 16,039 | 9,544 |
| Fixed assets, net of accumulated depreciation and amortization of \$1,789 and \$1,281, respectively | 5,229 | 2,290 |
| Operating lease right-of-use assets | 8,576 | — |
| Restricted cash | 315 | 315 |
| Total noncurrent assets | <u>1,320,900</u> | <u>1,357,019</u> |
| Total assets | <u>\$ 1,561,964</u> | <u>\$ 1,627,470</u> |
| Liabilities and Equity | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 41,145 | \$ 29,143 |
| Current portion of long-term debt | 70,111 | 66,320 |
| Deferred revenue | 6,325 | 6,404 |
| Current operating lease liabilities | 1,655 | — |
| Total current liabilities: | <u>119,236</u> | <u>101,867</u> |
| Noncurrent liabilities: | | |
| Long-term operating lease liabilities | 10,253 | — |
| Deferred rent | — | 3,468 |
| Long-term debt, net of deferred financing costs of \$14,054 and \$16,272, respectively | 434,440 | 468,828 |
| Total noncurrent liabilities | <u>444,693</u> | <u>472,296</u> |
| Total liabilities | <u>563,929</u> | <u>574,163</u> |
| Commitments and contingencies (Note 14) | | |
| Equity: | | |
| Common stock, par value \$0.01; 500,000,000 shares authorized; 41,656,947 and 41,644,470 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively | 416 | 416 |
| Additional paid-in capital | 1,741,759 | 1,740,163 |
| Retained deficit | (744,140) | (687,272) |
| Total equity | <u>998,035</u> | <u>1,053,307</u> |
| Total liabilities and equity | <u>\$ 1,561,964</u> | <u>\$ 1,627,470</u> |

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2019 and 2018
(U.S. Dollars in Thousands, Except for Earnings Per Share and Share Data)
(Unaudited)

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|------------|--|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | |
| Voyage revenues | \$ 103,776 | \$ 92,263 | \$ 280,790 | \$ 255,336 |
| Total revenues | 103,776 | 92,263 | 280,790 | 255,336 |
| Operating expenses: | | | | |
| Voyage expenses | 42,967 | 31,475 | 127,789 | 78,551 |
| Vessel operating expenses | 24,711 | 25,155 | 72,260 | 72,642 |
| Charter hire expenses | 5,475 | 723 | 12,743 | 1,231 |
| General and administrative expenses (inclusive of nonvested stock amortization expense of \$575, \$644, \$1,596 and \$1,776, respectively) | 6,144 | 5,033 | 18,253 | 16,761 |
| Technical management fees | 1,885 | 2,028 | 5,710 | 5,926 |
| Depreciation and amortization | 18,184 | 17,269 | 54,532 | 50,605 |
| Impairment of vessel assets | 12,182 | — | 26,078 | 56,586 |
| Gain on sale of vessels | — | (1,509) | (611) | (1,509) |
| Total operating expenses | 111,548 | 80,174 | 316,754 | 280,793 |
| Operating (loss) income | (7,772) | 12,089 | (35,964) | (25,457) |
| Other (expense) income: | | | | |
| Other income | 86 | 213 | 523 | 272 |
| Interest income | 892 | 1,062 | 3,292 | 2,743 |
| Interest expense | (7,797) | (7,656) | (24,496) | (24,249) |
| Impairment of right-of-use asset | — | — | (223) | — |
| Loss on debt extinguishment | — | — | — | (4,533) |
| Other expense | (6,819) | (6,381) | (20,904) | (25,767) |
| Net (loss) income | \$ (14,591) | \$ 5,708 | \$ (56,868) | \$ (51,224) |
| Net (loss) earnings per share-basic | \$ (0.35) | \$ 0.14 | \$ (1.36) | \$ (1.37) |
| Net (loss) earnings per share-diluted | \$ (0.35) | \$ 0.14 | \$ (1.36) | \$ (1.37) |
| Weighted average common shares outstanding-basic | 41,749,200 | 41,618,187 | 41,739,287 | 37,263,200 |
| Weighted average common shares outstanding-diluted | 41,749,200 | 41,821,008 | 41,739,287 | 37,263,200 |

See accompanying notes to condensed consolidated financial statements.

Genco Shipping & Trading Limited
Condensed Consolidated Statements of Comprehensive (Loss) Income
For the Three and Nine Months Ended September 30, 2019 and 2018
(U.S. Dollars in Thousands)
(Unaudited)

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|-----------------------------|---|-----------------|--|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net (loss) income | \$ (14,591) | \$ 5,708 | \$ (56,868) | \$ (51,224) |
| Other comprehensive income | — | — | — | — |
| Comprehensive (loss) income | <u>\$ (14,591)</u> | <u>\$ 5,708</u> | <u>\$ (56,868)</u> | <u>\$ (51,224)</u> |

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited
Condensed Consolidated Statements of Equity
For the Three and Nine Months Ended September 30, 2019 and 2018
(U.S. Dollars in Thousands)
(Unaudited)

| | Common Stock | Additional Paid-in Capital | Retained Deficit | Total Equity |
|--|-----------------|----------------------------------|---------------------|--------------|
| Balance — January 1, 2019 | \$ 416 | \$ 1,740,163 | \$ (687,272) | \$ 1,053,307 |
| Net loss | | | (7,801) | (7,801) |
| Issuance of 12,477 shares of vested RSUs | — | — | | — |
| Nonvested stock amortization | | 452 | | 452 |
| Balance — March 31, 2019 | \$ 416 | \$ 1,740,615 | \$ (695,073) | \$ 1,045,958 |
| Net loss | | | (34,476) | (34,476) |
| Nonvested stock amortization | | 569 | | 569 |
| Balance — June 30, 2019 | \$ 416 | \$ 1,741,184 | \$ (729,549) | \$ 1,012,051 |
| Net loss | | | (14,591) | (14,591) |
| Nonvested stock amortization | | 575 | | 575 |
| Balance — September 30, 2019 | \$ 416 | \$ 1,741,759 | \$ (744,140) | \$ 998,035 |
| | Common Stock | Additional Paid-in Capital | Retained Deficit | Total Equity |
| Balance — January 1, 2018 | \$ 345 | \$ 1,628,355 | \$ (654,332) | \$ 974,368 |
| Net loss | | | (55,813) | (55,813) |
| Nonvested stock amortization | | 493 | | 493 |
| Balance — March 31, 2018 | \$ 345 | \$ 1,628,848 | \$ (710,145) | \$ 919,048 |
| Net loss | | | (1,118) | (1,118) |
| Issuance of 7,015,000 shares of common stock | 70 | 109,605 | | 109,675 |
| Nonvested stock amortization | | 638 | | 638 |
| Balance — June 30, 2018 | \$ 415 | \$ 1,739,091 | \$ (711,263) | \$ 1,028,243 |
| Net income | | | 5,707 | 5,707 |
| Issuance of 7,015,000 shares of common stock | | (12) | | (12) |
| Nonvested stock amortization | | 645 | | 645 |
| Balance — September 30, 2018 | \$ 415 | \$ 1,739,724 | \$ (705,556) | \$ 1,034,583 |

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2019 and 2018
(U.S. Dollars in Thousands)
(Unaudited)

| | For the Nine Months Ended September 30, | |
|---|--|-------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Net loss | \$ (56,868) | \$ (51,224) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 54,532 | 50,605 |
| Amortization of deferred financing costs | 2,828 | 2,110 |
| Payment of PIK interest | — | (5,341) |
| Noncash operating lease expense | 911 | — |
| Amortization of nonvested stock compensation expense | 1,596 | 1,776 |
| Impairment of right-of-use asset | 223 | — |
| Impairment of vessel assets | 26,078 | 56,586 |
| Gain on sale of vessels | (611) | (1,509) |
| Loss on debt extinguishment | — | 4,533 |
| Insurance proceeds for protection and indemnity claims | 413 | 268 |
| Insurance proceeds for loss of hire claims | — | 58 |
| Change in assets and liabilities: | | |
| Decrease (increase) in due from charterers | 1,915 | (6,329) |
| Increase in prepaid expenses and other current assets | (655) | (5,966) |
| Decrease (increase) in inventories | 6,566 | (14,647) |
| Decrease in other noncurrent assets | — | 514 |
| Increase in accounts payable and accrued expenses | 5,061 | 8,169 |
| (Decrease) increase in deferred revenue | (79) | 5,017 |
| Decrease in operating lease liabilities | (1,187) | — |
| Increase in deferred rent | — | 988 |
| Deferred drydock costs incurred | (11,965) | (2,233) |
| Net cash provided by operating activities | 28,758 | 43,375 |
| Cash flows from investing activities: | | |
| Purchase of vessels, including deposits | (10,392) | (239,695) |
| Purchase of scrubbers (capitalized in Vessels) | (24,736) | — |
| Purchase of other fixed assets | (3,590) | (888) |
| Net proceeds from sale of vessels | 6,309 | 10,626 |
| Insurance proceeds for hull and machinery claims | 612 | 3,466 |
| Net cash used in investing activities | (31,797) | (226,491) |
| Cash flows from financing activities: | | |
| Proceeds from the \$108 Million Credit Facility | — | 108,000 |
| Repayments on the \$108 Million Credit Facility | (4,740) | — |
| Proceeds from \$495 Million Credit Facility | 21,500 | 460,000 |
| Repayments on the \$495 Million Credit Facility | (49,575) | — |
| Repayments on the \$400 Million Credit Facility | — | (399,600) |
| Repayments on the \$98 Million Credit Facility | — | (93,939) |
| Repayments on the 2014 Term Loan Facilities | — | (25,544) |
| Payment of debt extinguishment costs | — | (2,962) |
| Proceeds from issuance of common stock | — | 110,249 |
| Payment of common stock issuance costs | (105) | (496) |
| Payment of deferred financing costs | (611) | (11,499) |
| Net cash (used in) provided by financing activities | (33,531) | 144,209 |
| Net decrease in cash, cash equivalents and restricted cash | (36,570) | (38,907) |
| Cash, cash equivalents and restricted cash at beginning of period | 202,761 | 204,946 |
| Cash, cash equivalents and restricted cash at end of period | \$ 166,191 | \$ 166,039 |

See accompanying notes to condensed consolidated financial statements.

Genco Shipping & Trading Limited
(U.S. Dollars in Thousands, Except Per Share and Share Data)
Notes to Condensed Consolidated Financial Statements (unaudited)

1 - GENERAL INFORMATION

The accompanying condensed consolidated financial statements include the accounts of Genco Shipping & Trading Limited (“GS&T”) and its direct and indirect wholly-owned subsidiaries (collectively, the “Company”). The Company is engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels. GS&T is incorporated under the laws of the Marshall Islands, and as of September 30, 2019, is the direct or indirect owner of all of the outstanding shares or limited liability company interests of the following subsidiaries: Genco Ship Management LLC; Genco Investments LLC; Genco RE Investments LLC; Genco Shipping Pte. Ltd.; Genco Shipping A/S; Baltic Trading Limited (“Baltic Trading”); and the ship-owning subsidiaries as set forth below under “Other General Information.”

On June 19, 2018, the Company closed an equity offering of 7,015,000 shares of common stock at an offering price of \$16.50 per share. The Company received net proceeds of \$109,648 after deducting underwriters’ discounts and commissions and other expenses.

Other General Information

Below is the list of the Company’s wholly owned ship-owning subsidiaries as of September 30, 2019:

| <u>Wholly Owned Subsidiaries</u> | <u>Vessel Acquired</u> | <u>Dwt</u> | <u>Delivery Date</u> | <u>Year Built</u> |
|----------------------------------|------------------------|------------|----------------------|-------------------|
| Genco Augustus Limited | Genco Augustus | 180,151 | 8/17/07 | 2007 |
| Genco Tiberius Limited | Genco Tiberius | 175,874 | 8/28/07 | 2007 |
| Genco London Limited | Genco London | 177,833 | 9/28/07 | 2007 |
| Genco Titus Limited | Genco Titus | 177,729 | 11/15/07 | 2007 |
| Genco Challenger Limited | Genco Challenger | 28,428 | 12/14/07 (3) | 2003 |
| Genco Charger Limited | Genco Charger | 28,398 | 12/14/07 | 2005 |
| Genco Warrior Limited | Genco Warrior | 55,435 | 12/17/07 | 2005 |
| Genco Predator Limited | Genco Predator | 55,407 | 12/20/07 | 2005 |
| Genco Hunter Limited | Genco Hunter | 58,729 | 12/20/07 | 2007 |
| Genco Champion Limited | Genco Champion | 28,445 | 1/2/08 (4) | 2006 |
| Genco Constantine Limited | Genco Constantine | 180,183 | 2/21/08 | 2008 |
| Genco Raptor LLC | Genco Raptor | 76,499 | 6/23/08 | 2007 |
| Genco Thunder LLC | Genco Thunder | 76,588 | 9/25/08 | 2007 |
| Genco Hadrian Limited | Genco Hadrian | 169,025 | 12/29/08 | 2008 |
| Genco Commodus Limited | Genco Commodus | 169,098 | 7/22/09 | 2009 |
| Genco Maximus Limited | Genco Maximus | 169,025 | 9/18/09 | 2009 |
| Genco Claudius Limited | Genco Claudius | 169,001 | 12/30/09 | 2010 |
| Genco Bay Limited | Genco Bay | 34,296 | 8/24/10 | 2010 |
| Genco Ocean Limited | Genco Ocean | 34,409 | 7/26/10 | 2010 |
| Genco Avra Limited | Genco Avra | 34,391 | 5/12/11 | 2011 |
| Genco Mare Limited | Genco Mare | 34,428 | 7/20/11 | 2011 |
| Genco Spirit Limited | Genco Spirit | 34,432 | 11/10/11 | 2011 |
| Genco Aquitaine Limited | Genco Aquitaine | 57,981 | 8/18/10 | 2009 |
| Genco Ardennes Limited | Genco Ardennes | 58,018 | 8/31/10 | 2009 |
| Genco Auvergne Limited | Genco Auvergne | 58,020 | 8/16/10 | 2009 |
| Genco Bourgogne Limited | Genco Bourgogne | 58,018 | 8/24/10 | 2010 |
| Genco Brittany Limited | Genco Brittany | 58,018 | 9/23/10 | 2010 |
| Genco Languedoc Limited | Genco Languedoc | 58,018 | 9/29/10 | 2010 |
| Genco Loire Limited | Genco Loire | 53,430 | 8/4/10 | 2009 |
| Genco Lorraine Limited | Genco Lorraine | 53,417 | 7/29/10 | 2009 |
| Genco Normandy Limited | Genco Normandy | 53,596 | 8/10/10 | 2007 |
| Genco Picardy Limited | Genco Picardy | 55,257 | 8/16/10 | 2005 |
| Genco Provence Limited | Genco Provence | 55,317 | 8/23/10 | 2004 |
| Genco Pyrenees Limited | Genco Pyrenees | 58,018 | 8/10/10 | 2010 |
| Genco Rhone Limited | Genco Rhone | 58,018 | 3/29/11 | 2011 |
| Genco Weatherly Limited | Genco Weatherly | 61,556 | 7/26/18 | 2014 |
| Genco Columbia Limited | Genco Columbia | 60,294 | 9/10/18 | 2016 |
| Genco Endeavour Limited | Genco Endeavour | 181,060 | 8/15/18 | 2015 |
| Genco Resolute Limited | Genco Resolute | 181,060 | 8/14/18 | 2015 |
| Genco Defender Limited | Genco Defender | 180,021 | 9/6/18 | 2016 |

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| <u>Wholly Owned Subsidiaries</u> | <u>Vessel Acquired</u> | <u>Dwt</u> | <u>Delivery Date</u> | <u>Year Built</u> |
|----------------------------------|------------------------|------------|----------------------|-------------------|
| Genco Liberty Limited | Genco Liberty | 180,032 | 9/11/18 | 2016 |
| Baltic Lion Limited | Baltic Lion | 179,185 | 4/8/15 (1) | 2012 |
| Baltic Tiger Limited | Genco Tiger | 179,185 | 4/8/15 (1) | 2011 |
| Baltic Leopard Limited | Baltic Leopard | 53,446 | 4/8/10 (2) | 2009 |
| Baltic Panther Limited | Baltic Panther | 53,350 | 4/29/10 (2) | 2009 |
| Baltic Cougar Limited | Baltic Cougar | 53,432 | 5/28/10 (2) | 2009 |
| Baltic Jaguar Limited | Baltic Jaguar | 53,473 | 5/14/10 (2) | 2009 |
| Baltic Bear Limited | Baltic Bear | 177,717 | 5/14/10 (2) | 2010 |
| Baltic Wolf Limited | Baltic Wolf | 177,752 | 10/14/10 (2) | 2010 |
| Baltic Wind Limited | Baltic Wind | 34,408 | 8/4/10 (2) | 2009 |
| Baltic Cove Limited | Baltic Cove | 34,403 | 8/23/10 (2) | 2010 |
| Baltic Breeze Limited | Baltic Breeze | 34,386 | 10/12/10 (2) | 2010 |
| Baltic Fox Limited | Baltic Fox | 31,883 | 9/6/13 (2) | 2010 |
| Baltic Hare Limited | Baltic Hare | 31,887 | 9/5/13 (2) | 2009 |
| Baltic Hornet Limited | Baltic Hornet | 63,574 | 10/29/14 (2) | 2014 |
| Baltic Wasp Limited | Baltic Wasp | 63,389 | 1/2/15 (2) | 2015 |
| Baltic Scorpion Limited | Baltic Scorpion | 63,462 | 8/6/15 | 2015 |
| Baltic Mantis Limited | Baltic Mantis | 63,470 | 10/9/15 | 2015 |

- (1) The delivery date for these vessels represents the date that the vessel was purchased from Baltic Trading.
- (2) The delivery date for these vessels represents the date that the vessel was delivered to Baltic Trading.
- (3) The Genco Challenger was sold on October 10, 2019. Refer to Note 17 — Subsequent Events.
- (4) The Genco Champion was sold on October 21, 2019. Refer to Note 17 — Subsequent Events.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) which includes the accounts of GS&T and its direct and indirect wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and the rules and regulations of the Securities and Exchange Commission (the “SEC”). In the opinion of management of the Company, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and operating results have been included in the statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company’s annual report on Form 10-K for the year ended December 31, 2018 (the “2018 10-K”). The results of operations for the three and nine months ended September 30, 2019 are not necessarily indicative of the operating results to be expected for the year ending December 31, 2019.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include vessel valuations, the valuation of amounts due from charterers, performance claims, residual value of vessels, useful life of vessels and the fair value of derivative instruments, if any. Actual results could differ from those estimates.

Segment reporting

The Company reports financial information and evaluates its operations by voyage revenues and not by the length of ship employment for its customers, i.e., spot or time charters. Each of the Company’s vessels serve the same type of customer, have similar operations and maintenance requirements, operate in the same regulatory environment,

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and are subject to similar economic characteristics. Based on this, the Company has determined that it operates in one reportable segment, the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels.

Restricted cash

Current and non-current restricted cash includes cash that is restricted pursuant to our credit facilities. Refer to Note 7 — Debt. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of the same amounts shown in the Condensed Consolidated Statements of Cash Flows:

| | September 30, 2019 | December 31, 2018 | September 30, 2018 | December 31, 2017 |
|--|-----------------------|----------------------|-----------------------|----------------------|
| Cash and cash equivalents | \$ 165,876 | \$ 197,499 | \$ 165,724 | \$ 174,479 |
| Restricted cash - current | — | 4,947 | — | 7,234 |
| Restricted cash - noncurrent | 315 | 315 | 315 | 23,233 |
| Cash, cash equivalents and restricted cash | <u>\$ 166,191</u> | <u>\$ 202,761</u> | <u>\$ 166,039</u> | <u>\$ 204,946</u> |

Vessels held for sale

On August 2, 2019, September 20, 2019 and September 25, 2019 the Company entered into agreements to sell the Genco Challenger, the Genco Champion and the Genco Thunder, respectively, and the relevant vessel assets have been classified as held for sale in the Condensed Consolidated Balance Sheet as of September 30, 2019. Refer to Note 4 — Vessel Acquisitions and Dispositions for details of the agreement.

On November 23, 2018, the Company reached an agreement to sell the Genco Vigour, and the relevant vessel assets have been classified as held for sale in the Condensed Consolidated Balance Sheet as of December 31, 2018. This vessel was sold on January 28, 2019. Refer to Note 4 — Vessel Acquisitions and Dispositions for further information.

Vessels, net

Vessels, net is stated at cost less accumulated depreciation. Included in vessel costs are acquisition costs directly attributable to the acquisition of a vessel and expenditures made to prepare the vessel for its initial voyage, including the purchase of exhaust gas cleaning systems (“scrubbers”) and ballast water treatment systems. The Company also capitalizes interest costs for a vessel under construction as a cost that is directly attributable to the acquisition of a vessel. Vessels are depreciated on a straight-line basis over their estimated useful lives, determined to be 25 years from the date of initial delivery from the shipyard. Depreciation expense for vessels for the three months ended September 30, 2019 and 2018 was \$16,649 and \$16,013, respectively. Depreciation expense for vessels for the nine months ended September 30, 2019 and 2018 was \$49,834 and \$46,933, respectively.

Depreciation expense is calculated based on cost less the estimated residual scrap value. The costs of significant replacements, renewals and betterments are capitalized and depreciated over the shorter of the vessel’s remaining estimated useful life or the estimated life of the renewal or betterment. Undepreciated cost of any asset component being replaced that was acquired after the initial vessel purchase is written off as a component of vessel operating expense. Expenditures for routine maintenance and repairs are expensed as incurred. Scrap value is estimated by the Company by taking the estimated scrap value of \$310 per lightweight ton (“lwt”) times the weight of the ship noted in lwt.

Deferred revenue

Deferred revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as income when earned. Additionally, deferred revenue includes estimated customer claims, mainly due to

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time charter performance issues. As of September 30, 2019 and December 31, 2018, the Company had an accrual of \$511 and \$345, respectively, related to these estimated customer claims.

Revenue recognition

Since the Company's inception, revenues have been generated from time charter agreements, spot market voyage charters, pool agreements and spot market-related time charters. A time charter involves placing a vessel at the charterer's disposal for a set period of time during which the charterer may use the vessel in return for the payment by the charterer of a specified daily hire rate, including any ballast bonus payments received pursuant to the time charter agreement. Spot market-related time charters are the same as other time charter agreements, except the time charter rates are variable and are based on a percentage of the average daily rates as published by the Baltic Dry Index ("BDI"). Voyage revenues also include the sale of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement.

The Company records time charter revenues over the term of the charter as service is provided. Revenues are recognized on a straight-line basis as the average revenue over the term of the respective time charter agreement. The Company records spot market-related time charter revenues over the term of the charter as service is provided based on the rate determined based on the BDI for each billing period. As such, the revenue earned by the Company's vessels that are on spot market-related time charters is subject to fluctuations of the spot market.

The Company has identified that time charter agreements, including fixed rate time charters and spot market-related time charters, contain a lease in accordance with Accounting Standards Codification ("ASC") 842 — Leases, refer to Note 12 — Voyage Revenue for further discussion.

The Company recognizes revenue for spot market voyage charters ratably over the total transit time of each voyage, which commences at the time the vessel arrives at the loading port and ends at the time the discharge of cargo is completed at the discharge port, in accordance with ASC 606 — Revenue from Contracts with Customers ("ASC 606"). Refer to Note 12 — Voyage Revenue for further discussion.

At September 30, 2019 and December 31, 2018, the Company did not have any of its vessels in vessel pools. Under pool arrangements, the vessels operate under a time charter agreement whereby the cost of bunkers and port expenses are borne by the pool and operating costs including crews, maintenance and insurance are typically paid by the owner of the vessel. Since the members of the pool share in the revenue less voyage expenses generated by the entire group of vessels in the pool, and the pool operates in the spot market, the revenue earned by these vessels is subject to the fluctuations of the spot market. The Company recognizes revenue from these pool arrangements based on its portion of the net distributions reported by the relevant pool, which represents the net voyage revenue of the pool after voyage expenses and pool manager fees.

Voyage expense recognition

In time charters, spot market-related time charters and pool agreements, operating costs including crews, maintenance and insurance are typically paid by the owner of the vessel and specified voyage costs such as fuel and port charges are paid by the charterer. These expenses are borne by the Company during spot market voyage charters. As such, there are significantly higher voyage expenses for spot market voyage charters as compared to time charters, spot market-related time charters and pool agreements. Refer to Note 12 — Voyage Revenue for further discussion of the accounting for fuel expenses for spot market voyage charters. There are certain other non-specified voyage expenses, such as commissions, which are typically borne by the Company. At the inception of a time charter, the Company records the difference between the cost of bunker fuel delivered by the terminating charterer and the bunker fuel sold to the new charterer as a gain or loss within voyage expenses. Additionally, the Company records lower of cost and net realizable value adjustments to re-value the bunker fuel on a quarterly basis for certain time charter agreements where the inventory is subject to gains and losses. These differences in bunkers, including any lower of cost and net realizable value adjustments, resulted in a net (loss) gain of (\$497) and \$1,020 during the three months ended September 30, 2019 and 2018, respectively, and (\$734) and \$2,909 during the nine months ended September 30, 2019 and 2018, respectively.

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Additionally, voyage expenses include the cost of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement.

Charter hire expenses

During the second quarter of 2018, the Company began chartering-in third-party vessels. The costs to charter-in these vessels, which primarily include the daily charter hire rate net of commissions or net freight revenue, are recorded as Charter hire expenses. The company recorded \$5,475 and \$723 of charter hire expenses during the three months ended September 30, 2019 and 2018, respectively, and \$12,743 and \$1,231 of charter hire expenses during the nine months ended September 30, 2019 and 2018, respectively.

Impairment of vessel assets

During the three months ended September 30, 2019 and 2018, the Company recorded \$12,182 and \$0, respectively, related to the impairment of vessel assets in accordance with ASC 360 — “Property, Plant and Equipment” (“ASC 360”). Additionally, during the nine months ended September 30, 2019 and 2018, the Company recorded \$26,078 and \$56,586, respectively, related to the impairment of vessel assets in accordance with ASC 360.

On November 4, 2019, the Company entered into an agreement to sell the Genco Raptor, a 2007-built Panamax vessel, to a third party for \$10,200 less a 2.0% commission payable to a third party. As the anticipated undiscounted cash flows, including the net sales price, did not exceed the net book value of the vessel as of September 30, 2019, the vessel value for the Genco Raptor was adjusted to its net sales price of \$9,996 as of September 30, 2019. This resulted in an impairment loss of \$5,812 during the three and nine months ended September 30, 2019.

On September 25, 2019, the Company entered into an agreement to sell the Genco Thunder, a 2007-built Panamax vessel, for \$10,400 less a 2.0% broker commission payable to a third party. Therefore, the vessel value for the Genco Thunder was adjusted to its net sales price of \$10,192 as of September 30, 2019. This resulted in an impairment loss of \$5,749 during the three and nine months ended September 30, 2019.

On September 20, 2019, the Company entered into an agreement to sell the Genco Champion, a 2006-built Handysize vessel, for \$6,600 less a 3.0% broker commission payable to a third party. Therefore, the vessel value for the Genco Champion was adjusted to its net sales price of \$6,402 as of September 30, 2019. This resulted in an impairment loss of \$621 during the three and nine months ended September 30, 2019. Refer to Note 17 — Subsequent Events for further detail regarding the sale.

On August 2, 2019, the Company entered into an agreement to sell the Genco Challenger, a 2003-built Handysize vessel, for \$5,250 less a 2.0% broker commission payable to a third party. As the anticipated undiscounted cash flows, including the net sales price, did not exceed the net book value of the vessel as of June 30, 2019, the vessel value for the Genco Challenger was adjusted to its net sales price of \$5,145 as of June 30, 2019. This resulted in an impairment loss of \$4,401 during the nine months ended September 30, 2019. Refer to Note 17 — Subsequent Events for further detail regarding the sale.

At June 30, 2019, the Company determined that the expected estimated future undiscounted cash flows for the Genco Champion, a 2006-built Handysize vessel, and the Genco Charger, a 2005-built Handysize vessel, did not exceed the net book value of these vessels as of June 30, 2019. As such, the Company adjusted the value of these vessels to their respective fair market values as of June 30, 2019. This resulted in an impairment loss of \$9,496 during the nine months ended September 30, 2019.

On July 24, 2018, the Company entered into an agreement to sell the Genco Surprise, a 1998-built Panamax vessel, for \$5,300 less a 3.0% broker commission payable to a third party. As the anticipated undiscounted cash flows, including the net sales price, did not exceed the net book value of the vessel as of June 30, 2018, the vessel value for the Genco Surprise was adjusted to its net sales price of \$5,141 as of June 30, 2018. This resulted in an impairment loss of \$184 during the nine months ended September 30, 2018. Refer to Note 4 — Vessel Acquisitions and Dispositions for further detail regarding the sale.

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On February 27, 2018, the Board of Directors determined to dispose of the Company's following nine vessels: the Genco Cavalier, the Genco Loire, the Genco Lorraine, the Genco Muse, the Genco Normandy, the Baltic Cougar, the Baltic Jaguar, the Baltic Leopard and the Baltic Panther, at times and on terms to be determined in the future. Given this decision, and that the estimated future undiscounted cash flows for each of these older vessels did not exceed the net book value for each vessel, the Company adjusted the values of these older vessels to their respective fair market values during the three months ended March 31, 2018. This resulted in an impairment loss of \$56,402 during the nine months ended September 30, 2018.

Gain on sale of vessels

During the nine months ended September 30, 2019, the Company recorded a net gain of \$611 related to the sale of vessels. The net gain of \$611 recorded during the nine months ended September 30, 2019 related primarily to the sale of the Genco Vigour. During the three and nine months ended September 30, 2018, the Company recorded a net gain of \$1,509 related to the sale of vessels. The net gain of \$1,509 recorded during the three and nine months ended September 30, 2018 related primarily to the sale of the Genco Progress and Genco Surprise.

Loss on debt extinguishment

During the nine months ended September 30, 2018, the Company recorded \$4,533 related to the loss on the extinguishment of debt in accordance with ASC 470-50 — "Debt – Modifications and Extinguishments" ("ASC 470-50"). This loss was recognized as a result of the refinancing of the \$400 Million Credit Facility, the \$98 Million Credit Facility and the 2014 Term Loan Facilities with the \$460 Million Credit Facility on June 5, 2018 as described in Note 7 — Debt.

Recent accounting pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-13, "Disclosure Framework: Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-03"), which change the disclosure requirements for fair value measurements by removing, adding, and modifying certain disclosures. This ASU is effective for fiscal years beginning after December 15, 2019, and for interim periods within that year. Early adoption is permitted for any eliminated or modified disclosures upon issuance of this ASU. The Company has evaluated the impact of the adoption of ASU 2018-03 and has determined that there is no effect on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" ("ASC 842"), which replaces the existing guidance in ASC 840 – Leases ("ASC 840"). This ASU requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability for leases with lease terms of more than twelve months. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset and for operating leases, the lessee would recognize a straight-line total lease expense. Accounting by lessors will remain largely unchanged from current U.S. GAAP. The requirements of this standard include an increase in required disclosures. This ASU was effective for fiscal years beginning after December 15, 2018, and for interim periods within those fiscal years. Lessees and lessors were required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. The requirements of this standard include a significant increase in required disclosures. In July 2018, the FASB issued ASU No. 2018-11, "Leases (Topic 842): Targeted Improvements" which provided clarifications and improvements to ASC 842, including allowing entities to elect an additional transition method with which to adopt ASC 842. The approved transition method enables entities to apply the transition requirements at the effective date of ASC 842 (rather than at the beginning of the earliest comparative period presented as currently required) with the effect of the initial application of ASC 842 recognized as a cumulative-effect adjustment to retained earnings in the period of adoption. As a result, an entity's reporting for the comparative periods presented in the year of adoption would continue to be in accordance with ASC 840, Lease (Topic 840) ("ASC 840"), including the disclosure requirements of ASC 840. The Company adopted ASC 842 on January 1, 2019 using this transition method.

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The new guidance provides a number of optional practical expedients in the transition. The Company has elected the package of practical expedients, which among other things, allows the carryforward of the historical lease classification. Further, upon implementation of the new guidance, the Company has elected the practical expedients to combine lease and non-lease components, and to not recognize right-of-use assets and lease liabilities for short-term leases. Upon adoption of ASC 842 on January 1, 2019, the Company recorded a right-of-use asset of \$9,710 and an operating lease liability of \$13,095 in the Condensed Consolidated Balance Sheets. Refer to Note 13 — Leases for further information regarding our operating lease agreement and the effect of the adoption of ASC 842 from a lessee perspective.

Pursuant to ASC 842, the Company has identified revenue from its time charter agreements as lease revenue. Refer to Note 12 — Voyage revenue for additional information regarding the adoption of ASC 842 from a lessor perspective.

3 - CASH FLOW INFORMATION

For the nine months ended September 30, 2019, the Company had non-cash investing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in Accounts payable and accrued expenses consisting of \$2,478 for the Purchase of vessels, including deposits, \$7,420 for the Purchase of scrubbers and \$427 for the Purchase of other fixed assets.

For the nine months ended September 30, 2018 the Company had non-cash investing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in Accounts payable and accrued expenses consisting of \$1,000 for the Purchase of vessels, including deposits, \$253 for the Net proceeds from sale of vessels and \$34 for the Purchase of other fixed assets. For the nine months ended September 30, 2018, the Company had non-cash financing activities not included in the Condensed Consolidated Statement of Cash Flows for items included Accounts payable and accrued expenses consisting of \$350 for the Payment of deferred financing fees and \$90 for the Payment of common stock issuance costs.

During the nine months ended September 30, 2019 and 2018, cash paid for interest was \$21,927 and \$20,623, respectively, excluding the PIK interest paid as a result of the refinancing of the \$400 Million Credit Facility. Refer to Note 7 — Debt.

During the nine months ended September 30, 2019 and 2018, there was no cash paid for estimated income taxes.

On May 15, 2019, the Company issued 29,580 restricted stock units to certain members of the Board of Directors. The aggregate fair value of these restricted stock units was \$255.

On March 4, 2019, the Company issued 106,079 restricted stock units and options to purchase 240,540 shares of the Company's stock at an exercise price of \$8.39 to certain individuals. The fair value of these restricted stock units and stock options were \$890 and \$904, respectively.

On May 15, 2018, the Company issued 14,268 restricted stock units to certain members of the Board of Directors. The aggregate fair value of these restricted stock units was \$255.

On February 27, 2018, the Company issued 37,346 restricted stock units and options to purchase 122,608 shares of the Company's stock at an exercise price of \$13.69 to certain individuals. The fair value of these restricted stock units and stock options were \$512 and \$926, respectively.

Refer to Note 15 — Stock-Based Compensation for further information regarding the aforementioned grants.

4 - VESSEL ACQUISITIONS AND DISPOSITIONS

Vessel Acquisitions

On June 6, 2018, the Company entered into an agreement for the en bloc purchase of four drybulk vessels, including two Capesize drybulk vessels and two Ultramax drybulk vessels for approximately \$141,000. Each vessel was built with a fuel-saving “eco” engine. The Genco Resolute, a 2015-built Capesize vessel, was delivered on August 14, 2018 and the Genco Endeavour, a 2015-built Capesize vessel, was delivered on August 15, 2018. The Genco Weatherly, a 2014-built Ultramax vessel, was delivered on July 26, 2018 and the Genco Columbia, a 2016-built Ultramax vessel, was delivered on September 10, 2018. The Company utilized a combination of cash on hand and proceeds from the \$108 Million Credit Facility to finance the purchase.

On July 12, 2018, the Company entered into agreements to purchase two 2016-built Capesize drybulk vessels for an aggregate purchase price of \$98,000. The Genco Defender was delivered on September 6, 2018, and the Genco Liberty was delivered on September 11, 2018. The Company utilized a combination of cash on hand and proceeds from the \$108 Million Credit Facility to finance the purchase.

Vessel Dispositions

On September 25, 2019, the Company entered into an agreement to sell the Genco Thunder, a 2007-built Panamax vessel, for \$10,400 less a 2.0% broker commission payable to a third party. The sale is expected to be completed during the fourth quarter of 2019. The vessel assets have been classified as held for sale in the Condensed Consolidated Balance Sheet as of September 30, 2019. The Genco Thunder serves as collateral under the \$495 Million Credit Facility.

On September 20, 2019, the Company entered into an agreement to sell the Genco Champion, a 2006-built Handysize vessel, for \$6,600 less a 3.0% broker commission payable to a third party. The sale was completed on October 21, 2019. The vessel assets have been classified as held for sale in the Condensed Consolidated Balance Sheet as of September 30, 2019. The Genco Champion served as collateral under the \$495 Million Credit Facility. Refer to Note 17 — Subsequent Events for further information.

On August 2, 2019, the Company entered into an agreement to sell the Genco Challenger, a 2003-built Handysize vessel, for \$5,250 less a 2.0% broker commission payable to a third party. The sale was completed on October 10, 2019. The vessel assets have been classified as held for sale in the Condensed Consolidated Balance Sheet as of September 30, 2019. The Genco Challenger served as collateral under the \$495 Million Credit Facility. Refer to Note 17 — Subsequent Events for further information.

On November 23, 2018, the Company entered into an agreement to sell the Genco Vigour, a 1999-built Panamax vessel, to a third party for \$6,550 less a 2.0% broker commission payable to a third party. The sale was completed on January 28, 2019. The vessel assets were classified as held for sale in the Condensed Consolidated Balance Sheet as of December 31, 2018.

On November 21, 2018, the Company entered into an agreement to sell the Genco Knight, a 1999-built Panamax vessel, to a third party for \$6,200 less a 3.0% broker commission payable to a third party. The sale was completed on December 26, 2018.

On November 15, 2018, the Company entered into an agreement to sell the Genco Beauty, a 1999-built Panamax vessel, to a third party for \$6,560 less a 3.0% broker commission payable to a third party. The sale was completed on December 17, 2018.

On October 31, 2018, the Company entered into an agreement to sell the Genco Muse, a 2001-built Handymax vessel, to a third party for \$6,660 less a 2.0% broker commission payable to a third party. The sale was completed on December 5, 2018.

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On August 30, 2018, the Company entered into an agreement to sell the Genco Cavalier, a 2007-built Supramax vessel, to a third party for \$10,000 less a 2.5% broker commission payable to a third party. The sale was completed on October 16, 2018. The Genco Cavalier served as collateral under the \$495 Million Credit Facility; therefore, \$4,947 of the net proceeds received from the sale remained classified as restricted cash for 180 days following the sale date which was reflected as current restricted cash in the Condensed Consolidated Balance Sheets as of December 31, 2018. That amount could be used towards the financing of a replacement vessel or vessels meeting certain requirements and added as collateral under the facility. If such a replacement vessel was not added as collateral within such 180 day period, the Company was required to use the proceeds as a loan prepayment. On April 15, 2019, the Company utilized these proceeds as a loan prepayment under the \$495 Million Credit Facility, refer to Note 7 — Debt.

On July 24, 2018, the Company entered into an agreement to sell the Genco Surprise, a 1998-built Panamax vessel, to a third party for \$5,300 less a 3.0% broker commission payable to a third party. On August 7, 2018, the Company completed the sale of the Genco Surprise.

On June 27, 2018, the Company reached agreements to sell the Genco Explorer and the Genco Progress, both 1999-built Handysize vessels, to a third party for \$5,600 each less a 3.0% broker commission payable to a third party. The sale of the Genco Progress was completed on September 13, 2018 and the sale of the Genco Explorer was completed on November 13, 2018.

With the exception of the Genco Cavalier, the aforementioned six vessels that were sold during the year ended December 31, 2018 and the Genco Vigour which was sold during the nine months ended September 30, 2019 do not serve as collateral under any of the Company's credit facilities; therefore the Company was not required to pay down any indebtedness with the proceeds from the sales.

Refer to Note 1 — General Information for a listing of the delivery dates for the vessels in the Company's fleet.

5 - NET (LOSS) EARNINGS PER SHARE

The computation of basic net (loss) earnings per share is based on the weighted-average number of common shares outstanding during the reporting period. The computation of diluted net (loss) earnings per share assumes the vesting of nonvested stock awards and the exercise of stock options (refer to Note 15 — Stock-Based Compensation), for which the assumed proceeds upon vesting are deemed to be the amount of compensation cost attributable to future services and are not yet recognized using the treasury stock method, to the extent dilutive. There were 258,084 restricted stock units and 496,148 stock options excluded from the computation of diluted net loss per share during the three and nine months ended September 30, 2019 because they were anti-dilutive. There were no anti-dilutive stock options, restricted stock or restricted stock units excluded from the computation of diluted net earnings per share during the three months ended September 30, 2018. There were 253,438 shares of restricted stock and restricted stock units and 255,608 stock options excluded from the computation of diluted net loss per share during the nine months ended September 30, 2018 because they were anti-dilutive (refer to Note 15 — Stock-Based Compensation).

The Company's diluted net (loss) earnings per share will also reflect the assumed conversion of the equity warrants issued when the Company emerged from bankruptcy on July 9, 2014 (the "Effective Date") and MIP Warrants issued by the Company (refer to Note 15 — Stock-Based Compensation) if the impact is dilutive under the treasury stock method. The equity warrants have a 7-year term that commenced on the day following the Effective Date and are exercisable for one tenth of a share of the Company's common stock. There were no unvested MIP Warrants and 3,936,761 equity warrants excluded from the computation of diluted net (loss) earnings per share during the three and nine months ended September 30, 2019 and 2018 because they were anti-dilutive.

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The components of the denominator for the calculation of basic and diluted net (loss) earnings per share are as follows:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|------------|--|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Common shares outstanding, basic: | | | | |
| Weighted-average common shares outstanding, basic | 41,749,200 | 41,618,187 | 41,739,287 | 37,263,200 |
| Common shares outstanding, diluted: | | | | |
| Weighted-average common shares outstanding, basic | 41,749,200 | 41,618,187 | 41,739,287 | 37,263,200 |
| Dilutive effect of warrants | — | — | — | — |
| Dilutive effect of stock options | — | 31,965 | — | — |
| Dilutive effect of restricted stock awards | — | 170,856 | — | — |
| Weighted-average common shares outstanding, diluted | 41,749,200 | 41,821,008 | 41,739,287 | 37,263,200 |

6 - RELATED PARTY TRANSACTIONS

During the three and nine months ended September 30, 2019 and 2018, the Company did not identify any related party transactions.

7 – DEBT

Long-term debt, net consists of the following:

| | September 30, 2019 | | December 31, 2018 | |
|--|--------------------|----------|-------------------|----------|
| Principal amount | \$ | 518,605 | \$ | 551,420 |
| Less: Unamortized debt financing costs | | (14,054) | | (16,272) |
| Less: Current portion | | (70,111) | | (66,320) |
| Long-term debt, net | \$ | 434,440 | \$ | 468,828 |

| | September 30, 2019 | | December 31, 2018 | |
|-------------------------------|--------------------|--------------------------------|-------------------|--------------------------------|
| | Principal | Unamortized Debt Issuance Cost | Principal | Unamortized Debt Issuance Cost |
| \$495 Million Credit Facility | \$ 416,925 | \$ 12,501 | \$ 445,000 | \$ 14,423 |
| \$108 Million Credit Facility | 101,680 | 1,553 | 106,420 | 1,849 |
| Total debt | \$ 518,605 | \$ 14,054 | \$ 551,420 | \$ 16,272 |

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As of September 30, 2019 and December 31, 2018, \$14,054 and \$16,272 of deferred financing costs, respectively, were presented as a direct deduction within the outstanding debt balance in the Company's Condensed Consolidated Balance Sheet. Amortization expense for deferred financing costs was \$961 and \$871 for the three months ended September 30, 2019 and 2018, respectively, and \$2,828 and \$2,110 for the nine months ended September 30, 2019 and 2018, respectively. This amortization expense is recorded as a component of Interest expense in the Condensed Consolidated Statements of Operations.

Effective June 5, 2018, the portion of the unamortized deferred financing costs for the \$400 Million Credit Facility and 2014 Term Loan Facilities that was identified as a debt modification, rather than an extinguishment of debt, is being amortized over the life of the \$495 Million Credit Facility.

\$495 Million Credit Facility

On May 31, 2018, the Company entered into a five-year senior secured credit facility for an aggregate amount of up to \$460,000 with Nordea Bank AB (publ), New York Branch ("Nordea"), as Administrative Agent and Security Agent, the various lenders party thereto, and Nordea, Skandinaviska Enskilda Banken AB (publ), ABN AMRO Capital USA LLC, DVB Bank SE, Crédit Agricole Corporate & Investment Bank, and Danish Ship Finance A/S as Bookrunners and Mandated Lead Arrangers. Deutsche Bank AG Filiale Deutschlandgeschäft, and CTBC Bank Co. Ltd. are Co-Arrangers under this credit facility. On June 5, 2018, proceeds of \$460,000 under this facility were used, together with cash on hand, to refinance all of the Company's existing credit facilities (the \$400 Million Credit Facility, \$98 Million Credit Facility and 2014 Term Loan Facilities, as defined below) into one facility, and pay down the debt on seven of the Company's oldest vessels, which have been identified for sale.

On February 28, 2019, the Company entered into an Amendment and Restatement Agreement (the "Amendment") for this credit facility (the "\$495 Million Credit Facility") with Nordea Bank AB (publ), New York Branch ("Nordea"), as Administrative Agent and Security Agent, the various lenders party thereto, and Nordea, Skandinaviska Enskilda Banken AB (publ), ABN AMRO Capital USA LLC, DVB Bank SE, Crédit Agricole Corporate & Investment Bank, and Danish Ship Finance A/S as Bookrunners and Mandated Lead Arrangers. The Amendment provides for an additional tranche up to \$35,000 to finance a portion of the acquisitions, installations, and related costs for scrubbers for 17 of the Company's Capesize vessels. On August 28, 2019 and September 23, 2019, the Company made total drawdowns of \$9,300 and \$12,200, respectively, under the \$35 Million tranche of the \$495 Million Credit Facility.

On April 15, 2019, the Company utilized \$4,947 of the proceeds from the sale of the Genco Cavalier that was classified as restricted cash as of December 31, 2018 as a loan prepayment under the \$495 Million Credit Facility. Under the terms of the \$495 Million Credit Facility, the amount received from the proceeds of the sale of a collateralized vessel can be used towards the financing of a replacement vessel or vessels meeting certain requirements and added as collateral under the facility. However, since a replacement vessel was not added as collateral within the 180 day period stipulated in the \$495 Million Credit Facility, the Company was required to utilize the proceeds as a loan prepayment.

On May 10, 2019 and July 5, 2019, the Company prepaid \$15,000 for the amortization payment originally scheduled for June 30, 2019 and September 30, 2019, respectively. As the prepayment amounts exceeded the revised scheduled quarterly amortization payment of \$14,864 (as explained below), the excess payment was applied to the next scheduled quarterly amortization payment due as per the repayment schedule.

As of September 30, 2019, there was \$13,128 of availability under the \$495 Million Credit Facility. Total debt repayments of \$15,000 and \$49,575 were made during the three and nine months ended September 30, 2019 under the \$495 Million Credit Facility, respectively. There were no debt repayments made under the \$495 Million Credit Facility during the three and nine months ended September 30, 2018. As of September 30, 2019 and December 31, 2018, the total outstanding net debt balance was \$404,424 and \$430,577, respectively.

The \$495 Million Credit Facility provides for the following key terms in relation to the \$460,000 tranche:

- The final maturity date is May 31, 2023.

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- Borrowings bear interest at London Interbank Offered Rate (“LIBOR”) plus 3.25% through December 31, 2018 and LIBOR plus a range of 3.00% and 3.50% thereafter, dependent upon the Company’s ratio of total net indebtedness to the last twelve months EBITDA. Original scheduled amortization payments were \$15,000 per quarter commencing on December 31, 2018, with a final payment of \$190,000 due on the maturity date. As a result of the \$4,947 loan prepayment on April 15, 2019 as described above, scheduled amortization were recalculated in accordance with the terms of the facility. Scheduled amortization payments will be \$14,864 per quarter commencing June 30, 2019, with a final payment of \$187,601 due on the maturity date.
- Scheduled amortization payments may be recalculated upon the Company’s request based on changes in collateral vessels, prepayments of the loan made as a result of a collateral vessel disposition as part of the Company’s fleet renewal program, or voluntary prepayments, subject in each case to a minimum repayment profile under which the loan will be repaid to nil when the average age of the vessels serving as collateral from time to time reaches 17 years. Mandatory prepayments are applied to remaining amortization payments pro rata, while voluntary prepayments are applied to remaining amortization payments in order of maturity.
- Acquisitions and additional indebtedness are allowed subject to compliance with financial covenants, a collateral maintenance test, and other customary conditions.

The \$495 Million Credit Facility provides for the following key terms in relation to the \$35,000 tranche:

- The final maturity date is May 31, 2023.
- Borrowings under the tranche may be incurred pursuant to multiple drawings on or prior to March 30, 2020 in minimum amounts of \$5,000 and may be used to finance up to 90% of the scrubber costs noted above.
- Borrowings under the tranche will bear interest at LIBOR plus 2.50% through September 30, 2019 and LIBOR plus a range of 2.25% to 2.75% thereafter, dependent upon the Company’s ratio of total net indebtedness to the last twelve months’ EBITDA.
- The tranche is subject to equal consecutive quarterly repayments commencing on the last day of the fiscal quarter ending March 31, 2020 in an amount reflecting a repayment profile whereby the loans shall have been repaid after four years calculated from March 31, 2020. Assuming that the full \$35,000 is borrowed, each quarterly repayment amount was originally scheduled to be equal to \$2,500. However, as a result of the \$4,947 loan prepayment on April 15, 2019, the availability under the \$35,000 tranche was reduced to \$34,628. Assuming that the full \$34,628 is borrowed, scheduled quarterly repayments would be approximately \$2,473 commencing March 31, 2020.

The \$495 Million Credit Facility provides for the following key terms:

- Dividends may be paid subject to customary conditions and a limitation of 50% of consolidated net income for the quarter preceding such dividend payment if the collateral maintenance test ratio is 200% or less for such quarter, the full commitment of up to \$35,000 for the scrubber tranche is assumed to be drawn. Refer to Note 17 — Subsequent Events for November 5, 2019 amendment to this dividend covenant.
- Collateral vessels can be sold or disposed of without prepayment of the loan if a replacement vessel or vessels meeting certain requirements are included as collateral within 180 days of such sale or disposition. In addition:
 - we must be in compliance with the collateral maintenance test;
 - the replacement vessels must become collateral for the loan; and either
 - the replacement vessels must have an equal or greater appraised value that the collateral vessels for which they are substituted, or

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- ratio of the aggregate appraised value of the collateral vessels (including replacement vessels) to the outstanding loan amount after the collateral disposition (accounting for any prepayments of the loan by the time the replacement vessels become collateral vessels) must equal or exceed the aggregate appraised value of the collateral vessels to the outstanding loan before the collateral disposition.
- Key financial covenants include:
 - minimum liquidity, with unrestricted cash and cash equivalents to equal or exceed the greater of \$30,000 and 7.5% of total indebtedness (no restricted cash is required);
 - minimum working capital, with consolidated current assets (excluding restricted cash) minus consolidated current liabilities (excluding the current portion of long-term indebtedness) to be not less than zero;
 - debt to capitalization, with the ratio of total indebtedness to total capitalization to be not more than 70%; and
 - collateral maintenance, with the aggregate appraised value of collateral vessels to be at least 135% of the principal amount of the loan outstanding under the \$495 Million Credit Facility.
- Collateral includes the current vessels in the Company's fleet other than the seven oldest vessels in the fleet which have been identified for sale, collateral vessel earnings and insurance, and time charters in excess of 24 months in respect of the collateral vessels.

As of September 30, 2019, the Company was in compliance with all of the financial covenants under the \$495 Million Credit Facility.

\$108 Million Credit Facility

On August 14, 2018, the Company entered into a five-year senior secured credit facility (the "\$108 Million Credit Facility") with Crédit Agricole Corporate & Investment Bank ("CACIB"), as Structurer and Bookrunner, CACIB and Skandinaviska Enskilda Banken AB (Publ) as Mandate Lead Arrangers, CACIB as Administrative Agent and as Security Agent, and the other lenders party thereto from time to time. The Company has used proceeds from the \$108 Million Credit Facility to finance a portion of the purchase price for the six vessels, including four Capesize Vessels and two Ultramax vessels, which were delivered to the Company during the three months ended September 30, 2018 (refer to Note 4 — Vessel Acquisitions and Dispositions). These six vessels also serve as collateral under the \$108 Million Credit Facility. The Company drew down a total of \$108,000 during the three months ended September 30, 2018, which represents 45% of the appraised value of the six vessels.

As of September 30, 2019, there was no availability under the \$108 Million Credit Facility. Total debt repayments of \$1,580 and \$4,740 were made during the three and nine months ended September 30, 2019 under the \$108 Million Credit Facility, respectively. There were no debt repayments made during the three and nine months ended September 30, 2018 under the \$108 Million Credit Facility. As of September 30, 2019 and December 31, 2018, the total outstanding net debt balance was \$100,127 and \$104,571, respectively.

The \$108 Million Credit Facility provides for the following key terms:

- The final maturity date of the \$108 Million Credit Facility is August 14, 2023.
- Borrowings under the \$108 Million Credit Facility bear interest at LIBOR plus 2.50% through September 30, 2019 and LIBOR plus a range of 2.25% to 2.75% thereafter, dependent upon the Company's ratio of total net indebtedness to the last twelve months EBITDA.

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- Scheduled amortization payments under the \$108 Million Credit Facility reflect a repayment profile whereby the facility shall have been repaid to nil when the average vessel aged of the collateral vessels reaches 20 years. Based on this, the required repayments are \$1,580 per quarter commencing on December 31, 2018, with a final balloon payment on the maturity date.
- Mandatory prepayments are to be applied to remaining amortization payments pro rata, while voluntary prepayments are to be applied to remaining amortization payments in order of maturity.
- Dividends may be paid subject to customary conditions and a limitation of 50% of consolidated net income for the quarter preceding such dividend payment if the collateral maintenance test ratio is 200% or less for such quarter. Refer to Note 17 — Subsequent Events for November 5, 2019 amendment to this dividend covenant.
- Acquisitions and additional indebtedness are allowed subject to compliance with financial covenants (including a collateral maintenance test) and other customary conditions.
- Key financial covenants are substantially similar to those under the Company's \$495 Million Credit Facility and include:
 - minimum liquidity, with unrestricted cash and cash equivalents to equal or exceed the greater of \$30,000 and 7.5% of total indebtedness;
 - minimum working capital, with consolidated current assets (excluding restricted cash) minus consolidated current liabilities (excluding the current portion of long-term indebtedness) to be not less than zero;
 - debt to capitalization, with the ratio of total indebtedness to total capitalization to be not more than 70%; and
 - collateral maintenance, with the aggregate appraised value of collateral vessels to be at least 135% of the principal amount of the loan outstanding under the \$108 Million Credit Facility.

As of September 30, 2019, the Company was in compliance with all of the financial covenants under the \$108 Million Credit Facility.

\$400 Million Credit Facility

On November 10, 2016, the Company entered into a senior secured term loan facility, the \$400 Million Credit Facility, in an aggregate principal amount of up to \$400,000 with Nordea Bank Finland plc, New York Branch, Skandinaviska Enskilda Banken AB (publ), DVB Bank SE, ABN AMRO Capital USA LLC, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG Filiale Deutschlandgeschäft, Crédit Industriel et Commercial and BNP Paribas. On November 15, 2016, the proceeds under the \$400 Million Credit Facility were used to refinance six of the Company's prior credit facilities. The \$400 Million Credit Facility was collateralized by 45 of the Company's vessels and at December 31, 2016, required the Company to sell five remaining unencumbered vessels, which were sold during the year ended December 31, 2017. On November 14, 2016, the Company borrowed the maximum available amount of \$400,000.

The \$400 Million Credit Facility had a maturity date of November 15, 2021, and the principal borrowed under the facility bore interest at the LIBOR for an interest period of three months plus a margin of 3.75%. The Company had the option to pay 1.50% of such rate in-kind ("PIK interest") through December 31, 2018, of which was payable on the maturity date of the facility. The Company opted to make the PIK interest election through September 29, 2017. As of September 30, 2019 and December 31, 2018, the Company did not have any PIK interest recorded. The \$400 Million Credit Facility originally had scheduled amortization payments of (i) \$100 per quarter through December 31, 2018, (ii) \$7,610 per quarter from March 31, 2019 through December 31, 2020, (iii) \$18,571 per quarter from March 31, 2021 through September 30, 2021 and (iv) \$282,605 upon final maturity on November 15, 2021, which did not include PIK

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interest. Pursuant to the credit facility agreement, upon the payment of any excess cash flow to the lenders (see below), the scheduled repayments were adjusted to reflect the reduction of future amortization amounts.

There was no collateral maintenance testing for the \$400 Million Credit Facility prior to June 30, 2018. Thereafter, there was to be required collateral maintenance testing with a gradually increasing threshold calculated as the value of the collateral under the facility as a percentage of the loan outstanding as follows: 105% from June 30, 2018 to December 30, 2018, 115% from December 31, 2018 to December 30, 2020 and 135% thereafter.

The \$400 Million Credit Facility required the Company to comply with a number of covenants substantially similar to those in the Company's other credit facilities, including financial covenants related to debt to total book capitalization, minimum working capital, minimum liquidity, and dividends; collateral maintenance requirements (as described above); and other customary covenants. The Company was required to maintain a ratio of total indebtedness to total capitalization of not greater than 0.70 to 1.00 at all times. Minimum working capital as defined in the \$400 Million Credit Facility was not to be less than \$0 at all times. The \$400 Million Credit Facility had minimum liquidity requirements at all times for all vessels in its fleet of (i) \$250 per vessel to and including December 31, 2018, (ii) \$400 per vessel from January 1, 2019 to and including December 31, 2019 and (iii) \$700 per vessel from January 1, 2020 and thereafter. The Company was prohibited from paying dividends without lender consent through December 31, 2020. The Company was able establish non-recourse subsidiaries to incur indebtedness or make investments, but it was restricted from incurring indebtedness or making investments (other than through non-recourse subsidiaries). Excess cash from the collateralized vessels under the \$400 Million Credit Facility was subject to a cash sweep. The cash flow sweep was 100% of excess cash flow through December 31, 2018, 75% through December 31, 2020 and the lesser of 50% of excess cash flow or an amount that would reflect a 15-year average vessel age repayment profile thereafter; provided no prepayment under the cash sweep was required from the first \$10,000 in aggregate of the prepayments otherwise required under the cash sweep. During the three and nine months ended September 30, 2018, the Company repaid \$0 and \$15,428, respectively, for the excess cash flow sweep.

There were no debt repayments made during the three and nine months ended September 30, 2019 under the \$400 Million Credit Facility. There were no debt repayments made during the three months ended September 30, 2018 and \$404,941 (both which include \$5,341 of PIK interest) of debt repayments made during the nine months ended September 30, 2018 under the \$400 Million Credit Facility.

On June 5, 2018, the \$400 Million Credit Facility was refinanced with the \$495 Million Credit Facility; refer to the "\$495 Million Credit Facility" section above.

\$98 Million Credit Facility

On November 4, 2015, thirteen of the Company's wholly-owned subsidiaries entered into a Facility Agreement, by and among such subsidiaries as borrowers (collectively, the "Borrowers"); Genco Holdings Limited, a direct subsidiary of Genco of which the Borrowers are direct subsidiaries ("Holdco"); certain funds managed or advised by Hayfin Capital Management, Breakwater Capital Ltd, or their nominee, as lenders; and Hayfin Services LLP, as agent and security agent (the "\$98 Million Credit Facility"). The Borrowers borrowed the maximum available amount of \$98,271 under the facility on November 10, 2015.

Borrowings under the facility were available for working capital purposes. The facility had a final maturity date of September 30, 2020, and the principal borrowed under the facility bore interest at LIBOR for an interest period of three months plus a margin of 6.125% per annum. The facility had no fixed amortization payments for the first two years and fixed amortization payments of \$2,500 per quarter thereafter. To the extent the value of the collateral under the facility was 182% or less of the loan amount outstanding, the Borrowers were to prepay the loan from earnings received from operation of the thirteen collateral vessels after deduction of the following amounts: costs, fees, expenses, interest, and fixed principal repayments under the facility; operating expenses relating to the thirteen vessels; and the Borrowers' pro rata share of general and administrative expenses based on the number of vessels they owned.

The Facility Agreement required the Borrowers and, in certain cases, the Company and Holdco to comply with a number of covenants substantially similar to those in the other credit facilities of Genco and its subsidiaries, including

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financial covenants related to maximum leverage, minimum consolidated net worth, minimum liquidity, and dividends; collateral maintenance requirements; and other customary covenants. The Company was prohibited from paying dividends under this facility until December 31, 2018. Following December 31, 2018, the amount of dividends the Company could pay was limited based on the amount of the repayment of at least \$25,000 of the loan under such facility, as well as the ratio of the value of vessels and certain other collateral pledged under such facility. The Facility Agreement included usual and customary events of default and remedies for facilities of this nature.

Borrowings under the facility were secured by first priority mortgage on the vessels owned by the Borrowers, namely the Genco Constantine, the Genco Augustus, the Genco London, the Genco Titus, the Genco Tiberius, the Genco Hadrian, the Genco Knight, the Genco Beauty, the Genco Vigour, the Genco Predator, the Genco Cavalier, the Genco Champion, and the Genco Charger, and related collateral. Pursuant to the Facility Agreement and a separate Guarantee executed by the Company, the Company and Holdco were acting as guarantors of the obligations of the Borrowers and each other under the Facility Agreement and its related documentation.

On November 15, 2016, the Company entered into an Amending and Restating Agreement, which amended and restated the credit agreements and the guarantee for the \$98 Million Credit Facility (the “Restated \$98 Million Credit Facility”). The Restated \$98 Million Credit Facility provided for the following: reductions in the minimum liquidity requirements consistent with the \$400 Million Credit Facility, except the minimum liquidity amount for the collateral vessels under this facility was \$750 per vessel, which was reflected as restricted cash; netting of certain amounts against the measurements of the collateral maintenance covenant, which remained in place with a 140% value to loan threshold; a portion of amounts required to be maintained under the minimum liquidity covenant for this facility may, under certain circumstances, have been used to prepay the facility to maintain compliance with the collateral maintenance covenant; elimination of the original maximum leverage ratio and minimum net worth covenants; and restrictions on incurring indebtedness, making investments (other than through non-recourse subsidiaries) or paying dividends, similar to those provided for in the \$400 Million Credit Facility. The minimum working capital and the total indebtedness to total capitalization were the same as the \$400 Million Credit Facility.

There were no debt repayments made during the three and nine months ended September 30, 2019 under the \$98 Million Credit Facility. There were no debt repayments made during the three months ended September 30, 2018 and \$93,939 of debt repayments made during the nine months ended September 30, 2018 under the \$98 Million Credit Facility.

On June 5, 2018, the \$98 Million Credit Facility was refinanced with the \$495 Million Credit Facility; refer to the “\$495 Million Credit Facility” section above.

2014 Term Loan Facilities

On October 8, 2014, Baltic Trading and its wholly-owned subsidiaries, Baltic Hornet Limited and Baltic Wasp Limited, each entered into a loan agreement and related documentation for a credit facility in a principal amount of up to \$16,800 with ABN AMRO Capital USA LLC and its affiliates (the “2014 Term Loan Facilities”) to partially finance the newbuilding Ultramax vessel that each subsidiary acquired, namely the Baltic Hornet and Baltic Wasp, respectively. Amounts borrowed under the 2014 Term Loan Facilities were not allowed to be reborrowed. The 2014 Term Loan Facilities had a ten-year term, and the facility amount was to be the lowest of 60% of the delivered cost per vessel, \$16,800 per vessel, and 60% of the fair market value of each vessel at delivery. The 2014 Term Loan Facilities were insured by the China Export & Credit Insurance Corporation (Sinasure) in order to cover political and commercial risks for 95% of the outstanding principal plus interest, which was recorded in deferred financing fees. Borrowings under the 2014 Term Loan Facilities bore interest at the three or six-month LIBOR rate plus an applicable margin of 2.50% per annum. Borrowings were to be repaid in 20 equal consecutive semi-annual installments of 1/24 of the facility amount plus a balloon payment of 1/6 of the facility amount at final maturity. Principal repayments commenced six months after the actual delivery date for each respective vessel.

Borrowings under the 2014 Term Loan Facilities were secured by liens on the vessels acquired with borrowings under these facilities, namely the Baltic Hornet and Baltic Wasp, and other related assets. The Company guaranteed the obligations of the Baltic Hornet and Baltic Wasp under the 2014 Term Loan Facilities.

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On November 15, 2016, the Company entered into Supplemental Agreements with lenders under our 2014 Term Loan Facilities which, among other things, amended the Company's collateral maintenance covenants under the 2014 Term Loan Facilities to provide that such covenants would not be tested through December 30, 2017 and the minimum collateral value to loan ratio was 100% from December 31, 2017, 105% from June 30, 2018, 115% from December 31, 2018 and 135% from December 31, 2019. These Supplemental Agreements also provided for certain other amendments to the 2014 Term Loan Facilities, which included reductions in the minimum liquidity requirements consistent with the \$400 Million Credit Facility and restrictions on incurring indebtedness, making investments (other than through non-recourse subsidiaries) or paying dividends, similar to the \$400 Million Credit Facility. Additionally, the minimum working capital required was the same as under the \$400 Million Credit Facility. Lastly, the maximum leverage requirement was equivalent to the debt to total capitalization requirement in the \$400 Million Credit Facility.

There were no debt repayments made during the three and nine months ended September 30, 2019 under the 2014 Term Loan Facilities. There were no debt repayments made during the three months ended September 30, 2018 and \$25,544 of debt repayments made during the nine months ended September 30, 2018 under the 2014 Term Loan Facilities.

On June 5, 2018, the 2014 Term Loan Facilities were refinanced with the \$495 Million Credit Facility; refer to the "\$495 Million Credit Facility" section above.

Interest rates

The following table sets forth the effective interest rate associated with the interest expense for the Company's debt facilities noted above, including the cost associated with unused commitment fees, if applicable. The following table also includes the range of interest rates on the debt, excluding the impact of unused commitment fees, if applicable:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|------------------|--|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Effective Interest Rate | 5.31 % | 5.32 % | 5.44 % | 5.80 % |
| Range of Interest Rates (excluding unused commitment fees) | 4.54 % to 5.49 % | 4.56 % to 5.38 % | 4.54 % to 5.76 % | 3.83 % to 8.43 % |

8 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values and carrying values of the Company's financial instruments at September 30, 2019 and December 31, 2018 which are required to be disclosed at fair value, but not recorded at fair value, are noted below.

| | September 30, 2019 | | December 31, 2018 | |
|---------------------------|--------------------|------------|-------------------|------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Cash and cash equivalents | \$ 165,876 | \$ 165,876 | \$ 197,499 | \$ 197,499 |
| Restricted cash | 315 | 315 | 5,262 | 5,262 |
| Floating rate debt | 518,605 | 518,605 | 551,420 | 551,420 |

The carrying value of the borrowings under the \$495 Million Credit Facility and the \$108 Million Credit Facility as of September 30, 2019 and December 31, 2018 approximate their fair value due to the variable interest nature thereof as each of these credit facilities represent floating rate loans. Refer to Note 7 — Debt for further information regarding the Company's credit facilities. The \$495 Million Credit Facility was utilized to refinance the \$400 Million Credit Facility, \$98 Million Credit Facility and 2014 Term Loan Facilities on June 5, 2018 and was subsequently amended on February 28, 2019. The carrying amounts of the Company's other financial instruments at September 30, 2019 and December 31, 2018 (principally Due from charterers and Accounts payable and accrued expenses) approximate fair values because of the relatively short maturity of these instruments.

ASC Subtopic 820-10, “Fair Value Measurements & Disclosures” (“ASC 820-10”), applies to all assets and liabilities that are being measured and reported on a fair value basis. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumption (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 requires significant management judgment. The three levels are defined as follows:

- Level 1—Valuations based on quoted prices in active markets for identical instruments that the Company is able to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.
- Level 2—Valuations based on quoted prices in active markets for instruments that are similar, or quoted prices in markets that are not active for identical or similar instruments, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Cash and cash equivalents and restricted cash are considered Level 1 items, as they represent liquid assets with short-term maturities. Floating rate debt is considered to be a Level 2 item, as the Company considers the estimate of rates it could obtain for similar debt or based upon transactions amongst third parties. Nonrecurring fair value measurements include vessel impairment assessments completed during the interim period and at year-end as determined based on third-party quotes, which are based on various data points, including comparable sales of similar vessels, which are Level 2 inputs. During the nine months ended September 30, 2019, the vessel assets for five of the Company’s vessels were written down as part of the impairment recorded during the nine months ended September 30, 2019. During the nine months ended September 30, 2018, the vessels assets for ten of the Company’s vessels were written down as part of the impairment recorded during the nine months ended September 30, 2018. Refer to “Impairment of vessel assets” section in Note 2 — Summary of Significant Accounting Policies. Nonrecurring fair value measurements also include impairment tests conducted by the Company during the nine months ended September 30, 2019 of its operating lease right-of use asset. The fair value determination for the operating lease right-of-use asset was based on third party quotes, which is considered a Level 2 input. During the nine months ended September 30, 2019, the operating lease right-of-use asset was written down as part of the impairment of right-of-use asset recorded during the nine months ended September 30, 2019. Refer to Note 13 — Leases. The Company did not have any Level 3 financial assets or liabilities as of September 30, 2019 and December 31, 2018.

9 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

| | September 30, 2019 | December 31, 2018 |
|---|-----------------------|----------------------|
| Vessel stores | \$ 669 | \$ 597 |
| Capitalized contract costs | 3,656 | 2,289 |
| Prepaid items | 2,301 | 3,426 |
| Insurance receivable | 1,744 | 851 |
| Advance to agents | 508 | 1,109 |
| Other | 1,118 | 2,177 |
| Total prepaid expenses and other current assets | <u>\$ 9,996</u> | <u>\$ 10,449</u> |

10 - FIXED ASSETS

Fixed assets, net consists of the following:

| | September 30, 2019 | December 31, 2018 |
|---|-----------------------|----------------------|
| Fixed assets, at cost: | | |
| Vessel equipment | \$ 6,179 | \$ 2,873 |
| Furniture and fixtures | 467 | 462 |
| Leasehold improvements | 97 | — |
| Computer equipment | 275 | 236 |
| Total costs | 7,018 | 3,571 |
| Less: accumulated depreciation and amortization | (1,789) | (1,281) |
| Total fixed assets, net | \$ 5,229 | \$ 2,290 |

Depreciation and amortization expense for fixed assets for the three months ended September 30, 2019 and 2018 was \$259 and \$86, respectively. Depreciation and amortization expense for fixed assets for the nine months ended September 30, 2019 and 2018 was \$626 and \$230, respectively.

11 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

| | September 30, 2019 | December 31, 2018 |
|---|-----------------------|----------------------|
| Accounts payable | \$ 20,830 | \$ 15,110 |
| Accrued general and administrative expenses | 3,120 | 4,298 |
| Accrued vessel operating expenses | 17,195 | 9,735 |
| Total accounts payable and accrued expenses | \$ 41,145 | \$ 29,143 |

12 – VOYAGE REVENUE

Total voyage revenue includes revenue earned on fixed rate time charters, spot market voyage charters and spot market-related time charters, as well as the sale of bunkers consumed during short-term time charters. For the three months ended September 30, 2019 and 2018, the Company earned \$103,776 and \$92,263 of voyage revenue, respectively. For the nine months ended September 30, 2019 and 2018, the Company earned \$280,790 and \$255,336 of voyage revenue, respectively.

Revenue for spot market voyage charters is recognized ratably over the total transit time of the voyage which begins when the vessel arrives at the loading port and ends at the time the discharge of cargo is completed at the discharge port in accordance with ASC 606. Spot market voyage charter agreements do not provide the charterers with substantive decision-making rights to direct how and for what purpose the vessel is used, therefore revenue from spot market voyage charters is not within the scope of ASC 842. Additionally, the Company has identified that the contract fulfillment costs of spot market voyage charters consist primarily of the fuel consumption that is incurred by the Company from the latter of the end of the previous vessel employment and the contract date until the arrival at the loading port in addition to any port expenses incurred prior to arrival at the load port, as well as any charter hire expenses for third-party vessels that are chartered in. The fuel consumption during this period is capitalized and recorded in Prepaid expenses and other current assets in the Condensed Consolidated Balance Sheet and is amortized ratably over the total transit time of the voyage from arrival at the loading port until the vessel departs from the discharge port and expensed as part of Voyage Expenses. Refer also to Note 9 — Prepaid Expenses and Other Current Assets.

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During time charter agreements, including fixed rate time charters and spot market-related time charters, the charterers have substantive decision-making rights to direct how and for what purpose the vessel is used. As such, the Company has identified that time charter agreements contain a lease in accordance with ASC 842. During time charter agreements, the Company is responsible for operating and maintaining the vessels. These costs are recorded as vessel operating expenses in the Condensed Consolidated Statements of Operation. The Company has elected the practical expedient that allows the Company to combine lease and non-lease components under ASC 842 as the Company believes (1) the timing and pattern of recognizing revenues for operating the vessel is the same as the timing and pattern of recognizing vessel leasing revenue; and (2) the lease component, if accounted for separately, would be classified as an operating lease.

Total voyage revenue recognized in the Condensed Consolidated Statements of Operations includes the following:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|----------------------------|---|-----------|--|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Lease revenue | \$ 29,619 | \$ 41,184 | \$ 78,861 | \$ 128,025 |
| Spot market voyage revenue | 74,157 | 51,079 | 201,929 | 127,311 |
| Total voyage revenues | \$ 103,776 | \$ 92,263 | \$ 280,790 | \$ 255,336 |

13 - LEASES

Effective April 4, 2011, the Company entered into a seven-year sub-sublease agreement for its main office in New York, New York. The term of the sub-sublease commenced June 1, 2011, with a free base rental period until October 31, 2011. Following the expiration of the free base rental period, the monthly base rental payments were \$82 per month until May 31, 2015 and thereafter were \$90 per month until the end of the seven-year term. Pursuant to the sub-sublease agreement, the sublessor was obligated to contribute \$472 toward the cost of the Company's alterations to the sub-subleased office space. The Company has also entered into a direct lease with the over-landlord of such office space that commenced immediately upon the expiration of such sub-sublease agreement, for a term covering the period from May 1, 2018 to September 30, 2025; the direct lease provided for a free base rental period from May 1, 2018 to September 30, 2018. Following the expiration of the free base rental period, the monthly base rental payments are \$186 per month from October 1, 2018 to April 30, 2023 and \$204 per month from May 1, 2023 to September 30, 2025. For accounting purposes, the sub-sublease agreement and direct lease agreement with the landlord constitute one lease agreement.

The Company adopted ASC 842 using the transition method on January 1, 2019 (refer to Note 2 — Summary of Significant Accounting Policies) and has identified this lease as an operating lease. Variable rent expense, such as utilities and escalation expenses, are excluded from the determination of the operating lease liability, as the Company has deemed these insignificant.

On June 14, 2019, the Company entered into a sublease agreement for a portion of the leased space for its main office in New York, New York that commenced on July 26, 2019 and will end on September 29, 2025. There is a free base rental period for the first four and a half months commencing on July 26, 2019. Following the expiration of the free base rental period, the monthly base sublease income will be \$102 per month until September 29, 2025. The sublease income for the portion of the leased space is less than the lease payments due for the space, which has been identified as an indicator of impairment under ASC 360. As such, the right-of-use asset for the subleased portion of the space was written down to its fair value during the second quarter of 2019 which resulted in \$223 of impairment charges which has been recorded in Impairment of right-of-asset in the Condensed Consolidated Statements of Operation during the nine months ended September 30, 2019. Sublease income will be recorded net with the total operating lease costs in General

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and administrative expenses in the Condensed Consolidated Statements of Operation. There was no sublease income recorded during the three and nine months ended September 30, 2019 as a result of the free rental period.

Total operating lease costs recorded during the three and nine months ended September 30, 2019 were \$490 and \$1,396, respectively, which was recorded in General and administrative expenses in the Condensed Consolidated Statements of Operation.

Supplemental Condensed Consolidated Balance Sheet information related to the Company's operating leases as of September 30, 2019 are as follows:

| | September 30, 2019 |
|---|-------------------------------|
| <u>Operating Lease:</u> | |
| Operating lease right-of-use asset | \$ 8,576 |
| Current operating lease liabilities | \$ 1,655 |
| Long-term operating lease liabilities | 10,253 |
| Total operating lease liabilities | <u>\$ 11,908</u> |
| Weighted average remaining lease term (years) | 6.01 |
| Weighted average discount rate | 5.15 % |

Maturities of operating lease liabilities as of September 30, 2019 are as follows:

| | September 30, 2019 |
|------------------------------------|-------------------------------|
| Remainder of 2019 | \$ 557 |
| 2020 | 2,230 |
| 2021 | 2,230 |
| 2022 | 2,230 |
| 2023 | 2,378 |
| Thereafter | 4,292 |
| Total lease payments | <u>13,917</u> |
| Less imputed interest | <u>(2,009)</u> |
| Present value of lease liabilities | <u>\$ 11,908</u> |

Maturities of operating lease liabilities as of December 31, 2018 are as follows:

| | December 31, 2018 |
|----------------------|------------------------------|
| 2019 | \$ 2,230 |
| 2020 | 2,230 |
| 2021 | 2,230 |
| 2022 | 2,230 |
| 2023 | 2,378 |
| Thereafter | 4,292 |
| Total lease payments | <u>15,590</u> |

Supplemental Condensed Consolidated Cash Flow information related to leases are as follows:

| | For the Nine Months Ended September 30, 2019 |
|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | |
| Operating cash flows from operating lease | \$ 1,672 |

Under the previous leasing guidance under ASC 840, the Company had deferred rent at December 31, 2018 of \$3,468. Rent expense pertaining to this lease for the three and nine months ended September 30, 2018 under ASC 840 was \$452 and \$1,356, respectively.

During the second quarter of 2018, the Company began chartering-in third-party vessels. Under ASC 842, the Company is the lessee in these agreements. The Company has elected the practical expedient under ASC 842 to not recognize right-of-use assets and lease liabilities for short-term leases. During the three and nine months ended September 30, 2019, all charter-in agreements for third-party vessels were less than twelve months and considered short-term leases. Refer to Note 2 — Summary of Significant Accounting Policies for the charter hire expenses recorded during the three and nine months ended September 30, 2019 and 2018 for these charter-in agreements.

14 – COMMITMENTS AND CONTINGENCIES

During the second half of 2018, the Company entered into agreements for the purchase of ballast water treatments systems (“BWTS”) for 43 of its vessels. The cost of these systems will vary based on the size and specifications of each vessel and whether the systems will be installed in China during the vessels’ scheduled drydockings. Based on the contractual purchase price of the BWTS and the estimated installation fees, the Company estimates the cost of the systems to be approximately \$0.8 million for Capesize vessels, \$0.5 million for Panamax vessels, \$0.5 million for Supramax vessels and \$0.5 million for Handysize vessels. These costs will be capitalized and depreciated over the remainder of the life of the vessel. The Company recorded \$11,286 and \$1,804 in Vessel assets in the Condensed Consolidated Balance Sheets as of September 30, 2019 and December 31, 2018, respectively, related to BWTS additions.

On December 21, 2018, the Company entered into agreements to install scrubbers on its 17 Capesize vessels. The Company anticipates scrubber installation on the 17 Capesize vessels to be completed during 2019 and estimate that the cost of each scrubber, including installation, will be approximately \$2.25 million per vessel, which may vary according to the specifications of our vessels and technical aspects of the installation, among other variables. These costs will be capitalized and depreciated over the remainder of the life of the vessel. The Company recorded \$32,156, and \$428 in Vessel assets in the Condensed Consolidated Balance Sheet as of September 30, 2019 and December 31, 2018, respectively, related to scrubber additions. The Company has entered into an amendment to the \$495 Million Credit Facility to provide financing to cover a portion of these expenses, refer to Note 7 — Debt for further information.

15 - STOCK-BASED COMPENSATION

2014 Management Incentive Plan

On the Effective Date, pursuant to the Chapter 11 Plan, the Company adopted the Genco Shipping & Trading Limited 2014 Management Incentive Plan (the “MIP”). An aggregate of 966,806 shares of Common Stock were available for award under the MIP. Awards under the MIP took the form of restricted stock grants and three tiers of MIP Warrants with staggered strike prices based on increasing equity values. The number of shares of common stock available under the Plan represented approximately 1.8% of the shares of post-emergence Common Stock outstanding as of the Effective Date on a fully-diluted basis. Awards under the MIP were available to eligible employees, non-employee directors and/or officers of the Company and its subsidiaries (collectively, “Eligible Individuals”). Under the MIP, a

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committee appointed by the Board from time to time (or, in the absence of such a committee, the Board) (in either case, the “Plan Committee”) could grant a variety of stock-based incentive awards, as the Plan Committee deems appropriate, to Eligible Individuals. The MIP Warrants are exercisable on a cashless basis and contain customary anti-dilution protection in the event of any stock split, reverse stock split, stock dividend, reclassification, dividend or other distributions (including, but not limited to, cash dividends), or business combination transaction.

On August 7, 2014, pursuant to the MIP, certain individuals were granted MIP Warrants whereby each warrant can be converted on a cashless basis for the amount in excess of the respective strike price. The MIP Warrants were issued in three tranches for 238,066, 246,701 and 370,979 shares and have exercise prices of \$259.10 (the “\$259.10 Warrants”), \$287.30 (the “\$287.30 Warrants”) and \$341.90 (the “\$341.90 Warrants”) per whole share, respectively. The fair value of each warrant upon emergence from bankruptcy was \$7.22 for the \$259.10 Warrants, \$6.63 for the \$287.30 Warrants and \$5.63 for the \$341.90 Warrants. The warrant values were based upon a calculation using the Black-Scholes-Merton option pricing formula. This model uses inputs such as the underlying price of the shares issued when the warrant is exercised, volatility, cost of capital interest rate and expected life of the instrument. The Company has determined that the warrants should be classified within Level 3 of the fair value hierarchy by evaluating each input for the Black-Scholes-Merton option pricing formula against the fair value hierarchy criteria and using the lowest level of input as the basis for the fair value classification. The Black-Scholes-Merton option pricing formula used a volatility of 43.91% (representing the six-year volatility of a peer group), a risk-free interest rate of 1.85% and a dividend rate of 0%. The aggregate fair value of these awards upon emergence from bankruptcy was \$54,436. The warrants vested 33.33% on each of the first three anniversaries of the grant date, with accelerated vesting upon a change in control of the Company.

For the three and nine months ended September 30, 2019 and 2018, there was no amortization expense of the fair value of these warrants. As of September 30, 2019, there was no unamortized stock-based compensation for the warrants and all warrants were vested.

The following table summarizes certain information about the warrants outstanding as of September 30, 2019:

| Warrants Outstanding and Unvested, September 30, 2019 | | | Warrants Outstanding and Exercisable, September 30, 2019 | | |
|--|--|---|---|--|---|
| Number of Warrants | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life | Number of Warrants | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life |
| — | \$ — | — | 8,557,461 | \$ 303.12 | 0.86 |

As of September 30, 2019 and December 31, 2018, a total of 8,557,461 of warrants were outstanding.

2015 Equity Incentive Plan

On June 26, 2015, the Company’s Board of Directors approved the 2015 Equity Incentive Plan for awards with respect to an aggregate of 400,000 shares of common stock (the “2015 Plan”). Under the 2015 Plan, the Company’s Board of Directors, the compensation committee, or another designated committee of the Board of Directors may grant a variety of stock-based incentive awards to the Company’s officers, directors, employees, and consultants. Awards may consist of stock options, stock appreciation rights, dividend equivalent rights, restricted (nonvested) stock, restricted stock units, and unrestricted stock. As of September 30, 2019, the Company has awarded restricted stock units, restricted stock and stock options under the 2015 Plan.

On March 23, 2017, the Board of Directors approved an amendment and restatement of the 2015 Plan. This amendment and restatement increased the number of shares available for awards under the plan from 400,000 to 2,750,000, subject to shareholder approval; set the annual limit for awards to non-employee directors and other individuals as 500,000 and 1,000,000 shares, respectively; and modified the change in control definition. The

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Company's shareholder's approved the increase in the number of shares at the Company's 2017 Annual Meeting of Shareholders on May 17, 2017.

Stock Options

On March 23, 2017, the Company issued options to purchase 133,000 of the Company's shares of common stock to John C. Wobensmith, Chief Executive Officer and President, with an exercise price of \$11.13 per share. One third of the options become exercisable on each of the first three anniversaries of October 15, 2016, with accelerated vesting upon a change in control of the Company, and all unexercised options expire on the sixth anniversary of the grant date. The fair value of each option was estimated on the date of the grant using the Black-Scholes-Merton pricing formula, resulting in a value of \$6.41 per share, or \$853 in the aggregate. The assumptions used in the Black-Scholes-Merton option pricing formula are as follows: volatility of 79.80% (representing a blend of the Company's historical volatility and a peer-based volatility estimate due to limited trading history since emergence from bankruptcy), a risk-free interest rate of 1.68%, a dividend yield of 0%, and expected life of 3.78 years (determined using the simplified method as outlined in Staff Accounting Bulletin 14 – Share-Based Payment ("SAB Topic 14") due to lack of historical exercise data).

On February 27, 2018, the Company issued options to purchase 122,608 of the Company's shares of common stock to certain individuals with an exercise price of \$13.69 per share. One third of the options become exercisable on each of the first three anniversaries of February 27, 2018, with accelerated vesting that may occur following a change in control of the Company, and all unexercised options expire on the sixth anniversary of the grant date. The fair value of each option was estimated on the date of the grant using the Black-Scholes-Merton pricing formula, resulting in a value of \$7.55 per share, or \$926 in the aggregate. The assumptions used in the Black-Scholes-Merton option pricing formula are as follows: volatility of 71.94% (representing a blend of the Company's historical volatility and a peer-based volatility estimate due to limited trading history post recapitalization of the Company in November 2016), a risk-free interest rate of 2.53%, a dividend yield of 0%, and expected life of 4.00 years (determined using the simplified method as outlined in SAB Topic 14 due to lack of historical exercise data).

On March 4, 2019, the Company issued options to purchase 240,540 of the Company's shares of common stock to certain individuals with an exercise price of \$8.39 per share. One third of the options become exercisable on each of the first three anniversaries of March 4, 2019, with accelerated vesting that may occur following a change in control of the Company, and all unexercised options expire on the sixth anniversary of the grant date. The fair value of each option was estimated on the date of the grant using the Black-Scholes-Merton pricing formula, resulting in a value of \$3.76 per share, or \$904 in the aggregate. The assumptions used in the Black-Scholes-Merton option pricing formula are as follows: volatility of 55.23% (representing the Company's historical volatility), a risk-free interest rate of 2.49%, a dividend yield of 0%, and expected life of 4.00 years (determined using the simplified method as outlined in SAB Topic 14 due to lack of historical exercise data).

For the three and nine months ended September 30, 2019 and 2018, the Company recognized amortization expense of the fair value of these options, which is included in General and administrative expenses, as follows:

| | For the Three Months Ended | | For the Nine Months Ended | |
|-------------------------------------|----------------------------|--------|---------------------------|--------|
| | September 30, | | September 30, | |
| | 2019 | 2018 | 2019 | 2018 |
| General and administrative expenses | \$ 232 | \$ 216 | \$ 642 | \$ 553 |

Amortization of the unamortized stock-based compensation balance of \$798 as of September 30, 2019 is expected to be expensed \$208, \$431, \$142 and \$17 during the remainder of 2019 and during the years ended December 31, 2020, 2021 and 2022, respectively. The following table summarizes the unvested option activity for the nine months ended September 30, 2019:

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| | Number of Options | Average Exercise Price | Average Fair Value |
|--|----------------------|---------------------------|-----------------------|
| Outstanding at January 1, 2019 - Unvested | 166,942 | \$ 13.01 | \$ 7.25 |
| Granted | 240,540 | 8.39 | 3.76 |
| Exercisable | (40,869) | 13.69 | 7.55 |
| Exercised | — | — | — |
| Forfeited | — | — | — |
| Outstanding at September 30, 2019 - Unvested | 366,613 | \$ 9.90 | \$ 4.93 |

The following table summarizes certain information about the options outstanding as of September 30, 2019

| Weighted Average Exercise Price of Outstanding Options | Options Outstanding and Unvested, September 30, 2019 | | | Options Outstanding and Exercisable, September 30, 2019 | | |
|--|---|--|---|--|--|---|
| | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life |
| \$ 10.43 | 366,613 | \$ 9.90 | 4.97 | 129,535 | \$ 11.94 | 2.87 |

As of September 30, 2019 and December 31, 2018, a total of 496,148 and 255,608 stock options were outstanding, respectively.

Restricted Stock Units

The Company has issued restricted stock units (“RSUs”) under the 2015 Plan to certain members of the Board of Directors and certain executives and employees of the Company, which represent the right to receive a share of common stock, or in the sole discretion of the Company’s Compensation Committee, the value of a share of common stock on the date that the RSU vests. As of September 30, 2019 and December 31, 2018, 228,781 and 216,304 shares of the Company’s common stock were outstanding in respect of the RSUs, respectively. Such shares of common stock will only be issued in respect of vested RSUs issued to directors when the director’s service with the Company as a director terminates. Such shares of common stock will only be issued to executives and employees when their RSUs vest under the terms of their grant agreements and the amended 2015 Plan described above.

The RSUs that have been issued to certain members of the Board of Directors generally vest on the date of the annual shareholders meeting of the Company following the date of the grant. The RSUs that have been issued to other individuals vest ratably on each of the three anniversaries of the determined vesting date. The table below summarizes the Company’s unvested RSUs for the nine months ended September 30, 2019:

| | Number of RSUs | Weighted Average Grant Date Price |
|-----------------------------------|-------------------|---|
| Outstanding at January 1, 2019 | 149,170 | \$ 12.42 |
| Granted | 135,659 | 8.44 |
| Vested | (26,745) | 15.92 |
| Forfeited | — | — |
| Outstanding at September 30, 2019 | 258,084 | \$ 9.96 |

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The total fair value of the RSUs that vested during the nine months ended September 30, 2019 and 2018 was \$230 and \$450, respectively. The total fair value is calculated as the number of shares vested during the period multiplied by the fair value on the vesting date.

The following table summarizes certain information of the RSUs unvested and vested as of September 30, 2019:

| Unvested RSUs September 30, 2019 | | | Vested RSUs September 30, 2019 | |
|-------------------------------------|--|---|-----------------------------------|--|
| Number of RSUs | Weighted Average Grant Date Price | Weighted Average Remaining Contractual Life | Number of RSUs | Weighted Average Grant Date Price |
| 258,084 | \$ 9.96 | 1.22 | 320,980 | \$ 11.59 |

The Company is amortizing these grants over the applicable vesting periods, net of anticipated forfeitures. As of September 30, 2019, unrecognized compensation cost of \$866 related to RSUs will be recognized over a weighted-average period of 1.22 years.

For the three and nine months ended September 30, 2019 and 2018, the Company recognized nonvested stock amortization expense for the RSUs, which is included in General and administrative expenses as follows:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|-------------------------------------|---|--------|---|----------|
| | 2019 | 2018 | 2019 | 2018 |
| | | | | |
| General and administrative expenses | \$ 343 | \$ 425 | \$ 954 | \$ 1,213 |

Restricted Stock

Under the 2015 Plan, grants of restricted common stock issued to executives ordinarily vest ratably on each of the three anniversaries of the determined vesting date. As of September 30, 2019, all restricted stock awards under the 2015 Plan were vested.

There were no shares that vested under the 2015 Plan during the nine months ended September 30, 2019 and 2018. The total fair value is calculated as the number of shares vested during the period multiplied by the fair value on the vesting date.

For the three and nine months ended September 30, 2019 and 2018, the Company recognized nonvested stock amortization expense for the 2015 Plan restricted shares, which is included in General and administrative expenses, as follows:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|-------------------------------------|---|------|--|-------|
| | 2019 | 2018 | 2019 | 2018 |
| | | | | |
| General and administrative expenses | \$ — | \$ 3 | \$ — | \$ 10 |

The Company amortized these grants over the applicable vesting periods, net of anticipated forfeitures. As of September 30, 2019, there was no unrecognized compensation cost.

16 - LEGAL PROCEEDINGS

From time to time, the Company may be subject to legal proceedings and claims in the ordinary course of its business, principally personal injury and property casualty claims. Such claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources. The Company is not aware of any legal proceedings or

claims that it believes will have, individually or in the aggregate, a material effect on the Company, its financial condition, results of operations or cash flows besides those noted above.

17 – SUBSEQUENT EVENTS

On November 5, 2019, the Company entered into amendments with our lenders to the dividend covenants of the credit agreements for our \$495 Million Credit Facility and our \$108 Million Credit Facility. Under the terms of these two facilities as so amended, dividends or repurchases of our stock are subject to customary conditions. The Company may pay dividends or repurchase stock under these facilities to the extent our total cash and cash equivalents are greater than \$100,000 and 18.75% of our total indebtedness, whichever is higher; if we cannot satisfy this condition, we are subject to a limitation of 50% of consolidated net income for the quarter preceding such dividend payment or stock repurchase if the collateral maintenance test ratio is 200% or less for such quarter, for which purpose the full commitment of up to \$35,000 of the scrubber tranche under the \$495 Million Credit Facility is assumed to be drawn.

On November 5, 2019, the Company declared a regular quarterly dividend of \$0.175 per share to be paid on or about December 5, 2019 to shareholders of record as of November 21, 2019. The aggregate amount of the dividend is expected to be approximately \$7,351, which the Company anticipates will be funded from cash on hand at the time the payment is to be made.

On November 5, 2019, the Company declared a special dividend of \$0.325 per share to be paid on or about December 5, 2019 to shareholders of record as of November 21, 2019. The aggregate amount of the dividend is expected to be approximately \$13,652, which the Company anticipates will be funded from cash on hand at the time the payment is to be made.

On November 4, 2019, the Company entered into an agreement to sell the Genco Raptor, a 2007-built Panamax vessel, to a third party for \$10,200 less a 2.0% commission payable to a third party. The sale of the vessel is expected to be completed during the fourth quarter of 2019. Refer to Note 2 — Summary of Significant Accounting Policies regarding the impairment recorded for this vessel during the third quarter of 2019.

On October 21, 2019, the Company completed the sale of the Genco Champion, a 2006-built Handysize vessel, to a third party for \$6,600 less a 3.0% broker commission payable to a third party. The vessel assets have been classified as held for sale in the Condensed Consolidated Balance Sheet as of September 30, 2019. Refer also to Note 4 — Vessel Acquisitions and Dispositions. This vessel served as collateral under the \$495 Million Credit Facility; therefore, \$4,101 of the net proceeds received from the sale will remain classified as restricted cash for 180 days following the sale date. That amount can be used towards a loan prepayment under the facility or for the financing of a replacement vessel or vessels meeting certain requirements and added as collateral under the facility. If such a replacement vessel is not added as collateral within such 180 day period, the Company will be required to use the proceeds as a loan prepayment.

On October 10, 2019, the Company completed the sale of the Genco Challenger, a 2003-built Handysize vessel, to a third party for \$5,250 less a 2.0% broker commission payable to a third party. The vessel assets have been classified as held for sale in the Condensed Consolidated Balance Sheet as of September 30, 2019. Refer also to Note 4 — Vessel Acquisitions and Dispositions. This vessel served as collateral under the \$495 Million Credit Facility; therefore, \$3,381 of the net proceeds received from the sale will remain classified as restricted cash for 180 days following the sale date. That amount can be used towards a loan prepayment under the facility or for the financing of a replacement vessel or vessels meeting certain requirements and added as collateral under the facility. If such a replacement vessel is not added as collateral within such 180 day period, the Company will be required to use the proceeds as a loan prepayment.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

This report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning in connection with a discussion of potential future events, circumstances or future operating or financial performance. These forward-looking statements are based on our management's current expectations and observations. Included among the factors that, in our view, could cause actual results to differ materially from the forward looking statements contained in this report are the following: (i) declines or sustained weakness in demand in the drybulk shipping industry; (ii) continuation of weakness or declines in drybulk shipping rates; (iii) changes in the supply of or demand for drybulk products, generally or in particular regions; (iv) changes in the supply of drybulk carriers including newbuilding of vessels or lower than anticipated scrapping of older vessels; (v) changes in rules and regulations applicable to the cargo industry, including, without limitation, legislation adopted by international organizations or by individual countries and actions taken by regulatory authorities; (vi) increases in costs and expenses including but not limited to: crew wages, insurance, provisions, lube oil, bunkers, repairs, maintenance, general and administrative expenses, and management fee expenses; (vii) whether our insurance arrangements are adequate; (viii) changes in general domestic and international political conditions; (ix) acts of war, terrorism, or piracy; (x) changes in the condition of the Company's vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking or maintenance and repair costs) and unanticipated drydock expenditures; (xi) the Company's acquisition or disposition of vessels; (xii) the amount of offhire time needed to complete maintenance, repairs, and installation of equipment to comply with applicable regulations on vessels and the timing and amount of any reimbursement by our insurance carriers for insurance claims, including offhire days; (xiii) the completion of definitive documentation with respect to charters; (xiv) charterers' compliance with the terms of their charters in the current market environment; (xv) the extent to which our operating results continue to be affected by weakness in market conditions and freight and charter rates; (xvi) our ability to maintain contracts that are critical to our operation, to obtain and maintain acceptable terms with our vendors, customers and service providers and to retain key executives, managers and employees; (xvii) completion of documentation for vessel transactions and the performance of the terms thereof by buyers or sellers of vessels and us; (xviii) the terms of definitive documentation for the purchase and installation of exhaust gas cleaning systems, or scrubbers, for our vessels and our ability to have scrubbers installed within the price range and time frame anticipated; (xix) our ability to obtain any additional financing for scrubbers on acceptable terms; (xx) the relative cost and availability of low sulfur and high sulfur fuel or any additional scrubbers we may seek to install; (xxi) our ability to realize the economic benefits or recover the cost of the scrubbers we plan to install; (xxii) worldwide compliance with sulfur emissions regulations due to take effect on January 1, 2020; (xxiii) our financial results the year ending December 31, 2019 and other factors relating to determination of the tax treatment of the recently declared special dividend and quarterly dividend; and other factors listed from time to time in our filings with the Securities and Exchange Commission, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2018 and subsequent reports on Form 8-K and Form 10-Q.

The following management's discussion and analysis should be read in conjunction with our historical consolidated financial statements and the related notes included in this Form 10-Q.

General

We are a Marshall Islands company that transports iron ore, coal, grain, steel products and other drybulk cargoes along worldwide shipping routes through the ownership and operation of drybulk carrier vessels. Our fleet currently consists of 56 drybulk vessels, including 17 Capesize drybulk carriers, two Panamax drybulk carriers, six Ultramax drybulk carriers, 20 Supramax drybulk carriers and 11 Handysize drybulk carriers, with an aggregate carrying capacity of approximately 5,018,000 dwt and an average age of approximately 9.6 years. We seek to deploy our vessels on time charters, spot market voyage charters, spot market-related time charters or in vessel pools trading in the spot market, to reputable charterers. The majority of the vessels in our current fleet are presently engaged under time charter,

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spot market voyage charters and spot market-related time charter contracts that expire (assuming the option periods in the time charters are not exercised) between November 2019 and April 2020.

See pages 45 - 46 for a table of all vessels in our fleet.

In 2017, we began implementing initiatives to expand our commercial platform and more actively manage the employment of our vessels. We hired commercial directors for our major bulk and minor bulk fleets and began employment of our vessels directly with cargo owners under cargo contracts. To better capitalize on opportunities to employ our vessels, we expanded our global commercial presence with the establishment of new offices in Singapore and Copenhagen. Additionally, we withdrew all of our vessels from their respective pools and reallocated our freight exposure to the Atlantic basin to seek to capture the earnings premium historically offered. Overall, our fleet deployment strategy remains weighted towards short-term fixtures, which provide optionality in a potentially rising freight rate environment. In addition to both short and long-term time charters, we fix our vessels on spot market voyage charters as well as spot market-related time charters depending on market conditions and management's outlook.

Over the course of 2018, the United States imposed a series of tariffs on several goods imported from various countries. Certain of these countries, including China, undertook retaliatory actions by implementing tariffs on select U.S. products. Most notably in terms of drybulk trade volumes is China's tariff placed upon U.S. soybean exports, which could adversely affect drybulk rates. To date, our observation of trade flows has been that China has increased its market share of Brazilian and Argentine soybeans, while a portion of U.S. shipments have been re-directed to other destinations such as Latin America and Europe. As of the date of this filing, there is still no comprehensive trade agreement in place between China and the U.S., although reports indicate a phase-one deal is close to being executed between the two countries. It has reported that under this framework, China is to agree to purchase U.S. agricultural products including soybeans. However, as no agreement has been finalized, the risk of trade tensions reigniting between the two nations and further escalation of tariffs and other economic measures remains.

On October 27, 2016, the Marine Environment Protection Committee ("MEPC") announced the ratification of regulations mandating reduction in sulfur emissions from 3.5% currently to 0.5% as of the beginning of 2020 rather than pushing the deadline back to 2025. By 2020, ships will now have to reduce sulfur emissions, for which the principal solutions are the use of exhaust gas cleaning systems ("scrubbers") or buying fuel with low sulfur content. If a vessel is not retrofitted with a scrubber, it will need to use low sulfur fuel, which is currently more expensive than standard marine fuel containing 3.5% sulfur content. This increased demand for low sulfur fuel may result in an increase in prices for such fuel.

We have entered into agreements to install scrubbers on our 17 Capesize vessels. We expect the balance of our fleet will consume compliant, low sulfur fuel beginning in 2020 but intend to continue to evaluate other options. During the course of 2018, we sold seven of our older, less fuel efficient vessels and purchased six modern high specification vessels with a goal of improving fuel consumption and further reduce emissions. We also sold one vessel during January 2019 and two vessels during October 2019, and also entered into an agreement on September 25, 2019 and November 4, 2019 to sell two additional vessels. We will continue to seek opportunities to renew our fleet going forward.

On January 1, 2019, we adopted Accounting Standards Codification ("ASC") 842 — Leases which resulted in a right-of-use and operating lease liability for our office lease in New York. Refer to Note 2 — Summary of Significant Accounting Policies and Note 13 — Leases of our Condensed Consolidated Financial Statements for further information.

We report financial information and evaluate our operations by charter revenues and not by the length of ship employment for our customers, i.e., spot or time charters. Each of our vessels serves the same type of customer, has similar operations and maintenance requirements, operates in the same regulatory environment, and is subject to similar economic characteristics. Based on this, we have determined that we operate in one reportable segment in which we are engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels.

Our management team and our other employees are responsible for the commercial and strategic management of our fleet. Commercial management includes the negotiation of charters for vessels, managing the mix of various types

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of charters, such as time charters, spot market voyage charters and spot market-related time charters, and monitoring the performance of our vessels under their charters. Strategic management includes locating, purchasing, financing and selling vessels. We currently contract with two independent technical managers to provide technical management of our fleet at a lower cost than we believe would be possible in-house. Technical management involves the day-to-day management of vessels, including performing routine maintenance, attending to vessel operations and arranging for crews and supplies. Members of our New York City-based management team oversee the activities of our independent technical managers.

Factors Affecting Our Results of Operations

We believe that the following table reflects important measures for analyzing trends in our results of operations. The table reflects our ownership days, chartered-in days, available days, operating days, fleet utilization, TCE rates and daily vessel operating expenses for the three and nine months ended September 30, 2019 and 2018 on a consolidated basis.

| | For the Three Months Ended September 30, | | Increase (Decrease) | % Change |
|--|---|---------|------------------------|----------|
| | 2019 | 2018 | | |
| Fleet Data: | | | | |
| <i>Ownership days (1)</i> | | | | |
| Capesize | 1,564.0 | 1,334.5 | 229.5 | 17.2 % |
| Panamax | 184.0 | 497.1 | (313.1) | (63.0)% |
| Ultramax | 552.0 | 455.2 | 96.8 | 21.3 % |
| Supramax | 1,840.0 | 1,932.0 | (92.0) | (4.8)% |
| Handymax | — | 92.0 | (92.0) | (100.0)% |
| Handysize | 1,196.0 | 1,362.1 | (166.1) | (12.2)% |
| Total | 5,336.0 | 5,673.0 | (337.0) | (5.9)% |
| <i>Chartered-in days (2)</i> | | | | |
| Capesize | 103.5 | — | 103.5 | 100.0 % |
| Panamax | — | — | — | — % |
| Ultramax | — | — | — | — % |
| Supramax | 247.5 | — | 247.5 | 100.0 % |
| Handymax | — | 37.0 | (37.0) | (100.0)% |
| Handysize | 79.2 | 27.6 | 51.6 | 187.0 % |
| Total | 430.2 | 64.5 | 365.6 | 566.8 % |
| <i>Available days (owned & chartered-in fleet) (3)</i> | | | | |
| Capesize | 1,220.2 | 1,288.0 | (67.8) | (5.3)% |
| Panamax | 183.7 | 496.1 | (312.4) | (63.0)% |
| Ultramax | 532.9 | 448.8 | 84.1 | 18.7 % |
| Supramax | 1,955.1 | 1,928.6 | 26.5 | 1.4 % |
| Handymax | — | 129.0 | (129.0) | (100.0)% |
| Handysize | 1,273.1 | 1,389.5 | (116.4) | (8.4)% |
| Total | 5,165.0 | 5,680.0 | (515.0) | (9.1)% |
| <i>Available days (owned fleet) (4)</i> | | | | |
| Capesize | 1,116.7 | 1,288.0 | (171.3) | (13.3)% |
| Panamax | 183.7 | 496.1 | (312.4) | (63.0)% |
| Ultramax | 532.9 | 448.8 | 84.1 | 18.7 % |
| Supramax | 1,707.6 | 1,928.6 | (221.0) | (11.5)% |
| Handymax | — | 92.0 | (92.0) | (100.0)% |
| Handysize | 1,193.9 | 1,361.9 | (168.0) | (12.3)% |
| Total | 4,734.8 | 5,615.4 | (880.6) | (15.7)% |

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| | For the Three Months Ended September 30, | | Increase (Decrease) | % Change |
|--|---|-----------|------------------------|----------|
| | 2019 | 2018 | | |
| <i>Operating days (5)</i> | | | | |
| Capesize | 1,213.5 | 1,286.1 | (72.6) | (5.6)% |
| Panamax | 183.7 | 472.0 | (288.3) | (61.1)% |
| Ultramax | 530.9 | 445.4 | 85.5 | 19.2 % |
| Supramax | 1,940.5 | 1,911.5 | 29.0 | 1.5 % |
| Handymax | — | 124.0 | (124.0) | (100.0)% |
| Handysize | 1,261.2 | 1,383.9 | (122.7) | (8.9)% |
| Total | 5,129.8 | 5,622.8 | (493.0) | (8.8)% |
| <i>Fleet utilization (6)</i> | | | | |
| Capesize | 98.3 % | 98.5 % | (0.2)% | (0.2)% |
| Panamax | 99.9 % | 94.9 % | 5.0 % | 5.3 % |
| Ultramax | 99.6 % | 97.8 % | 1.8 % | 1.8 % |
| Supramax | 99.0 % | 98.9 % | 0.1 % | 0.1 % |
| Handymax | — % | 96.2 % | (96.2)% | (100.0)% |
| Handysize | 99.1 % | 99.6 % | (0.5)% | (0.5)% |
| Fleet average | 98.9 % | 98.5 % | 0.4 % | 0.4 % |
| Average Daily Results: | | | | |
| <i>Time Charter Equivalent (7)</i> | | | | |
| Capesize | \$ 16,311 | \$ 15,168 | \$ 1,143 | 7.5 % |
| Panamax | 14,747 | 9,319 | 5,428 | 58.2 % |
| Ultramax | 12,634 | 8,063 | 4,571 | 56.7 % |
| Supramax | 9,989 | 10,014 | (25) | (0.2)% |
| Handymax | — | 11,948 | (11,948) | (100.0)% |
| Handysize | 8,945 | 8,719 | 226 | 2.6 % |
| Fleet average | 11,687 | 10,696 | 991 | 9.3 % |
| <i>Daily vessel operating expenses (8)</i> | | | | |
| Capesize | \$ 5,174 | \$ 5,172 | \$ 2 | 0.0 % |
| Panamax | 4,809 | 4,039 | 770 | 19.1 % |
| Ultramax | 4,841 | 4,879 | (38) | (0.8)% |
| Supramax | 4,550 | 4,246 | 304 | 7.2 % |
| Handymax | — | 3,928 | (3,928) | (100.0)% |
| Handysize | 3,920 | 4,008 | (88) | (2.2)% |
| Fleet average | 4,631 | 4,434 | 197 | 4.4 % |
| Fleet Data: | | | | |
| <i>Ownership days (1)</i> | | | | |
| Capesize | 4,641.0 | 3,687.5 | 953.5 | 25.9 % |
| Panamax | 573.2 | 1,583.1 | (1,009.9) | (63.8)% |
| Ultramax | 1,638.0 | 1,179.2 | 458.8 | 38.9 % |
| Supramax | 5,460.0 | 5,733.0 | (273.0) | (4.8)% |
| Handymax | — | 273.0 | (273.0) | (100.0)% |
| Handysize | 3,549.0 | 4,077.1 | (528.1) | (13.0)% |
| Total | 15,861.2 | 16,532.9 | (671.7) | (4.1)% |

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| | For the Nine Months Ended September 30, | | Increase (Decrease) | % Change |
|--|---|----------|------------------------|----------|
| | 2019 | 2018 | | |
| <i>Chartered-in days (2)</i> | | | | |
| Capesize | 182.9 | — | 182.9 | 100.0 % |
| Panamax | — | — | — | — % |
| Ultramax | 96.3 | — | 96.3 | 100.0 % |
| Supramax | 529.3 | 49.4 | 479.9 | 971.5 % |
| Handymax | 17.4 | 37.0 | (19.6) | (53.0)% |
| Handysize | 244.8 | 27.6 | 217.2 | 787.0 % |
| Total | 1,070.7 | 114.0 | 956.7 | 839.2 % |
| <i>Available days (owned & chartered-in fleet) (3)</i> | | | | |
| Capesize | 4,258.9 | 3,608.0 | 650.9 | 18.0 % |
| Panamax | 572.9 | 1,582.1 | (1,009.2) | (63.8)% |
| Ultramax | 1,715.1 | 1,172.5 | 542.6 | 46.3 % |
| Supramax | 5,686.2 | 5,775.4 | (89.2) | (1.5)% |
| Handymax | 17.4 | 299.9 | (282.5) | (94.2)% |
| Handysize | 3,733.9 | 4,067.5 | (333.6) | (8.2)% |
| Total | 15,984.4 | 16,505.4 | (521.0) | (3.2)% |
| <i>Available days (owned fleet) (4)</i> | | | | |
| Capesize | 4,076.0 | 3,608.0 | 468.0 | 13.0 % |
| Panamax | 572.9 | 1,582.1 | (1,009.2) | (63.8)% |
| Ultramax | 1,618.8 | 1,172.5 | 446.3 | 38.1 % |
| Supramax | 5,156.9 | 5,726.0 | (569.1) | (9.9)% |
| Handymax | — | 262.9 | (262.9) | (100.0)% |
| Handysize | 3,489.1 | 4,039.9 | (550.8) | (13.6)% |
| Total | 14,913.7 | 16,391.4 | (1,477.7) | (9.0)% |
| <i>Operating days (5)</i> | | | | |
| Capesize | 4,219.0 | 3,606.0 | 613.0 | 17.0 % |
| Panamax | 565.4 | 1,547.9 | (982.5) | (63.5)% |
| Ultramax | 1,672.7 | 1,152.3 | 520.4 | 45.2 % |
| Supramax | 5,609.5 | 5,707.3 | (97.8) | (1.7)% |
| Handymax | 17.4 | 292.9 | (275.5) | (94.1)% |
| Handysize | 3,652.9 | 4,011.8 | (358.9) | (8.9)% |
| Total | 15,736.9 | 16,318.2 | (581.3) | (3.6)% |
| <i>Fleet utilization (6)</i> | | | | |
| Capesize | 98.3 % | 99.2 % | (0.9)% | (0.9)% |
| Panamax | 98.6 % | 97.8 % | 0.8 % | 0.8 % |
| Ultramax | 97.5 % | 97.7 % | (0.2)% | (0.2)% |
| Supramax | 97.8 % | 98.7 % | (0.9)% | (0.9)% |
| Handymax | — % | 94.5 % | (94.5)% | (100.0)% |
| Handysize | 97.8 % | 98.3 % | (0.5)% | (0.5)% |
| Fleet average | 97.9 % | 98.5 % | (0.6)% | (0.6)% |

| | For the Nine Months Ended September 30, | | Increase (Decrease) | % Change |
|-------------------------------------|---|-----------|------------------------|----------|
| | 2019 | 2018 | | |
| Average Daily Results: | | | | |
| Time Charter Equivalent (7) | | | | |
| Capesize | \$ 11,549 | \$ 14,716 | \$ (3,167) | (21.5)% |
| Panamax | 10,935 | 9,513 | 1,422 | 14.9 % |
| Ultramax | 10,298 | 9,930 | 368 | 3.7 % |
| Supramax | 8,588 | 10,115 | (1,527) | (15.1)% |
| Handymax | — | 10,965 | (10,965) | (100.0)% |
| Handysize | 7,488 | 8,655 | (1,167) | (13.5)% |
| Fleet average | 9,405 | 10,710 | (1,305) | (12.2)% |
| Daily vessel operating expenses (8) | | | | |
| Capesize | \$ 5,065 | \$ 4,849 | \$ 216 | 4.5 % |
| Panamax | 4,538 | 4,149 | 389 | 9.4 % |
| Ultramax | 4,628 | 4,518 | 110 | 2.4 % |
| Supramax | 4,426 | 4,338 | 88 | 2.0 % |
| Handymax | — | 5,012 | (5,012) | (100.0)% |
| Handysize | 4,060 | 4,078 | (18) | (0.4)% |
| Fleet average | 4,556 | 4,394 | 162 | 3.7 % |

Definitions

In order to understand our discussion of our results of operations, it is important to understand the meaning of the following terms used in our analysis and the factors that influence our results of operations.

(1) Ownership days. We define ownership days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ownership 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.

(2) Chartered-in days. We define chartered-in days as the aggregate number of days in a period during which we chartered-in third-party vessels.

(3) Available days (owned and chartered-in fleet). We define available days, which we have recently updated and incorporated in the table above to better demonstrate the manner in which we evaluate our business, as the number of our ownership days and chartered-in days less the aggregate number of days that our vessels are off-hire due to familiarization upon acquisition, repairs or repairs under guarantee, vessel upgrades or special surveys. Companies in the shipping industry generally use available days to measure the number of days in a period during which vessels should be capable of generating revenues.

(4) Available days (owned fleet). We define available days for the owned fleet as available days less chartered-in days.

(5) Operating days. We define operating days as the number of our total available days in a period less the aggregate number of days that our vessels are off-hire due to unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

(6) Fleet utilization. We calculate fleet utilization, which we have recently updated and incorporated in the table above to better demonstrate the manner in which we evaluate our business, as the number of our operating days during a period divided by the number of ownership days plus chartered-in days less drydocking days.

(7) TCE rates. We define TCE rates as our voyage revenues less voyage expenses and charter-hire expenses, divided by the number of the available days of our owned fleet during the period, which is consistent with industry standards. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels

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on time charters with daily earnings generated by vessels on voyage charters, because charterhire rates for vessels on voyage charters are generally not expressed in per-day amounts while charterhire rates for vessels on time charters generally are expressed in such amounts.

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|--------------------------------------|--|-----------|---|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Voyage revenues (in thousands) | \$ 103,776 | \$ 92,263 | \$ 280,790 | \$ 255,336 |
| Voyage expenses (in thousands) | 42,967 | 31,475 | 127,789 | 78,551 |
| Charter hire expenses (in thousands) | 5,475 | 723 | 12,743 | 1,231 |
| | 55,334 | 60,065 | 140,258 | 175,554 |
| Total available days for owned fleet | 4,735 | 5,615 | 14,914 | 16,391 |
| Total TCE rate | \$ 11,687 | \$ 10,696 | \$ 9,405 | \$ 10,710 |

(8) Daily vessel operating expenses. We define daily vessel operating expenses to include crew wages and related costs, the cost of insurance expenses relating to repairs and maintenance (excluding drydocking), the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses. Daily vessel operating expenses are calculated by dividing vessel operating expenses by ownership days for the relevant period.

Operating Data

The following table represents the operating data for the three and nine months ended September 30, 2019 and 2018 on a consolidated basis.

| | For the Three Months Ended September 30, | | | |
|--|---|------------|-------------|----------|
| | 2019 | 2018 | Change | % Change |
| | (U.S. dollars in thousands, except for per share amounts) | | | |
| <i>Revenue:</i> | | | | |
| Voyage revenues | \$ 103,776 | \$ 92,263 | \$ 11,513 | 12.5 % |
| Total revenues | 103,776 | 92,263 | 11,513 | 12.5 % |
| <i>Operating Expenses:</i> | | | | |
| Voyage expenses | 42,967 | 31,475 | 11,492 | 36.5 % |
| Vessel operating expenses | 24,711 | 25,155 | (444) | (1.8)% |
| Charter hire expenses | 5,475 | 723 | 4,752 | 657.3 % |
| General and administrative expenses (inclusive of nonvested stock amortization expense of \$575 and \$644, respectively) | 6,144 | 5,033 | 1,111 | 22.1 % |
| Technical management fees | 1,885 | 2,028 | (143) | (7.1)% |
| Depreciation and amortization | 18,184 | 17,269 | 915 | 5.3 % |
| Impairment of vessel assets | 12,182 | — | 12,182 | 100.0 % |
| Gain on sale of vessels | — | (1,509) | 1,509 | (100.0)% |
| Total operating expenses | 111,548 | 80,174 | 31,374 | 39.1 % |
| Operating (loss) income | (7,772) | 12,089 | (19,861) | (164.3)% |
| Other expense | (6,819) | (6,381) | (438) | 6.9 % |
| Net (loss) income | \$ (14,591) | \$ 5,708 | \$ (20,299) | (355.6)% |
| Net (loss) earnings per share - basic | \$ (0.35) | \$ 0.14 | \$ (0.49) | (350.0)% |
| Net (loss) earnings per share - diluted | \$ (0.35) | \$ 0.14 | \$ (0.49) | (350.0)% |
| Weighted average common shares outstanding - basic | 41,749,200 | 41,618,187 | 131,013 | 0.3 % |
| Weighted average common shares outstanding - diluted | 41,749,200 | 41,821,008 | (71,808) | (0.2)% |
| EBITDA (1) | \$ 10,498 | \$ 29,571 | \$ (19,073) | (64.5)% |

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| | For the Nine Months Ended September 30, | | | |
|---|--|-------------|------------|----------|
| | 2019 | 2018 | Change | % Change |
| (U.S. dollars in thousands, except for per share amounts) | | | | |
| <i>Revenue:</i> | | | | |
| Voyage revenues | \$ 280,790 | \$ 255,336 | \$ 25,454 | 10.0 % |
| Total revenues | 280,790 | 255,336 | 25,454 | 10.0 % |
| <i>Operating Expenses:</i> | | | | |
| Voyage expenses | 127,789 | 78,551 | 49,238 | 62.7 % |
| Vessel operating expenses | 72,260 | 72,642 | (382) | (0.5)% |
| Charter hire expenses | 12,743 | 1,231 | 11,512 | 935.2 % |
| General and administrative expenses (inclusive of nonvested stock amortization expense of \$1,596 and \$1,776, respectively) | 18,253 | 16,761 | 1,492 | 8.9 % |
| Technical management fees | 5,710 | 5,926 | (216) | (3.6)% |
| Depreciation and amortization | 54,532 | 50,605 | 3,927 | 7.8 % |
| Impairment of vessel assets | 26,078 | 56,586 | (30,508) | (53.9)% |
| Gain on sale of vessels | (611) | (1,509) | 898 | (59.5)% |
| Total operating expenses | 316,754 | 280,793 | 35,961 | 12.8 % |
| Operating loss | (35,964) | (25,457) | (10,507) | 41.3 % |
| Other expense | (20,904) | (25,767) | 4,863 | (18.9)% |
| Net loss | \$ (56,868) | \$ (51,224) | \$ (5,644) | 11.0 % |
| Net loss per share - basic | \$ (1.36) | \$ (1.37) | 0.01 | (0.7)% |
| Net loss per share - diluted | \$ (1.36) | \$ (1.37) | 0.01 | (0.7)% |
| Weighted average common shares outstanding - basic | 41,739,287 | 37,263,200 | 4,476,087 | 12.0 % |
| Weighted average common shares outstanding - diluted | 41,739,287 | 37,263,200 | 4,476,087 | 12.0 % |
| EBITDA (1) | \$ 18,868 | \$ 20,887 | \$ (2,019) | (9.7)% |

- (1) EBITDA represents net (loss) income plus net interest expense, taxes and depreciation and amortization. EBITDA is included because it is used by management and certain investors as a measure of operating performance. EBITDA is used by analysts in the shipping industry as a common performance measure to compare results across peers. Our management uses EBITDA as a performance measure in our consolidated internal financial statements, and it is presented for review at our board meetings. We believe that EBITDA is useful to investors as the shipping industry is capital intensive which often results in significant depreciation and cost of financing. EBITDA presents investors with a measure in addition to net income to evaluate our performance prior to these costs. EBITDA is not an item recognized by U.S. GAAP (i.e., non-GAAP measure) and should not be considered as an alternative to net income, operating income or any other indicator of a company's operating performance required by U.S. GAAP. EBITDA is not a measure of liquidity or cash flows as shown in our Condensed Consolidated Statements of Cash Flows. The definition of EBITDA used here may not be comparable to that used by other companies. The following table demonstrates our calculation of EBITDA and provides a reconciliation of EBITDA to net (loss) income for each of the periods presented above:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|-------------------------------|--|-----------|---|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net (loss) income | \$ (14,591) | \$ 5,708 | \$ (56,868) | \$ (51,224) |
| Net interest expense | 6,905 | 6,594 | 21,204 | 21,506 |
| Income tax expense | — | — | — | — |
| Depreciation and amortization | 18,184 | 17,269 | 54,532 | 50,605 |
| EBITDA (1) | \$ 10,498 | \$ 29,571 | \$ 18,868 | \$ 20,887 |

Results of Operations

The following tables set forth information about the current employment of the vessels in our fleet as of November 5, 2019:

| Vessel | Year Built | Charter Expiration(1) | Cash Daily Rate(2) |
|--------------------------------|---------------|--------------------------|--------------------|
| <u>Capesize Vessels</u> | | | |
| Genco Augustus | 2007 | September 2019 | Voyage |
| Genco Tiberius | 2007 | September 2019 | Voyage |
| Genco London | 2007 | October 2019 | Voyage |
| Genco Titus | 2007 | November 2019 | \$20,500 |
| Genco Constantine | 2008 | November 2019 | Voyage |
| Genco Hadrian | 2008 | December 2019 | Voyage |
| Genco Commodus | 2009 | January 2020 | Voyage |
| Genco Maximus | 2009 | December 2019 | Voyage |
| Genco Claudius | 2010 | November 2019 | Voyage |
| Genco Tiger | 2011 | November 2019 | \$16,000 |
| Baltic Lion | 2012 | December 2019 | Voyage |
| Baltic Bear | 2010 | November 2019 | Voyage |
| Baltic Wolf | 2010 | November 2019 | Voyage |
| Genco Resolute | 2015 | December 2019 | Voyage |
| Genco Endeavour | 2015 | November 2019 | Voyage |
| Genco Defender | 2016 | December 2019 | Voyage |
| Genco Liberty | 2016 | November 2019 | Voyage |
| <u>Panamax Vessels</u> | | | |
| Genco Raptor | 2007 | November 2019 | 95.5% of BPI |
| Genco Thunder | 2007 | November 2019 | \$13,000 |

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| <u>Vessel</u> | <u>Year Built</u> | <u>Charter Expiration(1)</u> | <u>Cash Daily Rate(2)</u> |
|---------------------------------|-----------------------|----------------------------------|---------------------------|
| <u>Ultramax Vessels</u> | | | |
| Baltic Hornet | 2014 | December 2019 | \$12,250 |
| Baltic Wasp | 2015 | November 2019 | Voyage |
| Baltic Scorpion | 2015 | January 2020 | Voyage |
| Baltic Mantis | 2015 | November 2019 | Voyage |
| Genco Weatherly | 2014 | November 2019 | \$12,000 |
| Genco Columbia | 2016 | December 2019 | \$20,000 |
| <u>Supramax Vessels</u> | | | |
| Genco Predator | 2005 | December 2019 | Voyage |
| Genco Warrior | 2005 | November 2019 | \$7,000 |
| Genco Hunter | 2007 | November 2019 | Voyage |
| Genco Lorraine | 2009 | December 2019 | \$12,000 |
| Genco Loire | 2009 | November 2019 | \$10,750 |
| Genco Aquitaine | 2009 | December 2019 | \$8,000 |
| Genco Ardennes | 2009 | December 2019 | \$5,500 |
| Genco Auvergne | 2009 | December 2019 | \$10,500 |
| Genco Bourgogne | 2010 | November 2019 | \$19,000 |
| Genco Brittany | 2010 | November 2019 | \$9,750 |
| Genco Languedoc | 2010 | December 2019 | Voyage |
| Genco Normandy | 2007 | November 2019 | Voyage |
| Genco Picardy | 2005 | November 2019 | \$15,000 |
| Genco Provence | 2004 | December 2019 | \$12,000 |
| Genco Pyrenees | 2010 | December 2019 | Voyage |
| Genco Rhone | 2011 | November 2019 | \$15,000 |
| Baltic Leopard | 2009 | November 2019 | Voyage |
| Baltic Panther | 2009 | March 2020 | \$11,250 |
| Baltic Jaguar | 2009 | November 2019 | Voyage |
| Baltic Cougar | 2009 | December 2019 | Voyage |
| <u>Handysize Vessels</u> | | | |
| Baltic Hare | 2009 | November 2019 | \$27,500 |
| Baltic Fox | 2010 | November 2019 | Voyage |
| Genco Charger | 2005 | November 2019 | Voyage |
| Baltic Wind | 2009 | November 2019 | Voyage |
| Baltic Cove | 2010 | November 2019 | Voyage |
| Baltic Breeze | 2010 | December 2019 | Voyage |
| Genco Ocean | 2010 | November 2019 | Voyage |
| Genco Bay | 2010 | November 2019 | Voyage |
| Genco Avra | 2011 | November 2019 | \$5,500 |
| Genco Mare | 2011 | March 2020 | \$10,500 |
| Genco Spirit | 2011 | April 2020 | \$10,500 |

- (1) The charter expiration dates presented represent the earliest dates that our charters may be terminated in the ordinary course. Under the terms of certain contracts, the charterer is entitled to extend the time charter from two to four months in order to complete the vessel's final voyage plus any time the vessel has been off-hire.
- (2) Time charter rates presented are the gross daily charterhire rates before third-party brokerage commission generally ranging from 1.25% to 6.25%. In a time charter, the charterer is responsible for voyage expenses such as bunkers, port expenses, agents' fees and canal dues.

Three months ended September 30, 2019 compared to the three months ended September 30, 2018

VOYAGE REVENUES-

For the three months ended September 30, 2019, voyage revenues increased by \$11.5 million, or 12.5%, to \$103.8 million as compared to \$92.3 million for the three months ended September 30, 2018. The increase in voyage revenues was primarily due to increased employment of vessels on spot market voyage charters, partially offset by the effect of trading our Capesize vessels primarily in the Pacific Basin and offhire related to scrubber installations, ballast water treatment system installations and special surveys as discussed below.

The average Time Charter Equivalent (“TCE”) rate of our fleet increased 9.3% to \$11,687 a day for the three months ended September 30, 2019 from \$10,696 a day for the three months ended September 30, 2018. The increase in TCE rates resulted from higher charter rates achieved by the majority of our vessels.

In the third quarter of 2019, the drybulk market improved significantly reaching multi-year highs in the process. Specifically, the Baltic Capesize Index was supported by record steel production in China and increased Brazilian iron ore shipments during a period of constrained vessel capacity due to the global fleet’s preparation ahead of IMO 2020. As a result of the preparation to get our Capesize vessels fitted with scrubbers ahead of the IMO 2020 compliance date of January 1, 2020, we made the strategic decision to trade our vessels primarily in the Pacific basin, closer to the shipyard, to aid in meeting our designated shipyard slot dates for scrubber installations. However, this also limited our commercial trading capabilities in the short-term. This resulted in our Capesize fleet remaining in the Pacific basin, a region that saw rates trade at a discount to the Atlantic basin, notwithstanding our long-term commercial strategy that entails a more dynamic vessel positioning to better capture market fundamentals. We had 22 vessels enter the shipyard for scrubber installations, ballast water treatment system installations, scheduled special surveys and other repairs, resulting in associated offhire time of 601 days for the quarter.

For the three months ended September 30, 2019 and 2018, we had 5,336.0 and 5,673.0 ownership days, respectively. The decrease in ownership days is primarily due to the sale of eight vessels during the second half of 2018 and the first quarter of 2019 partially offset by the delivery of six vessels during the third quarter of 2018. Fleet utilization increased to 98.9% during the three months ended September 30, 2019 from 98.5% during the three months ended September 30, 2018, primarily due to a decrease in offhire days.

VOYAGE EXPENSES-

In time charters, spot market-related time charters and pool agreements, operating costs including crews, maintenance and insurance are typically paid by the owner of the vessel and specified voyage costs such as fuel and port charges are paid by the charterer. These expenses are borne by the Company during spot market voyage charters. There are certain other non-specified voyage expenses such as commissions, which are typically borne by us. Voyage expenses include port and canal charges, fuel (bunker) expenses and brokerage commissions payable to unaffiliated third parties. Port and canal charges and bunker expenses primarily increase in periods during which vessels are employed on spot market voyage charters because these expenses are for the account of the vessel owner. At the inception of a time charter, we record the difference between the cost of bunker fuel delivered by the terminating charterer and the bunker fuel sold to the new charterer as a gain or loss within voyage expenses. Voyage expenses also include the cost of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement. Additionally, we may record lower of cost and net realizable value adjustments to re-value the bunker fuel on a quarterly basis for certain time charter agreements where the inventory is subject to gains and losses. Refer to Note 2 — Summary of Significant Accounting Policies in our Condensed Consolidated Financial Statements.

Voyage expenses increased by \$11.5 million from \$31.5 million during the three months ended September 30, 2018 as compared to \$43.0 million during the three months ended September 30, 2019. This increase was primarily due to the employment of vessels on additional spot market voyage charters during the third quarter of 2019, which incur significantly higher voyage expenses as compared to time charters, spot market-related time charters and pool arrangements.

VESSEL OPERATING EXPENSES-

Vessel operating expenses decreased by \$0.4 million from \$25.2 million during the three months ended September 30, 2018 to \$24.7 million during the three months ended September 30, 2019. The decrease was primarily due to fewer owned vessels during the third quarter of 2019 as compared to the third quarter of 2018, partially offset by higher drydocking related expenses.

Daily vessel operating expenses increased to \$4,631 per vessel per day for the three months ended September 30, 2019 from \$4,434 per day for the three months ended September 30, 2018. The increase in daily vessel operating expense was predominantly due to higher drydocking related expenses. Refer to “Capital Expenditures” below for further detail. We believe daily vessel operating expenses are best measured for comparative purposes over a 12-month period in order to take into account all of the expenses that each vessel in our fleet will incur over a full year of operation. Our actual daily vessel operating expenses per vessel for the three months ended September 30, 2019 were \$106 above the weighted-average budgeted rate of \$4,525 per vessel per day for the entire year.

Our vessel operating expenses, which generally represent fixed costs for each vessel, increase to the extent our fleet expands. Other factors beyond our control, some of which may affect the shipping industry in general, including, for instance, developments relating to market prices for crewing, lubes, and insurance, may also cause these expenses to increase.

CHARTER HIRE EXPENSES-

Charter hire expenses increased by \$4.8 million from \$0.7 million during the three months ended September 30, 2018 to \$5.5 million during the three months ended September 30, 2019. During the third quarter of 2019, we chartered in eight third-party vessels as compared to only two vessels during the third quarter of 2018.

GENERAL AND ADMINISTRATIVE EXPENSES-

We incur general and administrative expenses that relate to our onshore non-vessel-related activities. Our general and administrative expenses include our payroll expenses, including those relating to our executive officers, operating lease expense, legal, auditing and other professional expenses. General and administrative expenses include nonvested stock amortization expense which represent the amortization of stock-based compensation that has been issued to our Directors and employees pursuant to Management Incentive Program (the “MIP”) and the 2015 Equity Incentive Plan. Refer to Note 15 — Stock-Based Compensation in our Condensed Consolidated Financial Statements. General and administrative expenses also include legal and professional fees associated with our credit facilities, which are not capitalizable to deferred financing costs. We expect to incur additional general and administrative expenses during 2019 as a result of our global expansion to Singapore and Copenhagen.

For the three months ended September 30, 2019 and 2018, general and administrative expenses were \$6.1 million and \$5.0 million, respectively. The \$1.1 million increase was primarily due to an increase in compensation related expenses as well as an increase in professional fees.

TECHNICAL MANAGEMENT FEES-

We incur management fees to third-party technical management companies for the day-to-day management of our vessels, including performing routine maintenance, attending to vessel operations and arranging for crews and supplies. Technical management fees were \$1.9 million and \$2.0 million during the three months ended September 30, 2019 and 2018, respectively. The decrease was due to a smaller fleet during the third quarter of 2019.

DEPRECIATION AND AMORTIZATION-

We depreciate the cost of our vessels on a straight-line basis over the expected useful life of each vessel. Depreciation is based on the cost of the vessel less its estimated residual value. We estimate the useful life of our vessels

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to be 25 years and we estimate the residual value by taking the estimated scrap value of \$310 per lightweight ton times the weight of the ship in lightweight tons.

Depreciation and amortization expense increased by \$0.9 million to \$18.2 million during the three months ended September 30, 2019 as compared to \$17.3 million during the three months ended September 30, 2018. This increase was primarily due to an increase in depreciation expense recorded during the third quarter of 2019 for the six vessels delivered during the third quarter of 2018, partially offset by a decrease in depreciation for the six vessels that were sold during the fourth quarter of 2018 and the first quarter of 2019, as well as a decrease for the five vessels that were impaired during the second and third quarter of 2019. Refer to Note 4 — Vessel Acquisitions and Dispositions in our Condensed Consolidated Financial Statements.

IMPAIRMENT OF VESSEL ASSETS-

During the three months ended September 30, 2019, we recorded \$12.2 million of impairment of vessel assets. There was no impairment of vessel assets during the three months ended September 30, 2018.

On November 4, 2019, the Company entered into an agreement to sell the Genco Raptor, a 2007-built Panamax vessel, to a third party for \$10.2 million less a 2.0% commission payable to a third party. As the anticipated undiscounted cash flows, including the net sales price, did not exceed the net book value of the vessel as of September 30, 2019, the vessel value for the Genco Raptor was adjusted to its net sales price of \$10.0 million as of September 30, 2019. This resulted in an impairment loss of \$5.9 million during the three months ended September 30, 2019.

On September 25, 2019, the Company entered into an agreement to sell the Genco Thunder, a 2007-built Panamax vessel, for \$10.4 million less a 2.0% broker commission payable to a third party. Therefore, the vessel value for the Genco Thunder was adjusted to its net sales price of \$10.2 million as of September 30, 2019. This resulted in an impairment loss of \$5.7 million during the three months ended September 30, 2019.

On September 20, 2019, the Company entered into an agreement to sell the Genco Champion, a 2006-built Handysize vessel, for \$6.6 million less a 3.0% broker commission payable to a third party. Therefore, the vessel value for the Genco Champion was adjusted to its net sales price of \$6.4 million as of September 30, 2019. This resulted in an impairment loss of \$0.6 million during the three months ended September 30, 2019.

Refer to Note 2 — Summary of Significant Accounting Policies in our Condensed Consolidated Financial Statement for further information.

GAIN ON SALE OF VESSELS-

During the third quarter of 2018, we recorded a net gain on sale of vessels of \$1.5 million related the sale of the Genco Progress on September 13, 2018 and the sale of the Genco Surprise on August 7, 2018. There were no vessels sold during the third quarter of 2019.

OTHER (EXPENSE) INCOME-

NET INTEREST EXPENSE –

Net interest expense increased by \$0.3 million from \$6.6 million during the three months ended September 30, 2018 to \$6.9 million during the three months ended September 30, 2019. Net interest expense during the three months ended September 30, 2019 and 2018 consisted of interest expense under our credit facilities and amortization of deferred financing costs for those facilities. This increase was primarily due to a \$0.2 million decrease in interest income during the third quarter of 2019 as compared to the same period during 2018 due to a decrease in interest earned on our time deposits. There was also a \$0.1 million increase in interest expense was primarily due to an increase in the interest expense associated with the \$108 Million Credit Facility, which was entered into on August 14, 2018 partially offset by a decrease in interest expense associated with the \$495 Million Credit Facility as the result of a lower debt balance due to required loan repayments. Refer to Note 7 — Debt in our Condensed Consolidated Financial Statements for information regarding our credit facilities.

Nine months ended September 30, 2019 compared to the nine months ended September 30, 2018

VOYAGE REVENUES-

For the nine months ended September 30, 2019, voyage revenues increased by \$25.5 million, or 10.0%, to \$280.8 million as compared to \$255.3 million for the nine months ended September 30, 2018. The increase in voyage revenues was primarily due to increased employment of vessels on spot market voyage charters, partially offset by the effect of trading our Capesize vessels primarily in the Pacific basin and offhire related to scrubber installations, ballast water treatment system installations and special surveys as noted above for the three months ended September 30, 2019.

The average Time Charter Equivalent (“TCE”) rate of our fleet decreased 12.2% to \$9,405 a day for the nine months ended September 30, 2019 from \$10,710 a day for the nine months ended September 30, 2018. The decrease in TCE rates was primarily due to lower rates achieved by the majority of the vessels in our fleet.

For the nine months ended September 30, 2019 and 2018, we had 15,861.2 and 16,532.9 ownership days, respectively. The decrease in ownership days is primarily due to the sale of eight vessels during the second half of 2018 and the first quarter of 2019 partially offset by the delivery of six vessels during the third quarter of 2018. Fleet utilization decreased to 97.9% during the nine months ended September 30, 2019 from 98.5% during the nine months ended September 30, 2018, primarily due to an increase in offhire time during 2019.

VOYAGE EXPENSES-

Voyage expenses increased by \$49.2 million from \$78.6 million during the nine months ended September 30, 2018 as compared to \$127.8 million during the nine months ended September 30, 2019. This increase was primarily due to the employment of vessels on additional spot market voyage charters during the nine months ended September 30, 2019 as compared to the same period during 2018. Spot market voyage charters incur significantly higher voyage expenses as compared to time charters, spot market-related time charters and pool arrangements.

VESSEL OPERATING EXPENSES-

Vessel operating expenses decreased by \$0.4 million from \$72.6 million during the nine months ended September 30, 2018 to \$72.3 million during the nine months ended September 30, 2019. The decrease was primarily due to fewer owned vessels during the nine months ended September 30, 2019 as compared to the same period during 2018, partially offset by higher drydocking related expenses.

Daily vessel operating expenses increased to \$4,556 per vessel per day for the nine months ended September 30, 2019 from \$4,394 per day for the nine months ended September 30, 2018. The increase in daily vessel operating expense was predominantly due to higher drydocking related expenses (refer to “Capital Expenditures” below for further detail), as well as crew related expenses. We believe daily vessel operating expenses are best measured for comparative purposes over a 12-month period in order to take into account all of the expenses that each vessel in our fleet will incur over a full year of operation. Our actual daily vessel operating expenses per vessel for the nine months ended September 30, 2019 were \$31 above the weighted-average budgeted rate of \$4,525 per vessel per day for the entire year.

CHARTER HIRE EXPENSES-

Charter hire expenses increased by \$11.5 million from \$1.2 million during the nine months ended September 30, 2018 to \$12.7 million during the nine months ended September 30, 2019. During the nine months ended September 30, 2019, we chartered in 23 third-party vessels as compared to only four during the same period during 2018.

GENERAL AND ADMINISTRATIVE EXPENSES-

For the nine months ended September 30, 2019 and 2018, general and administrative expenses were \$18.3 million and \$16.8 million, respectively. The \$1.5 million increase was primarily due to an increase in compensation related expenses.

TECHNICAL MANAGEMENT FEES-

Technical management fees were \$5.7 million and \$5.9 million during the nine months ended September 30, 2019 and 2018, respectively. The decrease was due to a smaller fleet during the nine months ended September 30, 2019.

DEPRECIATION AND AMORTIZATION-

Depreciation and amortization expense increased by \$3.9 million to \$54.5 million during the nine months ended September 30, 2019 as compared to \$50.6 million during the nine months ended September 30, 2018. This increase was primarily due to depreciation expense recorded during the nine months ended September 30, 2019 for the six vessels delivered during the third quarter of 2018, partially offset by a decrease in depreciation for the eight vessels that were sold during the second half of 2018 and the first quarter of 2019. Refer to Note 4 — Vessel Acquisitions and Dispositions in our Condensed Consolidated Financial Statements. There was also an increase in the amortization of drydocking assets as there were more vessels that completed drydockings during the nine months ended September 30, 2019 as compared to the same period during 2018. Refer to “Capital Expenditures” below for further detail.

IMPAIRMENT OF VESSEL ASSETS-

During the nine months ended September 30, 2019 and 2018, we recorded \$26.1 million and \$56.6 million of impairment of vessel assets, respectively.

On November 4, 2019, the Company entered into an agreement to sell the Genco Raptor, a 2007-built Panamax vessel, to a third party for \$10.2 million less a 2.0% commission payable to a third party. As the anticipated undiscounted cash flows, including the net sales price, did not exceed the net book value of the vessel as of September 30, 2019, the vessel value for the Genco Raptor was adjusted to its net sales price of \$10.0 million as of September 30, 2019. This resulted in an impairment loss of \$5.9 million during the nine months ended September 30, 2019.

On September 25, 2019, the Company entered into an agreement to sell the Genco Thunder, a 2007-built Panamax vessel, for \$10.4 million less a 2.0% broker commission payable to a third party. Therefore, the vessel value for the Genco Thunder was adjusted to its net sales price of \$10.2 million as of September 30, 2019. This resulted in an impairment loss of \$5.7 million during the nine months ended September 30, 2019.

On September 20, 2019, the Company entered into an agreement to sell the Genco Champion, a 2006-built Handysize vessel, for \$6.6 million less a 3.0% broker commission payable to a third party. Therefore, the vessel value for the Genco Champion was adjusted to its net sales price of \$6.4 million as of September 30, 2019. This resulted in an impairment loss of \$0.6 million during the nine months ended September 30, 2019.

On August 2, 2019, we entered into an agreement to sell the Genco Challenger, a 2003-built Handysize vessel, for \$5,250 less a 2.0% broker commission payable to a third party. As the anticipated undiscounted cash flows, including the net sales price, did not exceed the net book value of the vessel as of June 30, 2019, we reduced the carrying value of the Genco Challenger to the net sales price on June 30, 2019. This resulted in an impairment loss of \$4.4 million during the nine months ended September 30, 2019.

At June 30, 2019, we determined that the expected estimated future undiscounted cash flows for the Genco Champion, a 2006-built Handysize vessel, and the Genco Charger, a 2005-built Handysize vessel, did not exceed the net book value of these vessels as of June 30, 2019. As such, we adjusted the value of these vessels to their respective fair market values as of June 30, 2019. This resulted in an impairment loss of \$9.5 million during the nine months ended September 30, 2019.

On July 24, 2018, the Company entered into an agreement to sell the Genco Surprise. As the anticipated undiscounted cash flows, including the net sales price, did not exceed the net book value of the vessel as of June 30, 2018, we reduced the carrying value of the Genco Surprise to the net sales price on June 30, 2018. This resulted in an impairment loss of \$0.2 million during the nine months ended September 30, 2018.

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On February 27, 2018, our Board of Directors determined to dispose of the Company's following nine vessels; the Genco Cavalier, the Genco Loire, the Genco Lorraine, the Genco Muse, the Genco Normandy, the Baltic Cougar, the Baltic Jaguar, the Baltic Leopard and the Baltic Panther, at times and on terms to be determined in the future. Given this decision, and that the estimated future undiscounted cash flows for each of these older vessels did not exceed the net book value for each vessel, we have adjusted the values of these older vessels to their respective fair market values during the nine months ended September 30, 2018. This resulted in an impairment loss of \$56.4 million during the nine months ended September 30, 2018.

Refer to Note 2 — Summary of Significant Accounting Policies in our Condensed Consolidated Financial Statement for further information.

GAIN ON SALE OF VESSELS-

During the nine months ended September 30, 2019, we recorded a net gain on sale of vessels of \$0.6 million related primarily to the sale of the Genco Vigour on January 28, 2019. During the nine months ended September 30, 2018, we recorded a net gain on sale of vessels of \$1.5 million related to the sale of the Genco Progress and the Genco Surprise during the third quarter of 2018.

OTHER (EXPENSE) INCOME-

NET INTEREST EXPENSE –

Net interest expense decreased by \$0.3 million from \$21.5 million during the nine months ended September 30, 2018 to \$21.2 million during the nine months ended September 30, 2019. Net interest expense during the nine months ended September 30, 2019 and 2018 consisted of interest expense under our credit facilities and amortization of deferred financing costs for those facilities. This decrease was primarily due to a \$0.5 million increase in interest income during the nine months ended September 30, 2019 as compared to the same period during 2018 due to an increase in interest earned on our time deposits and our cash accounts. Refer to Note 7 — Debt in our Condensed Consolidated Financial Statements for information regarding our credit facilities.

IMPAIRMENT OF RIGHT-OF-USE ASSET –

During the nine months ended September 30, 2019, we recognized \$0.2 million of impairment charges on its operating lease right-of-use asset in accordance with ASC 360. Refer to Note 13 — Leases in our Condensed Consolidated Financial Statements for further information.

LOSS ON DEBT EXTINGUISHMENT –

During the nine months ended September 30, 2018, we recorded a \$4.5 million loss on debt extinguishment as a result of the refinancing of our \$400 Million Credit Facility, \$98 Million Credit Facility and 2014 Term Loan Facilities with the \$460 Million Credit Facility on June 5, 2018. Refer to Note 7 — Debt in our Condensed Consolidated Financial Statements for information regarding our credit facilities.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash flow from operations, cash on hand, equity offerings and credit facility borrowings. We currently use our funds primarily for the acquisition of vessels generally and under our ongoing fleet renewal program, drydocking for our vessels, and satisfying working capital requirements as may be needed to support our business and make required payments under our indebtedness. Our ability to continue to meet our liquidity needs is subject to and will be affected by cash utilized in operations, the economic or business environment in which we operate, shipping industry conditions, the financial condition of our customers, vendors and service providers, our ability to comply with the financial and other covenants of our indebtedness, and other factors. We expect that our fuel costs and value of our fuel inventories will increase in 2019 as a result of sulfur emission regulations due to take effect on January 1, 2020.

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On June 19, 2018, we closed an equity offering of 7,015,000 shares of common stock at an offering price of \$16.50 per share. We received net proceeds of approximately \$109.6 million after deducting underwriters' discounts and commissions and other expenses. We used the net proceeds to finance a portion of the purchase price for the two Capesize and two Ultramax vessels that we acquired during the third quarter of 2018. Refer to Note 4 — Vessel Acquisitions and Dispositions.

We entered into the \$495 Million Credit Facility on May 31, 2018, which was initially used to refinance our prior credit facilities: the \$400 Million Credit Facility, the \$98 Million Credit Facility and the 2014 Term Loan Facilities on June 5, 2018 and originally allowed borrowings of up to \$460 million. On February 28, 2019, we entered into an amendment to the \$495 Million Credit Facility that provides for an additional tranche of up to \$35 million to finance a portion of the acquisitions, installations, and related costs for exhaust cleaning systems (or "scrubbers") for 17 of the Company's Capesize vessels. Additionally, we entered into the \$108 Million Credit Facility on August 14, 2018 to finance a portion of the purchase price for the six vessels that were purchased during the third quarter of 2018. Refer to Note 7 — Debt in our Condensed Consolidated Financial Statements.

At September 30, 2019, we were in compliance with all financial covenants under the \$495 Million Credit facility and the \$108 Million Credit Facility.

We believe our capital resources are sufficient to fund our operations for at least the next twelve months. Given the commencement of quarterly amortization payments of \$16.6 million under our credit facilities on December 31, 2018, anticipated capital expenditures relating to installation of ballast water treatment systems ("BWTS") and scrubbers on our vessels for environmental regulatory compliance during 2019, as well as the payment of the \$0.175 dividend per share and the payment of the \$0.325 special dividend per share during the fourth quarter of 2019, we anticipate that our cash expenditures will increase.

We intend to finance a significant portion of the cost associated with scrubbers on our vessels with borrowings as described above and further under "Capital Expenditures" below. Moreover, in the future, we may require capital to fund acquisitions or to improve or support our ongoing operations and debt structure. We may from time to time seek to raise additional capital through equity or debt offerings, selling vessels or other assets, pursuing strategic opportunities, or otherwise. We may also from time to time seek to refinance our indebtedness or obtain waivers or modifications to our credit agreements to obtain more favorable terms, enhance flexibility in conducting our business, or otherwise. We may seek to accomplish any of these independently or in conjunction with one or more of these actions. However, if market conditions are unfavorable, we may be unable to accomplish any of the foregoing on acceptable terms or at all.

Dividends

Our Board of Directors has adopted a quarterly dividend policy to pay a dividend of \$0.175 per share. Accordingly, on November 6, 2019, we announced a quarterly dividend of \$0.175 per share as well as a special dividend of \$0.325 per share. Our quarterly dividend policy and declaration and payment of dividends are subject to legally available funds, compliance with law and contractual obligations and our Board of Directors' determination that each declaration and payment is in the best interest of the Company and our shareholders. Our declaration and payment of dividends is subject to a number of conditions and restrictions as described below.

On November 5, 2019, we entered into amendments with our lenders to the dividend covenants of the credit agreements for our \$495 Million Credit Facility and our \$108 Million Credit Facility. Under the terms of these two facilities as so amended, dividends or repurchases of our stock are subject to customary conditions. We may pay dividends or repurchase stock under these facilities to the extent our total cash and cash equivalents are greater than \$100 million and 18.75% of our total indebtedness, whichever is higher; if we cannot satisfy this condition, we are subject to a limitation of 50% of consolidated net income for the quarter preceding such dividend payment or stock repurchase if the collateral maintenance test ratio is 200% or less for such quarter, for which purpose the full commitment of up to \$35 million of our new scrubber tranche is assumed to be drawn.

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The declaration and payment of any dividend or any stock repurchase is subject to the discretion of our Board of Directors. The principal business factors that our Board of Directors expects to consider when determining the timing and amount of dividend payments or stock repurchases include our earnings, financial condition, and cash requirements at the time. Marshall Islands law generally prohibits the declaration and payment of dividends or stock repurchases other than from surplus. Marshall Islands law also prohibits the declaration and payment of dividends or stock repurchases while a company is insolvent or would be rendered insolvent by the payment of such a dividend or such a stock repurchase.

U.S. Federal Income Tax Treatment of Dividends

For purposes of this discussion, the term "U.S. Holder" means a beneficial owner of our common stock that is, for U.S. federal income tax purposes, (i) an individual U.S. citizen or resident, (ii) a corporation that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia, or any other U.S. entity taxable as a corporation, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if either (x) a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (y) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person. If a partnership, or an entity treated for U.S. federal income tax purposes as a partnership, such as a limited liability company, holds common stock, the tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. If you are a partner in such a partnership holding our common stock, you are encouraged to consult your tax advisor. A beneficial owner of our common stock (other than a partnership) that is not a U.S. Holder is referred to below as a "Non-U.S. Holder."

Subject to the discussion of passive foreign investment company (PFIC) status on pages 41-42 in the 2018 10-K, any distributions made by us to a U.S. Holder with respect to our common shares generally will constitute dividends to the extent of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of those earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in our common shares (determined on a share-by-share basis), and thereafter as capital gain. Because we are not a U.S. corporation, U.S. Holders that are corporations will not be entitled to claim a dividends-received deduction with respect to any distributions they receive from us (provided, however, that a U.S. corporation that owns at least 10% of our shares may be able to claim a dividends-received-deduction and should consult its tax advisor).

Dividends paid on our common shares to a U.S. Holder who is an individual, trust or estate, or a "non-corporate U.S. Holder," will generally be treated as "qualified dividend income" that is taxable to such non-corporate U.S. Holder at preferential tax rates, provided that (1) our common shares are readily tradable on an established securities market in the United States (such as the NYSE, on which our common shares are traded); (2) we are not a PFIC for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we have been, are, or will be); (3) the non-corporate U.S. Holder's holding period of our common shares includes more than 60 days in the 121-day period beginning 60 days before the date on which our common shares becomes ex-dividend; and (4) the non-corporate U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. A non-corporate U.S. Holder will be able to take qualified dividend income into account in determining its deductible investment interest (which is generally limited to its net investment income) only if it elects to do so; in such case, the dividend will be taxed at ordinary income rates. Non-corporate U.S. Holders also may be required to pay a 3.8% surtax on all or part of such holder's "net investment income," which includes, among other items, dividends on our shares, subject to certain limitations and exceptions. Investors are encouraged to consult their own tax advisors regarding the effect, if any, of this surtax on their ownership of our shares.

Amounts taxable as dividends generally will be treated as passive income from sources outside the U.S. However, if (a) we are 50% or more owned, by vote or value, by U.S. Holders and (b) at least 10% of our earnings and profits are attributable to sources within the U.S., then for foreign tax credit purposes, a portion of our dividends would be treated as derived from sources within the U.S. With respect to any dividend paid for any taxable year, the U.S. source ratio of our dividends for foreign tax credit purposes would be equal to the portion of our earnings and profits from sources within the U.S. for such taxable year divided by the total amount of our earnings and profits for such taxable

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year. The rules related to U.S. foreign tax credits are complex and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available.

Special rules may apply to any "extraordinary dividend" — generally, a dividend in an amount which is equal to or in excess of 10% of a shareholder's adjusted basis (or fair market value in certain circumstances) in a share of our common shares — paid by us. If we pay an "extraordinary dividend" on our common shares that is treated as "qualified dividend income", then any loss derived by a non-corporate U.S. Holder from the sale or exchange of such common shares will be treated as long-term capital loss to the extent of such dividend.

Non-U.S. Holders generally will not be subject to U.S. federal income tax on dividends received from us on our common shares unless the income is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States ("effectively connected income") (and, if an applicable income tax treaty so provides, the dividends are attributable to a permanent establishment maintained by the Non-U.S. Holder in the U.S.). Effectively connected income (or, if an income tax treaty applies, income attributable to a permanent establishment maintained in the U.S.) generally will be subject to regular U.S. federal income tax in the same manner discussed above relating to taxation of U.S. Holders. In addition, earnings and profits of a corporate Non-U.S. Holder that are attributable to such income, as determined after allowance for certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable income tax treaty. Non-U.S. Holders may be subject to tax in jurisdictions other than the United States on dividends received from us on our common shares.

Dividends paid on our common shares to a non-corporate U.S. Holder may be subject to U.S. federal backup withholding tax if the non-corporate U.S. Holder:

- fails to provide us with an accurate taxpayer identification number;
- is notified by the IRS that they have become subject to backup withholding because they previously failed to report all interest or dividends required to be shown on their federal income tax returns; or
- fails to comply with applicable certification requirements.

A holder that is not a U.S. Holder or a partnership may be subject to U.S. federal backup withholding with respect to such dividends unless the holder certifies that it is a non-U.S. person, under penalties of perjury, or otherwise establishes an exemption therefrom. Backup withholding tax is not an additional tax. Holders generally may obtain a refund of any amounts withheld under backup withholding rules that exceed their income tax liability by timely filing a refund claim with the IRS.

You are encouraged to consult your own tax advisor concerning the overall tax consequences arising in your own particular situation under U.S. federal, state, local, or foreign law from the payment of dividends on our common stock.

Cash Flow

Net cash provided by operating activities for the nine months ended September 30, 2019 was \$28.8 million as compared to \$43.4 million for the nine months ended September 30, 2018. Included in the net loss during the nine months ended September 30, 2019 were \$26.1 million of non-cash impairment charges, a gain of \$0.6 million arising from the sale of the Genco Vigour, \$0.9 million of non-cash lease expense and a loss of \$0.2 million related to the non-cash impairment of our right-of-use operating lease asset. Included in the net loss during the nine months ended September 30, 2018 were \$56.6 million of non-cash impairment charges, as well as a \$4.5 million loss on the extinguishment of debt, a gain of \$1.5 million arising from the sale of two vessels and a \$5.3 million payment on the \$400 Million Credit Facility. Depreciation and amortization expense for the nine months ended September 30, 2019 increased by \$3.9 million primarily due to depreciation expense for the six vessels delivered during the third quarter of 2018, partially offset by a decrease in depreciation expense for the eight vessels that were sold during the second half of 2018 and the first quarter of 2019. Additionally, there was an \$8.2 million increase in the fluctuation in due from charterers due to the timing of payments received from charterers and a \$5.3 million increase in the fluctuation in prepaid expenses and other current assets due to the timing of payments. Lastly, there was a \$21.2 million increase in the

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fluctuation in inventories associated with vessels on spot market voyage charters. These increases were partially offset by a \$9.7 million increase in deferred drydocking costs as there were more vessels that completed drydocking during the nine months ended September 30, 2019 as compared to the same period during 2018. There was also a \$5.1 million and \$3.1 million decrease in the fluctuation of deferred revenue and accounts payable and accrued expenses, respectively, due to the timing of payments made.

Net cash used in investing activities was \$31.8 million during the nine months ended September 30, 2019 as compared to \$226.5 million during the nine months ended September 30, 2018. Net cash used in investing activities during the nine months ended September 30, 2019 consisted primarily of \$24.7 million purchase of scrubbers for our vessels, \$10.4 million purchase of vessels related primarily to ballast water treatment systems and \$3.6 million for the purchase of other fixed assets due to the purchase of vessel equipment. These cash outflows during the nine months ended September 30, 2019 were partially offset by \$6.3 million of proceeds from the sale of one vessel during the first half of 2019. Net cash used in investing activities during the nine months ended September 30, 2018 consisted primarily of \$239.7 million purchase of vessels related to the six vessels that delivered to us during the third quarter of 2018. This cash outflow during the nine months ended September 30, 2018 was partially offset by \$10.6 million proceeds from the sale of two vessels during the third quarter of 2018 and \$3.5 million of proceeds received for hull and machinery claims related primarily to the receipt of the remaining insurance settlement for the main engine repair claim for the Genco Tiger.

Net cash used in financing activities during the nine months ended September 30, 2019 was \$33.5 million as compared to net cash provided by financing activities of \$144.2 million during the nine months ended September 30, 2018. Net cash used in financing activities of \$33.5 million for the nine months ended September 30, 2019 consisted primarily of the following: \$49.6 million repayment of debt under the \$495 Million Credit Facility; \$4.7 million repayment of debt under the \$108 Million Credit Facility; \$0.6 million payment of deferred financing costs; and \$0.1 million payment of common stock issuance costs. These cash outflows were partially offset by total drawdowns of \$21.5 million under the \$495 Million Credit Facility during the nine months ended September 30, 2019. Net cash provided by financing activities of \$144.2 million for the nine months ended September 30, 2018 consisted primarily of the \$460.0 million drawdown on the \$460 Million Credit Facility, the \$108.0 million drawdown on the \$108 Million Credit Facility and the net proceeds from the issuance of common stock on June 19, 2018 of \$109.8 million partially offset by the following: \$399.6 million repayment of debt under the \$400 Million Credit Facility; \$93.9 million repayment of debt under the \$98 Million Credit Facility; \$25.5 million repayment of debt under the 2014 Term Loan Facilities; \$11.5 million payment of deferred financing costs; and \$3.0 million payment of debt extinguishment costs. On August 14, 2018, we entered into the \$108 Million Credit Facility to finance a portion of the purchase price for the six vessels acquired during the third quarter of 2018. On June 5, 2018, the \$495 Million Credit Facility refinanced the following three existing credit facilities with its original \$460 million tranche; the \$400 Million Credit Facility, the \$98 Million Credit Facility and the 2014 Term Loan Facilities. Additionally, on February 28, 2019, the \$495 Million Credit Facility was amended to add a tranche of \$35 million for the purchase of scrubbers in addition to the original \$460 million tranche used for the refinancing on June 5, 2018.

Credit Facilities

Refer to Note 7 — Debt in our Condensed Consolidated Financial Statements for information regarding our current credit facilities, including the underlying financial and non-financial covenants. We entered into the \$108 Million Credit Facility on August 14, 2018 to finance a portion of the purchase price for the six vessels that were purchased during the third quarter of 2018. Additionally, we entered into the \$495 Million Credit Facility on May 31, 2018, which was initially used to refinance our prior credit facilities: the \$400 Million Credit Facility, the \$98 Million Credit Facility and the 2014 Term Loan Facilities on June 5, 2018. On February 28, 2019, we entered into an amendment to the \$495 Million Credit Facility, which provides for an additional tranche of up to \$35 million to finance a portion of the acquisitions, installations, and related costs for exhaust cleaning systems (or “scrubbers”) for 17 of our Capesize vessels.

Interest Rate Swap Agreements, Forward Freight Agreements and Currency Swap Agreements

At September 30, 2019 and December 31, 2018, we did not have any interest rate swap agreements. As part of our business strategy, we may enter into interest rate swap agreements to manage interest costs and the risk associated with changing interest rates. In determining the fair value of interest rate derivatives, we would consider the creditworthiness of both the counterparty and ourselves immaterial. Valuations prior to any adjustments for credit risk would be validated by comparison with counterparty valuations. Amounts would not and should not be identical due to the different modeling assumptions. Any material differences would be investigated.

As part of our business strategy, we may enter into arrangements commonly known as forward freight agreements, or FFAs, to hedge and manage our exposure to the charter market risks relating to the deployment of our vessels. Generally, these arrangements would bind us and each counterparty in the arrangement to buy or sell a specified tonnage freighting commitment “forward” at an agreed time and price and for a particular route. Upon settlement, if the contracted charter rate is less than the average of the rates (as reported by an identified index) for the specified route and period, the seller of the FFA is required to pay the buyer an amount equal to the difference between the contracted rate and the settlement rate multiplied by the number of days in the specific period. Conversely, if the contracted rate is greater than the settlement rate, the buyer is required to pay the seller the settlement sum. Although FFAs can be entered into for a variety of purposes, including for hedging, as an option, for trading or for arbitrage, if we decided to enter into FFAs, our objective would be to hedge and manage market risks as part of our commercial management. It is not currently our intention to enter into FFAs to generate a stream of income independent of the revenues we derive from the operation of our fleet of vessels. If we determine to enter into FFAs, we may reduce our exposure to any declines in our results from operations due to weak market conditions or downturns, but may also limit our ability to benefit economically during periods of strong demand in the market. We have not entered into any FFAs as of September 30, 2019 and December 31, 2018.

Contractual Obligations

The following table sets forth our contractual obligations and their scheduled maturity dates as of September 30, 2019. The table incorporates the employment agreement entered into in September 2007 with our Chief Executive Officer and President, John C. Wobensmith, as amended. The interest and borrowing fees and scheduled credit agreement payments below reflect the \$495 Million Credit Facility and the \$108 Million Credit Facility, as well as other fees associated with the facilities. The following table also incorporates the future lease payments associated with the lease for our current office space in New York. Refer to Note 13 — Leases in our Condensed Consolidated Financial Statements for further information regarding the terms of our current lease agreement. Lastly, the table incorporates the remaining contractual purchase obligations for the purchase of ballast water treatment systems for 43 of our vessels and the contractual purchase obligations remaining for the purchase of scrubber equipment for 17 of our vessels, refer to “Capital Expenditures” below for further information. All of our time charter-in agreements with third parties are less than twelve months and have not been included below.

| | Total | Less Than One Year (1) | One to Three Years | Three to Five Years | More than Five Years |
|--------------------------------|-----------------------------|------------------------------|--------------------------|---------------------------|-------------------------|
| | (U.S. dollars in thousands) | | | | |
| Credit Agreements | \$ 518,605 | \$ 16,172 | \$ 143,838 | \$ 358,595 | \$ — |
| Interest and borrowing fees | 73,117 | 6,481 | 43,756 | 22,880 | — |
| Vessel purchase obligations | 11,861 | 4,177 | 6,128 | 1,556 | — |
| Executive employment agreement | 630 | 163 | 467 | — | — |
| Office leases | 13,917 | 557 | 4,460 | 4,608 | 4,292 |
| Totals | <u>\$ 618,130</u> | <u>\$ 27,550</u> | <u>\$ 198,649</u> | <u>\$ 387,639</u> | <u>\$ 4,292</u> |

(1) Represents the three-month period ending December 31, 2019.

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Interest expense has been estimated using 1.82% based on one-month LIBOR plus the average applicable margin of 3.25% for the \$460 million tranche of the \$495 Million Credit Facility, 2.50% for the \$35 million tranche of the \$495 Million Credit facility and 2.50% for the \$108 Million Credit Facility.

Capital Expenditures

We make capital expenditures from time to time in connection with our vessel acquisitions. Our fleet currently consists of 56 drybulk vessels, including 17 Capesize drybulk carriers, two Panamax drybulk carriers, six Ultramax drybulk carriers, 20 Supramax drybulk carriers and 11 Handysize drybulk carriers.

As previously announced, we have implemented a fuel efficiency upgrade program for certain of our vessels in an effort to generate fuel savings and increase the future earnings potential for these vessels. The upgrades have been successfully installed on 17 of our vessels in the aggregate during planned drydockings from 2014 to 2017.

Under U.S. Federal law and 33 CFR, Part 151, Subpart D, U.S. approved BWTS will be required to be installed in all vessels at the first out of water drydocking after January 1, 2016 if these vessels are to discharge ballast water inside 12 nautical miles of the coast of the U.S. U.S. authorities did not approve ballast water treatment systems until December 2016. Therefore, the U.S. Coast Guard (“USCG”) has granted us extensions for our vessels with 2016 drydocking deadlines until January 1, 2018; however, an alternative management system (“AMS”) may be installed in lieu. For example, in February 2015, the USCG added Bawat to the list of ballast water treatment systems that received AMS acceptance. An AMS is valid for five years from the date of required compliance with ballast water discharge standards, by which time it must be replaced by an approved system unless the AMS itself achieves approval. Furthermore, we received extensions for vessels drydocking in 2016 that allowed for further extensions to the vessels’ next scheduled drydockings in year 2021. Additionally, for our vessels that were scheduled to drydock in 2017 and 2018, the USCG has granted an extension that enables us to defer installation to the next scheduled out of water drydocking. Any newbuilding vessels that we acquire will have a USCG approved system or at least an AMS installed when the vessel is being built.

In addition, on September 8, 2016, the Ballast Water Management (“BWM”) Convention was ratified and had an original effective date of September 8, 2017. However, on July 7, 2017, the effective date of the BWM Convention was extended two years to September 8, 2019 for existing ships. This will require vessels to have a BWTS installed to coincide with the vessels’ next International Oil Pollution Prevention Certificate (“IOPP”) renewal survey after September 8, 2019. In order for a vessel to trade in U.S. waters, it must be compliant with the installation date as required by the USCG as outlined above.

During the second half of 2018, we entered into agreements for the purchase of BWTS for 43 of our vessels. The cost of these systems will vary based on the size and specifications of each vessel and whether the systems will be installed in China. Based on the contractual purchase price of the BWTS and the estimated installation fees, the Company estimates the cost of the systems to be approximately \$0.8 million for Capesize, \$0.5 million for Panamax, \$0.5 million for Supramax and \$0.5 million for Handysize vessels. These costs will be capitalized and depreciated over the remainder of the life of the vessel. We intend to fund the BWTS purchase price and installation fees using cash on hand.

Under maritime regulations due to take effect on January 1, 2020, vessels such as ours will have to reduce sulfur emissions, for which the principal solutions are the use of scrubbers or buying fuel with low sulfur content. We have entered into agreements to install scrubbers on our 17 Capesize vessels. The balance of our vessels are expected to consume compliant, low sulfur fuel, but we will continue to evaluate other options. We anticipate scrubber installation on the 17 Capesize vessels to be completed in 2019 and estimate that the cost of each scrubber, including installation, will be approximately \$2.25 million per vessel, which may vary according to the specifications of our vessels and technical aspects of the installation, among other variables. These costs will be capitalized and depreciated over the remainder of the life of the vessel. This does not include any lost revenue associated with offhire days due to the installation of the scrubbers. During February 2019, we entered into an amendment to our \$495 Million Credit Facility for an additional tranche of up to \$35 million to cover a portion of the expenses to the acquisition and installation of scrubbers on our 17 Capesize vessels. We intend to fund the remainder of the costs with cash on hand. The estimated costs and off-hire days associated with the installation of the scrubbers are included in the expenditure table below. For

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vessels for which we do not currently anticipate installing scrubbers on, we expect to incur additional costs in order to transition these vessels from high sulfur fuel to compliant, low sulfur fuel.

In addition to acquisitions that we may undertake in future periods, we will incur additional expenditures due to special surveys and drydockings for our fleet. We estimate our drydocking costs, including capitalized costs incurred during drydocking related to vessel assets and vessel equipment, BWTS costs, scrubber costs and scheduled off-hire days for our fleet through 2020 to be:

| Year | Estimated Drydocking Cost | Estimated BWTS Cost | Estimated Scrubber Cost | Estimated Off-hire Days |
|------|----------------------------|---------------------|-------------------------|-------------------------|
| | (U.S. dollars in millions) | | | |
| 2019 | \$ 6.0 | \$ 1.6 | \$ 13.5 | 423 |
| 2020 | \$ 10.5 | \$ 4.7 | \$ — | 290 |

The costs reflected are estimates based on drydocking our vessels in China. Actual costs will vary based on various factors, including where the drydockings are actually performed. We expect to fund these costs with cash on hand (with the exception of certain scrubber costs as noted above). These costs do not include drydock expense items that are reflected in vessel operating expenses.

Actual length of drydocking will vary based on the condition of the vessel, yard schedules and other factors. Higher repairs and maintenance expense during drydocking for vessels which are over 15 years old typically result in a higher number of off-hire days depending on the condition of the vessel.

During the nine months ended September 30, 2019 and 2018, we incurred a total of \$12.0 million and \$2.2 million of drydocking costs, respectively, excluding costs incurred during drydocking that were capitalized to vessel assets or vessel equipment.

During the nine months ended September 30, 2019, we paid a total of \$24.7 million in cash installments towards our scrubber program and drew down \$21.5 million under the scrubber tranche under our \$495 Million Credit Facility. We anticipate paying approximately \$13.5 million of additional cash installments towards our scrubber program, for which we can draw down approximately \$11.5 million under our \$495 Million Credit Facility.

Seventeen vessels completed their respective drydockings during the nine months ended September 30, 2019. An additional seven of our vessels began their drydockings during the third quarter of 2019 and did not complete until the fourth quarter of 2019. In addition to these seven vessels, we estimate that nine more of our vessels will be drydocked during the remainder of 2019 and 14 of our vessels will be drydocked during 2020.

To date, we have installed scrubbers on twelve of our vessels and expect to complete the installation on the remaining five vessels during the fourth quarter of 2019.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Inflation

Inflation has only a moderate effect on our expenses given current economic conditions. In the event that significant global inflationary pressures appear, these pressures would increase our operating, voyage, general and administrative, and financing costs.

CRITICAL ACCOUNTING POLICIES

There have been no changes or updates to our critical accounting policies as disclosed in the 2018 10-K, with the exception of new lease accounting pronouncements adopted as of January 1, 2019. Refer to “Recent accounting pronouncements” in Note 2 — Summary of Significant Accounting Policies of our Condensed Consolidated Financial Statements, which is incorporated herein by reference, for further information.

Vessels and Depreciation

We record the value of our vessels at their cost (which includes acquisition costs directly attributable to the vessel and expenditures made to prepare the vessel for its initial voyage) less accumulated depreciation. We depreciate our drybulk vessels on a straight-line basis over their estimated useful lives, estimated to be 25 years from the date of initial delivery from the shipyard. Depreciation is based on cost less the estimated residual scrap value of \$310/lwt based on the 15-year average scrap value of steel. An increase in the residual value of the vessels will decrease the annual depreciation charge over the remaining useful life of the vessels. Similarly, an increase in the useful life of a drybulk vessel would also decrease the annual depreciation charge. Comparatively, a decrease in the useful life of a drybulk vessel or in its residual value would have the effect of increasing the annual depreciation charge. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, we will adjust the vessel’s useful life to end at the date such regulations preclude such vessel’s further commercial use.

The carrying value of each of our vessels does not represent the fair market value of such vessel or the amount we could obtain if we were to sell any of our vessels, which could be more or less. Under U.S. GAAP, we would not record a loss if the fair market value of a vessel (excluding its charter) is below our carrying value unless and until we determine to sell that vessel or the vessel is impaired as discussed in the 2018 10-K. As of September 30, 2019, excluding the three Bourbon vessels we resold immediately upon delivery to MEP at our cost, we have sold 21 of our vessels since our inception and realized a profit in each instance, with the exception of the Genco Marine which was scrapped on May 17, 2016, the Genco Surprise which was sold during the third quarter of 2018, and the Genco Muse which was sold during the fourth quarter of 2018.

During the three and nine months ended September 30, 2019, we recorded losses of \$12.2 million and \$26.1 million, respectively, related to the impairment of vessel assets. There was \$5.9 million of impairment expense recorded during the three and nine months ended September 30, 2019 for the Genco Raptor. On November 4, 2019, we entered into an agreement to sell the Genco Raptor. As the anticipated undiscounted cash flows, including the net sales price, did not exceed the net book value of the vessel at September 30, 2019, the vessel value was adjusted to its net sales price as of September 30, 2019. During September 2019, we entered into an agreement to sell the Genco Thunder and the Genco Champion and the vessel values were written down to their net sales price as of September 30, 2019 which resulted in an impairment loss of \$5.7 million and \$0.6 million during the three and nine months ended September 30, 2019. There was also \$4.4 million of impairment expense recorded during the nine months ended September 30, 2019 for the Genco Challenger. On August 2, 2019, we entered into an agreement to sell the Genco Challenger. As the anticipated undiscounted cash flows, including the net sales price, did not exceed the net book value of the vessel at June 30, 2019, the vessel value was adjusted to its net sales price as of June 30, 2019. Lastly, at June 30, 2019, the Company determined that the expected estimated future undiscounted cash flows for the Genco Champion and the Genco Charger did not exceed the net book value of these vessels as of June 30, 2019. As such, the Company adjusted the value of these vessels to their respective fair market values as of June 30, 2019. This resulted in an impairment loss of \$9.5 million during the nine months ended September 30, 2019.

During the three and nine months ended September 30, 2018, we recorded losses of \$0 and \$56.6 million, respectively, related to the impairment of vessel assets. There was \$0.2 million of impairment expense recorded during the nine months ended September 30, 2018 for the Genco Surprise. On July 24, 2018 we entered into an agreement to sell the Genco Surprise. As the anticipated undiscounted cash flows, including the net sales price, did not exceed the net book value of the vessel at June 30, 2018, the vessel value was adjusted to its net sales price as of June 30, 2018. Additionally, there was \$56.4 million of impairment expense recorded during the nine months ended September 30, 2018 for nine of our vessels; the Genco Cavalier, the Genco Loire, the Genco Lorraine, the Genco Muse, the Genco Normandy, the Baltic Cougar, the Baltic Jaguar, the Baltic Leopard and the Baltic Panther. On February 27, 2018, our

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Board of Directors determined to dispose of these vessels at times and on terms to be determined in the future. As such, the future undiscounted cash flows did not exceed the net book value of these vessels and the vessel values were adjusted to their respective fair market values which resulted in an impairment loss. Refer to Note 2 — Summary of Significant Accounting Policies in our Condensed Consolidated Financial Statements for further information.

Pursuant to our credit facilities, we regularly submit to the lenders valuations of our vessels on an individual charter free basis in order to evidence our compliance with the collateral maintenance covenants under our credit facilities. Such a valuation is not necessarily the same as the amount any vessel may bring upon sale, which may be more or less, and should not be relied upon as such. We were in compliance with the collateral maintenance covenant under our \$495 Million Credit Facility and \$108 Million Credit Facility as of September 30, 2019. Refer to Note 7 — Debt in our Condensed Consolidated Financial Statements for further details. We obtained valuations for all of the vessels in our fleet pursuant to the terms of the \$495 Million Credit Facility and the \$108 Million Credit Facility. In the chart below, we list each of our vessels, the year it was built, the year we acquired it, and its carrying value at September 30, 2019 and December 31, 2018. Vessels have been grouped according to their collateralized status as of September 30, 2019. The carrying value of the Genco Raptor, Genco Thunder, Genco Challenger, Genco Champion and Genco Charger at September 30, 2019 reflect the impairment loss recorded during the nine months ended September 30, 2019. The carrying value of the Genco Loire, Genco Lorraine, Genco Normandy, Baltic Cougar, Baltic Jaguar, Baltic Leopard and Baltic Panther at September 30, 2019 and December 31, 2018 reflect the impairment loss recorded during 2018 for these vessels. The carrying value of the Genco Vigour at December 31, 2018 reflects the impairment loss recorded during 2017 for this vessel.

At September 30, 2019, the vessel valuations of all of our vessels for covenant compliance purposes under our credit facilities as of the most recent compliance testing date were lower than their carrying values at September 30, 2019, with the exception of the Genco Raptor, Genco Thunder, Genco Challenger and Genco Champion, which were impaired during the nine months ended September 30, 2019 as noted above, and the Genco Weatherly. At December 31, 2018, the vessel valuations of all of our vessels for covenant compliance purposes under our credit facility as of the most recent compliance testing date were lower than their carrying values at December 31, 2018, with the exception of the Baltic Lion, Genco Tiger, Genco Weatherly, and Genco Vigour.

The amount by which the carrying value at September 30, 2019 of all of the vessels in our fleet, with the exception of the four aforementioned vessels, exceeded the valuation of such vessels for covenant compliance purposes ranged, on an individual vessel basis, from \$0.3 million to \$16.6 million per vessel, and \$367.5 million on an aggregate fleet basis. The amount by which the carrying value at December 31, 2018 of all of the vessels in our fleet, with the exception of the four aforementioned vessels, exceeded the valuation of such vessels for covenant compliance purposes ranged, on an individual vessel basis, from \$1.1 million to \$14.9 million per vessel, and \$336.3 million on an aggregate fleet basis. The average amount by which the carrying value of our vessels exceeded the valuation of such vessels for covenant compliance purposes was \$6.9 million at September 30, 2019 and \$6.1 million as of December 31, 2018. However, neither such valuation nor the carrying value in the table below reflects the value of long-term time charters, if any, related to some of our vessels.

| Vessels | Year Built | Year Acquired | Carrying Value (U.S. dollars in thousands) as of | |
|-------------------------------|------------|---------------|--|-------------------|
| | | | September 30, 2019 | December 31, 2018 |
| \$495 Million Credit Facility | | | | |
| Genco Commodus | 2009 | 2009 | \$ 39,982 | \$ 38,389 |
| Genco Maximus | 2009 | 2009 | 39,927 | 38,423 |
| Genco Claudius | 2010 | 2009 | 41,767 | 40,376 |
| Baltic Bear | 2010 | 2010 | 41,414 | 39,866 |
| Baltic Wolf | 2010 | 2010 | 41,146 | 39,989 |
| Baltic Lion | 2009 | 2013 | 31,540 | 30,870 |
| Genco Tiger | 2010 | 2013 | 29,400 | 28,716 |
| Genco Raptor | 2007 | 2008 | 9,996 | 16,096 |
| Genco Thunder | 2007 | 2008 | 10,213 | 16,173 |

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| Vessels | Year Built | Year Acquired | Carrying Value (U.S. dollars in thousands) as of | |
|---|------------|---------------|--|---------------------|
| | | | September 30, 2019 | December 31, 2018 |
| Baltic Scorpion | 2015 | 2015 | 25,852 | 26,648 |
| Baltic Mantis | 2015 | 2015 | 26,104 | 26,897 |
| Genco Hunter | 2007 | 2007 | 17,401 | 18,223 |
| Genco Warrior | 2005 | 2007 | 15,152 | 15,674 |
| Genco Aquitaine | 2009 | 2010 | 17,281 | 17,436 |
| Genco Ardennes | 2009 | 2010 | 17,306 | 17,466 |
| Genco Auvergne | 2009 | 2010 | 17,224 | 17,582 |
| Genco Bourgogne | 2010 | 2010 | 17,803 | 18,420 |
| Genco Brittany | 2010 | 2010 | 17,826 | 18,444 |
| Genco Languedoc | 2010 | 2010 | 17,840 | 18,448 |
| Genco Loire | 2009 | 2010 | 10,907 | 10,773 |
| Genco Lorraine | 2009 | 2010 | 10,880 | 10,769 |
| Genco Normandy | 2007 | 2010 | 8,823 | 9,134 |
| Baltic Leopard | 2009 | 2009 | 10,824 | 10,779 |
| Baltic Jaguar | 2009 | 2010 | 10,677 | 10,785 |
| Baltic Panther | 2009 | 2010 | 10,912 | 10,782 |
| Baltic Cougar | 2009 | 2010 | 10,916 | 10,784 |
| Genco Picardy | 2005 | 2010 | 14,959 | 15,736 |
| Genco Provence | 2004 | 2010 | 14,415 | 14,809 |
| Genco Pyrenees | 2010 | 2010 | 17,763 | 18,395 |
| Genco Rhone | 2011 | 2011 | 18,843 | 19,532 |
| Genco Bay | 2010 | 2010 | 16,632 | 17,284 |
| Genco Ocean | 2010 | 2010 | 16,712 | 17,356 |
| Genco Avra | 2011 | 2011 | 17,730 | 18,378 |
| Genco Mare | 2011 | 2011 | 17,767 | 18,420 |
| Genco Spirit | 2011 | 2011 | 17,832 | 18,470 |
| Genco Challenger | 2003 | 2007 | 5,183 | 9,543 |
| Baltic Wind | 2009 | 2010 | 16,217 | 16,427 |
| Baltic Cove | 2010 | 2010 | 16,711 | 17,296 |
| Baltic Breeze | 2010 | 2010 | 16,822 | 17,382 |
| Baltic Fox | 2010 | 2013 | 16,218 | 16,876 |
| Baltic Hare | 2009 | 2013 | 15,617 | 15,910 |
| Genco Constantine | 2008 | 2008 | 35,835 | 36,086 |
| Genco Augustus | 2007 | 2007 | 33,583 | 33,747 |
| Genco London | 2007 | 2007 | 33,038 | 33,152 |
| Genco Titus | 2007 | 2007 | 33,142 | 33,235 |
| Genco Tiberius | 2007 | 2007 | 33,458 | 33,756 |
| Genco Hadrian | 2008 | 2008 | 37,019 | 36,139 |
| Genco Predator | 2005 | 2007 | 14,916 | 15,701 |
| Genco Champion | 2006 | 2008 | 6,423 | 12,314 |
| Genco Charger | 2005 | 2007 | 6,521 | 11,453 |
| Baltic Hornet | 2014 | 2014 | 24,346 | 25,114 |
| Baltic Wasp | 2015 | 2015 | 24,601 | 25,370 |
| TOTAL | | | \$ 1,071,416 | \$ 1,105,823 |
| <u>\$108 Million Credit Facility</u> | | | | |
| Genco Endeavour | 2015 | 2018 | 46,317 | 45,368 |
| Genco Resolute | 2015 | 2018 | 46,337 | 45,497 |
| Genco Columbia | 2016 | 2018 | 26,896 | 27,702 |
| Genco Weatherly | 2014 | 2018 | 21,909 | 22,564 |

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| Vessels | Year Built | Year Acquired | Carrying Value (U.S. dollars in thousands) as of | |
|---------------------|------------|---------------|--|-------------------|
| | | | September 30, 2019 | December 31, 2018 |
| Genco Liberty | 2016 | 2018 | 49,756 | 48,930 |
| Genco Defender | 2016 | 2018 | 49,929 | 48,986 |
| | | | \$ 241,144 | \$ 239,047 |
| Unencumbered | | | | |
| Genco Vigour | 1999 | 2004 | — | 5,699 |
| TOTAL | | | \$ — | \$ 5,699 |
| Consolidated Total | | | \$ 1,312,560 | \$ 1,350,569 |

If we were to sell a vessel or hold a vessel for sale, and the carrying value of the vessel were to exceed its fair market value, we would record a loss in the amount of the difference. Refer to Note 2 — Summary of Significant Accounting Policies and Note 4 — Vessel Acquisitions and Dispositions in our Condensed Consolidated Financial Statements for information regarding the sale of vessel assets and the classification of the vessel assets held for sale as of September 30, 2019 and December 31, 2018.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk

We are exposed to the impact of interest rate changes. Our objective is to manage the impact of interest rate changes on our earnings and cash flow in relation to our borrowings. At September 30, 2019 and December 31, 2018, we did not have any interest rate swap agreements to manage interest costs and the risk associated with changing interest rates.

We are subject to market risks relating to changes in LIBOR rates because we have significant amounts of floating rate debt outstanding. During the three and nine months ended September 30, 2019 and 2018, we were subject to the following interest rates on the outstanding debt under our credit facilities (Refer to Note 7 — Debt of our condensed consolidated financial statements for further information):

- \$108 Million Credit Facility — one-month LIBOR plus 2.50% effective during the third quarter of 2018. We drew down \$51.8 million on August 17, 2018, \$22.1 million on September 6, 2018 and \$34.1 million on September 11, 2018.
- \$495 Million Credit Facility —
 - \$460 Million Tranche - one-month LIBOR plus 3.25% effective June 5, 2018, when the initial \$460 million draw down on this tranche of this facility was made. The applicable margin was reduced to 3.00% from March 5, 2019 to August 9, 2019 pursuant to terms of the facility.
 - \$35 Million Tranche – one-month LIBOR plus 2.50% effective August 28, 2019 when the initial draw down on this tranche of this facility was made.
- \$400 Million Credit Facility — three-month LIBOR plus 3.75% until June 5, 2018, when this credit facility was refinanced with the \$495 Million Credit Facility
- \$98 Million Credit Facility — three-month LIBOR plus 6.125% until June 5, 2018, when this credit facility was refinanced with the \$495 Million Credit Facility

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- 2014 Term Loan Facilities — three-month or six-month LIBOR plus 2.50% until June 5, 2018, when this credit facility was refinanced with the \$495 Million Credit Facility

A 1% increase in LIBOR would result in an increase of \$4.0 million in interest expense for the nine months ended September 30, 2019.

Derivative financial instruments

As part of our business strategy, we may enter into interest rate swap agreements to manage interest costs and the risk associated with changing interest rates. As of September 30, 2019 and December 31, 2018, we did not have any derivative financial instruments.

Refer to “Interest rate risk” section above for further information regarding interest rate swap agreements.

Currency and exchange rates risk

The majority of transactions in the international shipping industry are denominated in U.S. Dollars. Virtually all of our revenues and most of our operating costs are in U.S. Dollars. We incur certain operating expenses in currencies other than the U.S. dollar, and the foreign exchange risk associated with these operating expenses is immaterial.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Chief Executive Officer and President and our Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and President and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in the 2018 10-K, which could materially affect our business, financial condition or future results. Below is an update to the risk factor entitled, “*Dividends and share repurchases permitted under our credit facilities are subject to certain limitations*”:

Future dividends are subject to the discretion of our Board of Directors; dividends and share repurchases are limited under our credit facilities.

Our quarterly dividend policy and declaration and payment of dividends is subject to legally available funds, compliance with law and contractual obligations and our Board of Directors’ determination that each declaration and payment is in the best interest of the Company and our shareholders. While we have initiated this policy, there is no legal obligation to continue paying dividends at the same rate or at all, and this policy may change in the future. Our declaration and payment of dividends is also subject to a number of conditions and restrictions as described below.

Under the terms of our \$495 Million Credit Facility and our \$108 Million Credit Facility, our payment of dividends or repurchases of our stock are subject to customary conditions. We may pay dividends or repurchase stock under these facilities to the extent our total cash and cash equivalents are greater than \$100 million and 18.75% of our total indebtedness, whichever is higher; if we cannot satisfy this condition, we are subject to a limitation of 50% of consolidated net income for the quarter preceding such dividend payment or stock repurchase if the collateral maintenance test ratio is 200% or less for such quarter, for which purpose the full commitment of up to \$35 million of our new scrubber tranche is assumed to be drawn. The declaration and payment of any dividend or any stock repurchase is subject to the discretion of our Board of Directors. The principal business factors that our Board of Directors expects to consider when determining the timing and amount of dividend payments or stock repurchases include our earnings, financial condition, and cash requirements at the time. Marshall Islands law generally prohibits the declaration and payment of dividends or stock repurchases other than from surplus. Marshall Islands law also prohibits the declaration and payment of dividends or stock repurchases while a company is insolvent or would be rendered insolvent by the payment of such a dividend or such a stock repurchase.

We may incur other expenses or liabilities that would reduce or eliminate the cash available for distribution as dividends. We may also enter into new agreements or the Marshall Islands or another jurisdiction may adopt laws or regulations that place additional restrictions on our ability to pay dividends. If we decrease, suspend or terminate the payment of dividends, our stock price may decline. If we suspend or terminate dividends, the return on your investment would be limited to the price at which you could sell your shares.

ITEM 5. OTHER INFORMATION

On November 5, 2019, the Company entered into amendments to the dividend covenants in the credit agreements for its \$495 Million Credit Facility and its \$108 Million Credit Facility with the lenders party to these agreements. Under the dividend covenants as so amended, the Company may pay dividends subject to customary conditions to the extent its unrestricted cash and cash equivalents are equal to the greater of \$100 million and 18.75% of total indebtedness as defined in the credit agreements, in each case both immediately before and after giving effect to such dividends. The Company may also still pay dividends subject to customary conditions and a limitation of 50% of consolidated net income for the quarter preceding such dividend payment if the collateral maintenance test ratio is 200% or less for such quarter, the full commitment of up to \$35 million for the scrubber tranche is assumed to be drawn. The foregoing description of the amendments is qualified in its entirety by reference to such amendments, which are filed as Exhibits 10.2 and 10.3 to this report.

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ITEM 6. EXHIBITS

The Exhibit Index attached to this report is incorporated into this Item 16 by reference.

EXHIBIT INDEX

| Exhibit | Document |
|----------------|---|
| 3.1 | Second Amended and Restated Articles of Incorporation of Genco Shipping & Trading Limited.(1) |
| 3.2 | Articles of Amendment to Genco Shipping & Trading Limited Second Amended and Restated Articles of Incorporation, dated July 17, 2015.(2) |
| 3.3 | Articles of Amendment to Genco Shipping & Trading Limited Second Amended and Restated Articles of Incorporation, dated April 15, 2016.(3) |
| 3.4 | Articles of Amendment to Second Amended and Restated Articles of Incorporation of Genco Shipping & Trading Limited, dated July 7, 2016.(4) |
| 3.5 | Articles of Amendment to Second Amended and Restated Articles of Incorporation of Genco Shipping & Trading Limited, dated January 4, 2017.(5) |
| 3.6 | Certificate of Designations of Rights, Preferences and Privileges of Series A Preferred Stock of Genco Shipping & Trading Limited, dated as of November 14, 2016.(6) |
| 3.7 | Amended and Restated By-Laws of Genco Shipping & Trading Limited, dated July 9, 2014.(1) |
| 3.8 | Amendment to Amended and Restated By-Laws, dated June 4, 2018.(7) |
| 4.1 | Form of Specimen Stock Certificate of Genco Shipping & Trading Limited.(1) |
| 4.2 | Form of Specimen Warrant Certificate of Genco Shipping & Trading Limited.(1) |
| 10.1 | Letter Agreement dated August 7, 2019 between Genco Shipping & Trading Limited and John C. Wobensmith.(8) |
| 10.2 | Second Amendment to Amended and Restated Credit Agreement, dated as of November 5, 2019, by and among Genco Shipping & Trading Limited, the Subsidiary Guarantors party thereto, the Lenders party thereto, and Nordea Bank ABP, New York Branch, as Administrative Agent and Security Agent.(*) |
| 10.3 | Second Amendment to Amended and Restated Credit Agreement, dated as of November 5, 2019, by and among Genco Shipping & Trading Limited, the Subsidiary Guarantors party thereto, the Lenders party thereto, and Crédit Agricole Corporate And Investment Bank, as Administrative Agent and Security Agent.(*) |
| 31.1 | Certification of Chief Executive Officer and President pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.(*) |
| 31.2 | Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.(*) |
| 32.1 | Certification of Chief Executive Officer and President pursuant to 18 U.S.C. Section 1350.(*) |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.(*) |

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- 101 The following materials from Genco Shipping & Trading Limited's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 formatted in XBRL (eXtensible Business Reporting Language):
(i) Condensed Consolidated Balance Sheets as of September 30, 2019 and December 31, 2018 (Unaudited),
(ii) Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2019 and 2018 (Unaudited), (iii) Condensed Consolidated Statements of Comprehensive (Loss) Income for the three and nine months ended September 30, 2019 and 2018 (Unaudited), (iv) Condensed Consolidated Statements of Equity for the three and nine months ended September 30, 2019 and 2018 (Unaudited), (v) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2019 and 2018 (Unaudited), and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited).(*)

(*) Filed with this report.

- (1) Incorporated by reference to Genco Shipping & Trading Limited's Report on Form 8-K, filed with the Securities and Exchange Commission on July 15, 2014.
- (2) Incorporated by reference to Genco Shipping & Trading Limited's Report on Form 8-K, filed with the Securities and Exchange Commission on July 17, 2015.
- (3) Incorporated by reference to Genco Shipping & Trading Limited's Report on Form 8-K, filed with the Securities and Exchange Commission on April 15, 2016.
- (4) Incorporated by reference to Genco Shipping & Trading Limited's Report on Form 8-K, filed with the Securities and Exchange Commission on July 7, 2016.
- (5) Incorporated by reference to Genco Shipping & Trading Limited's Report on Form 8-K, filed with the Securities and Exchange Commission on January 4, 2017.
- (6) Incorporated by reference to Genco Shipping & Trading Limited's Report on Form 8-K, filed with the Securities and Exchange Commission on November 15, 2016.
- (7) Incorporated by reference to Genco Shipping & Trading Limited's Report on Form 8-K, filed with the Securities and Exchange Commission on June 5, 2018.
- (8) Incorporated by reference to Genco Shipping & Trading Limited's Report on Form 10-Q, filed with the Securities and Exchange Commission on August 9, 2019.

SIGNATURES

Pursuant to the requirements 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.

GENCO SHIPPING & TRADING LIMITED

DATE: November 7, 2019

By: /s/ John C. Wobensmith
John C. Wobensmith
Chief Executive Officer and President
(Principal Executive Officer)

DATE: November 7, 2019

By: /s/ Apostolos Zafolias
Apostolos Zafolias
Chief Financial Officer
(Principal Financial Officer)

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this “Second Amendment”), dated as of November 5, 2019, by and among Genco Shipping & Trading Limited, a company incorporated under the laws of the Republic of the Marshall Islands (the “Borrower”), the Subsidiary Guarantors party hereto, the Lenders party hereto and Nordea Bank ABP, New York Branch, as Administrative Agent (in such capacity, the “Administrative Agent”) and Security Agent (in such capacity, the “Security Agent”). Unless otherwise indicated, all capitalized terms used herein and not otherwise defined shall have the respective meanings provided such terms in the Credit Agreement referred to below.

WITNESSETH:

WHEREAS, the Borrower, the Administrative Agent, the Security Agent and the Lenders party thereto are party to that certain Amended and Restated Credit Agreement, dated as of February 28, 2019 (as amended pursuant to that certain First Amendment to Amended and Restated Credit Agreement, dated as of June 28, 2019, and as further amended, restated, supplemented and/or otherwise modified from time to time prior to the date hereof, the “Credit Agreement”).

WHEREAS, the Borrower has requested certain amendments to the Credit Agreement.

WHEREAS, subject to the terms and conditions of this Second Amendment, the parties hereto wish to amend certain provisions of the Credit Agreement as herein provided.

NOW, THEREFORE, it is agreed:

I. Amendments to Credit Agreement.

1. The Credit Agreement is hereby amended by deleting existing Exhibit I-1 attached thereto and replacing it with new Exhibit I-1 attached hereto as Annex 1.

2. Section 7.01(e)(i) of the Credit Agreement is hereby amended by amending and restating clause (y) appearing therein in its entirety to read as follows:

“, (y) [reserved]”

3. Section 8.03 of the Credit Agreement is hereby amended by amending and restating Section 8.03(c) appearing therein in its entirety to read as follows:

“(c) the Borrower may authorize, make, pay or declare cash Dividends (or repurchase or declare or make an offer to repurchase Equity Interests in cash); provided that (i) no Default or Event of Default shall have occurred and be continuing at the time of declaration or payment (or would arise after giving effect thereto) of such Dividends, (ii) the Borrower and its Subsidiaries shall be in pro forma compliance with the Financial Covenants both immediately before and immediately after giving effect to such Dividends, and (iii) the aggregate

Unrestricted Cash and Cash Equivalents held by the Borrower and its Subsidiaries shall be at least an amount equal to the greater of (x) \$100,000,000 and (y) 18.75% of Total Indebtedness, in each case, both immediately before and immediately after giving effect to such Dividends;”

4. Section 8.03 of the Credit Agreement is hereby further amended by (i) re-alphabetizing existing Section 8.03(d) appearing therein as a new Section 8.03(e) and (ii) adding the following new Section 8.03(d) immediately following new Section 8.03(c) set forth in Section 3 above:

“(d) the Borrower may authorize, make, pay or declare cash Dividends (or repurchase or declare or make an offer to repurchase Equity Interests in cash); provided that (i) no Default or Event of Default shall have occurred and be continuing at the time of declaration or payment (or would arise after giving effect thereto) of such Dividends, (ii) the Borrower and its Subsidiaries shall be in pro forma compliance with the Financial Covenants both immediately before and immediately after giving effect to such Dividends and (iii) the aggregate amount of such Dividends declared in any fiscal quarter shall not exceed 50% of Consolidated Net Income for the immediately preceding fiscal quarter; provided that the restriction set forth in this clause (iii) shall cease to be applicable for any period during which both immediately before and immediately after giving effect to such Dividends, the sum of (x) the Aggregate Appraised Value of the Collateral Vessels (which, for the avoidance of doubt, shall include any Additional Vessels) which are not the subject of a Collateral Disposition, (y) any Additional Collateral (other than any Additional Vessels) and (z) any cash collateral maintained in the Cash Collateral Account pursuant to Section 4.02(b)(ii)(1) is greater than 200% of the sum of (I) the aggregate outstanding principal amount of the Initial Term Loans and (II) the Delayed Draw Outstanding Amount; and”

II. Miscellaneous Provisions.

1. In order to induce the Lenders to enter into this Second Amendment, the Borrower hereby represents and warrants that (i) no Default or Event of Default exists as of the Second Amendment Effective Date (as defined below) after giving effect to this Second Amendment and (ii) all of the representations and warranties contained in the Credit Agreement and the other Credit Documents are true and correct in all material respects on the Second Amendment Effective Date after giving effect to this Second Amendment, with the same effect as though such representations and warranties had been made on and as of the Second Amendment Effective Date (it being understood that any representation or warranty that by its terms is made as of a specific date shall be true and correct in all material respects as of such specific date).

2. This Second Amendment is limited precisely as written and shall not be deemed to (i) be a waiver of or a consent to the modification of or deviation from any other term or condition of the Credit Agreement and the other Credit Documents or any of the other instruments or agreements referred to therein except as set forth herein or (ii) prejudice any right or rights which any of the Lenders or the Administrative Agent now have or may have in the future under or in connection with the Credit Agreement, as amended hereby, the other Credit Documents or any of

the other instruments or agreements referred to therein. The Administrative Agent, the Security Agent and the Lenders expressly reserve all their rights and remedies except as expressly set forth in this Second Amendment.

3. This Second Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Borrower and the Administrative Agent.

4. **THIS SECOND AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.**

5. This Second Amendment shall become effective as of the date (the “Second Amendment Effective Date”) when:

(i) the Borrower, the Subsidiary Guarantors and the Lenders constituting Required Lenders shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of email) the same to White & Case LLP, 1221 Avenue of the Americas, New York, NY 10036; Attention: Arthur Nahas (email: arthur.nahas@whitecase.com); and

(ii) the Borrower shall have paid to the Administrative Agent all reasonable out-of-pocket costs and expenses incurred in connection with the Second Amendment and the other Credit Documents (including, without limitation, the reasonable fees and expenses of White & Case LLP).

6. From and after the Second Amendment Effective Date, all references in the Credit Agreement and each of the other Credit Documents to the Credit Agreement shall be deemed to be references to the Credit Agreement, as modified hereby. From and after the Second Amendment Effective Date, this Second Amendment shall for all purposes constitute a Credit Document.

* * *

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Second Amendment as of the date first above written.

GENCO SHIPPING & TRADING LIMITED,
as the Borrower

By: /s/ Apostolos Zafolias

Name: Apostolos Zafolias

Title: Chief Financial Officer

[Signature page to Genco Second Amendment]

**GENCO RAPTOR LLC,
GENCO THUNDER LLC,
GENCO CAVALIER LLC,**

each as a Subsidiary Guarantor

By: /s/ Apostolos Zafolias _____

Name: Apostolos Zafolias

Title: Manager and Chief Financial Officer

**BALTIC TRADING LIMITED,
GENCO HOLDINGS LIMITED,**

each as a Subsidiary Guarantor

By: /s/ Apostolos Zafolias _____

Name: Apostolos Zafolias

Title: Chief Financial Officer

GENCO INVESTMENTS LLC,

By: Genco Shipping & Trading Limited, its Sole Member,
as a Subsidiary Guarantor

By: /s/ Apostolos Zafolias _____

Name: Apostolos Zafolias

Title: Chief Financial Officer and Executive
Vice President, Finance

[Signature page to Genco Second Amendment]

**BALTIC BEAR LIMITED
BALTIC BREEZE LIMITED
BALTIC COUGAR LIMITED
BALTIC COVE LIMITED
BALTIC FOX LIMITED
BALTIC HARE LIMITED
BALTIC HORNET LIMITED
BALTIC JAGUAR LIMITED
BALTIC LEOPARD LIMITED
BALTIC LION LIMITED
BALTIC MANTIS LIMITED
BALTIC PANTHER LIMITED
BALTIC SCORPION LIMITED
BALTIC TIGER LIMITED
BALTIC WASP LIMITED
BALTIC WIND LIMITED
BALTIC WOLF LIMITED
GENCO AQUITAINE LIMITED
GENCO ARDENNES LIMITED
GENCO AUGUSTUS LIMITED
GENCO AUVERGNE LIMITED
GENCO AVRA LIMITED
GENCO BAY LIMITED
GENCO BOURGOGNE LIMITED
GENCO BRITTANY LIMITED
GENCO CHALLENGER LIMITED**

**GENCO CHAMPION LIMITED
GENCO CHARGER LIMITED
GENCO CLAUDIUS LIMITED
GENCO COMMODUS LIMITED
GENCO CONSTANTINE LIMITED
GENCO HADRIAN LIMITED
GENCO HUNTER LIMITED
GENCO LANGUEDOC LIMITED
GENCO LOIRE LIMITED
GENCO LONDON LIMITED
GENCO LORRAINE LIMITED
GENCO MARE LIMITED
GENCO MAXIMUS LIMITED
GENCO NORMANDY LIMITED
GENCO OCEAN LIMITED
GENCO PICARDY LIMITED
GENCO PREDATOR LIMITED
GENCO PROVENCE LIMITED
GENCO PYRENEES LIMITED
GENCO RHONE LIMITED
GENCO SPIRIT LIMITED
GENCO TIBERIUS LIMITED
GENCO TITUS LIMITED
GENCO WARRIOR LIMITED**

each as a Subsidiary Guarantor

By: /s/ Apostolos Zafolias
Name: Apostolos Zafolias
Title: Director and Vice President

[Signature page to Genco Second Amendment]

NORDEA BANK ABP, NEW YORK BRANCH,
individually, as Administrative Agent, Security
Agent and a Lender

By: /s/ Martin Lunder

Name: Martin Lunder

Title: Managing Director

By: /s/ Oddbjørn Warpe

Name: Oddbjørn Warpe

Title: Executive Director

[Signature page to Genco Second Amendment]

**SKANDINAVISKA ENSKILDA BANKEN AB
(PUBL), as a Lender**

By: /s/ Arne Juell-Skielse

Name: Arne Juell-Skielse

Title:

By: /s/ Mikael Bellander

Name: Mikael Bellander

Title:

[Signature page to Genco Second Amendment]

DVB BANK SE, as a Lender

By: /s/ Georg Junginger

Name: Georg Junginger

Title: Senior Vice President
Legal Counsel

By: /s/ Elsa Savvatianou

Name: Elsa Savvatianou

Title: Senior Vice President
Legal Counsel

[Signature page to Genco Second Amendment]

ABN AMRO CAPITAL USA LLC, as a Lender

By: /s/ Maria Rodriguez

Name: Maria Rodriguez

Title: Director

By: /s/ Amit Wyalda

Name: Amit Wyalda

Title: Executive Director

[Signature page to Genco Second Amendment]

**CRÉDIT AGRICOLE CORPORATE AND
INVESTMENT BANK**, as a Lender

By: /s/ Georgios Gkanasoulis

Name: Georgios Gkanasoulis

Title: Director

By: /s/ Alexander Foley

Name: Alexander Foley

Title: Senior Associate

[Signature page to Genco Second Amendment]

DEUTSCHE BANK AG FILIALE
DEUTSCHLANDGESCHÄFT, as a Lender

By: /s/ Joern Scheller

Name: Scheller

Title: Director

By: /s/ Bastian Dühmert

Name: Dr. Bastian Dühmert

Title:

[Signature page to Genco Second Amendment]

DANISH SHIP FINANCE A/S, as a Lender

By: /s/ Michael Frisch

Name: Michael Frisch

Title: CCO

By: /s/ Ole Stærgaard

Name: Ole Stærgaard

Title: Senior Relationship Manager

[Signature page to Genco Second Amendment]

Annex 1

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate (this “Certificate”) is delivered to you on behalf of the Company (as hereinafter defined) pursuant to Section 7.01(e) of the credit agreement, dated as of May 31, 2018 (as amended, restated, modified and/or supplemented from time to time, the “Credit Agreement”), among Genco Shipping & Trading Limited, a corporation organized under the laws of the Republic of Marshall Islands, as borrower (the “Company”), the Lenders from time to time party thereto, and Nordea Bank AB (Publ), New York Branch, as Administrative Agent and Security Agent. Terms defined in the Credit Agreement and not otherwise defined herein are used herein as therein defined.

1. I am a duly elected, qualified and acting Authorized Officer of the Company.
2. I have reviewed and am familiar with the contents of this Certificate. I am providing this Certificate solely in my capacity as an officer of the Company.
3. I have reviewed the terms of the Credit Agreement and the other Credit Documents and have made or caused to be made under my supervision, a review in reasonable detail of the transactions and financial condition of the Company during the accounting period covered by the financial statements attached hereto as ANNEX 1 (the “Financial Statements”). The Financial Statements fairly present, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP and have been prepared in accordance with the requirements of the Credit Agreement.
4. Attached hereto as ANNEX 2 are the computations showing (in reasonable detail) compliance with the Financial Covenants specified therein. All such computations are true and correct.
5. On the date hereof, there have been no changes to any of the representations or warranties set forth in each of the Security Documents [since the Borrowing Date][since the date of the most recent Certificate delivered pursuant to Section 7.01(e) of the Credit Agreement].¹²
6. [On the date hereof, no Default or Event of Default has occurred and is continuing.]³
7. [Attached hereto are updates to Annexes A through E and H of the Pledge Agreement.]

¹ Select as applicable.

² If any representation and warranty is not true and correct as of the date hereof, include a list of such changes and whether the Borrower and the other Obligor have taken all actions required to be taken by them pursuant to the Security Documents.

³ If any Default or Event of Default exists, include a description thereof, specifying the nature and extent thereof (in reasonable detail).

IN WITNESS WHEREOF, I have executed this Certificate on behalf of the Company this ____ day
of [DATE], 20__.

GENCO SHIPPING & TRADING LIMITED

By: _____
Name:
Title:

CONSOLIDATED FINANCIAL STATEMENTS

⁴ To be delivered with annual and quarterly financial statements provided for in Sections 7.01(a) and (b).

COMPLIANCE WORKSHEET

The calculations described herein are as of _____, ____ (the “Computation Date”) and pertain to the period from _____, ____ to _____, ____ (the “Test Period”).

Part A. Minimum Liquidity

1. Unrestricted Cash and Cash Equivalents held by the Borrower and its Subsidiaries \$ _____
2. Is Item 1 equal to or greater than the greater of (x) \$30,000,000 and (y) 7.5% of Total Indebtedness? YES/NO

Part B. Minimum Working Capital

1. Consolidated current assets (excluding Restricted Cash and Cash Equivalents) of the Borrower and its Subsidiaries \$ _____
2. Consolidated current liabilities (other than the current portion of long-term Financial Indebtedness) of the Borrower and its Subsidiaries \$ _____
3. Item 1 *minus* Item 2 \$ _____
4. Is Item 3 equal to or greater than \$0? YES/NO

Part C. Debt to Capitalization Ratio

1. Total Indebtedness \$ _____
2. Total Capitalization \$ _____
3. Ratio of Item 1 to Item 2 [____]:[____]
4. Is the ratio in item 3 equal to or less than 0.70 to 1:00? YES/NO

Part D. Total Net Leverage Ratio⁶

1. Total Indebtedness less cash and Cash Equivalents \$ _____
2. Consolidated EBITDA \$ _____
3. Ratio of Item 1 to Item 2 [____]:[____]

⁵ To be delivered with annual and quarterly financial statements provided for in Sections 7.01(a) and (b).

⁶ To be delivered with quarterly financial statements provided for in Section 7.01(a) and not later than 90 days after the end of each Fiscal Year.

SECOND AMENDMENT TO CREDIT AGREEMENT

SECOND AMENDMENT TO CREDIT AGREEMENT (this “Second Amendment”), dated as of November 5, 2019, by and among Genco Shipping & Trading Limited, a company incorporated under the laws of the Republic of the Marshall Islands (the “Borrower”), the Subsidiary Guarantors party hereto, the Lenders party hereto and Crédit Agricole Corporate And Investment Bank, as administrative agent (in such capacity, the “Administrative Agent”) and as security agent (in such capacity, the “Security Agent”). Unless otherwise indicated, all capitalized terms used herein and not otherwise defined shall have the respective meanings provided such terms in the Credit Agreement referred to below.

WITNESSETH:

WHEREAS, the Borrower, the Administrative Agent, the Security Agent and the Lenders party thereto are party to that certain Credit Agreement, dated as of August 14, 2018 (as amended pursuant to that certain First Amendment to Credit Agreement, dated as of June 28, 2019, and as further amended, restated, supplemented and/or otherwise modified from time to time prior to the date hereof, the “Credit Agreement”).

WHEREAS, the Borrower has requested certain amendments to the Credit Agreement.

WHEREAS, subject to the terms and conditions of this Second Amendment, the parties hereto wish to amend certain provisions of the Credit Agreement as herein provided.

NOW, THEREFORE, it is agreed:

I. Amendments to Credit Agreement.

1. The Credit Agreement is hereby amended by deleting existing Exhibit I-1 attached thereto and replacing it with new Exhibit I-1 attached hereto as Annex 1.

2. Section 7.01(e)(i) of the Credit Agreement is hereby amended by amending and restating clause (y) appearing therein in its entirety to read as follows:

“, (y) [reserved]”

3. Section 8.03 of the Credit Agreement is hereby amended by amending and restating Section 8.03(c) appearing therein in its entirety to read as follows:

“(c) the Borrower may authorize, make, pay or declare cash Dividends (or repurchase or declare or make an offer to repurchase Equity Interests in cash); provided that (i) no Default or Event of Default shall have occurred and be continuing at the time of declaration or payment (or would arise after giving effect thereto) of such Dividends, (ii) the Borrower and its Subsidiaries shall be in pro forma compliance with the Financial Covenants both immediately before and immediately after giving effect to such Dividends, and (iii) the aggregate Unrestricted Cash and Cash Equivalents held by the Borrower and its Subsidiaries

shall be at least an amount equal to the greater of (x) \$100,000,000 and (y) 18.75% of Total Indebtedness, in each case, both immediately before and immediately after giving effect to such Dividends;”

4. Section 8.03 of the Credit Agreement is hereby further amended by (i) re-alphabetizing existing Section 8.03(d) appearing therein as a new Section 8.03(e) and (ii) adding the following new Section 8.03(d) immediately following new Section 8.03(c) set forth in Section 3 above:

“(d) the Borrower may authorize, make, pay or declare cash Dividends (or repurchase or declare or make an offer to repurchase Equity Interests in cash); provided that (i) no Default or Event of Default shall have occurred and be continuing at the time of declaration or payment (or would arise after giving effect thereto) of such Dividends, (ii) the Borrower and its Subsidiaries shall be in pro forma compliance with the Financial Covenants both immediately before and immediately after giving effect to such Dividends and (iii) the aggregate amount of such Dividends declared in any fiscal quarter shall not exceed 50% of Consolidated Net Income for the immediately preceding fiscal quarter; provided that the restriction set forth in this clause (iii) shall cease to be applicable for any period during which both immediately before and immediately after giving effect to such Dividends the Collateral Maintenance Test is greater than 200%; and”

II. Miscellaneous Provisions.

1. In order to induce the Lenders to enter into this Second Amendment, the Borrower hereby represents and warrants that (i) no Default or Event of Default exists as of the Second Amendment Effective Date (as defined below) after giving effect to this Second Amendment and (ii) all of the representations and warranties contained in the Credit Agreement and the other Credit Documents are true and correct in all material respects on the Second Amendment Effective Date after giving effect to this Second Amendment, with the same effect as though such representations and warranties had been made on and as of the Second Amendment Effective Date (it being understood that any representation or warranty that by its terms is made as of a specific date shall be true and correct in all material respects as of such specific date).

2. This Second Amendment is limited precisely as written and shall not be deemed to (i) be a waiver of or a consent to the modification of or deviation from any other term or condition of the Credit Agreement and the other Credit Documents or any of the other instruments or agreements referred to therein except as set forth herein or (ii) prejudice any right or rights which any of the Lenders or the Administrative Agent now have or may have in the future under or in connection with the Credit Agreement, as amended hereby, the other Credit Documents or any of the other instruments or agreements referred to therein. The Administrative Agent, the Security Agent and the Lenders expressly reserve all their rights and remedies except as expressly set forth in this Second Amendment.

3. This Second Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed

and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Borrower and the Administrative Agent.

4. THIS SECOND AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

5. This Second Amendment shall become effective as of the date (the “Second Amendment Effective Date”) when:

(i) the Borrower, the Subsidiary Guarantors and the Lenders constituting Required Lenders shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of email) the same to White & Case LLP, 1221 Avenue of the Americas, New York, NY 10036; Attention: Arthur Nahas (email: arthur.nahas@whitecase.com); and

(ii) the Borrower shall have paid to the Administrative Agent all reasonable out-of-pocket costs and expenses incurred in connection with the Second Amendment and the other Credit Documents (including, without limitation, the reasonable fees and expenses of White & Case LLP).

6. From and after the Second Amendment Effective Date, all references in the Credit Agreement and each of the other Credit Documents to the Credit Agreement shall be deemed to be references to the Credit Agreement, as modified hereby. From and after the Second Amendment Effective Date, this Second Amendment shall for all purposes constitute a Credit Document.

* * *

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Second Amendment as of the date first above written.

Genco Shipping & Trading Limited,
as the Borrower

By: /s/ Apostolos Zafolias

Name: Apostolos Zafolias

Title: Chief Financial Officer

[Signature page to Genco Second Amendment]

GENCO ENDEAVOUR LIMITED
GENCO RESOLUTE LIMITED
GENCO WEATHERLY LIMITED
GENCO LIBERTY LIMITED
GENCO DEFENDER LIMITED
GENCO COLUMBIA LIMITED,
each as a Subsidiary Guarantor

By: /s/ Apostolos Zafolias

Name: Apostolos Zafolias

Title: Director and Vice President

[Signature page to Genco Second Amendment]

**CRÉDIT AGRICOLE CORPORATE AND
INVESTMENT BANK**, as Administrative Agent,
Security Agent and a Lender

By: /s/ Georgios Gkanasoulis

Name: Georgios Gkanasoulis

Title: Director

By: /s/ Alexander Foley

Name: Alexander Foley

Title: Senior Associate

[Signature page to Genco Second Amendment]

**SKANDINAVISKA ENSKILDA BANKEN AB
(PUBL), as a Lender**

By: /s/ Arne Juell-Skielse

Name: Arne Juell-Skielse

Title:

By: /s/ Mikael Bellander

Name: Mikael Bellander

Title:

[Signature page to Genco Second Amendment]

Annex 1

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate (this “Certificate”) is delivered to you on behalf of the Company (as hereinafter defined) pursuant to Section 7.01(e) of the credit agreement, dated as of August 14, 2018 (as amended, restated, modified and/or supplemented from time to time, the “Credit Agreement”), among Genco Shipping & Trading Limited, a corporation organized under the laws of the Republic of Marshall Islands, as borrower (the “Company”), the Lenders from time to time party thereto, and Crédit Agricole Corporate and Investment Bank, as Administrative Agent and Security Agent. Terms defined in the Credit Agreement and not otherwise defined herein are used herein as therein defined.

1. I am a duly elected, qualified and acting Authorized Officer of the Company.
2. I have reviewed and am familiar with the contents of this Certificate. I am providing this Certificate solely in my capacity as an officer of the Company.
3. I have reviewed the terms of the Credit Agreement and the other Credit Documents and have made or caused to be made under my supervision, a review in reasonable detail of the transactions and financial condition of the Company during the accounting period covered by the financial statements attached hereto as ANNEX 1 (the “Financial Statements”). The Financial Statements fairly present, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP and have been prepared in accordance with the requirements of the Credit Agreement.
4. Attached hereto as ANNEX 2 are the computations showing (in reasonable detail) compliance with the Financial Covenants specified therein. All such computations are true and correct.
5. On the date hereof, there have been no changes to any of the representations or warranties set forth in each of the Security Documents [since the Closing Date][since the date of the most recent Certificate delivered pursuant to Section 7.01(e) of the Credit Agreement].¹²
6. [On the date hereof, no Default or Event of Default has occurred and is continuing.]³
7. [Attached hereto are updates to Annexes A through E of the Pledge Agreement.]

¹ Select as applicable.

² If any representation and warranty is not true and correct as of the date hereof, include a list of such changes and whether the Borrower and the other Obligors have taken all actions required to be taken by them pursuant to the Security Documents.

³ If any Default or Event of Default exists, include a description thereof, specifying the nature and extent thereof (in reasonable detail).

IN WITNESS WHEREOF, I have executed this Certificate on behalf of the Company this ____ day
of [DATE], 20__.

GENCO SHIPPING & TRADING LIMITED

By: _____
Name:
Title:

CONSOLIDATED FINANCIAL STATEMENTS

⁴ To be delivered with annual and quarterly financial statements provided for in Sections 7.01(a) and (b).

COMPLIANCE WORKSHEET

The calculations described herein are as of _____, _____ (the "Computation Date") and pertain to the period from _____, _____ to _____, _____ (the "Test Period").

Part A. Minimum Liquidity

1. Unrestricted Cash and Cash Equivalents held by the Borrower and its Subsidiaries \$ _____
2. Is Item 1 equal to or greater than the greater of (x) \$30,000,000 and (y) 7.5% of Total Indebtedness? YES/NO

Part B. Minimum Working Capital

1. Consolidated current assets (excluding Restricted Cash and Cash Equivalents) of the Borrower and its Subsidiaries \$ _____
2. Consolidated current liabilities (other than the current portion of long-term Financial Indebtedness) of the Borrower and its Subsidiaries \$ _____
3. Item 1 *minus* Item 2 \$ _____
4. Is Item 3 equal to or greater than \$0? YES/NO

Part C. Debt to Capitalization Ratio

1. Total Indebtedness \$ _____
2. Total Capitalization \$ _____
3. Ratio of Item 1 to Item 2 []:[]
4. Is the ratio in item 3 equal to or less than 0.70 to 1:00? YES/NO

Part D. Total Net Leverage Ratio⁶

1. Total Indebtedness less cash and Cash Equivalents \$ _____
2. Consolidated EBITDA \$ _____
3. Ratio of Item 1 to Item 2 []:[]

⁵ To be delivered with annual and quarterly financial statements provided for in Sections 7.01(a) and (b).

⁶ To be delivered with quarterly financial statements provided for in Section 7.01(a) and not later than 90 days after the end of each Fiscal Year.

CERTIFICATION

I, John C. Wobensmith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 of Genco Shipping & Trading Limited;
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 the 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.

/s/ John C. Wobensmith

Name: John C. Wobensmith

Title: Chief Executive Officer and President

Date: November 7, 2019

CERTIFICATION

I, Apostolos Zafolias, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 of Genco Shipping & Trading Limited;
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 the 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.

/s/ Apostolos Zafolias

Name: Apostolos Zafolias

Title: Chief Financial Officer

Date: November 7, 2019

**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 Genco Shipping & Trading Limited's (the "Company") quarterly report on Form 10-Q for the quarter ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer and President of the Company, hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 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.

Date: November 7, 2019

/s/ John C. Wobensmith

Name: John C. Wobensmith

Title: Chief Executive Officer and President

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**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 Genco Shipping & Trading Limited's (the "Company") quarterly report on Form 10-Q for the quarter ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 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.

Date: November 7, 2019

/s/ Apostolos Zafolias

Name: Apostolos Zafolias

Title: Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
