

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2020

OR

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

For the transition period from _____ to _____

Commission File Number 001-33831

EAGLE BULK SHIPPING INC.

(Exact name of Registrant as specified in its charter)

Republic of the Marshall Islands

(State or other jurisdiction of incorporation or organization)

98-0453513

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

300 First Stamford Place, 5th floor

Stamford, Connecticut 06902

(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: (203) 276-8100

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	EGLE	The Nasdaq Stock Market LLC

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 and posted pursuant to Rule 405 of Regulation S-T (Section 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>	Non-Accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input checked="" type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Number of shares of registrant’s common stock outstanding as of May 8, 2020: 76,749,822

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 ☐

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the period ended March 31, 2020 (the "Quarterly Report on Form 10-Q") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995, and are intended to be covered by the safe harbor provided for under these sections. These statements may include words such as "believe," "estimate," "project," "intend," "expect," "plan," "anticipate," and similar expressions in connection with any discussion of the timing or nature of future operating or financial performance or other events. Forward-looking statements reflect management's current expectations and observations with respect to future events and financial performance.

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected, or implied by those forward-looking statements. The principal factors that affect our financial position, results of operations and cash flows include, charter market rates, which have declined significantly from historic highs, periods of charter hire, vessel operating expenses and voyage costs, which are incurred primarily in U.S. dollars, depreciation expenses, which are a function of the cost of our vessels, significant vessel improvement costs and our vessels' estimated useful lives, and financing costs related to our indebtedness. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors which could include the following: (i) changes in demand in the drybulk market, including, without limitation, changes in production of, or demand for, commodities and bulk cargoes, generally or in particular regions; (ii) greater than anticipated levels of drybulk vessel newbuilding orders or lower than anticipated rates of drybulk vessel scrapping; (iii) changes in rules and regulations applicable to the drybulk industry, including, without limitation, legislation adopted by international bodies or organizations such as the International Maritime Organization and the European Union (the "EU") or by individual countries; (iv) actions taken by regulatory authorities including without limitation the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"); (v) changes in trading patterns significantly impacting overall drybulk tonnage requirements; (vi) changes in the typical seasonal variations in drybulk charter rates; (vii) changes in the cost of other modes of bulk commodity transportation; (viii) changes in general domestic and international political conditions; (ix) changes in the condition of the Company's vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated dry docking costs); (x) significant deterioration in charter hire rates from current levels or the inability of the Company to achieve its cost-cutting measures; (xi) the duration and impact of the novel coronavirus ("COVID-19") pandemic; (xii) the relative cost and availability of low and high sulfur fuel oil; (xiii) our ability to realize the economic benefits or recover the cost of the scrubbers we have installed; (xiv) any legal proceedings which we may be involved from time to time; and other factors listed from time to time in our filings with the Securities and Exchange Commission (the "SEC"). This discussion also includes statistical data regarding world drybulk fleet and order book and fleet age. We generated some of this data internally, and some were obtained from independent industry publications and reports that we believe to be reliable sources. We have not independently verified this data nor sought the consent of any organizations to refer to their reports in this Quarterly Report on Form 10-Q. We disclaim any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

PART I: FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES

**Condensed Consolidated Balance Sheets as of March 31, 2020 and December 31, 2019
(Unaudited)
(in U.S. dollars except share and per share data)**

	March 31, 2020	December 31, 2019
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 69,229,926	\$ 53,583,898
Restricted cash - current	2,917,885	5,471,470
Accounts receivable, net of a reserve of \$2,760,679 and \$2,472,345, respectively	18,155,336	19,982,871
Prepaid expenses	4,019,234	4,631,416
Inventories	15,360,834	15,824,278
Derivative asset and other current assets	14,753,326	1,039,430
Total current assets	124,436,541	100,533,363
Noncurrent assets:		
Vessels and vessel improvements, at cost, net of accumulated depreciation of \$163,508,323 and \$153,029,544, respectively	858,807,828	835,959,084
Operating lease right-of-use assets	17,185,019	20,410,037
Other fixed assets, net of accumulated depreciation of \$920,296 and \$832,541, respectively	690,558	740,654
Restricted cash - noncurrent	74,917	74,917
Deferred drydock costs, net	20,772,193	17,495,270
Deferred financing costs - Super Senior Facility	—	166,111
Advance for scrubbers and ballast water systems and other assets	4,500,971	26,707,700
Total noncurrent assets	902,031,486	901,553,773
Total assets	\$ 1,026,468,027	\$ 1,002,087,136
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,239,878	\$ 13,483,397
Accrued interest	7,797,292	5,321,089
Other accrued liabilities	17,346,898	28,996,836
Fair value of derivative instruments - current	3,314,556	756,229
Current portion of operating lease liabilities	13,346,261	13,255,978
Unearned charter hire revenue	3,232,360	4,692,259
Current portion of long-term debt	37,194,297	35,709,394
Total current liabilities	92,471,542	102,215,182
Noncurrent liabilities:		
Norwegian Bond Debt, net of debt discount and debt issuance costs	176,221,096	175,867,310
Super Senior Facility, net of debt issuance costs	2,355,465	—
New Ultraco Debt Facility, net of debt issuance costs	134,313,009	141,396,770
Revolver loan under New Ultraco Debt Facility	45,000,000	—
Convertible Bond Debt, net of debt discount and debt issuance costs	93,730,654	92,803,144
Fair value of derivative instruments - non current	177,008	—
Operating lease liabilities	4,821,044	8,301,793
Total noncurrent liabilities	456,618,276	418,369,017
Total liabilities	549,089,818	520,584,199
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 25,000,000 shares authorized, none issued as of March 31, 2020 and December 31, 2019	—	—
Common stock, \$.01 par value, 700,000,000 shares authorized, 71,939,885 and 71,502,206 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	719,399	715,022
Additional paid-in capital	917,532,791	917,862,269
Accumulated deficit	(440,602,113)	(437,074,354)
Accumulated other comprehensive loss	(271,868)	—
Total stockholders' equity	477,378,209	481,502,937
Total liabilities and stockholders' equity	\$ 1,026,468,027	\$ 1,002,087,136

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2020 and 2019
(Unaudited)
(in U.S. dollars except share and per share data)

	Three Months Ended	
	March 31, 2020	March 31, 2019
Revenues, net	\$ 74,378,319	\$ 77,389,597
Voyage expenses	26,564,358	25,906,140
Vessel expenses	23,700,109	20,093,706
Charter hire expenses	6,040,939	11,491,906
Depreciation and amortization	12,466,483	9,407,108
General and administrative expenses	7,961,072	8,409,919
Gain on sale of vessels	—	(4,106,547)
Total operating expenses	76,732,961	71,202,232
Operating (loss)/income	(2,354,642)	6,187,365
Interest expense	9,191,815	6,762,003
Interest income	(156,857)	(434,318)
Loss on debt extinguishment	—	2,268,452
Realized and unrealized (gain)/loss on derivative instruments, net	(7,861,841)	(2,438,255)
Total other expense, net	1,173,117	6,157,882
Net (loss)/income	\$ (3,527,759)	\$ 29,483
Weighted average shares outstanding:		
Basic	71,869,152	71,283,301
Diluted	71,869,152	72,070,868
Per share amounts:		
Basic net (loss)/income	\$ (0.05)	\$ —
Diluted net (loss)/income	\$ (0.05)	\$ —

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive (loss)/income
For the Three Months Ended March 31, 2020 and 2019
(Unaudited)

	Three Months Ended	
	March 31, 2020	March 31, 2019
Net (loss)/income	\$ (3,527,759)	\$ 29,483
Other comprehensive loss		
Net unrealized loss on cash flow hedges	(271,868)	—
Comprehensive (loss)/income	\$ (3,799,627)	\$ 29,483

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Stockholders' Equity
For the Three Months Ended March 31, 2020 and 2019
(Unaudited)
(in U.S. dollars except share and per share data)

	Common Stock	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated other comprehensive loss	Total Stockholders' Equity
Balance at December 31, 2019	71,502,206	\$ 715,022	\$ 917,862,269	\$ (437,074,354)	\$ —	\$ 481,502,937
Net loss	—	—	—	(3,527,759)	—	(3,527,759)
Issuance of shares due to vesting of restricted shares	437,679	4,377	(4,377)	—	—	—
Unrealized loss on cash flow hedges	—	—	—	—	(271,868)	(271,868)
Cash used to settle net share equity awards	—	—	(1,161,301)	—	—	(1,161,301)
Stock-based compensation	—	—	836,200	—	—	836,200
Balance at March 31, 2020	71,939,885	\$ 719,399	\$ 917,532,791	\$ (440,602,113)	\$ (271,868)	\$ 477,378,209

	Common Stock	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2018	71,055,400	\$ 710,555	\$ 894,272,533	\$ (415,377,239)	\$ 479,605,849
Net income	—	—	—	29,483	29,483
Issuance of shares due to vesting of restricted shares	293,011	2,929	(2,929)	—	—
Cash used to settle net share equity awards	—	—	(877,161)	—	(877,161)
Stock-based compensation	—	—	1,445,469	—	1,445,469
Balance at March 31, 2019	71,348,411	\$ 713,484	\$ 894,837,912	\$ (415,347,756)	\$ 480,203,640

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2020 and 2019
(Unaudited)

	Three Months Ended	
	March 31, 2020	March 31, 2019
Cash flows from operating activities:		
Net (loss)/income	\$ (3,527,759)	\$ 29,483
<i>Adjustments to reconcile net (loss)/income to net cash provided by operating activities:</i>		
Depreciation	10,566,534	8,168,411
Amortization of operating lease right-of-use assets	3,225,018	3,271,111
Amortization of deferred drydocking costs	1,899,949	1,238,698
Amortization of debt discount and debt issuance costs	1,503,866	503,716
Loss on debt extinguishment	—	2,268,452
Gain on sale of vessels	—	(4,106,547)
Net unrealized gain on fair value of derivatives	(7,157,801)	(2,958,154)
Stock-based compensation expense	836,200	1,445,469
Drydocking expenditures	(5,176,872)	(2,527,553)
Changes in operating assets and liabilities:		
Accounts payable	(3,427,047)	1,467,508
Accounts receivable	(2,020,325)	810,103
Accrued interest	2,476,203	5,255,356
Inventories	463,444	2,999,999
Operating lease liabilities short and long-term	(3,390,466)	(3,643,179)
Derivative asset, other current and non-current assets	(4,092,628)	1,084,257
Other accrued liabilities and other non-current liabilities	(3,755,411)	(2,306,786)
Prepaid expenses	612,182	694,789
Unearned revenue	(1,459,899)	(1,753,257)
Net cash (used in)/provided by operating activities	(12,424,812)	11,941,876
Cash flows from investing activities:		
Purchase of vessel and vessel improvements	(466,556)	(18,465,609)
Purchase of scrubbers and ballast water systems	(18,087,278)	(11,244,778)
Proceeds from hull and machinery insurance claims	3,569,901	—
Proceeds from sale of vessels	—	12,820,557
Purchase of other fixed assets	(37,659)	(23,924)
Net cash used in investing activities	(15,021,592)	(16,913,754)
Cash flows from financing activities:		
Repayment of revolver loan under New First Lien Facility	—	(5,000,000)
Proceeds from the revolver loan under New First Lien Facility	—	5,000,000
Repayment of Original Ultraco Debt Facility	—	(82,600,000)
Proceeds from New Ultraco Debt Facility	—	153,440,000
Repayment of term loan under New Ultraco Debt Facility	(5,813,671)	—
Proceeds from revolver facility under New Ultraco Debt Facility	45,000,000	—
Proceeds from Super Senior Facility	2,500,000	—
Repayment of New First Lien Facility - term loan	—	(60,000,000)
Debt issuance costs paid to lenders on New Ultraco Debt Facility	—	(3,156,250)
Cash used to settle net share equity awards	(1,161,301)	(877,161)

Other financing costs	13,819	—
Net cash provided by financing activities	40,538,847	6,806,589
Net increase in cash, cash equivalents and Restricted cash	13,092,443	1,834,711
Cash, cash equivalents and Restricted cash at beginning of period	59,130,285	78,163,638
Cash, cash equivalents and Restricted cash at end of period	\$ 72,222,728	\$ 79,998,349
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the period for interest	\$ 5,211,746	\$ 901,516
Accruals for scrubbers and ballast water treatment systems included in Accounts payable and Other accrued liabilities	\$ 8,669,169	\$ 4,749,057
Accruals for debt issuance costs included in Other accrued liabilities	\$ —	\$ 300,000

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Basis of Presentation and General Information

The accompanying condensed consolidated financial statements include the accounts of Eagle Bulk Shipping Inc. and its wholly-owned subsidiaries (collectively, the “Company,” “we,” “our” or similar terms). The Company is engaged in the ocean transportation of drybulk cargoes worldwide through the ownership, charter and operation of drybulk vessels. The Company’s fleet is comprised of Supramax and Ultramax drybulk carriers and the Company operates its business in one business segment.

As of March 31, 2020, the Company owned and operated a modern fleet of 50 oceangoing vessels, including 30 Supramax and 20 Ultramax vessels with a combined carrying capacity of 2,946,188 deadweight tonnage (“dwt”) and an average age of approximately 8.9 years. Additionally, the Company charters-in three Ultramax vessels for periods ranging between one to two years, and also charters-in vessels on a short term basis for a period less than 12 months.

For the three months ended March 31, 2020 and 2019, the Company’s charterers did not individually account for more than 10% of the Company’s gross charter revenue during those periods.

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”), and the rules and regulations of the SEC that apply to interim financial statements and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes normally included in consolidated financial statements prepared in conformity with U.S. GAAP. They should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s 2019 Annual Report on Form 10-K, filed with the SEC on March 12, 2020.

The accompanying condensed consolidated financial statements are unaudited and include all adjustments (consisting of normal recurring adjustments) that management considers necessary for a fair presentation of its condensed consolidated financial position and results of operations for the interim periods presented.

The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the entire year.

On March 11, 2020, the World Health Organization declared the recent novel coronavirus (“COVID-19”) outbreak a pandemic. In response to the pandemic, many countries, ports and organizations, including those where the Company conducts a large part of its operations, have implemented measures to combat the pandemic, such as quarantines and travel restrictions. Such measures have caused and will likely continue to cause severe trade disruptions. The extent to which COVID-19 will impact the Company’s results of operations and financial condition, including possible vessel impairments, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the virus and the actions to contain or treat its impact, among others. Accordingly, an estimate of the impact cannot be made at this time.

As of January 1, 2020, we adopted ASU No. 2016-13, “Financial Instruments—Credit Losses” (“ASU 2016-13”). ASU 2016-13 amends the current financial instrument impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. The adoption of the accounting standard did not have any material impact on our condensed consolidated financial statements.

The preparation of condensed consolidated 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 disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates and assumptions of the Company are residual value of vessels, the useful lives of vessels, the value of stock-based compensation, estimated losses on our trade receivables, fair value of Convertible Bond Debt (as defined below) and its equity component, fair value of right-of-use assets and lease liabilities and the fair value of derivatives. Actual results could differ from those estimates.

Note 2. Recent Accounting Pronouncements

Leases

On January 1, 2019, the Company adopted Accounting Standards Update 2016-02, "Leases", ("ASC 842"). ASC 842 revises the accounting for leases. Under the new lease standard, lessees are required to recognize a right-of-use asset and a lease liability for substantially all leases. The new lease standard will continue to classify leases as either financing or operating, with classification affecting the pattern of expense recognition. The accounting applied by a lessor under the new guidance will be substantially equivalent to current lease accounting guidance.

The following are the type of contracts that fall under ASC 842:

Time charter out contracts

In a time charter contract, the vessel is hired by the charterer for a specified period of time in exchange for consideration which is based on a daily hire rate. The charterer has the full discretion over the ports visited, shipping routes and vessel speed. The contract/charter party generally provides typical warranties regarding the speed and performance of the vessel. The charter party generally has some owner protective restrictions such that the vessel is sent only to safe ports by the charterer, subject always to compliance with applicable sanction laws, and carry only lawful or non-hazardous cargo. In a time charter contract, the Company is responsible for all the costs incurred for running the vessel such as crew costs, vessel insurance, repairs and maintenance and lubes. The charterer bears the voyage related costs such as bunker expenses, port charges and canal tolls during the hire period. The performance obligations in a time charter contract are satisfied over the term of the contract beginning when the vessel is delivered to the charterer until it is redelivered back to the Company. The charterer generally pays the charter hire in advance of the upcoming contract period. The Company determined that all time charter contracts are considered operating leases and therefore fall under the scope of ASC 842 because: (i) the vessel is an identifiable asset; (ii) the Company does not have substantive substitution rights; and (iii) the charterer has the right to control the use of the vessel during the term of the contract and derives the economic benefits from such use.

The transition guidance associated with ASC 842 allows for certain practical expedients to the lessors. The Company elected not to separate the lease and non-lease components included in the time charter revenue because the pattern of revenue recognition for the lease and non-lease components (included in the daily hire rate) is the same. The daily hire rate represents the hire rate for a bare boat charter as well as the compensation for expenses incurred running the vessel such as crewing expense, repairs, insurance, maintenance and lubes. Both the lease and non-lease components are earned by passage of time.

The adoption of ASC 842 did not materially impact our accounting for time charter out contracts. The revenue generated from time charter out contracts is recognized on a straight-line basis over the term of the respective time charter agreements, which are recorded as part of revenues, net in our Condensed Consolidated Statements of Operations for the three months ended March 31, 2020 and 2019.

Time charter-in contracts

The Company charters in vessels to supplement our own fleet and employs them both on time charters and voyage charters. The time charter-in contracts range in lease terms from 30 days to 2 years. The Company elected the practical expedient of ASC 842 that allows for time charter-in contracts with an initial lease term of less than 12 months to be excluded from the operating lease right-of-use assets and lease liabilities recognized on our Condensed Consolidated Balance Sheet as of January 1, 2019. The Company recognized the operating lease right-of-use assets and the corresponding lease liabilities on the Condensed Consolidated Balance sheet for time charter-in contracts greater than 12 months on the date of adoption of ASC 842. The Company will continue to recognize the lease payments for all operating leases as charter hire expenses on the condensed consolidated statements of operations on a straight-line basis over the lease term.

Under ASC 842, leases are classified as either finance or operating arrangements, with such classification affecting the pattern and classification of expense recognition in an entity's income statement. For operating leases, ASC 842 requires recognition in an entity's income statement of a single lease expense, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. Right-of-use assets represent a right to use an underlying asset for the lease term and the related lease liability represents an obligation to make lease payments pursuant to the contractual terms of the lease agreement.

At lease commencement, a lessee must develop a discount rate to calculate the present value of the lease payments so that it can determine lease classification and measure the lease liability. When determining the discount rate to be used at lease commencement, a lessee must use the rate implicit in the lease unless that rate cannot be readily determined. When the rate

implicit in the lease cannot be readily determined, the lessee should use its incremental borrowing rate. The incremental borrowing rate is the rate that reflects the interest a lessee would have to pay to borrow funds on a collateralized basis over a similar term and in a similar economic environment. The Company determined that the time charter-in contracts do not contain an implicit borrowing rate. Therefore, the Company arrived at the incremental borrowing rate by determining the Company's implied credit rating and the yield curve for debt as of January 1, 2019. The Company then interpolated the yield curve to determine the incremental borrowing rate for each lease based on the remaining lease term on the specific lease. Based on the above methodology, the Company's incremental borrowing rates ranged from 5.05% to 6.08% for the five lease contracts for which the Company recorded operating lease right-of-use assets and corresponding lease liabilities.

The Company has time charter-in contracts for three Ultramax vessels which are greater than 12 months as of the date of adoption of ASC 842. A brief description of each of these contracts is below:

(i) The Company entered into an agreement effective April 28, 2017, to charter-in a 61,400 dwt, 2013 built Japanese vessel for approximately four years with options for two additional years. The hire rate for the first four years is \$12,800 per day and the hire rate for the first optional year is \$13,800 per day and \$14,300 per day for the second optional year. The Company determined that it will not exercise the existing options under this contract and therefore the options are not included in the calculation of the operating lease right-of-use asset. In addition, the Company's fair value below contract value of time charters acquired of \$1.8 million as of December 31, 2018, which related to the unamortized value of a prior charter with the same counterparty that had been recorded at the time of the Company's emergence from bankruptcy, was offset against the corresponding right of use asset on this lease as of January 1, 2019.

(ii) On May 4, 2018, the Company entered into an agreement to charter-in a 61,425 dwt 2013 built Ultramax vessel for three years with an option for an additional two years. The hire rate for the first three years is \$12,700 per day and \$13,750 per day for the first year option and \$14,750 per day for the second year option. The Company took delivery of the vessel in the third quarter of 2018. The Company determined that it will not exercise the existing options under this contract and therefore the options are not included in the calculation of the operating lease right-of-use asset.

(iii) On December 9, 2018, the Company entered into an agreement to charter-in a 62,487 dwt 2016 built Ultramax vessel for two years. The hire rate for the vessel until March 2020 is \$14,250 per day and \$15,250 per day thereafter. The Company took delivery of the vessel in the fourth quarter of 2018. The Company elected not to exercise the existing options under this contract and therefore the options are not included in the calculation of the operating lease right-of-use asset. On December 25, 2019, the Company renegotiated the lease terms for another year at a hire rate of \$11,600 per day. The Company accounted for this as a lease modification on December 25, 2019 and increased its lease liability and right-of-use asset on its consolidated balance sheet as of December 31, 2019 by \$4.5 million.

Office leases

On October 15, 2015, the Company entered into a new commercial lease agreement as a subtenant for office space in Stamford, Connecticut. The lease is effective from January 2016 through June 2023, with an average annual rent of \$0.4 million. The lease is secured by a cash collateral of \$74,917 which is recorded as restricted cash in the accompanying condensed consolidated balance sheets. In November 2018, the Company entered into a lease office agreement in Singapore, which expires in October 2021, with an average annual rent of \$0.3 million. The Company determined the two office leases to be operating leases and recorded the lease expense as part of General and administrative expenses in the Condensed Consolidated Statements of Operations for the three months ended March 31, 2020 and 2019.

Lease Disclosures Under ASC 842

The objective of the disclosure requirements under ASC 842 is to enable users of an entity's financial statements to assess the amount, timing, and uncertainty of cash flows arising from lease arrangements. In addition to the supplemental qualitative leasing disclosures included above, below are quantitative disclosures that are intended to meet the stated objective of ASC 842.

Operating lease right-of-use assets and lease liabilities as of March 31, 2020 and December 31, 2019 are as follows:

Description	Location in Balance Sheet	March 31, 2020 ⁽¹⁾	December 31, 2019 ⁽¹⁾
Assets:			
Chartered-in contracts greater than 12 months	Operating lease right-of-use assets	\$ 15,370,956	\$ 18,442,965
Office leases	Operating lease right-of-use assets	1,814,063	1,967,072
		<u>\$ 17,185,019</u>	<u>\$ 20,410,037</u>
Liabilities:			
Chartered-in contracts greater than 12 months	Current portion of operating lease liabilities	\$ 12,700,708	\$ 12,622,524
Office leases	Current portion of operating lease liabilities	645,553	633,454
Lease liabilities - current portion		<u>\$ 13,346,261</u>	<u>\$ 13,255,978</u>
Chartered-in contracts greater than 12 months	Operating lease liabilities	\$ 3,659,302	\$ 6,974,943
Office leases	Operating lease liabilities	1,161,742	1,326,850
Lease liabilities - long term		<u>\$ 4,821,044</u>	<u>\$ 8,301,793</u>

⁽¹⁾ The Operating lease right-of-use assets and Operating lease liabilities represent the present value of lease payments for the remaining term of the lease. The discount rate used ranged from 5.05% to 6.08%. The weighted average discount rate used to calculate the lease liability was 5.50%.

The table below presents the components of the Company's lease expenses and sub-lease income on a gross basis earned from chartered-in contracts greater than 12 months for the three months ended March 31, 2020 and 2019.

		Three Months Ended	
Description	Location in Statement of Operations	March 31, 2020	March 31, 2019
Lease expense for chartered-in contracts less than 12 months	Charter hire expenses	\$ 2,748,414	\$ 8,360,743
Lease expense for chartered-in contracts greater than 12 months	Charter hire expenses	3,292,525	3,131,163
		<u>\$ 6,040,939</u>	<u>\$ 11,491,906</u>
Lease expense for office leases	General and administrative expenses	181,412	178,000
Sub lease income from chartered-in contracts greater than 12 months *	Revenues, net	\$ 3,997,224	\$ 3,082,752

* The sub-lease income represents only time charter revenue earned on the chartered-in contracts greater than 12 months. There is additional revenue earned from voyage charters on the same chartered-in contracts which is recorded in Revenues, net in our Condensed Consolidated Statements of Operations for the three months ended March 31, 2020 and 2019.

The cash paid for operating leases with terms greater than 12 months is \$3.6 million and \$3.7 million for the three months ended March 31, 2020 and 2019, respectively.

The Company did not enter into any operating leases greater than 12 months for the three months ended March 31, 2020.

The weighted average remaining lease term on our chartered-in contracts greater than 12 months is 17.5 months.

The table below provides the total amount of lease payments on an undiscounted basis on our chartered-in contracts and office leases greater than 12 months as of March 31, 2020:

Year	Chartered-in contracts greater than 12 months		Office leases		Total Operating leases
Discount rate upon adoption	5.37 %		5.80 %		5.48 %
Nine months ending December 31, 2020	\$	9,826,451	\$	552,462	\$ 10,378,913
2021		6,982,810		700,256	7,683,066
2022		—		483,048	483,048
2023		—		244,878	244,878
	\$	16,809,261	\$	1,980,644	\$ 18,789,905
Present value of lease liability	\$	16,360,010	\$	1,807,295	\$ 18,167,305
Lease liabilities - short term	\$	12,700,708	\$	645,553	\$ 13,346,261
Lease liabilities - long term		3,659,302		1,161,742	4,821,044
Total lease liabilities	\$	16,360,010	\$	1,807,295	\$ 18,167,305
Discount based on incremental borrowing rate	\$	449,251	\$	173,349	\$ 622,600

Revenue recognition

Voyage charters

In a voyage charter contract, the charterer hires the vessel to transport a specific agreed-upon cargo for a single voyage, which may contain multiple load ports and discharge ports. The consideration in such a contract is determined on the basis of a freight rate per metric ton of cargo carried or occasionally on a lump sum basis. The charter party generally has a minimum amount of cargo. The charterer is liable for any short loading of cargo or "dead" freight. The voyage contract generally has standard payment terms of 95% freight paid within three days after completion of loading. The voyage charter party generally has a "demurrage" or "despatch" clause. As per this clause, the charterer reimburses the Company for any delays that exceed the agreed to laytime at the ports visited, with the amounts recorded as demurrage revenue. Conversely, the charterer is given credit if the loading/discharging activities happen within the allowed laytime which is known as despatch and results in a reduction of revenue. In a voyage charter contract, the performance obligations begin to be satisfied once the vessel begins loading the cargo. The Company determined that its voyage charter contracts consist of a single performance obligation of transporting the cargo within a specified time period. Therefore, the performance obligation is met evenly as the voyage progresses, and the revenue is recognized on a straight-line basis over the voyage days from the commencement of the loading of cargo to completion of discharge.

The voyage contracts are considered service contracts which fall under the provisions of ASC 606 because the Company, as the shipowner, retains control over the operations of the vessel such as directing the routes taken or the vessel speed. The voyage contracts generally have variable consideration in the form of demurrage or despatch. The amount of revenue earned as demurrage or despatch paid by the Company for the three months ended March 31, 2020 and 2019 was \$1.9 million and \$3.7 million, respectively.

The following table shows the revenues earned from time charters and voyage charters for the three months ended March 31, 2020 and 2019:

	Three Months Ended	
	March 31, 2020	March 31, 2019
Time charters	\$ 27,830,475	\$ 27,504,191
Voyage charters	46,547,844	49,885,406
	<u>\$ 74,378,319</u>	<u>\$ 77,389,597</u>

Contract costs

In a voyage charter contract, the Company bears all voyage related costs such as fuel costs, port charges and canal tolls. These costs are considered contract fulfillment costs because the costs are direct costs related to the performance of the contract and are expected to be recovered. The costs incurred during the period prior to commencement of loading the cargo, primarily bunkers, are deferred as they represent setup costs and recorded as a current asset and are amortized on a straight-line basis as the related performance obligations are satisfied. As of March 31, 2020, the Company recognized \$0.6 million of deferred costs which represents bunker expenses and charter-hire expenses incurred prior to commencement of loading. These costs, are recorded in Other current assets on the Condensed Consolidated Balance Sheet.

Financial Instruments - Credit Losses

On January 1, 2020, the Company adopted ASC 2016-13, "Financial Instruments - Credit Losses" ("ASC 326"). The accounting standard amends the current financial instrument impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. Under the new guidance, an entity recognizes as an allowance its estimate of lifetime expected credit losses will result in more timely recognition of such losses. The Company adopted the accounting standard using the prospective transition approach as of January 1, 2020. The cumulative effect upon adoption was not material to our condensed consolidated financial statements.

The adoption of ASC 326 primarily impacted our trade receivables recorded on our Condensed Consolidated Balance Sheet as of March 31, 2020. The Company maintains an allowance for credit losses for expected uncollectable accounts receivable, which is recorded as an offset to accounts receivable and changes in such are classified as voyage expense in the Condensed Consolidated Statements of Operations as of March 31, 2020 and 2019. Upon adoption of ASC 326, the Company assessed collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when we identify specific customers with known disputes or collectability issues. In determining the amount of the allowance for credit losses, the Company considered historical collectability based on past due status and made judgments about the creditworthiness of customers based on ongoing credit evaluations. The Company also considered customer-specific information, current market conditions and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss data. For the three months ended March 31, 2020, our assessment considered business and market disruptions caused by COVID-19 and estimates of expected emerging credit and collectability trends. The continued volatility in market conditions and evolving shifts in credit trends are difficult to predict causing variability and volatility that may have a material impact on our allowance for credit losses in future periods. The allowance for credit losses on accounts receivable was \$2.8 million as of March 31, 2020 and \$2.5 million as of December 31, 2019.

Note 3. Vessels

Vessel and Vessel Improvements

As of March 31, 2020, the Company's owned operating fleet consisted of 50 drybulk vessels.

During the third quarter of 2018, the Company entered into a series of agreements to purchase up to 37 scrubbers, which were fitted on Company's vessels. The actual costs, including installation, was approximately \$2.3 million per scrubber. The Company completed and commissioned 36 scrubbers and recorded \$83.6 million in Vessels and vessel improvements in the Condensed Consolidated Balance Sheet as of March 31, 2020. Subsequent to the quarter end, the Company completed and commissioned the last remaining scrubber. Additionally, the Company recorded \$1.6 million as advances paid towards installation of scrubbers on the remaining vessels as a noncurrent asset in its Condensed Consolidated Balance Sheet as of March 31, 2020.

During the third quarter of 2018, the Company entered into a contract for the installation of ballast water treatment systems ("BWTS") on 40 of our owned vessels. The projected costs, including installation, is approximately \$0.5 million per BWTS. The Company intends to complete the installation during scheduled drydockings. The Company completed installation of BWTS on 13 vessels and recorded \$5.5 million in Vessels and vessel improvements in the Condensed Consolidated Balance Sheet as of March 31, 2020. Additionally, the Company recorded \$2.8 million as advances paid towards installation of BWTS on the remaining vessels as a noncurrent asset in its Condensed Consolidated Balance Sheet as of March 31, 2020.

The Vessels and vessel improvements activity for the three months ended March 31, 2020 is below:

Vessels and vessel improvements, at December 31, 2019	\$	835,959,084
Purchase of Vessel and vessel improvements		466,556
Scrubbers and BWTS		32,860,967
Depreciation expense		(10,478,779)
Vessels and vessel improvements, at March 31, 2020	\$	858,807,828

Note 4. Debt

	March 31, 2020	December 31, 2019
Convertible Bond Debt	\$ 114,120,000	\$ 114,120,000
Debt discount and debt issuance costs - Convertible Bond Debt	(20,389,346)	(21,316,856)
Convertible Bond Debt, net of debt discount and debt issuance costs	93,730,654	92,803,144
Norwegian Bond Debt	188,000,000	188,000,000
Debt discount and debt issuance costs - Norwegian Bond Debt	(3,778,904)	(4,132,690)
Less: Current Portion - Norwegian Bond Debt	(8,000,000)	(8,000,000)
Norwegian Bond Debt, net of debt discount and debt issuance costs	176,221,096	175,867,310
New Ultraco Debt Facility	166,800,316	172,613,988
Revolver loan under New Ultraco Debt Facility	45,000,000	—
Debt discount and Debt issuance costs - New Ultraco Debt Facility	(3,293,010)	(3,507,824)
Less: Current Portion - New Ultraco Debt Facility	(29,194,297)	(27,709,394)
New Ultraco Debt Facility, net of debt discount and debt issuance costs	179,313,009	141,396,770
Super Senior Facility	2,500,000	—
Debt discount and debt issuance costs - Super Senior Facility	(144,535)	—
Super Senior Facility, net of debt discount and debt issuance costs	2,355,465	—
Total long-term debt	\$ 451,620,224	\$ 410,067,224

Convertible Bond Debt

On July 29, 2019, the Company issued \$114.12 million in aggregate principal amount of 5.00% Convertible Senior Notes due 2024 (the "Convertible Bond Debt"). After deducting debt discount of \$1.6 million, the Company received net proceeds of approximately \$112.5 million. Additionally, the Company incurred \$1.0 million of debt issuance costs relating to this transaction. The Company used the proceeds to partially finance the purchase of six Ultramax vessels and for general corporate purposes, including working capital. The Company took delivery of the vessels in the third and fourth quarters of 2019.

The Convertible Bond Debt bears interest at a rate of 5.00% per annum on the outstanding principal amount thereof, payable semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2020. The Convertible Bond Debt may bear additional interest upon certain events, as set forth in the indenture governing the Convertible Bond Debt (the "Indenture"). If the Company becomes obligated to pay special interest, the Company may prior to July 29, 2020, at its option, redeem for cash all (but not less than all) of the Convertible Bond Debt at a redemption price as set forth in the Indenture.

The Convertible Bond Debt will mature on August 1, 2024 (the "Maturity Date"), unless earlier repurchased, redeemed or converted pursuant to its terms. The Company may not otherwise redeem the Convertible Bond Debt prior to the Maturity Date.

Each holder has the right to convert any portion of the Convertible Bond Debt, provided such portion is of \$1,000 or a multiple thereof, at any time prior to the close of business on the business day immediately preceding the Maturity Date. The initial conversion rate of the Convertible Bond Debt is 178.1737 shares of the Company's common stock per \$1,000 principal amount of Convertible Bond Debt (which is equivalent to an initial conversion price of approximately \$5.61 per share of its common stock).

Upon conversion, the Company will pay or deliver, as the case may be, either cash, shares of its common stock or a combination of cash and shares of its common stock, at the Company's election, to the holder, subject to shareholder approval requirements in accordance with the listing standards of the Nasdaq Global Select Market.

If the Company undergoes a fundamental change, as set forth in the Indenture, each holder may require the Company to repurchase all or part of their Convertible Bond Debt for cash in principal amounts of \$1,000 or a multiple thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the Convertible Bond Debt to be repurchased, plus accrued and unpaid interest. If, however, the holders instead elect to convert their Convertible Bond Debt in connection with the fundamental change, the Company will be required to increase the conversion rate of the Convertible Bond Debt at a rate determined by a combination of the date the fundamental change occurs and the stock price of the Company's common stock on such date.

The Convertible Bond Debt is the general, unsecured senior obligations of the Company. It ranks: (i) senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the Convertible Bond Debt; (ii) equal in right of payment to any of the Company's unsecured indebtedness that is not so subordinated; (iii) effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and (iv) structurally junior to all indebtedness and other liabilities of current or future subsidiaries of the Company.

The Indenture also provides for customary events of default. Generally, if an event of default occurs and is continuing, then the trustee or the holders of at least 25% in aggregate principal amount of the Convertible Bond Debt then outstanding may declare 100% of the principal of and accrued and unpaid interest, if any, on all the Convertible Bond Debt then outstanding to be due and payable.

In accordance with ASC 470-Debt, the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) is to be separately accounted for in a manner that reflects the issuer's non-convertible debt borrowing rate. The guidance requires the initial proceeds received from the sale of convertible debt instruments to be allocated between a liability component and equity component in a manner that reflects the interest expense at the interest rate of similar non-convertible debt that could have been issued by the Company at the time of issuance. The Company accounted for the Convertible based on the above guidance and attributed a portion of the proceeds to the equity component. The resulting debt discount is amortized using effective interest method over the expected life of the Convertible Bond Debt as interest expense. Additionally, the debt discount and issuance costs were allocated based on the total amount incurred to the liability and equity components using the same proportions as the proceeds from the Convertible Bond Debt.

Share Lending Agreement

In connection with the issuance of the Convertible Bond Debt, certain persons entered into an arrangement (the "Share Lending Agreement") to borrow up to 3,582,880 shares of the Company's common stock through share lending arrangements from Jefferies LLC ("JCS"), an initial purchaser of the Convertible Bond Debt, which in turn entered into an arrangement to borrow the shares from an entity affiliated with Oaktree Capital Management, LP, one of the Company's shareholders. As of March 31, 2020, the fair value of the 3.6 million outstanding loaned shares was \$6.6 million based on the closing price of the common stock on March 31, 2020. In connection with the Share Lending Agreement, JCS paid \$0.03 million representing a nominal fee per borrowed share, equal to the par value of the Company's common stock.

While the Share Lending Agreement does not require cash payment upon return of the shares, physical settlement is required (i.e., the loaned shares must be returned at the end of the arrangement). In view of this share return provision and other contractual undertakings of JCS in the share lending agreement, which have the effect of substantially eliminating the economic dilution that otherwise would result from the issuance of borrowed shares, the loaned shares are not considered issued and outstanding for the purpose of computing and reporting the Company's basic and diluted weighted average shares or earnings per share. If JCS were to file bankruptcy or commence similar administrative, liquidating or restructuring proceedings, the Company will have to consider 3.6 million shares lent to JCS as issued and outstanding for the purposes of calculating earnings per share.

New Ultraco Debt Facility

On January 25, 2019, Ultraco Shipping LLC ("Ultraco"), a wholly-owned subsidiary of the Company, entered into a senior secured credit facility, (the "New Ultraco Debt Facility"), which provides for an aggregate principal amount of \$208.4 million, which consists of (i) a term loan facility of \$153.4 million (the "Term Facility Loan") and (ii) a revolving credit facility of \$55.0 million, of which \$10.0 million was available as of March 31, 2020. The proceeds from the New Ultraco Debt Facility were used to repay the outstanding debt including accrued interest under the Original Ultraco Debt Facility (as defined below) and the New First Lien Facility (as defined below) in full and for general corporate purposes. Subject to certain conditions set forth in the New Ultraco Debt Facility, Ultraco may request an increase of up to \$60.0 million in the aggregate principal amount of the Term

Facility Loan. Outstanding borrowings under the New Ultraco Debt Facility bear interest at LIBOR plus 2.50% per annum. The Company paid \$3.1 million as debt issuance costs to the lenders.

On October 1, 2019, Ultraco, the Company, and certain initial and additional guarantors entered into a first amendment to the New Ultraco Debt Facility (the "First Amendment") to provide for incremental commitments and pursuant to which on October 4, 2019, Ultraco borrowed \$34.3 million for general corporate purposes, including capital expenditures relating to the installation of scrubbers. The Company paid \$0.4 million as debt issuance costs to the lenders.

The New Ultraco Debt Facility matures on January 25, 2024 (the "New Ultraco Maturity Date"). Pursuant to the terms of the facility, Ultraco must repay the aggregate principal amount excluding the amounts borrowed under the First Amendment, of \$5.1 million in quarterly installments for the first year and \$7.3 million in quarterly installments from the second year until the New Ultraco Maturity Date. Additionally, there are semi-annual catch up amortization payments from excess cash flow with a maximum cumulative payable of \$4.6 million, with a final balloon payment of all remaining outstanding debt to be made on the New Ultraco Maturity Date.

Ultraco's obligations under the New Ultraco Debt Facility are secured by, among other items, a first priority mortgage on 24 vessels owned by the Guarantors as identified in the New Ultraco Debt Facility and such other vessels that it may from time to time include with the approval of the Lenders (the "Ultraco Vessels").

The New Ultraco Debt Facility contains financial covenants requiring the Company, on a consolidated basis excluding Shipco (as defined below) and any of Shipco's subsidiaries (each, a "Restricted Subsidiary") and any of the vessels owned by any Restricted Subsidiary, to maintain a minimum amount of free cash or cash equivalents in an amount not less than the greater of (i) \$0.6 million per owned vessel and (ii) 7.5% of the total consolidated debt of the Company and its subsidiaries, excluding any Restricted Subsidiary, which currently consists of amounts outstanding under the New Ultraco Debt Facility. The New Ultraco Debt Facility also requires the Company to maintain a liquidity reserve of \$0.6 million per Ultraco Vessel in an unblocked account. Additionally, the New Ultraco Debt Facility requires the Company, on a consolidated basis, excluding any Restricted Subsidiary and the vessels owned by any Restricted Subsidiary, to maintain (i) a ratio of minimum value adjusted tangible equity to total assets ratio of not less than 0.30:1, (ii) a consolidated interest coverage ratio of not less than a range varying from 1.50 to 1.00 to 2.50 to 1.00, and (iii) a positive working capital. The New Ultraco Debt Facility also imposes operating restrictions on Ultraco and the Guarantors. The Company is in compliance with its financial covenants under the New Ultraco Debt Facility as of March 31, 2020.

Norwegian Bond Debt

On November 28, 2017, Eagle Bulk Shipco LLC, a wholly-owned subsidiary of the Company ("Shipco" or "Issuer") issued \$200,000,000 in aggregate principal amount of 8.250% Senior Secured Bonds (the "Bonds" or the "Norwegian Bond Debt"). After giving effect to an original issue discount of approximately 1% and deducting offering expenses of \$3.1 million, the net proceeds from the issuance of the Bonds were approximately \$195.0 million. These net proceeds from the Bonds, together with the proceeds from the New First Lien Facility and cash on hand, were used to repay all amounts outstanding, including accrued interest under various debt facilities outstanding at that time and to pay expenses associated with the refinancing transactions. Shipco incurred \$1.3 million in other financing costs in connection with the transaction. Interest on the Bonds accrues at a rate of 8.25% per annum and the Bonds will mature on November 28, 2022. The Norwegian Bond Debt is guaranteed by the Issuer's subsidiaries and secured by mortgages over 24 vessels (the "Shipco Vessels"), pledges of the equity of the Issuer and its subsidiaries and certain assignments.

The Issuer may redeem some or all of the outstanding Bonds on the terms and conditions and prices set forth in the bond terms. Upon a change of control of the Company, each holder of the Bonds has the right to require that the Issuer purchase all or some of the Bonds held by such holder at a price equal to 101% of the nominal amount, plus accrued interest.

The bond terms contain certain financial covenants that the Issuer's leverage ratio, defined as the ratio of outstanding bond amount and any drawn amounts under the Super Senior Facility less consolidated cash balance to the aggregate book value of the Shipco Vessels, must not exceed 75.0%, and its subsidiaries' free liquidity must at all times be at least \$12.5 million. Shipco is in compliance with its financial covenants under the Bond Terms as of March 31, 2020.

During 2019, the Company sold four vessels, Kestrel, Thrasher, Condor and Merlin, for combined net proceeds of \$29.6 million. Additionally, the Company sold one vessel, Thrush, in 2018 for net proceeds of \$10.8 million. Pursuant to the bond terms governing the Norwegian Bond Debt, the proceeds from the sale of vessels are to be held in a restricted account to be used for the financing of the acquisition of additional vessels by Shipco and for partial funding of scrubbers. As a result, the Company

recorded the proceeds from the sale of these vessels as restricted cash - current in the Condensed Consolidated Balance Sheet as of March 31, 2020. During the fourth quarter of 2019, Shipco acquired one modern Ultramax vessel for \$20.1 million which was paid from the restricted cash - current. As of March 31, 2020, the Company used \$18.0 million of proceeds received from the sale of Shipco Vessels for the financing of scrubbers.

The bond terms also contain certain customary events of default. The bond terms also contain certain customary negative covenants that may restrict the Company's and the Issuer's ability to take certain actions.

Super Senior Facility

On December 8, 2017, Shipco entered into the Super Senior Revolving Facility Agreement (the "Super Senior Facility"), which provides for a revolving credit facility in an aggregate amount of up to \$15.0 million. The proceeds of the Super Senior Facility are expected to be used (i) to acquire additional vessels or vessel owners and (ii) for general corporate and working capital purposes of Shipco and its subsidiaries. The Super Senior Facility matures on August 28, 2022. Shipco incurred \$0.3 million as other financing costs in connection with the transaction.

As of March 31, 2020, the availability under the Super Senior Facility was \$12.5 million.

The outstanding borrowings under the Super Senior Facility bear interest at LIBOR plus 2.00% per annum and commitment fees of 40% of the applicable margin on the undrawn portion of the facility. For each loan that is requested under the Super Senior Facility, Shipco must repay such loan along with accrued interest on the last day of each interest period relating to the loan.

Shipco's obligations under the Super Senior Facility are guaranteed by the limited liability companies that are subsidiaries of Shipco and the legal and beneficial owners of 24 vessels in the Company's fleet (the "Eagle Shipco Vessel Owners"), and are secured by, among other things, mortgages over such vessels. The Super Senior Facility ranks super senior to the Bonds with respect to any proceeds from any enforcement action relating to security or guarantees for both the Super Senior Facility and the Bonds.

The Super Senior Facility contains certain covenants that, subject to certain exceptions and qualifications, limit Shipco's and its subsidiaries' ability to, among other things, do the following: make distributions; carry out any merger, other business combination, or corporate reorganization; make substantial changes to the general nature of their respective businesses; incur certain indebtedness; incur liens; make loans or guarantees; make certain investments; transact other than on arm's-length terms; enter into sale and leaseback transactions; engage in certain chartering-in of vessels; or dispose of shares of Eagle Shipco Vessel Owners. Additionally, Shipco's leverage ratio must not exceed 75% and its subsidiaries' free liquidity must at all times be at least \$12.5 million. Also, the total commitments under the Super Senior Facility will be cancelled if (i) at any time the aggregate market value of the security vessels for the Super Senior Facility is less than 300% of the total commitments under the Super Senior Facility or (ii) if Shipco or any of its subsidiaries redeems or otherwise repays the Bonds so that less than \$100.0 million is outstanding under the Bond Terms. Shipco is in compliance with its financial covenants under the Super Senior Facility as of March 31, 2020.

The Super Senior Facility also contains certain customary events of default customary to the transactions of this type.

New First Lien Facility

On December 8, 2017, Eagle Shipping LLC, a wholly-owned subsidiary of the Company ("Eagle Shipping") entered into a credit agreement (the "New First Lien Facility"), which provided for (i) a term loan facility in an aggregate principal amount of up to \$60.0 million (the "Term Loan") and (ii) a revolving credit facility in an aggregate principal amount of up to \$5.0 million (the "Revolving Loan").

On January 25, 2019, the Company repaid the outstanding balances of the Term Loan and the Revolving Loan together with accrued interest as of that date and discharged the debt under the New First Lien Facility in full from the proceeds of the New Ultraco Debt Facility. The Company accounted for the above transaction as a debt extinguishment. As a result, the Company recognized \$1.1 million, representing the outstanding balance of debt issuance costs, as a loss on debt extinguishment in the Consolidated Statement of Operations for the three months ended March 31, 2019.

Original Ultraco Debt Facility

On June 28, 2017, Ultraco, a wholly-owned subsidiary of the Company, entered into a credit agreement (the “Original Ultraco Debt Facility”), by and among Ultraco, as borrower, certain wholly-owned vessel-owning subsidiaries of Ultraco, as guarantors (the “Ultraco Guarantors”), and certain lenders thereto.

On January 25, 2019, the Company repaid the outstanding balance of the Original Ultraco Debt facility and discharged the debt in full from the proceeds of the New Ultraco Debt Facility. The Company accounted for the above transaction as a debt extinguishment. As a result, the Company recognized \$1.2 million, representing the outstanding balance of debt issuance costs, as a loss on debt extinguishment in the Condensed Consolidated Statement of Operations for the three months ended March 31, 2019.

Interest Rates

2020

For the three months ended March 31, 2020, the interest rate on the Convertible Bond Debt was 5.0%. The weighted average effective interest rate including the amortization of debt discount and debt issuance costs for this period was 10.14%.

For the three months ended March 31, 2020, the interest rate on the New Ultraco Debt Facility ranged from 3.39% to 4.68%, including a margin over LIBOR applicable under the terms of the New Ultraco Debt Facility and commitment fees of 40% of the margin on the undrawn portion of the revolver credit facility of the New Ultraco Debt Facility. The weighted average effective interest rate including the amortization of debt discount and debt issuance costs for this period was 5.52%.

For the three months ended March 31, 2020, the interest rate on our outstanding debt under the Norwegian Bond Debt was 8.25%. The weighted average effective interest rate including the amortization of debt discount and debt issuance costs for the three months ended March 31, 2020 was 8.91%, respectively.

For the three months ended March 31, 2020, the interest rate on our outstanding debt under the Super Senior Facility was 2.9%. The weighted average effective interest rate including the amortization of debt issuance costs for this period was 3.0%. Additionally, we pay commitment fees of 40% of the margin on the undrawn portion of the Super Senior Revolver Facility.

2019

For the three months ended March 31, 2019, the interest rate on the New First Lien Facility, which was repaid on January 25, 2019 ranged between 5.89% and 6.01%, including a margin over LIBOR applicable under the terms of the New First Lien Facility and commitment fees of 40% of the margin on the undrawn portion of the revolver credit facility of the New First Lien Facility. The weighted average effective interest rate including the amortization of debt discount for this period was 6.45%.

For the three months ended March 31, 2019, the interest rate on the New Ultraco Debt Facility was 4.15%, including a margin over LIBOR applicable under the terms of the New Ultraco Debt Facility and commitment fees of 40% of the margin on the undrawn portion of the revolver credit facility of the New Ultraco Debt Facility. The weighted average effective interest rate including the amortization of debt discount for this period was 5.26%.

For the three months ended March 31, 2019, the interest rate on the Norwegian Bond Debt was 8.25%. The weighted average effective interest rate including the amortization of debt discount and debt issuance costs for these periods was 8.96%.

For the three months ended March 31, 2019, the interest rate on the Original Ultraco Debt Facility, which was repaid on January 25, 2019, was 5.28% including a margin over LIBOR and commitment fees of 40% of the margin on the undrawn portion of the facility. The weighted average effective interest rate for this period was 6.80%.

The following table summarizes the Company’s total interest expense for:

Three Months Ended			
	March 31, 2020		March 31, 2019
New First Lien Facility interest	\$	—	\$ 293,545
Convertible Bond Debt interest		1,426,450	—
New Ultraco Debt Facility interest		2,227,946	1,458,570
Norwegian Bond Debt interest		3,880,108	4,042,500
Original Ultraco Debt Facility interest		—	362,257
Amortization of debt discount and debt issuance costs		1,503,866	503,716
Commitment fees on revolving credit facilities		153,445	101,415
Total Interest expense	\$	9,191,815	\$ 6,762,003

Scheduled Debt Maturities

The following table presents the scheduled maturities of principal amounts of our debt obligations, excluding the impact of any future vessel sales for the next five years.

	Norwegian Bond Debt		Super Senior Facility	New Ultraco Debt Facility	Convertible Bond Debt		Total
Nine months ending December 31, 2020	\$	8,000,000	\$	—	\$	21,895,722	\$ 29,895,722
2021		8,000,000		—		29,194,297	37,194,297
2022		172,000,000		2,500,000		29,194,297	203,694,297
2023		—		—		29,194,297	29,194,297
2024		—		—		102,321,703	216,441,703
	\$	188,000,000	\$	2,500,000	\$	211,800,316	\$ 516,420,316

Note 5. Derivative Instruments

Interest rate swaps

On March 31, 2020, the Company entered into an interest rate swap agreement ("IRS") to effectively convert a portion of its debt under the New Ultraco Debt Facility from a floating to a fixed-rate basis. The IRS was designated and qualified as a cash flow hedge. The Company uses the IRS for the management of interest rate risk exposure, as the IRS effectively converts a portion of the Company's debt from a floating to a fixed rate. The IRS is an agreement between the Company and counterparties to pay, in the future, a fixed-rate payment in exchange for the counterparties paying the Company a variable payment. The amount of the net payment obligation is based on the notional amount of the IRS and the prevailing market interest rates. The Company may terminate the IRS prior to their expiration dates, at which point a realized gain or loss would be recognized. The value of the Company's commitment would increase or decrease based primarily on the extent to which interest rates move against the rate fixed for each swap.

The following table summarizes the interest rate swaps in place as of March 31, 2020 and December 31, 2019.

Interest Rate Swap detail				Notional Amount outstanding	
Trade date	Fixed rate	Start date	End date	March 31, 2020	December 31, 2019
March 31, 2020	0.64 %	July 27, 2020	January 26, 2024	\$ 76,101,584	\$ —

Under these swap contracts, exclusive of applicable margins, the Company will pay fixed rate interest and receive floating-rate interest amounts based on three-month LIBOR settings.

The Company records the fair value of the interest rate swap as an asset or liability on its balance sheet. The effective portion of the swap is recorded in accumulated other comprehensive loss. No portion of the cash flow hedges was ineffective during the period ended March 31, 2020.

The following table shows the interest rate swap liabilities as of March 31, 2020 and December 31, 2019:

Derivatives designated as hedging instruments	Balance Sheet location	March 31, 2020	December 31, 2019
Interest rate swap	Fair value of derivative instruments - current	\$ 94,860	\$ —
Interest rate swap	Fair value of derivative instruments - noncurrent	177,008	—

Forward freight agreements and bunker swaps

The Company trades in forward freight agreements (“FFAs”) and bunker swaps, with the objective of utilizing this market as economic hedging instruments that reduce the risk of specific vessels to changes in the freight market. The Company’s FFAs and bunker swaps have not qualified for hedge accounting treatment. As such, unrealized and realized gains are recognized as a component of Other expense, net in the Condensed Consolidated Statement of Operations and Derivative asset and Fair value of derivatives in the Condensed Consolidated Balance Sheets. Derivatives are considered to be Level 2 instruments in the fair value hierarchy.

For our bunker swaps, the Company may enter into master netting, collateral and offset agreements with counterparties. As of March 31, 2020, the Company has International Swaps and Derivatives Association (“ISDA”) agreements with two applicable banks and financial institutions which contain netting provisions. In addition to a master agreement with the Company supported by a primary parent guarantee on either side, the Company also has associated credit support agreements in place with the two counterparties which, among other things, provide the circumstances under which either party is required to post eligible collateral, when the market value of transactions covered by these agreements exceeds specified thresholds. The Company does not anticipate non-performance by any of the counterparties. As of March 31, 2020, no collateral had been received or pledged related to these derivative instruments.

As of March 31, 2020, the Company had outstanding bunker swap agreements to purchase 38,700 metric tons of high sulfur fuel oil with prices ranging between \$225 and \$297 and sell 38,700 metric tons of low sulfur fuel oil with prices ranging between \$446 and \$565 per metric ton, that are expiring at December 31, 2020. The volume represents less than 10% of our estimated consumption on our fleet for the year. The Company also had outstanding bunker swap agreements to purchase 72,000 metric tons of high sulfur fuel oil with prices ranging between \$264 and \$305 and sell 72,000 metric tons of low sulfur fuel oil with prices ranging between \$411 and \$486 per metric ton, that are expiring at December 31, 2021. In addition, the Company had outstanding bunker swap agreements to purchase 26,100 metric tons of low sulfur fuel oil with prices ranging between \$121 and \$524 per metric ton, that are expiring at December 31, 2020.

As of March 31, 2020, the Company entered into FFAs for 1,575 days covering the time period of April to December 2020 (between 15 and 29 days per month), expiring at the end of each calendar month during 2020. The FFA contract prices range from \$8,200 to \$11,650 per day. The Company will realize a gain or loss on these FFAs based on the price differential between the average daily Baltic Supramax Index (“BSI”) rate and the FFA contract price. The gains or losses are recorded in Other expense, net in the Condensed Consolidated Statement of Operations.

The effect of non-designated derivative instruments on the Condensed Consolidated Statements of Operations and Balance Sheets is as follows:

Derivatives not designated as hedging instruments	Location of loss/(gain) in Statements of Operations	For the Three Months Ended	
		March 31, 2020	March 31, 2019
FFAs - realized (gain)/loss	Realized and unrealized (gain)/loss on derivative instruments, net	\$ (179,505)	\$ 516,531
FFAs - unrealized gain	Realized and unrealized (gain)/loss on derivative instruments, net	(1,440,676)	(1,686,819)
Bunker swaps - realized gain	Realized and unrealized (gain)/loss on derivative instruments, net	(576,464)	(41,008)
Bunker swaps - unrealized gain	Realized and unrealized (gain)/loss on derivative instruments, net	(5,665,196)	(1,226,959)
Total		<u>\$ (7,861,841)</u>	<u>\$ (2,438,255)</u>

Derivatives not designated as hedging instruments	Balance Sheet location	March 31, 2020	December 31, 2019
FFAs - Unrealized gain	Derivative asset and other current assets	\$ 1,968,255	\$ 475,650
Bunker swaps - Unrealized gain	Derivative asset and other current assets	8,224,706	96,043
Bunker swaps - Unrealized loss	Fair value of derivatives - current	3,219,696	756,229

Cash Collateral Disclosures

The Company does not offset fair value amounts recognized for derivatives by the right to reclaim cash collateral or the obligation to return cash collateral. The amount of collateral to be posted is defined in the terms of respective master agreement executed with counterparties or exchanges and is required when agreed upon threshold limits are exceeded. As of March 31, 2020 and December 31, 2019, the Company posted cash collateral related to derivative instruments under its collateral security arrangements of \$2.6 million and \$0.6 million, respectively, which is recorded within Derivative asset and other current assets in the Condensed Consolidated Balance Sheets.

Note 6. Fair Value Measurements

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash, cash equivalents and restricted cash—the carrying amounts reported in the Condensed Consolidated Balance Sheets for interest-bearing deposits approximate their fair value due to the short-term nature thereof.

Debt—the carrying amounts of borrowings under the Norwegian Bond Debt, Convertible Bond Debt, Super Senior Facility, and the New Ultraco Debt Facility (prior to application of the discount and debt issuance costs) including the Revolving Loan, approximate their fair value, due to the variable interest rate nature thereof.

The Company defines fair value, establishes a framework for measuring fair value and provides disclosures about fair value measurements. The fair value hierarchy for disclosure of fair value measurements is as follows:

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

Level 2 – Quoted prices for similar assets and liabilities in active markets or inputs that are observable. Our Level 2 non-derivatives include our short-term investments and debt balances under the Convertible Bond Debt, Norwegian Bond Debt, Super Senior Facility, and the New Ultraco Debt Facility. Interest rate swaps are considered to be a Level 2 item as the Company, using the income approach to value the derivatives, uses observable Level 2 market inputs at measurement date and standard valuation techniques to convert future amounts to a single present amount assuming that participants are motivated, but not compelled to transact.

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

March 31, 2020

	Fair Value		
	Carrying Value	Level 1	Level 2
Assets			
Cash and cash equivalents ⁽¹⁾	\$ 72,222,728	\$ 72,222,728	\$ —
Liabilities			
Norwegian Bond Debt ⁽²⁾	188,000,000	—	128,780,000
New Ultraco Debt Facility ⁽³⁾	211,800,316	—	211,800,316
Super Senior Facility ⁽³⁾	2,500,000	—	2,500,000
Convertible Bond Debt ⁽⁴⁾	114,120,000	—	104,020,380

December 31, 2019

		Fair Value	
	Carrying Value	Level 1	Level 2
Assets			
Cash and cash equivalents ⁽¹⁾	\$ 59,130,285	\$ 59,130,285	\$ —
Liabilities			
Norwegian Bond Debt ⁽²⁾	188,000,000	—	192,626,680
New Ultraco Debt Facility ⁽³⁾	172,613,988	—	172,613,988
Convertible Bond Debt ⁽⁴⁾	114,120,000	—	118,844,868

⁽¹⁾ Includes restricted cash (current and non-current) of \$3.0 million at March 31, 2020 and \$5.5 million at December 31, 2019.

⁽²⁾ The fair value of the Norwegian Bond Debt is based on the last trades on March 23, 2020 and December 31, 2019 on Bloomberg.com.

⁽³⁾ The fair value of the liabilities is based on the required repayment to the lenders if the debt was discharged in full on March 31, 2020.

⁽⁴⁾ The fair value of the Convertible Bond Debt is based on the last trade on February 7, 2020 on Bloomberg.com.

Note 7. Commitments and Contingencies

Legal Proceedings

The Company is involved in legal proceedings and may become involved in other legal matters arising in the ordinary course of its business. The Company evaluates these legal matters on a case-by-case basis to make a determination as to the impact, if any, on its business, liquidity, results of operations, financial condition or cash flows.

Note 8. Net (loss)/income per Common Share

The computation of basic net (loss)/income per share is based on the weighted average number of common stock outstanding for the three months ended March 31, 2020 and 2019. Diluted net income per share gives effect to restricted stock awards and stock options using the treasury stock method, unless the impact is anti-dilutive. Diluted net loss per share as of March 31, 2020 does not include 1,227,057 restricted stock awards, 2,282,171 stock options and 152,266 warrants, as their effect was anti-dilutive. Additionally, the Convertible Bond Debt is not considered a participating security and therefore not included in the computation of the Basic loss per share for the three months ended March 31, 2020. The Company determined that it does not overcome the presumption of share settlement of outstanding debt and therefore the Company applied the if-converted method and did not include the potential shares to be issued upon conversion of Convertible Bond Debt in the calculation of Diluted loss per share for the three months ended March 31, 2020 as their effect was anti-dilutive. Diluted net income per share for the three months ended March 31, 2019 does not include 2,750 stock awards, 348,625 stock options and 152,266 warrants, as their effect was anti-dilutive.

The following table summarizes the calculation of basic and diluted (loss)/income per share:

	Three Months Ended	
	March 31, 2020	March 31, 2019
Net (loss)/income	\$ (3,527,759)	\$ 29,483
Weighted Average Shares - Basic	71,869,152	71,283,301
Dilutive effect of stock options and restricted stock units	—	787,567
Weighted Average Shares - Diluted	71,869,152	72,070,868
Basic (loss)/income per share	\$ (0.05)	\$ —
Diluted (loss)/income per share	\$ (0.05)	\$ —

Note 9. Stock Incentive Plans

On December 15, 2016, the Company's shareholders approved the 2016 Equity Compensation Plan (the "2016 Plan") and the Company registered 5,348,613 shares of common stock, which may be issued under the 2016 Plan. Any director, officer, employee or consultant of the Company or any of its subsidiaries (including any prospective officer or employee) is eligible to be designated to participate in the 2016 Plan. The Company withheld shares related to restricted stock awards that vested in 2020 at the fair market value equivalent to the maximum statutory withholding obligation and remitted that amount in cash to the appropriate taxation authorities. On June 7, 2019, the Company's shareholders approved an amendment and restatement of the 2016 Plan, which increased the number of shares reserved under the 2016 Plan by an additional 2,500,000 shares to a maximum of 7,848,613 shares of common stock.

On January 2, 2020, the Company granted 372,250 restricted shares as a company-wide grant under the 2016 Plan. The fair value of the grant based on the closing share price on January 2, 2020 was \$1.7 million. The shares will vest in equal installments over a three-year term. Additionally, the Company granted 28,262 common stock to its board of directors. The fair value of the grant based on the closing share price of January 2, 2020 was \$0.1 million. The shares vested immediately. The amortization of the above grants is \$0.3 million for the three months ended March 31, 2020, which is included in general and administrative expenses in the Condensed Consolidated Statements of Operations.

As of March 31, 2020 and December 31, 2019, stock awards covering a total of 1,227,057 and 1,559,502 of the Company's common stock, respectively, are outstanding under the 2016 Plan. The vesting terms range between one to three years from the grant date. The Company is amortizing to stock-based compensation expense included in general and administrative expenses the fair value of non-vested stock awards at the grant date.

As of March 31, 2020 and December 31, 2019, vested options covering 2,194,171 and 2,028,921 of the Company's common stock, respectively, are outstanding with exercise prices ranging from \$4.28 to \$5.56 per share.

As of March 31, 2020 and December 31, 2019, unvested options covering 88,000 and 255,875 of the Company's common stock, respectively, are outstanding with exercise prices ranging from \$4.28 to \$5.56 per share. The options vest and become exercisable in four equal installments beginning on the grant date. All options expire within 5 years from the effective date.

Stock-based compensation expense for all stock awards and options included in General and administrative expenses:

	Three Months Ended	
	March 31, 2020	March 31, 2019
Stock awards /Stock Option Plans	\$ 836,200	\$ 1,445,469

The future compensation to be recognized for all the grants issued including the grants issued on January 2, 2020, for the nine months ended December 31, 2020, and the years ending December 31, 2021 and 2022 will be \$2.0 million, \$0.9 million and \$0.2 million, respectively.

Note 10. Cash, cash equivalents, and Restricted cash

The following table provides a reconciliation of Cash and cash equivalents and Restricted cash reported within the consolidated balance sheets that sum to the total of the amounts shown in the condensed consolidated statements of cash flows:

	March 31, 2020	December 31, 2019	March 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 69,229,926	\$ 53,583,898	\$ 60,715,204	\$ 67,209,753
Restricted cash - current	2,917,885	5,471,470	—	—
Restricted cash - noncurrent	74,917	74,917	19,283,145	10,953,885
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	\$ 72,222,728	\$ 59,130,285	\$ 79,998,349	\$ 78,163,638

Amounts included in restricted cash represent those required to be set aside by the Norwegian Bond Debt, as defined in Note 4 below. The restriction will lapse when the funds are used for purchase of vessels or installation of scrubbers.

Note 11. Subsequent Events

On April 20, 2020, Ultraco, the Company, and certain initial and additional guarantors entered into a second amendment to the New Ultraco Debt Facility (the "Second Amendment") to provide for certain amendments to definitions of consolidated interest coverage ratio and consolidated earnings before interest, taxes and depreciation and amortization ("EBITDA"). The amendment provides that the calculation interest coverage ratio does not include amortization of debt discount, debt issuance costs and non-cash interest income. The definition of EBITDA has been updated to exclude stock based compensation from net loss.

On April 15, 2020, the Company entered into a second interest rate swap agreement to fix the LIBOR interest rate of \$38.0 million of its debt under the New Ultraco Debt Facility at 0.58%.

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

The following is a discussion of the Company's financial condition and results of operations for the three months ended March 31, 2020 and 2019. This section should be read in conjunction with the condensed consolidated financial statements included elsewhere in this report and the notes to those financial statements and the audited consolidated financial statements and the notes to those financial statements for the fiscal year ended December 31, 2019, which were included in our Form 10-K, filed with the SEC on March 12, 2020. For further discussion regarding our results of operations for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018 please refer to Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Quarterly Report on Form 10-Q for the three months ended March 31, 2019. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expected performance. We caution that assumptions, expectations, projections, intentions or beliefs about future events may, and often do, vary from actual results and the differences can be material. Please see "Cautionary Statement Regarding Forward-Looking Statements."

Business Overview

Eagle Bulk Shipping Inc. ("Eagle" or the "Company") is a U.S. based fully integrated shipowner-operator providing global transportation solutions to a diverse group of customers including miners, producers, traders, and end users. Headquartered in Stamford, Connecticut, with offices in Singapore and Copenhagen, Eagle focuses exclusively on the versatile mid-size drybulk vessel segment and owns one of the largest fleets of Supramax/Ultramax vessels in the world. The Company performs all management services in-house such as strategic, commercial, operational, technical, and administrative services, and employs an active management approach to fleet trading with the objective of optimizing revenue performance and maximizing earnings on a risk-managed basis. Typical cargoes we transport include both major bulk cargoes, such as iron ore, coal and grain, and minor bulk cargoes such as fertilizer, steel products, petcoke, cement, and forest products. As of March 31, 2020, we owned and operated a modern fleet of 50 Supramax/Ultramax dry bulk vessels. We chartered-in three Ultramax vessels for a term ranging from one to two years. In addition, the Company charters in third-party vessels on a short to medium term basis.

Our owned fleet totals 50 vessels, with an aggregate carrying capacity of 2,946,188 dwt and had an average age of 8.9 years as of March 31, 2020.

We carry out the commercial and strategic management of our fleet through our indirectly wholly-owned subsidiary, Eagle Bulk Management LLC, a Marshall Islands limited liability company, which maintains its principal executive offices in Stamford, Connecticut. We own each of our vessels through a separate wholly-owned Marshall Islands limited liability company.

Corporate Information

We maintain our principal executive offices at 300 First Stamford Place, 5th Floor, Stamford, Connecticut 06902. Our telephone number at that address is (203) 276-8100. Our website address is www.eagleships.com. Information contained on or accessible through our website does not constitute part of this Quarterly Report on Form 10-Q.

Business Strategy and Outlook

We believe our balance sheet allows us the flexibility to opportunistically make investments in the drybulk segment that will drive shareholder growth. In order to accomplish this, we intend to:

- Maintain a highly efficient and quality fleet in the drybulk segment.
- Maintain a revenue strategy that takes advantage of a rising rate environment and at the same time mitigate risk in a declining rate environment.
- Maintain a cost structure that allows us to be competitive in all economic cycles without sacrificing safety or maintenance.
- Continue to grow our relationships with our charterers and vendors.
- Continue to invest in our on-shore operations and development of processes.

Our financial performance is based on the following key elements of our business strategy:

- (1) Concentration in one vessel category: Supramax/Ultramax drybulk vessels, which we believe offer certain size, operational and geographical advantages relative to other classes of drybulk vessels, such as Handysize, Panamax and Capesize vessels.
- (2) An active owner-operator model where we seek to operate our own fleet and develop contractual relationships directly with cargo interests. These relationships and the related cargo contracts have the dual benefit of providing greater operational efficiencies and act as a balance to the Company's naturally long position to the market. Notwithstanding the focus on voyage chartering, we consistently monitor the drybulk shipping market and, based on market conditions, will consider taking advantage of long-term time charters at higher rates when appropriate.
- (3) Maintain high quality vessels and improve standards of operation through improved standards and procedures, crew training and repair and maintenance procedures.

We have employed all of our vessels in our operating fleet on time and voyage charters. The following table represents certain information about our revenue earning charters with respect to our operating fleet as of March 31, 2020:

Vessel	Year Built	Dwt	Charter Expiration	Daily Charter Hire Rate
Bittern	2009	57,809	May 2020	Voyage
Canary	2009	57,809	Apr 2020	\$ 13,000
Cape Town Eagle	2015	63,707	May 2020	\$ 10,000 (1)
Cardinal	2004	55,362	Apr 2020	Voyage
Copenhagen Eagle	2015	63,495	Apr 2020	Voyage
Crane	2010	57,809	Apr 2020	\$ 11,500
Crested Eagle	2009	55,989	Apr 2020	\$ 10,850
Crowned Eagle	2008	55,940	Apr 2020	Shipyard (2)
Dublin Eagle	2015	63,550	May 2020	Voyage
Egret Bulker	2010	57,809	Apr 2020	Voyage
Fairfield Eagle	2013	63,301	Apr 2020	Voyage
Gannet Bulker	2010	57,809	Apr 2020	Voyage
Golden Eagle	2010	55,989	Apr 2020	Voyage
Goldeneye	2002	52,421	Apr 2020	Voyage
Grebe Bulker	2010	57,809	Apr 2020	Voyage
Greenwich Eagle	2013	63,301	Apr 2020	\$ 10,400
Groton Eagle	2013	63,301	May 2020	Voyage

Hamburg Eagle	2014	63,334	Apr 2020	\$	10,000	
Hawk I	2001	50,296	Nov 2020	\$	10,750	
Hong Kong Eagle	2016	63,472	Apr 2020		Shipyard	(2)
Ibis Bulker	2010	57,809	Apr 2020	\$	8,000	(3)
Imperial Eagle	2010	55,989	May 2020	\$	18,000	
Jaeger	2004	52,483	Apr 2020	\$	500	(4)
Jay	2010	57,809	Apr 2020	\$	9,500	
Kingfisher	2010	57,809	Apr 2020	\$	18,000	
Madison Eagle	2013	63,301	Apr 2020	\$	7,900	
Martin	2010	57,809	Apr 2020		Voyage	
Mystic Eagle	2013	63,301	Apr 2020	\$	7,500	
New London Eagle	2015	63,140	May 2020		Voyage	
Nighthawk	2011	57,809	Apr 2020		Voyage	
Oriole	2011	57,809	Apr 2020	\$	14,000	
Osprey I	2002	50,206	Sep 2020	\$	8,600	
Owl	2011	57,809	Jun 2020	\$	500	(5)
Petrel Bulker	2011	57,809	Apr 2020		Voyage	
Puffin Bulker	2011	57,809	Apr 2020		Voyage	
Roadrunner Bulker	2011	57,809	Apr 2020		Voyage	
Rowayton Eagle	2013	63,301	Apr 2020	\$	15,000	
Sandpiper Bulker	2011	57,809	Jun 2020	\$	3,200	(6)
Santos Eagle	2015	63,537	Apr 2020		Voyage	
Shanghai Eagle	2016	63,438	May 2020	\$	1,000	(7)

Shrike	2003	53,343	Apr 2020	\$	5,250
Singapore Eagle	2017	63,386	Jun 2020	\$	1,350 (8)
Skua	2003	53,350	Apr 2020	\$	3,000
Southport Eagle	2013	63,301	May 2020	\$	17,750
Stamford Eagle	2016	61,530	Apr 2020	\$	5,000
Stellar Eagle	2009	55,989	May 2020		Voyage
Stonington Eagle	2012	63,301	Apr 2020		Voyage
Sydney Eagle	2015	63,523	Apr 2020		Voyage
Tern	2003	50,209	Apr 2020	\$	3,800
Westport Eagle	2015	63,344	May 2020	\$	900 (9)

- (1) The vessel is contracted to continue the existing time charter at an increased daily rate of \$14,000 after May 3, 2020.
- (2) The vessels are at a shipyard undergoing installation of scrubbers and/or BWTS.
- (3) The vessel is contracted to continue the existing time charter at an increased daily rate of \$10,000 after April 30, 2020.
- (4) The vessel is contracted to continue the existing time charter at an increased daily rate of \$8,250 after April 2, 2020.
- (5) The vessel is contracted to continue the existing time charter at an increased daily rate of \$9,000 after May 19, 2020.
- (6) The vessel is contracted to continue the existing time charter at an increased daily rate of \$8,750 after May 29, 2020.
- (7) The vessel is contracted to continue the existing time charter at an increased daily rate of \$11,000 after May 30, 2020.
- (8) The vessel is contracted to continue the existing time charter at an increased daily rate of \$10,850 after June 2, 2020.
- (9) The vessel is contracted to continue the existing time charter at an increased daily rate of \$9,800 after April 10, 2020.

Business outlook

In 2020 to date, charter hire rates have been significantly impacted by various factors, including the outbreak of COVID-19, which has caused temporary restrictions and/or closures of mines, factories, ports around the world. We believe the outbreak of COVID-19, and its impact to the global economy, is the primary reason why charter hire rates have been weak thus far in 2020. The weaker rate environment has put pressure on vessel prices.

In addition, the spread of COVID-19 may have operational risks for our business. Operational risks include the following: delays in transferring cargo; offhire time resulting from delays associated with quarantine regulations; delays in ports as a result of additional restrictions and protocols; increased expenses resulting from quarantine regulations of the affected crew members and resulting crew changes; delays in drydocking for our vessels in shipyards, most of which are in China and delays in receipt of charter revenues.

We have instituted measures to reduce the risk of spread of COVID-19 for our crew members on our vessels as well as our onshore offices in Stamford, Connecticut, Singapore and Copenhagen. However, if the COVID-19 pandemic continues to impact the global economy on a prolonged basis, or becomes more severe, the rate environment in the drybulk market and our vessel values may deteriorate further and our operations and cash flows may be negatively impacted.

Fleet Management

The management of our fleet includes the following functions:

- *Strategic management.* We locate and obtain financing and insurance for the purchase and sale of vessels.
- *Commercial management.* We obtain employment for our vessels and manage our relationships with charterers.

- *Technical management.* We have established an in-house technical management function to perform day-to-day operations and maintenance of our vessels.

Commercial and Strategic Management

We carry out the commercial and strategic management of our fleet through our indirectly wholly-owned subsidiary, Eagle Bulk Management LLC, a Marshall Islands limited liability company, which maintains its principal executive offices in Stamford, Connecticut. We also have offices in Singapore and Copenhagen, Denmark, through which we provide round the clock management services to our owned and chartered-in fleet. We currently have 91 shore-based personnel, including our senior management team and our office staff, who either directly or through these subsidiaries, provide the following services:

- commercial operations and technical supervision;
- safety monitoring;
- vessel acquisition; and
- financial, accounting and information technology services.

Technical Management

Technical management includes managing day-to-day vessel operations, performing general vessel maintenance, ensuring regulatory and classification society compliance, supervising the maintenance and general efficiency of vessels, arranging our hire of qualified officers and crew, arranging and supervising drydocking and repairs, purchasing supplies, spare parts and new equipment for vessels, appointing supervisors and technical consultants, and providing technical support.

Value of Assets and Cash Requirements

The replacement costs of comparable new vessels may be above or below the book value of our fleet. The market value of our fleet may be below book value when market conditions are weak and exceed book value when markets conditions are strong. Customary with industry practice, we may consider asset redeployment, which at times may include the sale of vessels at less than their book value. The Company's results of operations and cash flow may be significantly affected by future charter markets.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations is based upon our interim unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP and the rules and regulations of the SEC, which apply to interim financial statements. The preparation of those financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues, expenses and warrants and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.

Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. As the discussion and analysis of our financial condition and results of operations are based upon our interim unaudited condensed consolidated financial statements, they do not include all of the information on critical accounting policies normally included in consolidated financial statements. Accordingly, a detailed description of these critical accounting policies should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on March 12, 2020. There have been no material changes from the "Critical Accounting Policies" previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on March 12, 2020 except for the new accounting pronouncement adopted as of January 1, 2020 relating to the adoption of ASC 326. Please refer to Note 2 Recent Accounting Pronouncements to the condensed consolidated financial statements for further discussion.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates and assumptions of the Company are the residual value of vessels, the useful lives of vessels, the value of stock-based compensation, the fair value of the

debt component of the Convertible Bond Debt, the fair value of operating lease right-of-use assets, and the fair value of derivatives. Actual results could differ from those estimates.

Results of Operations for the three months ended March 31, 2020:

Fleet Data

We believe that the measures for analyzing future trends in our results of operations consist of the following:

	Three Months Ended	
	March 31, 2020	March 31, 2019
Ownership Days	4,550	4,160
Chartered-in Days	604	1,036
Available Days	4,871	5,106
Operating Days	4,831	5,070
Fleet Utilization (%)	99.2 %	99.3 %

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.

- **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.
- **Chartered-in days:** We define chartered-in days as the aggregate number of days in a period during which the Company chartered-in vessels.
- **Available days:** We define available days 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 vessel familiarization upon acquisition, repairs, vessel upgrades or special surveys. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues. During the three months ended March 31, 2020, the Company completed drydock for three vessels.
- **Operating days:** We define operating days as the number of our available days in a period less the aggregate number of days that our vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.
- **Fleet utilization:** We calculate fleet utilization by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning. Our fleet continues to perform at very high utilization rates.

Time Charter and Voyage Revenue

Shipping revenues are highly sensitive to patterns of supply and demand for vessels of the size and design configurations owned and operated by a company and the trades in which those vessels operate. In the drybulk sector of the shipping industry, rates for the transportation of drybulk cargoes such as ores, grains, steel, fertilizers, and similar commodities, are determined by market forces such as the supply and demand for such commodities, the distance that cargoes must be transported, and the number of vessels expected to be available at the time such cargoes need to be transported. The demand for shipments is significantly affected by the state of the global economy and the conditions of certain geographical areas. The number of vessels is affected by newbuilding deliveries and by the removal of existing vessels from service, principally because of scrapping.

The mix of charters between spot or voyage charters and mid-term time charters also affects revenues. Because the mix

between voyage charters and time charters significantly affects shipping revenues and voyage expenses, vessel revenues are benchmarked based on net charter hire income. Net charter hire income comprises revenue from vessels operating on time charters, and voyage revenue less voyage expenses from vessels operating on voyage charters in the spot market and charter hire expenses. Net charter hire serves as a measure of analyzing fluctuations between financial periods and as a method of equating revenue generated from a voyage charter to time charter revenue.

The following table represents Net charter hire income (a non-GAAP measure) for the three months ended March 31, 2020 and 2019.

	For the Three Months Ended	
	March 31, 2020	March 31, 2019
Revenues, net	74,378,319	77,389,597
Less: Voyage expenses	26,564,358	25,906,140
Less: Charter hire expenses	6,040,939	11,491,906
Net charter hire income	<u>\$ 41,773,022</u>	<u>\$ 39,991,551</u>
% Net charter hire income from		
Time charters	53 %	51 %
Voyage charters	47 %	49 %

Revenues

Our revenues are derived from time and voyage charters. Net time and voyage charter revenues for the three months ended March 31, 2020 were \$74.4 million compared with \$77.4 million recorded in the comparable quarter in 2019. The decrease in revenue was primarily attributable to a decrease in available days, due to lower chartered-in activity offset by an increase in owned days due to the acquisition of six Ultramax vessels in the second half of 2019.

Voyage expenses

To the extent that we employ our vessels on voyage charters, we will incur expenses that include bunkers, port charges, canal tolls and cargo handling operations, as these expenses are borne by the vessel owner on voyage charters. As is common in the shipping industry, we pay commissions ranging from 1.25% to 5.50% to unaffiliated ship brokers associated with the charterers, depending on the number of brokers involved with arranging the charter. Bunkers, port charges, and canal tolls primarily increase in periods during which vessels are employed on voyage charters because these expenses are for the vessel's account. Voyage expenses for the three months ended March 31, 2020 were \$26.6 million, compared to \$25.9 million in the comparable quarter in 2019. The increase was mainly attributable to an increase in the number of freight voyages performed offset by a decrease in bunker prices.

Vessel expenses

Vessel expenses for the three months ended March 31, 2020 were \$23.7 million compared to \$20.1 million in the comparable quarter in 2019. The increase in vessel expenses was attributable to increased crew wages, expenses for lubes, deck stores, scrubber spares and an increase in ownership days after the purchase of six Ultramax vessels offset by the sale of the vessels Thrasher and Kestrel in the second half of 2019. The ownership days for the three months ended March 31, 2020 and 2019 were 4,550 and 4,160, respectively.

We believe daily vessel operating expenses are a good measure for comparative purposes in order to take into account all of the expenses that each vessel in our fleet will incur over a full year of operation.

Average daily vessel operating expenses for our fleet for the three months ended March 31, 2020 and 2019 were \$5,209 and \$4,830, respectively.

Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores and related inventory, tonnage taxes, pre-operating costs associated with

the delivery of acquired vessels, including providing the newly acquired vessels with initial provisions and stores, and other miscellaneous expenses.

Other factors beyond our control, some of which may affect the shipping industry in general, may cause the operating expenses of our vessels to increase, including, for instance, developments relating to market prices for crew, insurance and petroleum-based lubricants and supplies.

Charter hire expenses

The charter hire expenses for the three months ended March 31, 2020 were \$6.0 million compared to \$11.5 million in the comparable quarter in 2019. The decrease in charter hire expenses was principally due to a decrease in the number of chartered-in days. The total chartered-in days for the three months ended March 31, 2020 were 604 compared to 1,036 for the comparable quarter in the prior year. The Company currently charters in three Ultramax vessels on a long term basis with lease terms ranging from one to two years.

Depreciation and amortization

For the three months ended March 31, 2020 and 2019, total depreciation and amortization expense was \$12.5 million and \$9.4 million, respectively. Total depreciation and amortization expense for the three months ended March 31, 2020 includes \$10.6 million of vessel and other fixed asset depreciation and \$1.9 million relating to the amortization of deferred drydocking costs. Comparable amounts for the three months ended March 31, 2019 were \$8.2 million of vessel and other fixed asset depreciation and \$1.2 million of amortization of deferred drydocking costs. The increase in depreciation expense is due to an increase in the cost base of our owned fleet due to the capitalization of scrubbers and BWTS on our vessels, and the purchase of six Ultramax vessels in the second half of 2019, marginally offset by the sale of two vessels. The increase in drydock amortization was due to the completion of twelve additional drydocks since the first quarter of 2019.

The cost of all vessels is depreciated 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 to be 25 years from the date of initial delivery from the shipyard to the original owner. Furthermore, we estimate the residual values of our vessels to be \$300 per lightweight ton, which we believe is common in the drybulk shipping industry. Drydocking relates to our regularly scheduled maintenance program necessary to preserve the quality of our vessels as well as to comply with international shipping standards and environmental laws and regulations. Management anticipates that vessels are to be drydocked every two and a half years for vessels older than 15 years and every five years for vessels younger than 15 years, accordingly, these expenses are deferred and amortized over that period.

General and administrative expenses

Our general and administrative expenses include onshore vessel administration related expenses, such as legal and professional expenses and administrative and other expenses including payroll and expenses relating to our executive officers and office staff, office rent and expenses, directors' fees, and directors and officers insurance. General and administrative expenses also include stock-based compensation expenses.

General and administrative expenses for the three months ended March 31, 2020 and 2019 were \$8.0 million and \$8.4 million, respectively. These general and administrative expenses include a stock-based compensation component of \$0.8 million and \$1.4 million for the three months ended 2020 and 2019, respectively. The decrease in general and administrative expenses was mainly attributable to the decrease in stock-based compensation expense.

Interest expense

Our interest expense for the three months ended March 31, 2020 and 2019 was \$9.2 million and \$6.8 million, respectively. The increase in interest expense is primarily due to an increase in our outstanding debt under the Convertible Bond Debt and the New Ultraco Debt Facility offset by a decrease in interest rates. Please refer to Note 4 Debt to the condensed consolidated financial statements.

Amortization of debt issuance costs is included in interest expense. These financing costs relate to costs associated with our various outstanding debt facilities. For the three months ended March 31, 2020 and 2019, the amortization of debt issuance costs was \$1.5 million and \$0.5 million, respectively. The interest expense for the three months ended March 31, 2020 includes

\$0.9 million of interest expense representing the amortization of the equity component of the Convertible Bond Debt. Please refer to Note 4 Debt to the condensed consolidated financial statements for further information.

Effects of Inflation

We do not believe that inflation has had or is likely, in the foreseeable future, to have a significant impact on vessel operating expenses, drydocking expenses or general and administrative expenses.

Liquidity and Capital Resources

	Three Months Ended	
	March 31, 2020	March 31, 2019
Net cash (used in)/provided by operating activities	\$ (12,424,812)	\$ 11,941,876
Net cash used in investing activities	(15,021,592)	(16,913,754)
Net cash provided by financing activities	40,538,847	6,806,589
Net increase in cash, cash equivalents and restricted cash	13,092,443	1,834,711
Cash, cash equivalents and restricted cash at beginning of period	59,130,285	78,163,638
Cash, cash equivalents and restricted cash at end of period	\$ 72,222,728	\$ 79,998,349

Net cash used in operating activities during the three months ended March 31, 2020 was \$12.4 million compared to net cash provided by operating activities of \$11.9 million during the three months ended March 31, 2019. The cash flows from operating activities decreased as compared to the same period in the prior year primarily due to the negative impact of working capital changes and increase in drydock expenditures.

Net cash used in investing activities during the three months ended March 31, 2020 and 2019 was \$15.0 million and \$16.9 million, respectively. During the three months ended March 31, 2020, the Company paid \$18.1 million for the purchase and installation of scrubbers and ballast water treatment systems on our fleet. The Company also received insurance proceeds of \$3.6 million for hull and machinery claims. Additionally, the Company paid \$0.5 million towards vessel improvements. During the three months ended March 31, 2019, the Company purchased one Ultramax vessel for \$20.4 million, of which \$2.0 million was paid as an advance as of December 31, 2018. The proceeds from the sale of two vessels were \$12.8 million. Additionally, the Company paid \$11.2 million for the purchase and installation of scrubbers and ballast water treatment systems on our fleet. Please refer to Note 3 Vessels to the condensed consolidated financial statements for further information.

Net cash provided by financing activities during the three months ended March 31, 2020 and 2019 was \$40.5 million and \$6.8 million, respectively. During the three months ended March 31, 2020, the Company received \$45.0 million in proceeds from the revolver loan under the New Ultraco Debt Facility and \$2.5 million in proceeds from the Super Senior Facility. The Company repaid \$5.8 million of the New Ultraco Debt Facility and paid \$1.2 million to settle net share equity awards. During the three months ended March 31, 2019, the Company completed a debt refinancing transaction and received net proceeds of \$153.4 million, by entering into new term and revolver loan facilities under the New Ultraco Debt Facility and repaid all outstanding debt under the Original Ultraco Debt Facility and New First Lien Facility of \$82.6 million and \$65.0 million, respectively. The Company paid \$3.2 million as debt issuance costs to the lenders under the New Ultraco Debt Facility. Additionally, the Company paid \$0.9 million to settle net share equity awards.

Our principal sources of funds are operating cash flows, long-term bank borrowings and borrowings under our revolving credit facility. Our principal use of funds is capital expenditures to establish and grow our fleet, maintain the quality of our vessels, comply with international shipping standards and environmental laws and regulations, fund working capital requirements and repay interest and principal on our outstanding loan facilities.

Summary of Liquidity and Capital Resources

As of March 31, 2020, our cash and cash equivalents including restricted cash was \$72.2 million, compared to \$59.1 million at December 31, 2019. The Company had restricted cash of \$3.0 million and \$5.5 million as of March 31, 2020 and December 31, 2019 respectively.

As of March 31, 2020, the availability under our revolver facilities was \$22.5 million.

As of March 31, 2020, the Company's debt consisted of \$188.0 million in outstanding bonds under the Norwegian Bond Debt, net of \$3.8 million of debt discount and debt issuance costs, the revolver loan under the Super Senior Facility of \$2.5 million, net of \$0.1 million of debt discount and debt issuance costs, the New Ultraco Debt Facility of \$166.8 million, net of \$3.3 million of debt discount and debt issuance costs, the revolver loan under the New Ultraco Debt Facility of \$45.0 million, and the Convertible Bond Debt of \$114.1 million, net of \$20.4 million of debt discount and issuance costs.

We believe that our current financial resources, together with the undrawn capacity under our revolving credit facilities and cash generated from operations will be sufficient to meet our ongoing business needs and other obligations over the next twelve months. However, our ability to generate sufficient cash depends on many factors beyond our control including, among other things, the impact and duration of COVID-19 and an improvement in charter rates.

Capital Expenditures

Our capital expenditures relate to the purchase of vessels and capital improvements to our vessels, which are expected to enhance the revenue earning capabilities and safety of the vessels.

In addition to acquisitions that we may undertake in future periods, the other major capital expenditures include funding the Company's program of regularly scheduled drydocking, which is necessary to comply with international shipping standards and environmental laws and regulations. Although the Company has some flexibility regarding the timing of its drydocking, the costs are relatively predictable. The Company anticipates that vessels will be drydocked every five years for vessels younger than 15 years and every two and a half years for vessels older than 15 years. Accordingly, these expenses will be deferred and amortized over that period. We anticipate that we will fund these costs with cash from operations and that these drydocks will require us to reposition these vessels from a discharge port to shipyard facilities, which will reduce our available days and operating days during that period.

Drydocking costs incurred are deferred and amortized to expense on a straight-line basis over the period through the date of the next scheduled drydocking for those vessels. In the three months ended March 31, 2020, three of our vessels completed drydock and we incurred drydocking expenditures of \$5.2 million. In the three months ended March 31, 2019, three of our vessels completed drydock and one vessel was still in drydock as of March 31, 2019, and we incurred drydocking expenditures of \$2.5 million.

The following table represents certain information about the estimated costs for anticipated vessel drydockings, ballast water treatment systems, and scrubber installations in the next four quarters, along with the anticipated off-hire days:

Quarter Ending	Projected Costs ^{(2) (3)} (in millions)					
	Off-hire Days ⁽¹⁾		BWTS		Scrubbers	Drydocks
June 30, 2020	129	\$	2.1	\$	8.9	2.3
September 30, 2020	237	\$	1.7	\$	—	4.5
December 31, 2020	114	\$	1.0	\$	—	1.6
March 31, 2021	109	\$	0.8	\$	—	1.5

⁽¹⁾ Actual duration of off-hire days will vary based on number of factors including but not limited to the positioning of the vessels, condition of the vessels, yard schedules. Our offhire days are also impacted by unforeseen circumstances.

⁽²⁾ Actual costs will vary based on various factors, including where the drydockings are actually performed.

⁽³⁾ Subsequent to March 31, 2020, the Company applied and received extensions for BWTS installations on 18 of our vessels. The Company is currently reviewing the BWTS installation schedule.

Off-balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Other Contingencies

We refer you to Note 7 Commitments and Contingencies to our condensed consolidated financial statements for a discussion of our contingencies related to claim litigation. If an unfavorable ruling were to occur in these matters, there exists the possibility of a material adverse impact on our business, liquidity, results of operations, financial position and cash flows in the period in which the ruling occurs. The potential impact from legal proceedings on our business, liquidity, results of operations, financial position and cash flows could change in the future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes from the market risk disclosure set forth in the section entitled “Quantitative and Qualitative Disclosures about Market Risk” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on March 12, 2020. For information regarding our use of certain derivative instruments, including interest rate swaps, forward freight agreements and bunker swaps, see Note 5 Derivatives to the condensed consolidated financial statements.

ITEM 4. CONTROLS AND PROCEDURES

Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of March 31, 2020, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2020.

Changes in Internal Controls.

No change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-(f) under the Exchange Act) occurred during the quarter ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that all of our shore employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

PART II: OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

From time to time, we are involved in various disputes and litigation matters that arise in the ordinary course of our business, principally personal injury and property casualty claims. Those claims, even if lacking merit, could result in the expenditure by us of significant financial and managerial resources. Information about legal proceedings is set forth in Note 7 Commitments and Contingencies to the condensed consolidated financial statements and is incorporated by reference herein.

ITEM 1A – RISK FACTORS

As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019 under “The COVID-19 or other pandemics, could have a material adverse impact on our business, results of operations, or financial condition,” we believe the COVID-19 has negatively affected our business and could continue to do so. However, the extent to which the COVID-19 outbreak will adversely impact our business, financial condition and results of operations is highly uncertain and cannot be predicted. The global spread of COVID-19 has created significant worldwide operational volatility, uncertainty and disruption. The extent to which COVID-19 will adversely impact our business, financial condition and results of operations will depend on numerous evolving factors, which are highly uncertain, rapidly changing and cannot be predicted, including:

- the duration and scope of the outbreak;
- governmental, business and individual actions that have been and continue to be taken in response to the outbreak, including travel restrictions, quarantines, social distancing, work-at-home, stay-at-home and shelter-in-place orders and shut-downs;
- the impact of the outbreak on the financial markets and economic activity generally;
- the effect of the outbreak on our charterers and other business partners;
- our ability to access the capital markets and our usual sources of liquidity on reasonable terms;
- our ability to comply with the financial covenants in our debt agreements if a material economic downturn results in increased indebtedness or substantially lower operating results;
- potential vessel impairment charges;
- increased cybersecurity risks as a result of remote working conditions;
- our ability during the outbreak to provide our services, including the health and wellbeing of our employees; and
- the ability of our charterers to pay for our services during and following the outbreak.

The COVID-19 outbreak has significantly increased financial and economic volatility and uncertainty. A continued slowdown or downturn in the economy has had, and we expect will continue to have, a negative impact on demand for transportation of dry bulk products. All of the foregoing has and will continue to impact our business, financial condition, results of operations and forward-looking expectations. Furthermore, modified processes, procedures and controls could be required to respond to changes in our business environment, as our employees are required to work from home. The significant increase in remote working of our employees may exacerbate certain risks to our business, including an increased demand for information technology resources, increased risk of malicious technology-related events, such as cyberattacks and phishing attacks, and increased risk of improper dissemination of personal, proprietary or confidential information.

The potential effects of COVID-19 could also heighten the risks disclosed in many of our risk factors that are included in Part I, Item 1A, Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2019, including as a result of, but not limited to, the factors described above. Furthermore, the risks described in the Annual Report on Form 10-K for the year ended December 31, 2019 are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 - MINE SAFETY DISCLOSURES

None.

ITEM 5 - OTHER INFORMATION

None.

ITEM 6 – Exhibits

EXHIBIT INDEX

<u>10.1*</u>	<u>Second Amendment, dated April 20, 2020, to the Credit Agreement, dated as of January 25, 2019, by and among Eagle Bulk Ultraco LLC, as borrower, certain initial and additional guarantors, as guarantors, Eagle Bulk Shipping Inc., as apparent and guarantor, the lenders thereto, the swap parties thereto and ABN AMRO Capital USA LLC, as facility agent and security trustee.</u>
<u>31.1*</u>	<u>Sarbanes-Oxley Section 302 Certification of Principal Executive Officer.</u>
<u>31.2*</u>	<u>Sarbanes-Oxley Section 302 Certification of Principal Financial Officer.</u>
<u>32.1**</u>	<u>Section 1350 Certification of Principal Executive Officer.</u>
<u>32.2**</u>	<u>Section 1350 Certification of Principal Financial Officer.</u>
101*	The following materials from Eagle Bulk Shipping Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, formatted in eXtensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets (unaudited) as of March 31, 2020 and December 31, 2019, (ii) Condensed Consolidated Statements of Operations (unaudited) for the three months ended March 31, 2020 and 2019, (iii) Condensed Consolidated Statements of Comprehensive (loss)/income (unaudited) for the three months ended March 31, 2020 and 2019, (iv) Condensed Consolidated Statements of Stockholders' Equity (unaudited) for the three months ended March 31, 2020 and 2019, (v) Condensed Consolidated Statements of Cash Flows (unaudited) for the three months ended March 31, 2020 and 2019, and (vi) Notes to Condensed Consolidated Financial Statements (unaudited).

* Filed herewith.

** Furnished herewith.

Management contract or compensatory plan or arrangement.

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.

EAGLE BULK SHIPPING INC.

By: /s/ Gary Vogel

Gary Vogel
Chief Executive Officer
(Principal executive officer of the registrant)
Date: May 11, 2020

By: /s/ Frank De Costanzo

Frank De Costanzo
Chief Financial Officer
(Principal financial officer of the registrant)
Date: May 11, 2020

SECOND AMENDMENT TO CREDIT AGREEMENT

This SECOND AMENDMENT to the Credit Agreement referred to below, dated as of April 20, 2020 (this “**Second Amendment**”), by and among EAGLE BULK ULTRACO LLC, a Marshall Islands limited liability company, as Borrower (the “**Borrower**”), the Upstream Guarantors and the Parent, as joint and several guarantors, ABN AMRO Capital USA LLC, as Facility Agent (in such capacity, the “**Facility Agent**”) and ABN AMRO Capital USA LLC as Security Trustee (in such capacity, the “**Security Trustee**”). Capitalized terms used herein but not otherwise defined in this Second Amendment have the same meanings as specified in the Credit Agreement referenced below, as amended by this Second Amendment.

RECITALS

WHEREAS, the Borrower, the Guarantors from time to time party thereto, the Lenders from time to time party thereto, the Swap Banks from time to time party thereto, the Facility Agent, the Security Trustee and the other parties thereto have entered into that certain Credit Agreement, dated as of January 25, 2019, in the amount of up to \$210,000,000, as amended by that certain First Amendment to Credit Agreement, dated as of October 1, 2019, providing for Incremental Commitments in the amount of up to \$45,760,000 and an additional uncommitted accordion in the amount of up to \$60,000,000 (as further amended, restated, amended and restated, supplemented or otherwise modified prior to the date hereof, the “**Credit Agreement**”); and

WHEREAS, the Borrower, the Guarantors, the Lenders, the Facility Agent and the Security Trustee have agreed to amend the Credit Agreement as hereinafter set forth to provide for certain amendments to the definitions of “**Consolidated Interest Coverage Ratio**” and “**Consolidated EBITDA**”;

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendments to Credit Agreement. The Credit Agreement is, effective as of the date of this Second Amendment, hereby amended as follows:

- (a) **Definitions.** Section 1.01 of the Credit Agreement is hereby amended by:
- (i) adding the following new definitions thereto in the proper alphabetical order:

“**Consolidated Cash Interest Expense**” means, for any period, total interest expense net of total interest income (excluding non-cash interest income) of the Parent and its Subsidiaries, excluding the Restricted Subsidiary, determined on a consolidated basis in accordance with GAAP for such period with respect to all outstanding Indebtedness of the Parent and its Subsidiaries, excluding the Restricted Subsidiary (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing and net costs under Swap Contracts in respect of interest rates to the extent that such net costs are allocable to such period) and excluding any amortization of debt discount costs and/or debt issuance costs and/or any other non-cash interest expense, other than, without duplication, interest paid-in-kind.

“**Second Amendment**” means that certain Second Amendment to Credit Agreement, dated as of April 20, 2020, among the Borrower, the Guarantors, the Facility Agent and the Security Trustee.

- (ii) amending and restating the following definitions thereto:

“Consolidated EBITDA” means, for any period (in each case based on the Parent on a consolidated basis excluding the Restricted Subsidiary), Consolidated Net Income for such period plus, without duplication and to the extent deducted in determining Consolidated Net Income for such period, the sum of (a) all federal, state, local and foreign income taxes and tax distributions; (b) Consolidated Interest Expense; (c) extraordinary and unusual items (in accordance with GAAP); (d) depreciation, depletion, amortization of intangibles and other non-cash charges or non-cash losses (including any drydocking expenses, non-cash transaction expenses and the amortization of debt discounts); (e) all stock-based compensation; (f) any write-off for financing costs; (g) losses on sale of vessels; and (k) reasonable fees, costs and expenses, without duplication, incurred in connection with (i) this Agreement and the other Loan Documents, including any future amendment, restatement, supplement or other modification of this Agreement or any of the other Loan Documents, and (ii) the acquisition or disposition of Vessels (irrespective of whether such transaction is actually consummated), minus, to the extent included in determining Consolidated Net Income for such period, (a) any non-cash income or non-cash gains (including any unrealized gain/loss on freight forward agreements and bunker swaps); (b) any extraordinary gains on asset sales not incurred in the ordinary course of business; and (c) gains on any sale of vessels.

“Consolidated Interest Coverage Ratio” means as of any date of determination, the ratio of (a) Consolidated EBITDA to (b) Consolidated Cash Interest Expense.

SECTION 2. Representations and Warranties. In order to induce the Lenders to amend the Credit Agreement in the manner provided herein, each Security Party hereby represents and warrants that:

(a) the representations and warranties set forth in Article III of the Credit Agreement and in each other Loan Document shall be true and correct in all material respects (or true and correct in all respects in the case of representations and warranties qualified by materiality or Material Adverse Effect) on and as of the date of this Second Amendment with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects (or true and correct in all respects in the case of representations and warranties qualified by materiality or Material Adverse Effect) on and as of such earlier date).

(b) both before and after giving effect to this Second Amendment, no Default or Event of Default shall have occurred and be continuing; and

(c) this Second Amendment has been duly authorized, executed and delivered by each Security Party party hereto and each of this Second Amendment and the Credit Agreement, as amended hereby, constitutes a legal, valid and binding obligation, enforceable against each Security Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3. Effects on Loan Documents.

(a) Except as specifically amended herein or contemplated hereby, all Loan Documents shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(b) The execution, delivery and effectiveness of this Second Amendment shall not operate as a waiver of any right, power or remedy of any Lender or the Facility Agent or the Security Trustee under any of the Loan Documents, nor constitute a waiver of any provision of the Loan Documents or in any way limit, impair or otherwise affect the rights and remedies of the Lenders or the Facility Agent or the Security Trustee under the Loan Documents.

(c) (i) Each Security Party acknowledges and agrees that, on and after the date of this Second Amendment, this Second Amendment shall constitute a Loan Document for all purposes of the Credit Agreement (as amended by this Second Amendment) and (ii) each Security Party hereby (A) agrees that all Obligations shall be guaranteed pursuant to the Guarantees set forth in Article VIII of the Credit Agreement in accordance with the terms and provisions thereof and shall be secured pursuant to the Security Documents in accordance with the terms and provisions thereof, and that, notwithstanding the effectiveness of this Second Amendment, on and after the date of this Second Amendment, the Guarantees and the Liens created pursuant to the Security Documents for the benefit of the Finance Parties continue to be in full force and effect on a continuous basis and (B) affirms, acknowledges and confirms all of its obligations and liabilities under the Credit Agreement and each other Loan Document to which it is a party, in each case after giving effect to this Second Amendment, all as provided in such Loan Documents, and acknowledges and agrees that such obligations and liabilities continue in full force and effect on a continuous basis in respect of, and to secure, the Obligations under the Credit Agreement and the other Loan Documents, in each case after giving effect to this Second Amendment.

(d) On and after the date of this Second Amendment each reference in the Credit Agreement (as amended by this Second Amendment) to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to “Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Second Amendment, and this Second Amendment and the Credit Agreement as amended by this Second Amendment shall be read together and construed as a single instrument.

(e) Nothing herein shall be deemed to entitle the Borrower, nor the Guarantors to a further consent to, or a further waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement as amended by this Second Amendment or any other Loan Document in similar or different circumstances.

SECTION 4. Expense Reimbursement and Indemnification. The Borrower hereby confirms that the expense reimbursement and indemnification provisions set forth in Section 11.03 of the Credit Agreement as amended by this Second Amendment shall apply to this Second Amendment and the transactions contemplated hereby.

SECTION 5. Amendments; Severability.

(a) This Second Amendment may not be amended nor may any provision hereof be waived except in accordance with the provisions of Section 11.02(b) of the Credit Agreement.

(b) To the extent any provision of this Second Amendment is prohibited by or invalid under the applicable law of any jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity and only in such jurisdiction, without prohibiting or invalidating such provision in any other jurisdiction or the remaining provisions of this Second Amendment in any jurisdiction.

SECTION 6. Governing Law; Waiver of Jury Trial; Jurisdiction. THIS SECOND AMENDMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS SECOND AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAW OF THE STATE OF NEW YORK (including Sections 5-1401 and 5-1402 of the General Obligations Law but otherwise excluding the laws applicable to conflicts or choice of law). The provisions of Sections 11.09(b), 11.09(c), 11.09(d) and 11.10 of the Credit Agreement as amended by this Second Amendment are incorporated herein by reference, *mutatis mutandis*.

SECTION 7. Headings. Section headings in this Second Amendment are included herein for convenience of reference only, are not part of this Second Amendment and are not to affect the construction of, or to be taken into consideration in interpreting, this Second Amendment.

SECTION 8. Counterparts. This Second Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Second Amendment by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Second Amendment.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be duly executed and delivered by their respective proper and duly authorized officers or attorneys-in-fact, as the case may be, as of the day and year first above written.

BORROWER:

EAGLE BULK ULTRACO LLC

By: Frank DeCostanzo
Name: Frank DeCostanzo
Title: Chief Financial officer

PARENT:

EAGLE BULK SHIPPING INC., as Parent and
Guarantor

By: Frank DeCostanzo
Name: Frank DeCostanzo
Title: Chief financial officer

UPSTREAM GUARANTORS:

GANNET SHIPPING LLC
GOLDEN EAGLE SHIPPING LLC
GREBE SHIPPING LLC
IBIS SHIPPING LLC
IMPERIAL EAGLE SHIPPING LLC
JAY SHIPPING LLC
KINGFISHER SHIPPING LLC
MARTIN SHIPPING LLC
NIGHTHAWK SHIPPING LLC
CAPE TOWN EAGLE LLC
FAIRFIELD EAGLE LLC
MYSTIC EAGLE LLC
SOUTHPORT EAGLE LLC
STONINGTON EAGLE LLC
GROTON EAGLE LLC
ROWAYTON EAGLE LLC
MADISON EAGLE LLC
WESTPORT EAGLE LLC
GREENWICH EAGLE LLC
NEW LONDON EAGLE LLC
HAMBURG EAGLE LLC
SYDNEY EAGLE LLC
COPENHAGEN EAGLE LLC
DUBLIN EAGLE LLC

By: Frank De Costanzo
Name: Frank De Costanzo
Title: Chief Financial Officer

ABN AMRO CAPITAL USA LLC, as Facility Agent and
Security Trustee for and on behalf of the Required Lenders

By: 
Maria Fahey (Apr 20, 2020)

Name: Maria Fahey

Title: Director

By: 
Amit Wyalda (Apr 20, 2020)

Name: Amit Wyalda

Title: Executive Director

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Gary Vogel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle Bulk Shipping Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers 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 function):
 - 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.

Date: May 11, 2020

/s/ Gary Vogel
Gary Vogel
Principal Executive Officer

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Frank De Costanzo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle Bulk Shipping Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers 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 function):
 - 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.

Date: May 11, 2020

/s/ Frank De Costanzo
Frank De Costanzo
Principal Financial Officer

Exhibit 32.1

**PRINCIPAL EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the quarterly report of Eagle Bulk Shipping Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission (the “SEC”) on or about the date hereof (the “Report”), I, Gary Vogel, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (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.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: May 11, 2020

/s/ Gary Vogel
Gary Vogel
Principal Executive Officer

Exhibit 32.2

**PRINCIPAL FINANCIAL OFFICER CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the quarterly report of Eagle Bulk Shipping Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission (the “SEC”) on or about the date hereof (the “Report”), I, Frank De Costanzo, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (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.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: May 11, 2020

/s/ Frank De Costanzo
Frank De Costanzo
Principal Financial Officer