

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 June 30, 2022

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 Accelerated filer Non-Accelerated filer
Smaller reporting company Emerging growth company

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 August 3, 2022: 13,691,287

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This 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 could decline 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, including the current conflict between Russia and Ukraine, which may impact our ability to retain and source crew, and in turn, could adversely affect our revenue, expenses, and profitability; (ix) changes in the condition of the Company’s vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking 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, including the availability and effectiveness of vaccines on a widespread basis and the impact of any mutations of the virus; (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
June 30, 2022 and December 31, 2021
(U.S. Dollars in thousands, except share data and par values)

	June 30, 2022 (Unaudited)	December 31, 2021
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 138,955	\$ 86,147
Accounts receivable, net of a reserve of \$1,921 and \$1,818, respectively	43,948	28,456
Prepaid expenses	4,524	3,362
Inventories	25,193	17,651
Vessel held for sale	5,592	—
Collateral on derivatives	16,770	15,081
Fair value of derivative assets - current	8,459	4,669
Other current assets	929	667
Total current assets	244,370	156,033
Noncurrent assets:		
Vessels and vessel improvements, at cost, net of accumulated depreciation of \$237,490 and \$218,670, respectively	885,255	908,076
Operating lease right-of-use assets	35,370	17,017
Other fixed assets, net of accumulated depreciation of \$1,521 and \$1,403, respectively	380	257
Restricted cash - noncurrent	2,575	75
Deferred drydock costs, net	46,930	37,093
Fair value of derivative assets - noncurrent	7,746	3,112
Advances for ballast water systems and other assets	3,983	4,995
Total noncurrent assets	982,239	970,625
Total assets	\$ 1,226,609	\$ 1,126,658
LIABILITIES & STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 22,189	\$ 20,781
Accrued interest	3,008	2,957
Other accrued liabilities	17,766	17,994
Fair value of derivative liabilities - current	269	4,253
Current portion of operating lease liabilities	29,908	15,728
Unearned charter hire revenue	13,609	12,088
Current portion of long-term debt	49,800	49,800
Total current liabilities	136,549	123,601
Noncurrent liabilities:		
Global Ultraco Debt Facility, net of debt issuance costs	205,221	229,290
Convertible Bond Debt, net of debt discount and debt issuance costs	113,253	100,954
Noncurrent portion of operating lease liabilities	5,455	1,282
Other noncurrent accrued liabilities	636	265
Total noncurrent liabilities	324,565	331,791
Total liabilities	461,114	455,392
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 25,000,000 shares authorized, none issued as of June 30, 2022 and December 31, 2021	—	—
Common stock, \$.01 par value, 700,000,000 shares authorized, 12,989,181 and 12,917,027 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	130	129
Additional paid-in capital	963,482	982,746
Accumulated deficit	(210,854)	(313,495)
Accumulated other comprehensive income	12,737	1,886
Total stockholders' equity	765,495	671,266
Total liabilities and stockholders' equity	\$ 1,226,609	\$ 1,126,658

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

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations (Unaudited)
For the Three and Six Months Ended June 30, 2022 and 2021
(U.S. Dollars in thousands, except share and per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenues, net	\$ 198,695	\$ 129,851	\$ 383,093	\$ 226,423
Voyage expenses	36,290	24,523	79,917	51,138
Vessel operating expenses	27,207	23,679	55,122	45,198
Charter hire expenses	21,285	6,170	43,996	14,650
Depreciation and amortization	15,254	13,111	29,834	25,617
General and administrative expenses	9,891	7,913	19,945	15,611
Other operating expense	41	559	174	1,520
Total operating expenses	<u>109,968</u>	<u>75,955</u>	<u>228,988</u>	<u>153,734</u>
Operating income	88,727	53,896	154,105	72,689
Interest expense	4,338	8,799	8,785	17,050
Interest income	(174)	(15)	(219)	(32)
Realized and unrealized (gain)/loss on derivative instruments, net	<u>(9,890)</u>	<u>35,887</u>	<u>(1,988)</u>	<u>36,597</u>
Total other expense, net	(5,726)	44,671	6,578	53,615
Net income	<u>\$ 94,453</u>	<u>\$ 9,225</u>	<u>\$ 147,527</u>	<u>\$ 19,074</u>
Weighted average shares outstanding:				
Basic	12,988,200	12,168,180	12,981,202	11,950,048
Diluted	16,376,517	12,397,156	16,373,458	12,081,772
Per share amounts:				
Basic net income	\$ 7.27	\$ 0.76	\$ 11.36	\$ 1.60
Diluted net income	\$ 5.77	\$ 0.74	\$ 9.01	\$ 1.58

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

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Unaudited)
For the Three and Six Months Ended June 30, 2022 and 2021
(U.S. Dollars in thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net income	\$ 94,453	\$ 9,225	\$ 147,527	\$ 19,074
Other comprehensive income:				
Net unrealized gain on cash flow hedges	2,170	44	10,851	644
Comprehensive income	<u>\$ 96,623</u>	<u>\$ 9,269</u>	<u>\$ 158,378</u>	<u>\$ 19,718</u>

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 (Unaudited)
For the Six Months Ended June 30, 2022 and 2021
(U.S. Dollars in thousands, except share data)

	Common stock	Common stock amount	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Total stockholders' equity
Balance at December 31, 2021	12,917,027	\$ 129	\$ 982,746	\$ (313,495)	\$ 1,886	\$ 671,266
Net income	—	—	—	53,073	—	53,073
Dividends declared	—	—	—	(27,112)	—	(27,112)
Cumulative effect of adoption of ASU 2020-06	—	—	(20,726)	8,676	—	(12,050)
Issuance of shares due to vesting of restricted shares	60,890	1	(1)	—	—	—
Issuance of shares upon exercise of stock options	8,077	—	85	—	—	85
Unrealized gain on cash flow hedges	—	—	—	—	8,681	8,681
Fees for equity offerings	—	—	201	—	—	201
Cash used to settle net share equity awards	—	—	(1,862)	—	—	(1,862)
Stock-based compensation	—	—	1,487	—	—	1,487
Balance at March 31, 2022	12,985,994	130	961,930	(278,858)	10,567	693,769
Net income	—	—	—	94,453	—	94,453
Dividends declared	—	—	—	(26,449)	—	(26,449)
Issuance of shares due to vesting of restricted shares	3,187	—	—	—	—	—
Unrealized gain on cash flow hedges	—	—	—	—	2,170	2,170
Cash used to settle net share equity awards	—	—	(53)	—	—	(53)
Stock-based compensation	—	—	1,605	—	—	1,605
Balance at June 30, 2022	12,989,181	\$ 130	\$ 963,482	\$ (210,854)	\$ 12,737	\$ 765,495

	Common stock	Common stock amount	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive (loss)/income	Total stockholders' equity
Balance at December 31, 2020	11,661,797	\$ 116	\$ 943,572	\$ (472,138)	\$ (1,132)	\$ 470,418
Net income	—	—	—	9,849	—	9,849
Issuance of shares due to vesting of restricted shares	71,146	1	(1)	—	—	—
Unrealized gain on cash flow hedges	—	—	—	—	600	600
Fees for equity offerings	—	—	(32)	—	—	(32)
Cash used to settle net share equity awards	—	—	(811)	—	—	(811)
Stock-based compensation	—	—	872	—	—	872
Balance at March 31, 2021	11,732,943	117	943,600	(462,289)	(532)	480,896
Net income	—	—	—	9,225	—	9,225
Issuance of shares due to vesting of restricted shares	2,773	—	—	—	—	—
Issuance of shares upon conversion of warrants	432,037	4	8,371	—	—	8,375
Issuance of shares from ATM Offering, net of commissions and issuance costs	581,385	6	27,278	—	—	27,284
Issuance of shares upon exercise of stock options	4,117	—	22	—	—	22
Unrealized gain on cash flow hedges	—	—	—	—	44	44
Cash used to settle net share equity awards	—	—	(174)	—	—	(174)
Stock-based compensation	—	—	586	—	—	586
Balance at June 30, 2021	12,753,255	\$ 127	\$ 979,683	\$ (453,064)	\$ (488)	\$ 526,258

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 (Unaudited)
For the Six Months Ended June 30, 2022 and 2021
(U.S. Dollars in thousands)

	Six Months Ended	
	June 30, 2022	June 30, 2021
Cash flows from operating activities:		
Net income	\$ 147,527	\$ 19,074
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation	23,573	21,538
Amortization of operating lease right-of-use assets	12,664	6,201
Amortization of deferred drydocking costs	6,261	4,079
Amortization of debt discount and debt issuance costs	1,092	3,467
Net unrealized (gain)/loss on fair value of derivatives	(1,393)	30,541
Stock-based compensation expense	3,092	1,458
Drydocking expenditures	(16,098)	(6,429)
<i>Changes in operating assets and liabilities:</i>		
Accounts payable	1,793	8,216
Accounts receivable	(15,492)	(10,390)
Accrued interest	51	(131)
Inventories	(7,542)	(4,274)
Operating lease liabilities current and noncurrent	(12,664)	(6,664)
Collateral on derivatives	(1,689)	(33,499)
Fair value of derivatives, other current and noncurrent assets	(453)	(41)
Other accrued liabilities	(868)	(1,779)
Prepaid expenses	(1,162)	(1,112)
Unearned charter hire revenue	1,522	330
Net cash provided by operating activities	140,214	30,585
Cash flows from investing activities:		
Purchase of vessels and vessel improvements	(495)	(79,002)
Advances for vessel purchases	—	(5,340)
Purchase of scrubbers and ballast water systems	(4,807)	(2,385)
Proceeds from hull and machinery insurance claims	—	238
Purchase of other fixed assets	(241)	(14)
Net cash used in investing activities	(5,543)	(86,503)
Cash flows from financing activities:		
Proceeds from New Ultraco Debt Facility	—	11,000
Repayment of Norwegian Bond Debt	—	(4,000)
Repayment of term loan under New Ultraco Debt Facility	—	(15,897)
Repayment of revolver loan under New Ultraco Debt Facility	—	(30,000)
Repayment of revolver loan under Super Senior Facility	—	(15,000)
Proceeds from revolver loan under New Ultraco Debt Facility	—	55,000
Proceeds from Holdco Revolving Credit Facility	—	24,000
Proceeds from issuance of shares under ATM Offering, net of commissions	—	27,372
Repayment of term loan under Global Ultraco Debt Facility	(24,900)	—
Cash received from exercise of stock options	85	22
Cash used to settle net share equity awards	(1,915)	(986)
Equity offerings issuance costs	201	(292)
Financing costs paid to lenders	(18)	(351)
Dividends paid	(52,816)	—
Net cash (used in)/provided by financing activities	(79,363)	50,868
Net increase/(decrease) in cash, cash equivalents and restricted cash	55,308	(5,050)
Cash, cash equivalents and restricted cash at beginning of period	86,222	88,849
Cash, cash equivalents and restricted cash at end of period	\$ 141,530	\$ 83,799
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the period for interest	\$ 7,123	\$ 13,420
Accruals for vessel purchases and vessel improvements included in Other accrued liabilities	\$ 6	\$ 229
Accruals for scrubbers and ballast water treatment systems included in Accounts payable and Other accrued liabilities	\$ 3,010	\$ 3,346
Accruals for dividends payable included in Other accrued liabilities and Other noncurrent accrued liabilities	\$ 1,237	\$ —
Accrual for issuance costs for ATM Offering included in Other accrued liabilities	\$ —	\$ 89
Accruals for debt issuance costs included in Accounts payable and Other accrued liabilities	\$ —	\$ 500

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 June 30, 2022, the Company owned and operated a modern fleet of 53 oceangoing vessels, including 27 Supramax and 26 Ultramax vessels with a combined carrying capacity of 3.19 million deadweight tons (“dwt”) and an average age of approximately 9.8 years. Additionally, the Company charters-in five Ultramax vessels on a long term basis with remaining lease terms of approximately one year each and also charters-in vessels on a short term basis for a period less than one year.

For the three and six months ended June 30, 2022 and 2021, 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 Rule 10-01 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 2021 Annual Report on Form 10-K, filed with the SEC on March 14, 2022 (the “Form 10-K”).

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.

In March 2021, the Company entered into an at market issuance sales agreement with B. Riley Securities, Inc., BTIG, LLC and Fearnley Securities, Inc., as sales agents (each, a “Sales Agent” and collectively, the “Sales Agents”), to sell shares of common stock, par value \$0.01 per share, of the Company with aggregate gross sales proceeds of up to \$50.0 million, from time to time through an “at-the-market” offering program (the “ATM Offering”). During the second quarter of 2021, the Company sold and issued an aggregate of 581,385 shares at a weighted average sales price of \$47.97 per share under the ATM Offering for aggregate net proceeds of \$27.1 million after deducting sales agent commissions and other offering costs. The proceeds were used for partial financing of vessel acquisitions and other corporate purposes.

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 operating lease right-of-use assets and operating lease liabilities and the fair value of derivatives. Actual results could differ from those estimates.

Note 2. Recent Accounting Pronouncements

Significant Accounting Policies

The Company’s significant accounting policies are described in Note 2, Significant Accounting Policies, in the Notes to the Consolidated Financial Statements in the Form 10-K. Included herein are certain updates to those policies.

Recently Adopted Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*, (“ASU 2020-06”). ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity’s own equity. ASU 2020-06 removes from U.S. GAAP the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, after adopting the ASU’s guidance, entities will not separately present in equity an embedded conversion feature in such debt. Instead, the entity will account for a convertible debt instrument wholly as debt, and for convertible preferred stock wholly as preferred stock (i.e., as a single unit of account), unless (1) a convertible instrument contains features that require bifurcation as a derivative under ASC 815, *Derivatives and Hedging*, or (2) a convertible debt instrument was issued at a substantial premium. The Company adopted ASU 2020-06 as of January 1, 2022 under the modified retrospective approach. The Convertible Bond Debt (defined below) will no longer require bifurcation and separate accounting of the equity component. The resulting debt discount will no longer be amortized to interest expense over the life of the bond and thus an adjustment to beginning retained earnings of \$8.7 million was recorded within Accumulated deficit reflecting the cumulative impact of adoption. Additionally, a \$20.7 million reduction to Additional paid-in capital was recorded to reverse the equity component and an offsetting \$12.0 million was recorded within Long-term debt as a reversal of the debt discount.

Recently Issued Accounting Pronouncements Not Yet Effective

The FASB has issued accounting standards that had not yet become effective as of June 30, 2022 and may impact the Company’s consolidated financial statements or related disclosures in future periods. Those standards and their potential impact are discussed below:

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, (“ASU 2020-04”). ASU 2020-04 addresses concerns about certain accounting consequences that could result from the anticipated transition away from the use of LIBOR and other interbank offered rates to alternative reference rates. ASU 2020-04 is elective and applies “to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.” ASU 2020-04 establishes (1) a general contract modification principle that entities can apply in other areas that may be affected by reference rate reform and (2) certain elective hedge accounting expedients. ASU 2020-04 is optional and effective for all entities as of March 12, 2020 and may be applied prospectively to contract modifications made on or before December 31, 2022. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, (“ASU 2021-01”), which clarifies certain provisions in Topic 848, if elected by an entity, to apply to derivative instruments that use interest rate for margining, discounting, or contract price alignment that is modified as a result of rate reference reform. The Company is currently evaluating the adoption of ASU 2020-04 on its debt under the Global Ultraco Debt Facility (as defined below) as it bears interest on outstanding borrowings at LIBOR plus a margin rate. Additionally, the Company is also evaluating the adoption of ASU 2021-01 on its interest rate swaps related to the Global Ultraco Debt Facility.

Note 3. Vessels

Vessel and Vessel Improvements

As of June 30, 2022, the Company’s owned operating fleet consisted of 53 drybulk vessels.

During the third quarter of 2018, the Company entered into a contract for the installation of ballast water treatment systems (“BWTS”) on 39 of our owned vessels. The projected cost, including installation, is approximately \$0.5 million per BWTS. The Company intends to complete the installations during scheduled drydockings. The Company completed installation of BWTS on 29 vessels and recorded \$17.3 million in Vessels and vessel improvements in the Condensed Consolidated Balance Sheets as of June 30, 2022. Additionally, the Company recorded \$3.2 million as advances paid towards installation of BWTS on the remaining vessels as a Noncurrent asset in its Condensed Consolidated Balance Sheets as of June 30, 2022.

On June 8, 2022, the Company signed a memorandum of agreement to sell the vessel Cardinal for a total consideration of \$15.8 million. The vessel will be delivered to the buyer during the third quarter of 2022. The Company recorded the carrying amount of the vessel of \$5.6 million as Vessel held for sale in its Condensed Consolidated Balance Sheets as of June 30, 2022.

The Vessels and vessel improvements activity for the six months ended June 30, 2022 is below:

(In thousands)	
Vessels and vessel improvements, at December 31, 2021	\$ 908,076
Purchase of vessels and vessel improvements	466
Vessel held for sale	(5,592)
Scrubbers and BWTS	5,760
Depreciation expense	(23,455)
Vessels and vessel improvements, at June 30, 2022	\$ 885,255

Note 4. Debt

(In thousands)	June 30, 2022	December 31, 2021
Convertible Bond Debt	\$ 114,119	\$ 114,119
Debt discount and debt issuance costs - Convertible Bond Debt	(866)	(13,165)
Convertible Bond Debt, net of debt discount and debt issuance costs	113,253	100,954
Global Ultraco Debt Facility	262,650	287,550
Debt discount and Debt issuance costs - Global Ultraco Debt Facility	(7,629)	(8,460)
Less: Current portion - Global Ultraco Debt Facility	(49,800)	(49,800)
Global Ultraco Debt Facility, net of debt issuance costs	205,221	229,290
Total long-term debt	\$ 318,474	\$ 330,244

Convertible Bond Debt

On July 29, 2019, the Company issued \$114.1 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 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, which commenced 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").

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 conversion rate of the Convertible Bond Debt after adjusting for a 1-for-7 reverse stock split effected on September 15, 2020 (the "Reverse Stock Split") and the Company's payments of cash dividends of (i) \$2.00 per share on November 24, 2021 (to shareholders of record as of November 15, 2021), (ii) \$2.05 per share on March 25, 2022 (to shareholders of record as of March 15, 2022), and (iii) \$2.00 per share on May 25, 2022 (to shareholders of record as of May 16, 2022) is 28.523 shares of the Company's common stock per \$1,000 principal amount of Convertible Bond Debt, which is equivalent to a conversion price of approximately \$35.06 per share of its common stock (subject to further adjustments for future dividends).

Upon conversion of the remaining bonds, 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*, ("ASC 470") the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) prior to the adoption of ASU 2020-06 were to be separately accounted for in a manner that reflected the issuer's non-convertible debt borrowing rate. The guidance required 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 reflected 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. Prior to the adoption of ASU 2020-06, the Company accounted for the Convertible Bond Debt based on the above guidance and attributed a portion of the proceeds to the equity component. The resulting debt discount was amortized using the 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. The Company adopted ASU 2020-06 as of January 1, 2022 and made adjustments to account for the cumulative impact of the adoption. See Note 2, Recent Accounting Pronouncements, for discussion of the impact of ASU 2020-06 on the accounting for the Convertible Bond Debt and the condensed consolidated financial statements upon adoption on January 1, 2022.

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 511,840 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. The number of shares under the Share Lending Agreement have been adjusted for the Reverse Stock Split. As of June 30, 2022, the fair value of the 511,840 outstanding loaned shares was \$26.6 million based on the closing price of the common stock on June 30, 2022. 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 511,840 shares lent to JCS as issued and outstanding for the purposes of calculating earnings per share.

Global Ultraco Debt Facility

On October 1, 2021, Eagle Bulk Ultraco LLC ("Eagle Ultraco"), a wholly-owned subsidiary of the Company, along with certain of its vessel-owning subsidiaries as guarantors, entered into a new senior secured credit facility (the "Global Ultraco Debt Facility") with the lenders party thereto (the "Lenders") Credit Agricole Corporate and Investment Bank ("Credit Agricole"), Skandinaviska Enskilda Banken AB (PUBL), Danish Ship Finance A/S, Nordea Bank ABP, Filial I Norge, DNB Markets Inc., Deutsche Bank AG, and ING Bank N.V., London Branch. The Global Ultraco Debt Facility provides for an aggregate principal amount of \$400.0 million, which consists of (i) a term loan facility in an aggregate principal amount of \$300.0 million (the "Term

Facility”) and (ii) a revolving credit facility in an aggregate principal amount of \$100.0 million (the “Revolving Facility”) to be used for refinancing the outstanding debt, including accrued interest and commitment fees under the Holdco Revolving Credit Facility, New Ultraco Debt Facility and Norwegian Bond Debt (each as defined in Note 6, Debt, in the Notes to the Consolidated Financial Statements in the Form 10-K) and for general corporate purposes. The Company paid fees of \$5.8 million to the Lenders in connection with the transaction.

The Global Ultraco Debt Facility has a maturity date of five years from the date of borrowing on the Term Facility, which is October 1, 2026. Outstanding borrowings bear interest at a rate of LIBOR plus 2.10% to 2.80% per annum, depending on certain metrics such as the Company's financial leverage ratio and meeting sustainability linked criteria. Repayments of \$12.45 million are due quarterly and began on December 15, 2021, with a final balloon payment of all outstanding principal and accrued interest due upon maturity. The loan is repayable in whole or in part without premium or penalty prior to the maturity date subject to certain requirements stipulated in the Global Ultraco Debt Facility.

The Global Ultraco Debt Facility is secured by 49 of the Company's vessels. The Global Ultraco Debt Facility contains certain standard affirmative and negative covenants along with financial covenants. The financial covenants include: (i) minimum consolidated liquidity based on the greater of (a) \$0.6 million per vessel owned directly or indirectly by the Company or (b) 7.5% of the Company's total debt; (ii) debt to capitalization ratio not greater than 0.60:1.00; and (iii) maintaining positive working capital.

Pursuant to the Global Ultraco Debt Facility, the Company borrowed \$350.0 million and together with cash on hand repaid the outstanding debt, accrued interest and commitment fees under the Holdco Revolving Credit Facility and New Ultraco Debt Facility. Concurrently, the Company issued a 10-day call notice to redeem the outstanding bonds under the Norwegian Bond Debt. Additionally, in October 2021, the Company entered into four interest rate swaps for the notional amount of \$300.0 million of the Term Facility under the Global Ultraco Debt Facility at a fixed interest rate ranging between 0.83% and 1.06% to hedge the LIBOR-based floating interest rate (see Note 5, Derivative Instruments, for additional details).

Interest Rates

2022

For the three and six months ended June 30, 2022, the interest rate on the Convertible Bond Debt was 5.00%. The weighted average effective interest rate including the amortization of debt discount and debt issuance costs for these periods was 5.30% and 5.39%, respectively.

For the three months ended June 30, 2022, the interest rate on the Global Ultraco Debt Facility ranged from 2.98% to 3.93%, including a margin over LIBOR applicable under the terms of the Global Ultraco Debt Facility and commitment fees of 40% of the margin on the undrawn portion of the revolving credit facility of the Global Ultraco Debt Facility. The weighted average effective interest rate including the amortization of debt discount and debt issuance costs for this period was 3.74%.

For the six months ended June 30, 2022, the interest rate on the Global Ultraco Debt Facility ranged from 2.35% to 3.93%, including a margin over LIBOR applicable under the terms of the Global Ultraco Debt Facility and commitment fees of 40% of the margin on the undrawn portion of the revolving credit facility of the Global Ultraco Debt Facility. The weighted average effective interest rate including the amortization of debt discount and debt issuance costs for this period was 3.39%.

2021

For the three and six months ended June 30, 2021, the interest rate on the Convertible Bond Debt was 5.00%. The weighted average effective interest rate including the amortization of debt discount and debt issuance costs for these periods was 10.14%.

For the three months ended June 30, 2021, the interest rate on the New Ultraco Debt Facility ranged from 2.60% to 2.72%, 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 revolving 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 3.25%.

For the six months ended June 30, 2021, the interest rate on the New Ultraco Debt Facility ranged from 2.60% to 2.72%, 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 revolving 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 3.23%.

For the three and six months ended June 30, 2021, 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 9.13% and 9.00%, respectively.

For the three and six months ended June 30, 2021, the interest rate on our outstanding debt under the Super Senior Facility (as defined in Note 6, Debt, in the Notes to the Consolidated Financial Statements in the Form 10-K) was 2.24%. The weighted average effective interest rate including the amortization of debt issuance costs for these periods was 2.58%. Additionally, we paid commitment fees of 40% of the margin on the undrawn portion of the Super Senior Revolver Facility.

For the three and six months ended June 30, 2021, the interest rate on our outstanding debt under the Holdco Revolving Credit Facility was 2.60%. The weighted average effective interest rate including the amortization of debt issuance costs for these periods was 5.05%. Additionally, we paid commitment fees of 40% of the margin on the undrawn portion of the Holdco Revolving Credit Facility.

The following table summarizes the Company's total interest expense:

(In thousands)	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Convertible Bond Debt interest	\$ 1,426	\$ 1,427	\$ 2,853	\$ 2,853
Global Ultraco Debt Facility interest	2,134	—	4,347	—
Holdco Revolving Credit Facility interest	—	158	—	158
New Ultraco Debt Facility interest	—	1,540	—	3,005
Norwegian Bond Debt interest	—	3,724	—	7,354
Super Senior Facility interest	—	—	—	30
Amortization of debt discount and debt issuance costs	530	1,838	1,092	3,467
Commitment fees on revolving credit facilities	248	112	493	183
Total Interest expense	\$ 4,338	\$ 8,799	\$ 8,785	\$ 17,050

Scheduled Debt Maturities

The following table presents the scheduled maturities of principal amounts of our debt obligations as of June 30, 2022:

(In thousands)	Convertible Bond Debt	Global Ultraco Debt Facility	Total
Six months ending December 31, 2022	\$ —	\$ 24,900	\$ 24,900
2023	—	49,800	49,800
2024	114,119	49,800	163,919
2025	—	49,800	49,800
2026	—	88,350	88,350
	\$ 114,119	\$ 262,650	\$ 376,769

Note 5. Derivative Instruments

Interest rate swaps

During October 2021, the Company entered into four interest rate swaps for the notional amount of \$300.0 million of the Term Facility under the Credit Agreement for the Global Ultraco Debt Facility at a fixed interest rate ranging between 0.83% and 1.06% to hedge the LIBOR-based floating interest rate.

During 2020, the Company entered into a series of interest rate swap agreements to effectively convert a portion of its debt under the New Ultraco Debt Facility, excluding any amounts outstanding under the revolving credit facility as well as any new term loan borrowings from a floating to a fixed-rate basis. In August 2021, the Company cancelled the New Ultraco Debt Facility interest rate swaps. Concurrent with the cancellation, the Company entered into another interest rate swap which was subsequently cancelled on October 1, 2021 upon repayment of the New Ultraco Debt Facility.

The interest rate swaps were designated and qualified as cash flow hedges. The Company uses interest rate swaps for the management of interest rate risk exposure, as an interest rate swap effectively converts a portion of the Company's debt from a floating to a fixed rate. The interest rate swap 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 interest rate swap and the prevailing market interest rates. The Company may terminate the interest rate swaps prior to their expiration dates, at which point a realized gain or loss may be recognized, or may be amortized over the original life of the interest rate swap if the hedged debt remains outstanding. 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.

Tabular disclosure of derivatives location

The following table summarizes the interest rate swaps in place as of June 30, 2022 and December 31, 2021:

Interest Rate Swap detail				Notional Amount outstanding (in thousands)	
Trade date	Fixed rate	Start date	End date	June 30, 2022	December 31, 2021
October 07, 2021	0.83 %	October 12, 2021	December 15, 2025	\$ 196,988	\$ 215,663
October 13, 2021	0.94 %	October 15, 2021	December 15, 2025	21,888	23,963
October 14, 2021	0.93 %	October 18, 2021	December 15, 2025	21,887	23,963
October 22, 2021	1.06 %	October 26, 2021	December 15, 2025	21,887	23,963
				<u>\$ 262,650</u>	<u>\$ 287,552</u>

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 income. The estimated income that is currently recorded in Accumulated other comprehensive income as of June 30, 2022 that is expected to be reclassified into the earnings within the next twelve months is \$5.2 million. No portion of the cash flow hedges were ineffective during the three and six months ended June 30, 2022.

The effect of derivative instruments on the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2022 and 2021 is below:

Derivatives designated as hedging instruments	Location of (gain)/loss in Statements of Operations	Effective portion of (gain)/loss reclassified from Accumulated other comprehensive income (in thousands)			
		Three Months Ended		Six Months Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Interest rate swaps	Interest expense	\$ (82)	\$ 151	\$ 315	\$ 296

The following table shows the interest rate swap assets and liabilities as of June 30, 2022 and December 31, 2021:

Derivatives designated as hedging instruments (in thousands)	Balance Sheet location	June 30, 2022		December 31, 2021	
Interest rate swap	Fair value of derivative assets - current	\$	5,212	\$	—
Interest rate swap	Fair value of derivative assets - noncurrent	\$	7,746	\$	3,112
Interest rate swap	Fair value of derivative liabilities - current	\$	—	\$	885

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 Statements of Operations 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 June 30, 2022, the Company had International Swaps and Derivatives Association (“ISDA”) agreements with five 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 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 June 30, 2022, the Company had outstanding bunker swap agreements to purchase 18,200 metric tons of high and low sulfur fuel oil with prices ranging between \$486 and \$841 that are expiring at March 31, 2023. The volume represents less than 10% of our estimated consumption on our fleet for the year.

The following table shows our open positions on FFAs as of June 30, 2022:

FFA Period	Number of Days Hedged	Average FFA Contract Price	
Quarter ending September 30, 2022	1305	\$	23,653
Quarter ending December 31, 2022	1740	\$	22,322

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 Realized and unrealized (gain)/loss on derivative instruments, net in the Condensed Consolidated Statements of Operations.

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

(In thousands)		Three Months Ended		Six Months Ended	
Derivatives not designated as hedging instruments	Location of loss/(gain) in Statements of Operations	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
FFAs - realized loss	Realized and unrealized (gain)/loss on derivative instruments, net	\$ 5,572	\$ 5,388	\$ 3,799	\$ 7,354
FFAs - unrealized (gain)/loss	Realized and unrealized (gain)/loss on derivative instruments, net	(13,133)	31,668	1,119	31,169
Bunker swaps - realized gain	Realized and unrealized (gain)/loss on derivative instruments, net	(2,620)	(545)	(4,394)	(1,298)
Bunker swaps - unrealized loss/(gain)	Realized and unrealized (gain)/loss on derivative instruments, net	291	(624)	(2,512)	(628)
Total		\$ (9,890)	\$ 35,887	\$ (1,988)	\$ 36,597

Derivatives not designated as hedging instruments (in thousands)	Balance Sheet location	June 30, 2022	December 31, 2021
FFAs - Unrealized loss	Fair value of derivative liabilities - current	\$ 259	\$ 3,368
FFAs - Unrealized gain	Fair value of derivative assets - current	383	4,326
Bunker swaps - Unrealized loss	Fair value of derivative liabilities - current	10	—
Bunker swaps - Unrealized gain	Fair value of derivative assets - current	2,864	343

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 agreements executed with counterparties or exchanges and is required when agreed upon threshold limits are exceeded. As of June 30, 2022 and December 31, 2021, the Company posted cash collateral related to derivative instruments under its collateral security arrangements of \$16.8 million and \$15.1 million, respectively, which is recorded within Current assets in the Condensed Consolidated Balance Sheets.

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 values approximates fair values for bonds issued under the Convertible Bond Debt, which is traded on NASDAQ. The carrying amount of our term loan borrowing under the Global Ultraco Debt Facility approximates its fair value, due to its variable interest rates.

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, restricted cash accounts and collateral on derivatives.

Level 2 – Quoted prices for similar assets and liabilities in active markets or inputs that are observable. Our Level 2 non-derivatives include our debt balances under the Convertible Bond Debt and the Global Ultraco Debt Facility. Freight forward agreements, bunker swaps and 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. See Note 5, Derivative Instruments.

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

June 30, 2022

(In thousands)	Carrying Value ⁽⁷⁾	Fair Value	
		Level 1	Level 2
Assets			
Cash and cash equivalents ⁽¹⁾	\$ 141,530	\$ 141,530	\$ —
Collateral on derivatives	16,770	16,770	—
Fair value of derivative assets - current ⁽²⁾	8,459	—	8,459
Fair value of derivative assets - noncurrent ⁽³⁾	7,746	—	7,746
Liabilities			
Global Ultraco Debt Facility ⁽⁴⁾	262,650	—	262,650
Convertible Bond Debt ⁽⁵⁾	114,119	—	199,698
Fair value of derivative liabilities - current ⁽⁶⁾	269	—	269

December 31, 2021

(In thousands)	Carrying Value ⁽⁷⁾	Fair Value	
		Level 1	Level 2
Assets			
Cash and cash equivalents ⁽¹⁾	\$ 86,222	\$ 86,222	\$ —
Collateral on derivatives	15,081	15,081	—
Fair value of derivative assets - current ⁽²⁾	4,669	—	4,669
Fair value of derivative assets - noncurrent ⁽³⁾	3,112	—	3,112
Liabilities			
Global Ultraco Debt Facility ⁽⁴⁾	287,550	—	287,550
Convertible Bond Debt ⁽⁵⁾	114,119	—	147,499
Fair value of derivative liabilities - current ⁽⁶⁾	4,253	—	4,253

⁽¹⁾ Includes restricted cash (noncurrent) of \$2.6 million at June 30, 2022 and \$0.1 million at December 31, 2021.

⁽²⁾ Includes \$2.9 million of unrealized mark-to-market gains on bunker swaps, \$0.4 million of unrealized mark-to-market gains on FFAs and \$5.2 million of unrealized gains on our interest rate swaps as of June 30, 2022 and \$4.7 million of unrealized mark-to-market gains on FFAs and bunker swaps as of December 31, 2021.

⁽³⁾ Includes \$7.7 million and \$3.1 million of unrealized gains on our interest rate swaps as of June 30, 2022 and December 31, 2021, respectively.

⁽⁴⁾ The fair value of the liabilities is based on the required repayment to the lenders if the debt was discharged in full on June 30, 2022 and December 31, 2021.

⁽⁵⁾ The fair value of the Convertible Bond Debt is based on the last trade on May 9, 2022 and December 16, 2021 on Bloomberg.com.

⁽⁶⁾ Includes \$0.3 million of unrealized mark-to-market losses on FFAs and a de minimus amount of unrealized mark-to-market

losses on bunker swaps as of June 30, 2022 and \$3.4 million of unrealized mark-to-market losses on FFAs and \$0.9 million of unrealized losses on our interest rate swaps as of December 31, 2021.
⁽⁷⁾ The outstanding debt balances represent the face value of the debt excluding debt discount and debt issuance costs.

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.

In March 2021, the U.S. government began investigating an allegation that one of the Company's vessels may have improperly disposed of ballast water that entered the engine room bilges during a repair. The investigation of this alleged violation of environmental laws is ongoing, and, although at this time we do not believe that this matter will have a material impact on the Company, our financial condition or results of operations, we cannot determine what penalties, if any, will be imposed. We have posted a surety bond as security for any fines, penalties or associated costs that may be issued, and the Company is cooperating fully with the U.S. government in its investigation of this matter. For the six months ended June 30, 2022 and 2021, the Company incurred and recorded \$0.2 million and \$1.5 million, respectively, as Other operating expense in its Condensed Consolidated Statements of Operations relating to this incident, which include legal fees, surety bond expenses, vessel off-hire, crew changes and travel costs.

Note 8. Leases

Time charter-in contracts

The Company has time charter-in contracts for Ultramax vessels which are greater than 12 months as of the lease commencement date. A 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. 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. On July 8, 2021, the Company exercised its option to extend the charter for another year at a hire rate of \$13,800 per day. The Company has increased the lease liability and the corresponding right-of-use asset by \$5.0 million to reflect the extended lease term in its Condensed Consolidated Balance Sheet as of September 30, 2021. The discount rate utilized in the measurement of lease liability and the corresponding right-of-use asset based on the Company's implied credit rating and the yield curve for debt as of July 8, 2021 was 1.36%. On June 16, 2022, the Company exercised its option to extend the charter for another year at a hire rate of \$14,300 per day. The Company has increased the lease liability and the corresponding right-of-use asset by \$5.1 million to reflect the extended lease term in its Condensed Consolidated Balance Sheet as of June 30, 2022. The discount rate utilized in the measurement of lease liability and the corresponding right-of-use asset based on the Company's implied credit rating and the yield curve for debt as of June 16, 2022 was 7.15%.

(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. During the second quarter of 2021, the Company decided to extend the lease term to its maximum redelivery date allowed under the charter party. Additionally, on June 28, 2021, the Company exercised its option to extend the charter for another year until October 19, 2022 at a hire rate of \$13,750 per day. The Company has increased the lease liability and the corresponding right-of-use asset by \$5.8 million to reflect the extended lease term in its Condensed Consolidated Balance Sheet as of September 30, 2021. The discount rate utilized in the measurement of lease liability and the corresponding right-of-use asset based on the Company's implied credit rating and the yield curve for debt as of June 28, 2021 was 1.34%.

(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 was \$14,250 per day and \$15,250 per day thereafter. The Company took delivery of the vessel in the fourth quarter of 2018. 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. During the first quarter of 2021, the Company decided to extend the lease term to its maximum redelivery date allowed under the charter party. Therefore, the lease liability and the corresponding right-of-use asset as of March 31, 2021 have been increased by \$1.0 million to reflect the change in lease term from minimum redelivery date to maximum redelivery date allowed under the charter party. On May 4, 2021, the Company exercised its option to extend the charter for another year until July 31, 2022 at a hire rate of \$12,600 per day. The Company has increased the lease liability and the corresponding right-of-use asset by \$4.3 million to reflect the extended lease term in its Condensed Consolidated Balance Sheet as of September 30, 2021. The discount rate utilized in the measurement of lease liability and the corresponding right-of-use asset based on the Company's implied credit rating and the yield curve for debt as of May 4, 2021 was 1.38%. On March 17, 2022, the Company has further extended the lease to a minimum period of ten months and maximum period of twelve months with an option to further extension of minimum ten months and twelve months period. The Company has increased the lease liability and the corresponding right-of-use asset by \$6.9 million to reflect the extended lease term in its Condensed Consolidated Balance Sheet as of March 31, 2022. The discount rate utilized in the measurement of lease liability and the corresponding right-of-use asset based on the Company's implied credit rating and the yield curve for debt as of March 17, 2022 was 4.48%.

(iv) On December 22, 2020, the Company entered into an agreement to charter-in a 63,634 dwt 2021 built Ultramax vessel for twelve months with an option for an additional three months at a hire rate of \$5,900 per day plus 57% of the BSI 58 average of 10 time charter routes as published by the Baltic Exchange each business day. Additionally, following the initial fifteen month period the Company has an additional option to extend for a period of eleven to thirteen months at an increased rate of \$6,500 per day with no change in the rest of the terms. Also, the Company shall share the scrubber benefit with the owners 50% calculated as the price differential between the high sulfur and low sulfur fuel oil based on actual bunker consumption during the lease period. On July 7, 2021, the Company took delivery of the vessel and recorded \$9.1 million as lease liability and corresponding right-of-use asset in its Condensed Consolidated Balance Sheet as of September 30, 2021. The discount rate utilized in the measurement of lease liability and the corresponding right-of-use asset based on the Company's implied credit rating and the yield curve for debt as of July 7, 2021 was 1.33%. On May 17, 2022, the Company exercised its option to extend the charter for 11 months at a hire rate of \$6,500 per day plus 57% of the BSI 58 average of 10 time charter routes as published by the Baltic Exchange each business day. The Company has increased the lease liability and the corresponding right-of-use asset by \$7.5 million to reflect the extended lease term in its Condensed Consolidated Balance Sheet as of June 30, 2022. The discount rate utilized in the measurement of lease liability and the corresponding right-of-use asset based on the Company's implied credit rating and the yield curve for debt as of May 17, 2022 was 5.825%.

(v) On September 6, 2021, the Company entered into an agreement to charter-in a 2021 built Ultramax vessel for a period of a minimum of twelve months and a maximum of fifteen months at a hire rate of \$11,250 per day plus 57.5% of the BSI 58 average of 10 time charter routes published by the Baltic Exchange each business day. The Company has the option to extend the lease term for another year, during which time the fixed hire rate decreases to \$10,750 per day with no change to the remaining terms. On May 17, 2022, the Company took delivery of the vessel and recorded \$9.7 million as a lease liability and corresponding right-of-use asset in its Condensed Consolidated Balance Sheet as of June 30, 2022. The discount rate utilized in the measurement of lease liability and the corresponding right-of-use asset based on the Company's implied credit rating and the yield curve for debt as of May 17, 2022 was 5.825%.

Office leases

On October 15, 2015, the Company entered into a commercial lease agreement as a sublessee 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 cash collateral of \$0.1 million which is recorded as Restricted cash - noncurrent in the accompanying Condensed Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021.

In November 2018, the Company entered into an office lease agreement in Singapore, which was initially set to expire in October 2021, with an average annual rent of \$0.3 million. On August 17, 2021, the Company renewed the lease on the existing office space for an additional 5 years with an average annual rent of \$0.4 million. The Company increased the lease liability and the corresponding right-of-use asset by \$1.3 million in its Condensed Consolidated Balance Sheet as of December 31, 2021. The discount rate utilized in the measurement of lease liability and the corresponding right-of-use asset based on the Company's implied credit rating as of August 17, 2021 was 3.09%. Additionally, the Company entered into a new lease agreement for an additional office space in Singapore for 4.9 years beginning in the second quarter of 2022 with an average annual rent of \$0.2 million. On February 15, 2022, the Company took possession of the additional office space. The Company has recognized \$0.5 million of lease liability and corresponding right-of-use asset in its Condensed Consolidated Balance Sheet as of June 30, 2022. The discount rate utilized in the measurement of lease liability and the corresponding right-of-use asset based on the

Company's implied credit rating and the yield curve for debt as of February 15, 2022 was 5.7%.

The Company determined the three 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 and six months ended June 30, 2022 and 2021.

Operating lease right-of-use assets and lease liabilities as of June 30, 2022 and December 31, 2021 are as follows:

Description	Location in Balance Sheet	June 30, 2022 ⁽¹⁾	December 31, 2021 ⁽¹⁾
(In thousands)			
Noncurrent assets:			
Chartered-in contracts greater than 12 months	Operating lease right-of-use assets	\$ 33,281	\$ 15,039
Office leases	Operating lease right-of-use assets	2,089	1,978
Operating lease right-of-use assets		<u>\$ 35,370</u>	<u>\$ 17,017</u>
Liabilities:			
Chartered-in contracts greater than 12 months	Current portion of operating lease liabilities	\$ 29,112	\$ 15,039
Office leases	Current portion of operating lease liabilities	796	689
Lease liabilities - current portion		<u>\$ 29,908</u>	<u>\$ 15,728</u>
Chartered-in contracts greater than 12 months	Noncurrent portion of operating lease liabilities	\$ 4,169	\$ —
Office leases	Noncurrent portion of operating lease liabilities	1,286	1,282
Lease liabilities - noncurrent portion		<u>\$ 5,455</u>	<u>\$ 1,282</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 1.33% to 7.15%. The weighted average discount rate used to calculate the lease liability was 4.99%.

The table below presents the components of the Company's lease expenses and sublease income on a gross basis earned from chartered-in contracts greater than 12 months for the three and six months ended June 30, 2022 and 2021:

(In thousands)		Three Months Ended		Six Months Ended	
Description	Location in Statement of Operations	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Lease expense for chartered-in contracts less than 12 months	Charter hire expenses	\$ 14,419	\$ 3,158	\$ 31,558	\$ 8,645
Lease expense for chartered-in contracts greater than 12 months	Charter hire expenses	6,866	3,012	12,438	6,005
	Total charter hire expenses	\$ 21,285	\$ 6,170	\$ 43,996	\$ 14,650
Lease expense for office leases	General and administrative expenses	\$ 212	\$ 92	\$ 409	\$ 276
Sublease income from chartered-in contracts greater than 12 months *	Revenues, net	\$ 8,344	\$ 5,607	\$ 16,670	\$ 6,753

* The sublease income represents only time charter revenue earned on the chartered-in contracts with terms more 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 and six months ended June 30, 2022 and 2021.

The cash paid for operating leases with terms greater than 12 months is \$7.1 million and \$12.8 million for the three and six months ended June 30, 2022, respectively.

The cash paid for operating leases with terms greater than 12 months is \$3.4 million and \$6.8 million for the three and six months ended June 30, 2021, respectively.

The weighted average remaining lease term on our operating lease contracts greater than 12 months is 11.91 months.

The table below provides the total amount of remaining lease payments on an undiscounted basis on our chartered-in contracts and office leases greater than 12 months as of June 30, 2022:

Supplemental Disclosure Information	Chartered-in contracts greater than 12 months	Office leases	Total Operating leases
(In thousands)			
Year:			
Six months ending December 31, 2022	\$ 17,174	\$ 433	\$ 17,607
2023	16,777	617	17,394
2024	—	373	373
2025	—	372	372
2026	—	372	372
2027	—	74	74
	\$ 33,951	\$ 2,241	\$ 36,192
Present value of lease liability:			
Lease liabilities - short term	\$ 29,112	\$ 796	\$ 29,908
Lease liabilities - long term	4,169	1,286	5,455
Total lease liabilities	\$ 33,281	\$ 2,082	\$ 35,363
Discount based on incremental borrowing rate	\$ 670	\$ 159	\$ 829

Note 9. Revenue

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 and six months ended June 30, 2022 was \$7.0 million and \$18.7 million, respectively. The amount of revenue earned as demurrage or despatch paid by the Company for the three and six months ended June 30, 2021 was \$4.3 million and \$8.2 million, respectively.

The following table shows the revenues earned from time charters and voyage charters for the three and six months ended June 30, 2022 and 2021:

(In thousands)	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Time charters	\$ 101,649	\$ 59,492	\$ 179,623	\$ 88,733
Voyage charters	97,046	70,359	203,470	137,690
	<u>\$ 198,695</u>	<u>\$ 129,851</u>	<u>\$ 383,093</u>	<u>\$ 226,423</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 June 30, 2022 and December 31, 2021, the Company recognized \$0.9 million and \$0.5 million, respectively, 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 Sheets.

Note 10. Net income per Common Share

The computation of basic net income per share is based on the weighted average number of common stock outstanding for the three and six months ended June 30, 2022 and 2021. Diluted net income per share gives effect to restricted stock awards, restricted stock units and stock options using the treasury stock method, unless the impact is anti-dilutive. Additionally, the Convertible Bond Debt is not considered a participating security and therefore not included in the computation of the Basic net income per share for the three and six months ended June 30, 2022 and 2021. 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 included the potential shares to be issued upon conversion of Convertible Bond Debt in the calculation of Diluted income per share for the three and six months ended June 30, 2022 as their effect was dilutive. Diluted net income per share for the three and six months ended June 30, 2022 excluded 17,661 Restricted Stock Units ("RSUs") related to EPS performance (defined below) as their effect was anti-dilutive. Diluted net income per share for the three months ended June 30, 2021 does not include 21,718 warrants and the potential shares to be issued upon conversion of Convertible Bond Debt as their effect was anti-dilutive. Diluted net income per share for six months ended June 30, 2021 does not include 45,854 stock options, 21,718 warrants and the potential shares to be issued upon conversion of Convertible Bond Debt as their effect was anti-dilutive.

The following table summarizes the calculation of basic and diluted income per share:

(In thousands, except share and per share data)	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net income	\$ 94,453	\$ 9,225	\$ 147,527	\$ 19,074
Weighted Average Shares - Basic	12,988,200	12,168,180	12,981,202	11,950,048
Dilutive effect of stock options, shares issuable under Convertible Bond Debt, restricted stock awards and restricted stock units	3,388,317	228,976	3,392,256	131,724
Weighted Average Shares - Diluted	16,376,517	12,397,156	16,373,458	12,081,772
Basic net income per share	\$ 7.27	\$ 0.76	\$ 11.36	\$ 1.60
Diluted net income per share	\$ 5.77	\$ 0.74	\$ 9.01	\$ 1.58

Note 11. Stock Incentive Plans

On December 15, 2016, the Company's shareholders approved the 2016 Equity Compensation Plan (the "2016 Plan") and the Company registered 764,087 shares of common stock adjusted for the Reverse Stock Split, which may be issued under the 2016 Plan. 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 357,142 shares to a maximum of 1,121,229 shares of common stock. On June 14, 2022, the Company's shareholders approved a second amendment and restatement of the 2016 Plan, which increased the number of shares reserved under the 2016 Plan by an additional 300,000 shares to a maximum of 1,421,229 shares of common stock. 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 2022 at the fair market value equivalent to the maximum statutory tax withholding obligation and remitted that amount in cash to the appropriate taxation authorities.

On February 11, 2022, the Company granted 31,781 restricted shares as a Company-wide grant under the 2016 Plan. The aggregate fair value of the grant is \$1.7 million based on the closing share price of \$52.32 on February 11, 2022. The shares will vest in equal installments on January 2, 2023, January 2, 2024 and January 2, 2025. Additionally, on March 11, 2022, the Company granted 7,451 shares of fully vested common stock to its board of directors. The aggregate fair value of the director grant is \$0.5 million based on the closing share price of \$65.88 on March 11, 2022. On April 5, 2022, the Company granted 7,468 restricted shares with 2-year cliff vesting. The aggregate fair value of \$0.5 million based on the closing share price of \$63.24 on April 5, 2022. The amortization of the above grants is \$0.4 million and \$1.0 million for the three and six months ended June 30, 2022, respectively, which is included in General and administrative expenses in the Condensed Consolidated Statements of Operations.

On March 11, 2022, the Company granted 17,661 shares of time-based RSUs to certain members of its senior management team under the 2016 Plan. The units vest in three equal installments on January 2, 2023, January 2, 2024 and January 2, 2025. The aggregate fair value of these units is \$1.2 million based on the closing share price of \$65.88 on March 11, 2022. The amortization of the above grant is \$0.2 million and \$0.3 million for the three and six months ended June 30, 2022, respectively, which is included in General and administrative expenses in the Condensed Consolidated Statements of Operations.

As discussed further below, on March 11, 2022, the Company granted performance-based RSUs to certain members of its senior management team under the 2016 Plan, which are contingent on certain performance criteria. The maximum number of performance-based RSUs that can be earned is 52,982.

17,661 target performance-based RSUs were granted based on earnings per share ("EPS performance") for the performance period beginning January 1, 2022 and ending December 31, 2022 (with targets set forth during the three months ended June 30, 2022). The RSUs will vest in three substantially equal installments (subject to achievement of performance criteria as of December 31, 2022) with the first installment vesting upon certification by the Compensation Committee and the second and third installments on January 2, 2024 and January 2, 2025, respectively. The total RSUs eligible to vest ranges from zero to 200% of the target number granted based on the EPS performance. The aggregate grant-date fair value of these RSUs is \$1.2 million based on the closing share price of \$65.88 on March 11, 2022 and assuming the target number is probable of vesting. The EPS performance is considered to be a performance condition under ASC 718, *Share based payment awards*, and therefore, the stock-based compensation expense is initially recorded based on the probable outcome that the performance condition will be achieved as of the grant date with subsequent adjustments to the probable outcome over time. The ultimate expense recognized is based on the actual performance outcome at the end of the performance period. As of June 30, 2022, the Company estimated that the target (100%) will be met and recorded \$0.2 million of stock-based compensation expense, which is included in General and administrative expenses in its Condensed Consolidated Statement of Operations for both the three and six months ended June 30, 2022.

8,830 performance-based RSUs were granted based on relative total shareholder return ("TSR performance") for the performance period beginning January 1, 2022 and ending December 31, 2022 (with targets set forth during the three months ended June 30, 2022). These market-based RSUs will vest in three substantially equal installments (subject to achievement of performance criteria as of December 31, 2022) with the first installment vesting upon certification by the Compensation Committee and the second and third installments on January 2, 2024 and January 2, 2025, respectively. The total RSUs eligible to vest ranges from zero to 200% of the target number granted based on the TSR performance. All the vested TSR performance units are subject to a 1-year holding period after vesting. The TSR performance is based on the Company's total shareholder return compared to seven peer companies over the performance period. The TSR performance is calculated based on average daily closing stock price over a 20-trading-day period at each of the beginning and end of the performance period and is adjusted to reflect dividend payments by assuming additional shares are purchased with the dividend payments. The aggregate fair value of the TSR performance

awards, which was calculated using a Monte Carlo simulation model, was \$0.7 million. The assumptions used in the model were risk-free rate of return of 1.05% based on continuously compounded yield on zero-coupon treasury rates as of March 11, 2022; expected volatility of 54.74% based on 1-year historical daily volatility of the closing share prices for the Company; a dividend yield of 12.45%; and 11.41% discount applied for the 1-year holding period using the Finnerty model. Volatility for each of the peer companies as well as the correlation of returns between each of the companies was also determined as inputs into the Monte Carlo model. The Company recorded \$0.1 million of stock-based compensation expense, which is included in General and administrative expenses in its Condensed Consolidated Statement of Operations for both the three and six months ended June 30, 2022.

As of June 30, 2022 and December 31, 2021, stock awards, including RSUs, covering a total of 234,418 and 246,962 shares of the Company's common stock, respectively, are outstanding under the 2016 Plan. The vesting terms are generally three years from the grant date, or as described above in the March 11, 2022 RSU grants or the April 5, 2022 stock grant. The Company is amortizing the grant date fair value of non-vested stock awards to stock-based compensation expense included in General and administrative expenses.

As of December 31, 2021, 47,568 vested stock options were outstanding with exercise prices ranging from \$32.97 to \$38.92 per share. During the six months ended June 30, 2022, all 47,568 stock options were exercised. In connection with the exercise, 8,077 shares of common stock were issued and 39,491 stock options were cancelled as a settlement for the liability relating to tax withholding as well as the exercise price owed to the Company.

As of June 30, 2022 and December 31, 2021, there were no unvested options outstanding.

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

(In thousands)	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Stock awards/Stock Option Plans	\$ 1,605	\$ 586	\$ 3,092	\$ 1,458

The future compensation to be recognized for all the grants for the six months ending December 31, 2022, and the years ending December 31, 2023 and 2024 will be \$2.7 million, \$2.7 million and \$0.8 million, respectively.

Note 12. Cash, cash equivalents, and restricted cash

The following table provides a reconciliation of Cash and cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of the amounts shown in the Condensed Consolidated Statements of Cash Flows:

(In thousands)	June 30, 2022	December 31, 2021	June 30, 2021	December 31, 2020
Cash and cash equivalents	\$ 138,955	\$ 86,147	\$ 79,278	\$ 69,928
Restricted cash - current *	—	—	4,446	18,846
Restricted cash - noncurrent *	2,575	75	75	75
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	\$ 141,530	\$ 86,222	\$ 83,799	\$ 88,849

*Amounts included in restricted cash posted to secure the letter of credit on our office leases and the cash required to be set aside by the Norwegian Bond Debt, which was repaid on October 18, 2021. Additionally, as of June 30, 2022, there was an amount paid to secure a bank guarantee related to a dispute with a vendor in the normal course of business included with the Restricted cash - noncurrent balance.

Note 13. Subsequent Events

On July 28, 2022, the Company's Board of Directors declared a cash dividend of \$2.20 per share to be paid on or about August 26, 2022 to shareholders of record at the close of business on August 16, 2022. The aggregate amount of the dividend is

expected to be approximately \$30.1 million, which the Company anticipates will be funded from cash on hand at the time the payment is to be made.

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 and six months ended June 30, 2022 and 2021. 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, 2021, which were included in our Form 10-K, filed with the SEC on March 14, 2022 (the "Form 10-K"). For further discussion regarding our results of operations for the three and six months ended June 30, 2021 as compared to the three and six months ended June 30, 2020 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 and six months ended June 30, 2021. 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 June 30, 2022, we owned and operated a modern fleet of 53 Supramax/Ultramax dry bulk vessels. We chartered-in five Ultramax vessels which have a remaining lease term of approximately one year each. In addition, the Company charters in third-party vessels on a short to medium term basis.

Our owned fleet totals 53 vessels, with an aggregate carrying capacity of 3.19 million dwt and an average age of 9.8 years as of June 30, 2022.

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

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 continuously evaluate potential transactions that we believe will be accretive to earnings, enhance shareholder value or are in the best interests of the Company, including without limitation, business combinations, the acquisition of vessels or related businesses, repayment or refinancing of existing debt, the issuance of new securities, share repurchases or other transactions.

Business Outlook

COVID-19

In March 2020, the World Health Organization (the "WHO") declared COVID-19, to be a pandemic. The COVID-19 pandemic has had, and continues to have, widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. Governments have implemented measures such as social distancing, mask and vaccine mandates, travel restrictions, COVID testing guidelines and quarantine regulations.

The gross BSI continued to increase in the second quarter of 2022 and averaged \$28,901/day, up 13% as compared to the second quarter of 2021. Although rates were higher resulting in an improvement in profitability, some of our vessels experienced delays in drydocking as well as an increase in related drydocking costs as a result of protocols regarding COVID-19, as well as limitations in labor. We also experienced loss of revenues due to a number of off-hire days relating to crew changes and quarantine restrictions as a number of our crew members tested positive for COVID-19. Our vessel operating expenses specifically crew change costs, COVID testing and quarantine related costs continue to be negatively impacted by COVID-19.

While the BSI is at \$19,213 per day as of August 4, 2022, the economic activity levels as well as the demand for dry bulk cargoes may be negatively impacted by COVID-19. 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 if the vaccine is not available on a widespread basis, the rate environment in the drybulk market and our vessel values may deteriorate and our operations and cash flows may be negatively impacted.

The impact of recent developments in Ukraine

In February 2022, as a result of the invasion of Ukraine by Russia, economic sanctions were imposed by the United States, the European Union, the United Kingdom and a number of other countries on Russian financial institutions, businesses and individuals, as well as certain regions within the Donbas region of Ukraine. While it is difficult to estimate the impact of current or future sanctions on the Company's business and financial position, these sanctions could adversely impact the Company's operations. In the near term, we have seen, and expect to continue to see, increased volatility in the region due to these geopolitical events. The Black Sea region is a major export market for grains with the Ukraine and Russia exporting a combined 15% of the global seaborne grain trade. While uncertainty remains with respect to the ultimate impact of the invasion of Ukraine by Russia, we have seen, and anticipate continuing to see, significant changes in trade flows. A reduction or stoppage of grain out of the Black Sea or cargoes from Russia has, and will continue to, negatively impact the markets in those areas. At the same time, it is possible for us to see an increase in ton miles as end users find alternative sources for cargo. For more information regarding the risks relating to economic sanctions as a result of Russia's invasion of Ukraine as well as the impact on retaining and sourcing our crew, see Part I, Item 1A, "Risk Factors" of our Form 10-K.

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 93 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, 2021, filed with the SEC on March 14, 2022. 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, 2021.

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 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 and six months ended June 30, 2022:

Fleet Data

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

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Ownership Days	4,823	4,511	9,593	8,710
Chartered-in Days	1,142	497	2,102	1,155
Available Days	5,716	4,824	11,113	9,472
Operating Days	5,707	4,778	11,088	9,400
Fleet Utilization (%)	99.8 %	99.0 %	99.8 %	99.2 %

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 and other reasons which prevent the vessel from performing under the relevant charter party such as surveys, medical events, stowaway disembarkation, etc. 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 six months ended June 30, 2022, the Company completed drydock for seven 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 income 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 and six months ended June 30, 2022 and 2021.

(In thousands)	For the Three Months Ended				For the Six Months Ended			
	June 30, 2022		June 30, 2021		June 30, 2022		June 30, 2021	
Revenues, net	\$	198,695	\$	129,851	\$	383,093	\$	226,423
Less: Voyage expenses		36,290		24,523		79,917		51,138
Less: Charter hire expenses		21,285		6,170		43,996		14,650
Net charter hire income	\$	141,120	\$	99,158	\$	259,180	\$	160,635
% Net charter hire income from								
Time charters		66 %		55 %		60 %		51 %
Voyage charters		34 %		45 %		40 %		49 %

Net income

For the three months ended June 30, 2022, the Company reported net income of \$94.5 million, or basic and diluted income of \$7.27 per share and \$5.77 per share, respectively. In the comparable quarter of 2021, the Company reported net income of \$9.2 million, or basic and diluted income of \$0.76 per share and \$0.74 per share, respectively.

For the six months ended June 30, 2022, the Company reported net income of \$147.5 million, or basic and diluted income of \$11.36 per share and \$9.01 per share, respectively. In the comparable period of 2021, the Company reported net income of \$19.1 million, or basic and diluted income of \$1.60 per share and \$1.58 per share, respectively.

Revenues

Our revenues are derived from time and voyage charters. Net time and voyage charter revenues for the three months ended June 30, 2022 were \$198.7 million compared with \$129.9 million recorded in the comparable quarter in 2021. The increase in revenues was primarily attributable to higher charter rates as a result of the market recovery with increase in demand for drybulk products and an increase in available days due to an increase in owned days and chartered-in days.

Net time and voyage charter revenues for the six months ended June 30, 2022 and 2021 were \$383.1 million and \$226.4 million, respectively. The increase in revenues was primarily due to higher charter rates and an increase in available days due to an increase in owned days and chartered-in days.

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 owner's account. Voyage expenses for the three months ended June 30, 2022 and 2021 were \$36.3 million and \$24.5 million, respectively. The increase in voyage expenses was primarily due to an increase in bunker consumption expense as bunker fuel prices increased in the second quarter, an increase in port expenses and an increase in broker commission expense.

Voyage expenses for the six months ended June 30, 2022 and 2021 were \$79.9 million and \$51.1 million, respectively. The increase in voyage expenses was primarily due to an increase in bunker consumption expense as bunker fuel prices increased in

the current year compared to prior year, an increase in port expenses and an increase in broker commission expense.

Vessel operating expenses

Vessel operating expenses for the three months ended June 30, 2022 were \$27.2 million compared to \$23.7 million in the comparable quarter in 2021. The increase in vessel operating expenses was primarily attributable to higher owned days as well as an increase in crew expenses due to an increase in crewing costs, crew changes and expenses related to COVID-19 and the war in Ukraine. The Company also continues to face general inflationary pressures particularly impacting the cost of lubes, stores and spares. The ownership days for the three months ended June 30, 2022 and 2021 were 4,823 and 4,511, respectively.

Vessel operating expenses for the six months ended June 30, 2022 and 2021 were \$55.1 million and \$45.2 million, respectively. The increase in vessel operating expenses was primarily attributable to higher owned days as well as an increase in crew expenses due to an increase in crewing costs, crew changes and expenses related to COVID-19 and the war in Ukraine. The Company also continues to face general inflationary pressures particularly impacting the cost of lubes, stores and spares. The ownership days for the six months ended June 30, 2022 and 2021 were 9,593 and 8,710, 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 June 30, 2022 were \$21.3 million compared to \$6.2 million in the comparable quarter in 2021. The increase in charter hire expenses was principally due to an increase in chartered-in days as the Company took delivery of its fifth long term chartered-in vessel during the second quarter, and an increase in charter hire rates due to improvement in the charter hire market. The total chartered-in days for the three months ended June 30, 2022 were 1,142 compared to 497 for the comparable quarter in the prior year. Between 2017 and 2021, the Company entered into a series of agreements to charter five Ultramax vessels on a long term basis. The minimum chartered-in periods ranged between one and four years with an option to extend the duration between three and 24 months. All five vessels were chartered-in as of June 30, 2022.

The charter hire expenses for the six months ended June 30, 2022 and 2021 were \$44.0 million and \$14.6 million, respectively. The increase in charter hire expenses was primarily due to an increase in charter hire rates due to improvement in the charter hire market and an increase in the number of chartered-in days. The total chartered-in days for the six months ended June 30, 2022 and 2021 were 2,102 and 1,155, respectively.

Depreciation and amortization

For the three months ended June 30, 2022 and 2021, total depreciation and amortization expense was \$15.3 million and \$13.1 million, respectively. Total depreciation and amortization expense for the three months ended June 30, 2022 includes \$11.9 million of vessel and other fixed assets depreciation and \$3.4 million relating to the amortization of deferred drydocking costs. Comparable amounts for the three months ended June 30, 2021 were \$11.0 million of vessel and other fixed assets depreciation and \$2.1 million of amortization of deferred drydocking costs. The increase in depreciation expense is due to the acquisition of nine vessels in 2021, offset by the sale of one vessel in the third quarter of 2021. The increase in amortization of deferred drydock costs is related to completing fourteen drydocks since the second quarter of 2021.

For the six months ended June 30, 2022 and 2021, total depreciation and amortization expense was \$29.8 million and \$25.6 million, respectively. Total depreciation and amortization expense for the six months ended June 30, 2022 includes \$23.6 million of vessel and other fixed asset depreciation and \$6.3 million relating to the amortization of deferred drydocking costs. Comparable amounts for the six months ended June 30, 2021 were \$21.5 million of vessel and other fixed asset depreciation and \$4.1 million of amortization of deferred drydocking costs. The increase in depreciation expense is due to the acquisition of nine vessels in 2021, offset by the sale of one vessel in the third quarter of 2021. The increase in amortization of deferred drydock costs is related to completing fourteen drydocks since the second quarter of 2021.

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 these respective periods.

General and administrative expenses

Our general and administrative expenses include onshore vessel administration related expenses, such as legal and professional expenses, 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 June 30, 2022 and 2021 were \$9.9 million and \$7.9 million, respectively. General and administrative expenses include stock-based compensation of \$1.6 million and \$0.6 million for the three months ended June 30, 2022 and 2021, respectively. The increase in general and administrative expenses was mainly attributable to an increase in consulting expenses, compensation and benefits, and stock-based compensation expense.

General and administrative expenses for the six months ended June 30, 2022 and 2021 were \$19.9 million and \$15.6 million, respectively. These general and administrative expenses include stock-based compensation of \$3.1 million and \$1.5 million for the six months ended June 30, 2022 and 2021, respectively. The increase in general and administrative expenses was primarily attributable to an increase in consulting expenses, compensation and benefits, and stock-based compensation expense.

Other operating expense

Other operating expense for the three months ended June 30, 2022 and 2021 was \$0.04 million and \$0.6 million, respectively. In March 2021, the U.S. government began investigating an allegation that one of our vessels may have improperly disposed of ballast water that entered the engine room bilges during a repair. The Company posted a surety bond as security for any fines and penalties. Other operating expense consists of expenses incurred relating to this incident, which include legal fees, surety bond expenses, vessel offhire, crew changes and travel costs.

Other operating expense for the six months ended June 30, 2022 and 2021 was \$0.2 million and \$1.5 million, respectively.

Interest expense

Our interest expense for the three months ended June 30, 2022 and 2021 was \$4.3 million and \$8.8 million, respectively. The decrease in interest expense is primarily due to a decrease in outstanding debt and lower interest rates due to the refinancing of the Company's debt in the fourth quarter of 2021.

Interest expense for the six months ended June 30, 2022 and 2021 was \$8.8 million and \$17.1 million, respectively. The decrease in interest expense was primarily due to a decrease in outstanding debt and lower interest rates due to the refinancing of the Company's debt in the fourth quarter of 2021.

The Company entered into interest rate swaps in October 2021 to fix the interest rate exposure on the Global Ultraco Debt Facility term loan. As a result of these swaps, which average 87 basis points, the Company's interest rate exposure is fully fixed insulating the Company from the rising interest rate environment.

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 June 30, 2022 and 2021, the amortization of debt issuance costs was \$0.5 million and \$1.8 million, respectively. For the six months ended June 30, 2022 and 2021, the amortization of debt issuance costs was \$1.1 million and \$3.5 million, respectively. The interest expense for the three and six months ended June 30, 2021 includes \$1.1 million and \$2.1 million, respectively, of interest expense representing the amortization of the equity component of the Convertible Bond Debt. The Company adopted ASU 2020-06 as of January 1, 2022 under the modified retrospective approach. The Convertible Bond Debt will no longer require bifurcation and separate accounting of the equity component. Refer to Note 2, Recent Accounting Pronouncements, to the condensed consolidated financial statements for further information.

Realized and unrealized (gain)/loss on derivative instruments, net

Realized and unrealized gain on derivative instruments, net for the three months ended June 30, 2022 was \$9.9 million compared to a realized and unrealized loss on derivative instruments, net of \$35.9 million for the three months ended June 30, 2021. The \$9.9 million gain is primarily related to \$7.6 million in gains earned on our freight forward agreements as a result of the decrease in charter hire rates during the second quarter and \$2.3 million in bunker swap gains for the three months ended June 30, 2022. For the three months ended June 30, 2021, the Company had \$37.2 million in losses on our freight forward agreements due to the sharp increase in charter hire rates during the second quarter of 2021, and \$1.3 million in bunker swap gains.

Realized and unrealized gain on derivative instruments, net for the six months ended June 30, 2022 was \$2.0 million compared to a realized and unrealized loss on derivative instruments, net of \$36.6 million for the six months ended June 30, 2021. The \$2.0 million gain is primarily attributable to \$6.9 million in bunker swap gains, offset by \$4.9 million in losses incurred on our freight forward agreements as a result of the increase in charter hire rates in the current year. For the comparable period in the prior year, the Company had \$38.9 million in losses on our freight forward agreements due to the sharp increase in charter hire rates in 2021, and \$2.3 million in bunker swap gains. Refer to Note 5, Derivative Instruments, to the condensed consolidated financial statements for further information.

Effects of Inflation

The Company believes that its business benefits during periods of elevated inflation and positive demand growth, as higher charter rates, and net revenues, more than offset increases in costs relating to vessel operating expenses, drydocking, and general and administrative.

Liquidity and Capital Resources

(In thousands)	Six Months Ended	
	June 30, 2022	June 30, 2021
Net cash provided by operating activities	\$ 140,214	\$ 30,585
Net cash used in investing activities	(5,543)	(86,503)
Net cash (used in)/provided by financing activities	(79,363)	50,868
Net increase/(decrease) in cash, cash equivalents and restricted cash	55,308	(5,050)
Cash, cash equivalents and restricted cash at beginning of period	86,222	88,849
Cash, cash equivalents and restricted cash at end of period	\$ 141,530	\$ 83,799

Net cash provided by operating activities during the six months ended June 30, 2022 and 2021 was \$140.2 million and \$30.6 million, respectively. The increase in cash flows provided by operating activities resulted primarily from the increase in revenues due to higher charter hire rates.

Net cash used in investing activities during the six months ended June 30, 2022 and 2021 was \$5.5 million and \$86.5 million, respectively. During the six months ended June 30, 2022, the Company paid \$4.8 million for the purchase of ballast water treatment systems on our fleet. Additionally, the Company paid \$0.5 million for vessel improvements and \$0.2 million for other fixed assets. Refer to Note 3, Vessels, to the condensed consolidated financial statements for further information.

Net cash used in financing activities during the six months ended June 30, 2022 was \$79.4 million compared to net cash provided by financing activities of \$50.9 million for the six months ended June 30, 2021. During the six months ended June 30, 2022, the Company repaid \$24.9 million of the Global Ultraco Debt Facility. The Company also paid \$52.8 million in dividends and \$1.9 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 June 30, 2022, our cash and cash equivalents including restricted cash was \$141.5 million, compared to \$86.2 million at December 31, 2021. The Company had restricted cash of \$2.6 million and \$0.1 million as of June 30, 2022 and December 31, 2021, respectively.

In addition, as of June 30, 2022, we had \$100.0 million in an undrawn revolver facility available under the Global Ultraco Debt Facility.

As of June 30, 2022, the Company's debt consisted of the Global Ultraco Debt Facility of \$262.7 million, net of \$7.6 million of debt issuance costs, and the Convertible Bond Debt of \$114.1 million, net of \$0.9 million of debt discount and issuance costs.

We believe that our current financial resources, improved charter hire rates for the balance of the year 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 general charter rate environment.

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. 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. During the six months ended June 30, 2022, seven of our vessels completed drydock and we incurred drydocking expenditures of \$16.1 million. In the six months ended June 30, 2021, four of our vessels completed drydock and we incurred drydocking expenditures of \$6.4 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 ⁽¹⁾ (in millions)			
	Off-hire Days ⁽²⁾	BWTS	Drydocks	Vessel Upgrades ⁽³⁾
September 30, 2022	232	\$ 0.6	\$ 1.4	\$ 0.2
December 31, 2022	169	\$ 0.3	\$ 1.0	\$ —
March 31, 2023	158	\$ 0.7	\$ 4.4	\$ 0.6
June 30, 2023	113	\$ —	\$ 3.8	\$ 0.4

⁽¹⁾ Actual costs will vary based on various factors, including where the drydockings are performed.

⁽²⁾ Actual duration of off-hire days will vary based on the age and condition of the vessel, yard schedules and other factors.

⁽³⁾ Vessel upgrades represents capex relating to items such as high-spec low friction hull paint which improves fuel efficiency and reduces fuel costs, NeoPanama Canal chock fittings enabling vessels to carry additional cargo through the new Panama Canal locks, as well as other retrofitted fuel-saving devices. Vessel upgrades are discretionary in nature and evaluated on a business case-by-case basis.

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. 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, 2021, filed with the SEC on March 14, 2022. For information regarding our use of certain derivative instruments, including interest rate swaps, forward freight agreements and bunker swaps, see Note 5, Derivatives Instruments, 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 June 30, 2022, 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 June 30, 2022.

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 June 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting. 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

There have been no material changes from the “Risk Factors” previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 14, 2022. The risks described in the Annual Report on Form 10-K for the year ended December 31, 2021 are not the only risks facing us. 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

- [3.1](#) [Second Amended and Restated By-Laws of Eagle Bulk Shipping Inc., dated as of October 15, 2014 \(incorporated by reference to Exhibit 3.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014; File No. 001-33831\).](#)
- [3.2](#) [Third Amended and Restated Articles of Incorporation of Eagle Bulk Shipping Inc., dated as of August 4, 2016 \(incorporated by reference to Exhibit 3.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on August 4, 2016; File No. 001-33831\).](#)
- [3.3](#) [Article of Amendment to Third Amended and Restated Articles of Incorporation of Eagle Bulk Shipping Inc. \(incorporated by reference to Exhibit 3.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on September 14, 2020; File No. 001-33831\).](#)
- [4.1](#) [Form of Specimen Stock Certificate of Eagle Bulk Shipping Inc. \(incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014; File No. 001-33831\).](#)
- [4.2](#) [Amended and Restated Registration Rights Agreement, dated as of May 13, 2016, by and between Eagle Bulk Shipping Inc. and the Holders party thereto \(incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on May 17, 2016; File No. 001-33831\).](#)
- [4.3](#) [Indenture, dated July 29, 2019, by and between Eagle Bulk Shipping Inc. and Deutsche Bank Trust Company Americas, as trustee \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on August 2, 2019\).](#)
- [4.4](#) [Form of Note representing the Company's 5.00% Convertible Senior Notes due 2024 \(included as Exhibit A to the Indenture filed as Exhibit 4.1\) \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on August 2, 2019\).](#)
- [10.1*](#) [Employment Agreement, dated June 16, 2022, among Eagle Bulk Shipping Inc., Eagle Shipping International \(USA\) LLC and Frank De Costanzo.](#)
- [31.1*](#) [Sarbanes-Oxley Section 302 Certification of Principal Executive Officer.](#)
- [31.2*](#) [Sarbanes-Oxley Section 302 Certification of Principal Financial Officer.](#)
- [32.1**](#) [Section 1350 Certification of Principal Executive Officer.](#)
- [32.2**](#) [Section 1350 Certification of Principal Financial Officer.](#)
- 101* The following materials from Eagle Bulk Shipping Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, formatted in eXtensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets (unaudited) as of June 30, 2022 and December 31, 2021, (ii) Condensed Consolidated Statements of Operations (unaudited) for the three and six months ended June 30, 2022 and 2021, (iii) Condensed Consolidated Statements of Comprehensive income (unaudited) for the three and six months ended June 30, 2022 and 2021, (iv) Condensed Consolidated Statements of Stockholders' Equity (unaudited) for the three and six months ended June 30, 2022 and 2021, (v) Condensed Consolidated Statements of Cash Flows (unaudited) for the six months ended June 30, 2022 and 2021, and (vi) Notes to Condensed Consolidated Financial Statements (unaudited).

* Filed herewith.

** Furnished herewith.

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: August 8, 2022

By: /s/ Frank De Costanzo

Frank De Costanzo
Chief Financial Officer
(Principal financial officer of the registrant)
Date: August 8, 2022

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), dated as of the 16th day of June 2022 (the "Effective Date"), is made among Eagle Shipping International (USA) LLC, a Marshall Islands limited liability company (the "Company"), its parent Eagle Bulk Shipping Inc., a Marshall Islands corporation (the "Parent") and Frank De Costanzo (the "Executive").

WHEREAS, the Company and the Parent desire to continue to employ the Executive as the Chief Financial Officer of the Company subject to the terms and conditions set forth in this Agreement;

WHEREAS, the Executive desires to continue such employment, subject to the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is mutually acknowledged, the Company, the Parent and the Executive agree as follows:

1. Employment Term. The Company hereby agrees to employ the Executive, and the Executive hereby agrees to be employed by the Company, subject to the terms and conditions of this Agreement, from the date of this Agreement until Executive's employment is terminated in accordance with Section 3 hereof (the "Employment Term").

2. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Term, the Executive shall serve as the Chief Financial Officer of the Company, with such duties and responsibilities as are commensurate with such position and as may be specified from time to time by the Board of Directors of Parent (the "Board"), and shall report to the Chief Executive Officer of the Company. The Executive's principal location of employment shall be at the Company's offices in Stamford, Connecticut; provided, however, that the Executive may be required under reasonable business circumstances to engage in business travel in connection with performing his duties under this Agreement.

(ii) During the Employment Term, the Executive shall devote substantially all of his business time and attention to the business and affairs of the Company and the Parent and use his reasonable best efforts to faithfully perform his duties and responsibilities; but notwithstanding the foregoing, nothing in this Agreement shall preclude the Executive (i) from engaging, consistent with his duties and responsibilities hereunder, in charitable, educational and community affairs, including serving on the board of directors of any charitable, educational or community organization, (ii) from managing his personal passive investments, (iii) upon approval of the Board, which approval shall not be unreasonably withheld, from serving as a director of another company; and (iv) from engaging in activities approved by the Board. The Executive agrees not to take personal advantage of any business opportunities relating to general shipping which may arise during the Executive's employment hereunder which could reasonably be expected to be business opportunities that the Company or the Parent might pursue. The Executive

further agrees to disclose all such opportunities, and the material facts attendant thereto, to the Board for consideration by the Company and the Parent.

(b) Compensation and Benefits.

(i) Base Salary. During the Employment Term, the Executive shall receive an annualized base salary ("Annual Base Salary") of not less than \$425,000 payable pursuant to the Company's normal payroll practices. During the Employment Term, the current Annual Base Salary shall be reviewed for increase at such time, and in the same manner as the salaries of senior officers of the Company are reviewed generally.

(ii) Annual Bonus. For each calendar year of the Company completed during the Employment Term, the Executive shall be eligible to receive a discretionary cash bonus ("Annual Bonus"), as determined by the Compensation Committee of the Board (the "Committee"), with a target amount equal to 50% of Annual Base Salary (the "Target Annual Bonus"). The performance goals attributable to the Annual Bonus shall be set by the Committee following reasonable consultation with the Executive. The Annual Bonus shall be paid as soon as practicable following the determination of such bonus by the Committee and in no event later than the 15th day of the third month following the end of the taxable year (of the Company or the Executive, whichever is later) for which the bonus is payable.

(iii) Equity Compensation Plans. During the Employment Term, the Executive shall be eligible to receive annual equity-incentive compensation in the Parent to be awarded in the sole discretion of the Committee at levels commensurate with the benefits provided to other senior officers and with adjustments appropriate for his position as the Chief Financial Officer. All such equity-based awards shall be subject to the terms and conditions set forth in the applicable plan and agreements, and in all cases shall be as determined by the Committee.

(iv) Benefits. During the Employment Term, the Company shall provide the Executive with participation in such benefit plans and fringe benefits as it provides generally to similarly situated senior executives, all in accordance with the eligibility provisions of such plans and benefits.

(v) Expense Reimbursement. During the Employment Term, the Executive shall, upon submission of adequate documentary evidence reasonably satisfactory to the Company, be entitled to reimbursement of reasonable and necessary out-of-pocket expenses incurred in the performance of his duties hereunder on behalf of the Company, subject to, and consistent with, the Company's policies for expense payment and reimbursement, in effect from time to time. All expenses reimbursable pursuant to this Agreement shall be reimbursed by the end of the calendar year following the year in which the expenses were incurred.

(vi) Vacation. During the Employment Term, the Executive shall be eligible for paid vacation in accordance with the policies of the Company as may be in effect from time to time for senior officers generally; provided, however, that during each full calendar year of the Employment Term, Executive shall be entitled to at least five (5) weeks of paid vacation, prorated for each partial calendar year of the Employment Term.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Term. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Term (pursuant to the definition of Disability set forth below), it may provide the Executive with a Notice of Termination. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"); provided, that, within the 30-day period after such receipt, the Executive shall not have returned to full time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the inability of the Executive to perform his duties with the Company on a full-time basis for 180 consecutive days or for 180 intermittent days in any one-year period as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a licensed physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive's legal representative. If the parties cannot agree on a licensed physician, each party shall select a licensed physician and the two physicians shall select a third who shall be the approved licensed physician for this purpose.

(b) Cause. The Company may terminate the Executive's employment during the Employment Term either with or without Cause by providing a Notice of Termination to the Executive; provided, that if such termination is with Cause, such Notice of Termination may be provided to the Executive at any time following the adoption of a written resolution by the Board (which shall require an affirmative vote of not less than a majority of the Board (not including the Executive)) that there is "Cause" for such termination. For purposes of this Agreement, "Cause" shall mean:

(i) the Executive's continuing refusal to perform his duties or failure to follow a lawful direction of the Chief Executive Officer or the Board, in either case, following written notice from the Chief Executive Officer or the Board;

(ii) the Executive's intentional act or acts of dishonesty in connection with the performance of his duties hereunder that the Executive intended to result in his personal, more- than-immaterial enrichment;

(iii) the Executive's documented willful malfeasance or willful misconduct in connection with his employment or Executive's willful and deliberate insubordination following written notice from the Chief Executive Officer or the Board detailing the factual basis for conduct and a 10 day period to cure such conduct, to the extent curable;

(iv) the Executive is convicted of a felony or the Executive enters a plea of nolo contendere to a felony; or

(v) the Executive's material breach of Section 8 of this Agreement.

Notwithstanding the foregoing, "Cause" shall not exist unless Executive has received written notice from the Company of the act(s) alleged to constitute Cause and Executive fails to cure such act(s), to the extent curable, within 10 days of such notice.

(c) The Executive's employment may be terminated by the Executive for Good Reason if (x) an event or circumstance set forth in the clauses of this Section 3(c) occurs and the Executive

provides the Company with written notice within 90 days after the Executive has knowledge of the occurrence or existence of the event or circumstance (the notice must specifically identify the event or circumstance that the Executive believes constitutes Good Reason), (y) the Company fails to correct the event or circumstance within 30 days after the receipt of the notice, and (z) the Executive resigns within 60 days after the date of delivery of the notice referred to in clause (x) above (after the expiration of the 30 day cure period in clause (y) above). “Good Reason” means, in the absence of the Executive’s written consent, any of the following:

- (i) a diminution by the Company in the Executive’s Annual Base Salary;
- (ii) a diminution by the Company in the Executive’s Target Annual Bonus;
- (iii) a material diminution in the Executive’s authority, duties, or responsibilities as Chief Financial Officer of the Company;
- (iv) a requirement that the Executive report to a corporate officer or employee instead of reporting directly to the Chief Executive Officer of the Company;
- (v) a material change in the geographic location at which the Executive must perform the services to a location outside of the greater New York metropolitan area; or
- (vi) any other action or inaction that constitutes a material breach of the terms of the Executive’s Agreement.

(d) Voluntary Termination. The Executive may voluntarily terminate his employment without Good Reason and such termination shall not be deemed to be a breach of this Agreement.

(e) Notice of Termination. Any termination by the Company for Cause, without Cause or for Disability, or by the Executive for Good Reason or without Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 10(b) of this Agreement. For purposes of this Agreement, a “Notice of Termination” means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, where applicable, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated and (iii) sets forth the applicable Date of Termination as provided below. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive’s or the Company’s rights hereunder.

(f) Date of Termination. “Date of Termination” means the date specified in the Notice of Termination or the date of Executive’s death.

(g) Resignation from All Positions. Notwithstanding any other provision of this Agreement, upon the termination of the Executive’s employment with the Company for any reason, the Executive shall immediately resign as of the Date of Termination from all positions that he holds or has ever held with the Company, the Parent and any affiliate thereof, including,

without limitation, as a member of the Board. The Executive hereby agrees to execute any and all documentation to effectuate such resignations upon request by the Parent, but he shall be treated for all purposes as having so resigned upon termination of his employment, regardless of when or whether he executes any such documentation.

(h) Separation From Service Under Section 409A. Notwithstanding anything in this Agreement to the contrary, to the extent any payments or benefits under Section 4 hereof constitute "deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") ("Deferred Compensation"), the Executive will not be entitled to such payments or benefits on account of a Date of Termination until the Executive has incurred a "separation from service" within the meaning of Code Section 409A.

4. Obligations of the Company upon Termination.

(a) Good Reason; Other than for Cause. If, during the Employment Term, (1) the Company shall terminate the Executive's employment other than for Cause, death or Disability or (2) the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 60 days (except as specifically provided in Section 4(a)(i)A(3) and 4(a)(iii)) after the Date of Termination, or if later, as provided in Section 6 below, the aggregate of the following amounts:

A. the sum of (1) the Executive's accrued but unpaid Annual Base Salary and any accrued but unused vacation pay through the Date of Termination, (2) subject to Section 2(b)(v), the Executive's business expenses incurred through the Date of Termination, and (3) the Executive's Annual Bonus for the calendar year immediately preceding the calendar year in which the Date of Termination occurs if such bonus has been determined or earned but not paid as of the Date of Termination (at the time such Annual Bonus would otherwise have been paid) (collectively, the "Accrued Obligations"); and

B. the amount equal to the sum of the Executive's Annual Base Salary plus 75% of the Executive's Target Annual Bonus; and

(ii) to the extent the Executive timely elects COBRA continuation coverage, for 12 months after the Executive's Date of Termination, the Company shall reimburse the Executive for the costs of such COBRA premiums; and

(iii) all unvested equity awards in the Parent held by the Executive ("Equity Awards") shall vest as if the Executive remained employed for an additional year beyond the Date of Termination. With respect to any Equity Awards which are stock options or stock appreciation rights, such Equity Awards shall remain exercisable until the earlier of one year after the Date of Termination and the original expiration date of such options or stock appreciation rights.

Except with respect to payments and benefits under Sections 4(a)(i)A(1) and 4(a)(i)A(2), all payments and benefits to be provided under this Section 4(a) shall be subject to the Executive's delivering to the Company, and not revoking, a signed release of claims substantially in the form of Exhibit A hereto within 55 days following the Executive's Date of Termination (the "Release").

Requirement”). Any amount subject to the Release Requirement will be paid promptly after the release has been executed and becomes irrevocable; provided, that to the extent any such amount constitutes Deferred Compensation and the applicable review and consideration period with respect thereto could expire in the calendar year following the Date of Termination, such amount will be paid on the 60th day following the Date of Termination.

(b) Cause; Other than for Good Reason. If the Executive’s employment shall be terminated for Cause or if the Executive terminates his employment without Good Reason during the Employment Term, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay or provide to the Executive an amount equal to the amount set forth in clauses (1), (2), and (except in the event of a termination by the Company for Cause) (3) of Section 4(a)(i)A above.

(c) Death. If the Executive’s employment is terminated by reason of the Executive’s death during the Employment Term, this Agreement shall terminate without further obligations to the Executive’s legal representatives under this Agreement, other than: (i) the obligation to pay or provide to the Executive’s beneficiaries the Accrued Obligations, (ii) payment of a pro-rata Annual Bonus for the year in which such termination occurs based on actual results and payable in accordance with Section 2(b)(ii) of this Agreement (the “Pro-Rata Bonus”), and (iii) the vesting of Equity Awards as provided in subsection (e) below.

(d) Disability. If the Executive’s employment is terminated by reason of the Executive’s Disability during the Employment Term, this Agreement shall terminate without further obligations to the Executive, other than: (i) the obligation to pay or provide to the Executive the Accrued Obligations, (ii) payment of the Pro-Rata Bonus, and (iii) the vesting of Equity Awards as provided in subsection (e) below.

(e) Vesting of Equity on Death or Disability. With respect to the Executive’s Equity Awards, if the Executive’s employment is terminated by reason of death or Disability, such awards shall vest (and remain exercisable, as applicable) as provided in the first sentence of Section 4(a)(iii) above.

5. Section 280G.

(a) Notwithstanding any other provisions in this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a change in control of the Parent or the Company or the termination of the Executive’s employment, whether pursuant to the terms of this Agreement or any other plan, program, arrangement or agreement) (all such payments and benefits, together, the “Total Payments”) would be subject (in whole or part), to any excise tax imposed under Section 4999 of the Code, or any successor provision thereto (the “Excise Tax”), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, program, arrangement or agreement, the Company will reduce the Total Payments to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax (but in no event to less than zero); provided, however, that the Total Payments will only be reduced if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state, municipal and local income taxes on such reduced Total Payments and after taking into

account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state, municipal and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) In the case of a reduction in the Total Payments, the Total Payments will be reduced in the following order: (i) payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (ii) payments and benefits due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; (iii) payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with amounts that are payable last reduced first, will next be reduced; (iv) payments and benefits due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; and (v) all other non-cash benefits not otherwise described in clauses (ii) or (iv) will be next reduced pro-rata. Any reductions made pursuant to each of clauses (i)-(v) above will be made in the following manner: first, a pro-rata reduction of cash payment and payments and benefits due in respect of any equity not subject to Section 409A, and second, a pro-rata reduction of cash payments and payments and benefits due in respect of any equity subject to Section 409A as deferred compensation.

(c) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax: (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code will be taken into account; (ii) no portion of the Total Payments will be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the change in control, the Company's independent auditor (the "Auditor"), does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments will be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as set forth in Section 280G(b)(3) of the Code) that is allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments will be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(d) At the time that payments are made under this Agreement, the Company will provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations, including any opinions or other advice the Company received from Tax Counsel, the Auditor, or other advisors or consultants (and any such opinions or advice which are in writing will be attached to the statement). If the Executive objects to the Company's calculations, the Company will pay to the Executive such portion of the Total

Payments (up to 100% thereof) as the Executive determines is necessary to result in the proper application of this Section 5. All determinations required by this Section 5 (or requested by either the Executive or the Company in connection with this Section 5) will be at the expense of the Company. The fact that the Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section 5 will not of itself limit or otherwise affect any other rights of the Executive under this Agreement.

6. Section 409A – Six Month Delay on Separation From Service if Required. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable under this Agreement during the six-month period immediately following the Executive's termination, shall instead be paid on the first business day after the expiration of such six-month period, plus interest thereon, at a rate equal to the applicable Federal short-term rate (as defined in Section 1274(d) of the Code) for the month in which such Date of Termination occurs from the respective dates on which such amounts would otherwise have been paid until the actual date of payment.

7. Full Settlement. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced as a result of a mitigation duty whether or not the Executive obtains other employment.

8. Covenants. In order to induce the Company to enter into this Agreement, as a material condition of his employment by the Company, the Executive agrees as follows:

(a) Nonsolicitation and Noncompetition.

(i) Nonsolicitation. During the "Restricted Period" (as defined below), the Executive, on his own behalf or on behalf of any other person, partnership, corporation or other entity, will not, directly or indirectly, (i) intentionally solicit or induce or attempt to solicit or induce any employee, agent or consultant to terminate his or her relationship with the Company, or (ii) intentionally take any action to interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company and any customer, supplier, lessor, lessee, broker or employee or any other person or entity which has a business relationship with the Company. For purposes hereof, the "Restricted Period" means the period commencing on the date of this Agreement and terminating twelve (12) months following the termination of the Executive's employment with the Company for any reason or no reason. As used in this Section 8, "Company," shall include the Company, the Parent and their affiliates.

(ii) Noncompetition. During the Restricted Period, the Executive shall not engage in any Competitive Activity (as defined below). If the Executive engages in Competitive Activity in breach of this Section, then the Company shall be entitled to pursue each or all of the following remedies: (i) money damages to the extent they can reasonably be determined; (ii) injunctive and equitable relief on both a provisional and permanent basis in accordance with Section 8(f) hereof; and/or (iii) all other rights and remedies available under this Agreement and governing law. The Company shall give the Executive prior written notice of any perceived breach and 10 business days to cure prior to taking any action. As used in this Section, "Competitive

Activity” means involvement in the management or operation of or control, direct or indirect, of a company that operates vessels, of which at least 80% (by number of ships) are dry bulk vessels, wherever such business is located in the world if such business is or reasonably could become a competitor of the Company at the time the Executive becomes affiliated with such company.

(b) Property of the Company.

(i) Proprietary Information. All right, title and interest in and to “Proprietary Information” (as defined below) will be and shall remain the sole and exclusive property of the Company. The Executive will not remove from the Company’s offices or premises any documents, records, notebooks, files, correspondence, reports, memoranda or similar materials of or containing Proprietary Information, or other materials or property of any kind belonging to the Company unless necessary or appropriate in the performance of his duties to the Company. If the Executive removes such materials or property in the performance of his duties, the Executive will return such materials or property to their proper files or places of safekeeping as promptly as possible after the removal has served its specific purpose. The Executive will not make, retain, remove and/or distribute any copies of any such materials or property, or divulge to any third person the nature of and/or contents of such materials or property or any other oral or written information to which he may have access or become familiar in the course of his employment, except to the extent necessary in the performance of his duties. Upon termination of the Executive’s employment with the Company for whatever reason and whether voluntary or involuntary, or at any time at the request of the Company, he will leave with the Company or promptly return to the Company all originals and copies of such materials or property then in his possession, custody, or control and shall not retain any copies or other reproductions or extracts thereof except for historical financial or corporate information reasonably required to be retained for tax or related purposes. The foregoing restrictions and obligations under this Section 8(b) shall not apply to: (A) any Proprietary Information that is or becomes generally available to the public other than as a result of a disclosure by the Executive, (B) any information obtained by the Executive from a third party which the Executive has no reason to believe is violating any obligation of confidentiality to the Company, or (C) any information the Executive is required by law to disclose. In the event that the Executive is requested in any proceeding to disclose any Proprietary Information, the Executive agrees to give the Company prompt written notice of such request and the documents requested thereby so that the Company may seek an appropriate protective order. It is further agreed that if, in the absence of a protective order, the Executive is nonetheless, in the written opinion of his counsel, compelled to disclose Proprietary Information to any tribunal or else stand liable for contempt or suffer other censure or penalty, the Executive may disclose such information to such tribunal without liability hereunder; provided, however, that the Executive must give the Company written notice of the information to be disclosed (including copies of the relevant portions of the relevant documents) as far in advance of its disclosure as is practicable, use all reasonable efforts to limit any such disclosure to the precise terms of such requirement and use all reasonable efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to such information. Notwithstanding the foregoing or any other provision of this Agreement, nothing shall prevent the Executive from sharing any Proprietary Information or other information (except any information protected by the Company’s attorney-client privilege or the work product doctrine) with regulators or appropriate governmental agencies, including but not limited to governing taxing authorities, whether in response to a subpoena or other legal process or otherwise, without notice to the Company. For

the avoidance of doubt, the Executive shall be able to retain a copy of his contacts and any materials related to his employment and compensation.

“Proprietary Information” means any and all documents or information of or relating to the Parent, the Company or any of their respective affiliates. Such Proprietary Information shall include, but shall not be limited to, the following items and information relating to the following items: (A) all intellectual property and proprietary rights of the Company (including without limitation Intellectual Property) (B) computer codes or instructions (including source and object code listings, program logic algorithms, subroutines, modules or other subparts of computer programs and related documentation, including program notation), computer processing systems and techniques, all computer inputs and outputs (regardless of the media on which stored or located), hardware and software configurations, designs, architecture and interfaces, (C) business research, studies, procedures and costs, (D) financial data, (E) distribution methods, (F) marketing data, methods, plans and efforts, (G) the terms of contracts and agreements with customers, contractors and suppliers, (H) the needs and requirements of, and the Company’s course of dealing with, actual or prospective customers, contractors and suppliers, (I) personnel information, (J) customer and vendor credit information, and (K) any information received from third parties subject to obligations of non-disclosure or non-use. Failure by the Company to mark any of the Proprietary Information as confidential or proprietary shall not affect its status as Proprietary Information under the terms of this Agreement.

(ii) Intellectual Property. The Executive agrees that all “Intellectual Property” (as defined below) will be considered “works made for hire” as that term is defined in Section 101 of the Copyright Act (17 U.S.C. § 101) and that all right, title and interest in such Intellectual Property will be the sole and exclusive property of the Company. To the extent that any of the Intellectual Property may not by law be considered a work made for hire, or to the extent that, notwithstanding the foregoing, the Executive retains any interest in the Intellectual Property, the Executive hereby irrevocably assigns and transfers to the Company any and all right, title or interest that the Executive may now or in the future have in the Intellectual Property under patent, copyright, trade secret, trademark or other law, in perpetuity or for the longest period otherwise permitted by law, without the necessity of further consideration. The Company will be entitled to obtain and hold in its own name all copyrights, patents, trade secrets, trademarks and other similar registrations with respect to such Intellectual Property. The Executive further agrees to execute any and all documents and provide any further cooperation or assistance reasonably required by the Company to perfect, maintain or otherwise protect its rights in the Intellectual Property. If the Company is unable after reasonable efforts to secure the Executive’s signature, cooperation or assistance in accordance with the preceding sentence, whether because of the Executive’s incapacity or any other reason whatsoever, the Executive hereby designates and appoints the Company or its designee as the Executive’s agent and attorney-in-fact, to act on her behalf, to execute and file documents and to do all other lawfully permitted acts necessary or desirable to perfect, maintain or otherwise protect the Company’s rights in the Intellectual Property. The Executive acknowledges and agrees that such appointment is coupled with an interest and is therefore irrevocable.

“Intellectual Property” means (A) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents and patent applications claiming such inventions, (B) all trademarks, service marks, trade dress, logos, trade names,

fictitious names, brand names, brand marks and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (C) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (D) all mask works and all applications, registrations, and renewals in connection therewith, (E) all trade secrets (including research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, methodologies, technical data, designs, drawings and specifications), (F) all computer software (including data, source and object codes and related documentation), (G) all other proprietary rights, and (H) all copies and tangible embodiments thereof (in whatever form or medium), or similar intangible personal property which have been or are developed or created in whole or in part by the Executive (1) at any time and at any place while the Executive is employed by Company and which, in the case of any or all of the foregoing, are related to or used in connection with the business of the Company, or (2) as a result of tasks assigned to the Executive by the Company.

(c) Interpretation; Severability. The Executive has carefully considered the possible effects on the Executive of the confidentiality provisions, Intellectual Property provisions, restrictive covenants, and other obligations contained in this Agreement and the Executive recognizes that the limitations are reasonable and necessary to protect the legitimate business interests, developing new Proprietary Information and Intellectual Property and developing goodwill of the Company. The parties hereto agree that if any portion of the above restrictive covenants are held to be unreasonable, arbitrary, against public policy, or for any other reason unenforceable, the covenants herein shall be considered diminishable both as to time and geographic area; each month for the specified period shall be deemed a separate period of time, and the restrictive covenants shall remain effective so long as the same is not unreasonable, arbitrary or against public policy, but in no event longer than the Restricted Period. The parties hereto agree that in the event any court determines the specified time period or the specified geographic area to be unreasonable, arbitrary or against public policy, a lesser period or geographic area which is determined to be reasonable, nonarbitrary and not against public policy having an effect as close as permitted by applicable law to the provision declared unenforceable shall be enforced against the Executive.

(d) Calculation of Time. The time period covered by the restrictive covenants contained in this Section 8 shall not include any period(s) of violation of any restrictive covenant.

(e) Independent Covenants. The provisions set forth in this Section 8 each shall be construed as an agreement independent of any other provision in this Agreement, and the existence of any potential or alleged claim or cause of action of the Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants contained herein. An alleged or actual breach of this Agreement by the Company shall not be a defense to enforcement of the provisions of this Section 8. It is acknowledged and agreed that the provisions of this Section 8 shall survive the termination of this Agreement.

(f) Injunction; Specific Performance. The Executive acknowledges that if he were to breach any of the provisions of this Section 8, it would result in an immediate and irreparable injury to the legitimate business interests of the Company for which monetary damages alone

might not be an adequate remedy and that the amount of such damages may be difficult to determine. Therefore, the Executive agrees that if any such breach shall occur, if the Company so elects, and in addition to all other remedies that the Company may have, the Company shall be entitled to seek injunctive relief, specific performance, or any other form of equitable relief to remedy a breach or threatened breach of this Agreement. The existence of this right shall not preclude or otherwise limit the applicability or exercise of any other rights or remedies which the Company may have at law or in equity.

9. Successors. This Agreement is binding on and may be enforced by the Company or the Parent and their successors and assigns and is binding on and may be enforced by the Executive and the Executive's heirs and legal representatives. The Company or the Parent shall cause any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial portion of its business and/or assets to assume expressly and agree to perform this Agreement immediately upon such succession in the same manner and to the same extent that the Company or the Parent would be required to perform it if no such succession had taken place. As used in this Agreement, "Company," shall mean the Company as defined above and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

10. Miscellaneous.

(a) This Agreement will be governed by the laws of the State of New York. All actions arising out of or relating to this Agreement shall be heard and determined exclusively in any New York state or federal court sitting in the Borough of Manhattan in The City of New York. The parties hereto hereby (i) submit to the exclusive jurisdiction of any state or federal court sitting in the Borough of Manhattan in The City of New York for the purpose of any action arising out of or relating to this Agreement brought by any party hereto, and (ii) irrevocably waive, and agree not to assert by way of motion, defense, or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated hereby may not be enforced in or by any of the above-named courts.

(b) Notices under this Agreement must be in writing and will be deemed to have been given (i) when personally delivered or (ii) three business days after mailed by U.S. registered or certified mail, return receipt requested and postage prepaid, and will be addressed as follows:

If to the Executive:

to his address most recently on file with the Company If to the Company:

Eagle Shipping International (USA) LLC 300 First Stamford Place – 5th Floor Stamford, CT 06902
Attention: Board of Directors

with a copy to (which shall not constitute notice):

Akin Gump Strauss Hauer & Feld LLP One Bryant Park
New York, New York 10036 Attention: Rolf Zaiss

or to such other address as either party shall have furnished to the other in writing in accordance herewith.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such federal, state or local income taxes to the extent the same required to be withheld pursuant to any applicable law or regulation.

(e) Except as provided in Section 3(c), the Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive, the Company or the Parent may have hereunder, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) From and after the date of this Agreement, this Agreement shall supersede any other employment agreement or understanding between the parties with respect to the subject matter hereof except as otherwise specifically set forth in this Agreement.

(g) Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to the Executive pursuant to this Agreement or any other agreement or arrangement with the Company, which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as is required to be made pursuant to such law, government regulation or stock exchange listing requirement.

11. Director's and Officer's Insurance; Indemnification.

(a) The Company shall indemnify the Executive, to the fullest extent permitted by applicable law, against all costs, charges and expenses incurred or sustained by the Executive, including the cost and expenses of legal counsel, in connection with any action, suit or proceeding (collectively a "Proceeding") to which the Executive may be made a party by reason of the Executive being or having been an officer, director, or employee of the Company or Parent or any of its subsidiaries or affiliates. Notwithstanding the preceding, the Executive shall not be entitled to indemnification in connection with any gross negligence or willful misconduct of the Executive.

(b) The Executive shall be covered during the entire term of this Agreement and thereafter for at least six (6) years by officer and director liability insurance in amounts and on terms similar to that afforded to other executives and/or directors of the Company and the Parent or their affiliates, which such insurance shall be paid by the Company or the Parent.

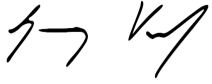
12. Section 409A. If it is determined that any amount due the Executive under the terms of this Agreement has been structured in a manner that would result in adverse tax treatment under Section 409A of the Code ("Section 409A"), the parties agree to cooperate in taking all reasonable measures to restructure the arrangement to minimize or avoid such adverse tax treatment without materially impairing Executive's economic rights and without materially increasing the cost to the Company. Each payment made under this Agreement (including each separate installment payment in the case of a series of installment payments) shall be deemed to be a separate payment for purposes of Section 409A. Amounts payable under this Agreement shall be deemed not to be a "deferral of compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation §§ 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Section 409A. For purposes of this Agreement, with respect to payments of any amounts that are considered to be "deferred compensation" subject to Section 409A, references to "termination of employment", "termination", or words and phrases of similar import, shall be deemed to refer to the Executive's "separation from service" as defined in Section 409A, and shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A. Notwithstanding anything to the contrary in this Agreement, any payment or benefit under this Agreement or otherwise that is exempt from Section 409A pursuant to Treasury Regulation § 1.409A-1(b)(9)(v)(A) or (C) (relating to certain reimbursements and in-kind benefits) shall be paid or provided to the Executive only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of the second calendar year following the calendar year in which the Executive's "separation from service" occurs; and provided further that such expenses are reimbursed no later than the last day of the third calendar year following the calendar year in which the Executive's "separation from service" occurs. To the extent any expense reimbursement, or the provision of any in-kind benefit is determined to be subject to Section 409A (and not exempt pursuant to the prior sentence or otherwise), the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the payment or provision of in-kind benefits or expenses eligible for reimbursement in any other calendar year (except for any life-time or other aggregate limitation applicable to medical expenses), and in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which the Executive incurred such expenses, and in no event shall any right reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

13. Survival. The rights and obligations of the parties under the provisions of this Agreement (including without limitation, Sections 5 through 13) shall survive, and remain binding and enforceable, notwithstanding the expiration of the Employment Term, the termination of this Agreement, the termination of Executive's employment hereunder or any settlement of the financial rights and obligations arising from Executive's employment hereunder, to the extent necessary to preserve the intended benefits and obligations of such provisions.

[signature page follows]

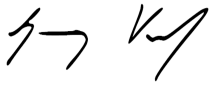
IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, the Company and the Parent have caused these presents to be executed in its name and on its behalf, all as of the day and year first above written.

EAGLE SHIPPING INTERNATIONAL (USA) LLC



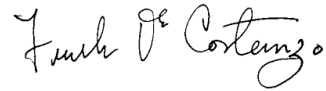
By: Name: Gary Vogel
Title: Chief Executive Officer

EAGLE BULK SHIPPING INC.



By: Name: Gary Vogel
Title: Chief Executive Officer

EXECUTIVE



By:
Name: Frank De Costanzo

Exhibit A

RELEASE AGREEMENT

THIS RELEASE AGREEMENT (the "Release") is made as of [●] among Eagle Shipping International (USA) LLC, a Marshall Islands limited liability company (the "Company"), its parent Eagle Bulk Shipping Inc., a Marshall Islands corporation (the "Parent") and Frank De Costanzo (the "Executive").

1. Executive hereby voluntarily, knowingly and willingly releases and forever discharges the Company, its Parent and their subsidiaries and affiliates, and each of their respective officers, directors, partners, members, shareholders, employees, attorneys, representatives and agents, and each of their predecessors, successors and assigns (collectively, the "Company Releasees"), from any and all charges, complaints, claims, promises, agreements, controversies, causes of action and demands of any nature whatsoever which against them Executive or Executive's executors, administrators, successors or assigns ever had, now have or hereafter can, shall or may have by reason of any matter, cause or thing whatsoever (a) arising prior to the time Executive signs this Release; (b) arising prior to the time Executive signs this Release out of or relating to Executive's employment with the Company, service as a member of the Board or the termination thereof; or (c) arising prior to the time Executive signs this Release out of or relating to (i) the Employment Agreement between the Company and the Executive, dated [], 2016 (the "Employment Agreement") and (ii) any relevant agreement, contract, plan, practice, policy or program of the Company. This Release includes, but is not limited to, any rights or claims arising under any statute, including the Employee Retirement Income Security Act of 1974, Title VII of the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Fair Labor Standards Act, or any other foreign, federal, state or local law or judicial decision, including, but not limited to, and any rights or claims under any policy, agreement, understanding or promise, written or oral, formal or informal, between Executive and any of the Company Releasees. The foregoing Release shall not apply to (i) claims that cannot be released under applicable law, including, but not limited to, any claim for workers' compensation benefits or unemployment benefits; (ii) legally mandated benefits; (iii) vested benefits, if any, under any equity plan, qualified or nonqualified savings and pension plans in which Executive may have participated during his employment with the Company or its affiliates; (iv) any claim related to indemnification for acts performed while an officer or director of the Company or the Parent or their affiliates as permitted under applicable law and the bylaws of the Company or the Parent or their affiliates, as appropriate; or (v) any claim that may be raised by Executive in his capacity as an equity-holder of the Parent or its affiliates.

2. Executive represents that Executive has not filed a complaint against any of the Company Releasees in any court. Except as prohibited by law, Executive further (i) represents that Executive will not initiate or cause to be initiated on his behalf a complaint

in any court pursuing any claim or cause of action released herein, or participate in any such proceeding; and (ii) waives any right Executive may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any proceeding before any court or administrative agency, including any proceeding conducted by or before the Equal Employment Opportunity Commission (“EEOC”). Notwithstanding the above, nothing in Section 1 of this Release shall prevent Executive from (i) initiating or causing to be initiated on his behalf any complaint, charge, claim or proceeding against the Company before any local, state or federal agency, court or other body challenging the validity of the waiver of his claims under the ADEA contained in Section 1 of this Release (but no other portion of such waiver); (ii) initiating or participating in an investigation or proceeding conducted by the EEOC; or (iii) enforcing any of the claims preserved by the last sentence of Section 1 of this Release.

3. Executive acknowledges that Executive has been advised that he has twenty-one (21) days from the date of receipt of this Release to consider all the provisions of this Release and he does hereby knowingly and voluntarily waive said given twenty-one (21) day period. EXECUTIVE FURTHER ACKNOWLEDGES THAT EXECUTIVE HAS READ THIS RELEASE CAREFULLY, HAS BEEN ADVISED BY THE COMPANY TO, AND HAS IN FACT, CONSULTED AN INDEPENDENT ATTORNEY WHO IS NOT AFFILIATED WITH AND HAS NO DUTY TO, THE COMPANY, AND FULLY UNDERSTANDS THAT BY SIGNING BELOW EXECUTIVE IS GIVING UP CERTAIN RIGHTS WHICH HE MAY HAVE TO SUE OR ASSERT A CLAIM AGAINST ANY OF THE COMPANY RELEASEES, AS DESCRIBED IN SECTION 1 OF THIS RELEASE AND THE OTHER PROVISIONS HEREOF. EXECUTIVE ACKNOWLEDGES THAT EXECUTIVE HAS NOT BEEN FORCED OR PRESSURED IN ANY MANNER WHATSOEVER TO SIGN THIS RELEASE, AND EXECUTIVE AGREES TO ALL OF ITS TERMS VOLUNTARILY.

4. Executive hereby acknowledges and understands that Executive shall have seven (7) days from the date of execution of this Release to revoke this Release (including, without limitation, any and all claims arising under the ADEA) and that neither the Company, the Parent nor any other person is obligated to provide any benefits to Executive pursuant to the Employment Agreement until at least eight (8) days have passed since Executive’s signing of this Release without Executive having revoked this Release, in which event the Company shall arrange and/or pay for any such benefits otherwise attributable to said eight (8) day period, consistent with the terms of the Employment Agreement. If Executive revokes this Release, Executive will be deemed not to have accepted the terms of this Release, and no action will be required of the Company or the Parent under any section of this Release.

5. This Release does not constitute an admission of liability or wrongdoing of any kind by Executive or the Company or the Parent.

6. This Release shall be governed and construed in accordance with the laws of New York, without reference to the principles of conflicts of law thereof.

7. Executive acknowledges that Sections 5-12 of the Employment Agreement will continue to survive, and remain in full force and effect, following his execution of this Release.

IN WITNESS WHEREOF, Executive, the Company and the Parent have executed the Release as of the date and year first written above.

EAGLE SHIPPING INTERNATIONAL (USA) LLC

By: Name:
Title:

EAGLE BULK SHIPPING INC.

By: Name:
Title:

EXECUTIVE

By:
Name: Frank De Costanzo

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: August 8, 2022

/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: August 8, 2022

/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 June 30, 2022, 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: August 8, 2022

/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 June 30, 2022, 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: August 8, 2022

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