

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

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2021

OR

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

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 Date of event requiring this shell company report: Not applicable

For the transition period from _____ to _____

Commission file number 001-32458

DIANA SHIPPING INC.

(Exact name of Registrant as specified in its charter)

Diana Shipping Inc.

(Translation of Registrant's name into English)

Republic of the Marshall Islands

(Jurisdiction of incorporation or organization)

Pendelis 16, 175 64 Palaio Faliro, Athens, Greece

(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be 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, \$0.01 par value including the Preferred Stock Purchase Rights	DSX	New York Stock Exchange
8.875% Series B Cumulative Redeemable Perpetual Preferred Shares, \$0.01 par value	DSXPRB	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2021, there were 84,672,258 shares of the registrant's common stock outstanding

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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

☒ Yes ☐ No

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

☒ Yes ☐ No

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

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒

International Financial Reporting Standards as issued
by the International Accounting Standards Board ☐

Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

☐ Yes ☐ No

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FORWARD-LOOKING STATEMENTS

Matters discussed in this annual report and the documents incorporated by reference may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include, but are not limited to, statements concerning plans, objectives, goals, strategies, future events or performance, underlying assumptions and other statements, which are other than statements of historical facts.

Diana Shipping Inc., or the Company, desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. This document and any other written or oral statements made by the Company or on its behalf may include forward-looking statements, which reflect its current views with respect to future events and financial performance, and are not intended to give any assurance as to future results. When used in this document, the words “believe”, “anticipate”, “intends”, “estimate”, “forecast”, “project”, “plan”, “potential”, “will”, “may”, “should”, “expect”, “targets”, “likely”, “would”, “could”, “seeks”, “continue”, “possible”, “might”, “pending”, and similar expressions, terms or phrases may identify forward-looking statements.

Please note in this annual report, “we”, “us”, “our” and “the Company” all refer to Diana Shipping Inc. and its subsidiaries, unless otherwise indicated.

The forward-looking statements in this document are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in its records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, the Company cannot assure you that it will achieve or accomplish these expectations, beliefs or projections.

Such statements reflect the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. The Company is making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors that could cause actual results to differ materially from those contemplated.

In addition to these important factors and matters discussed elsewhere herein, including under the heading “Item 3. Key Information—D. Risk Factors,” and in the documents incorporated by reference herein, important factors that, in its view, could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to:

- the strength of world economies;
- fluctuations in currencies and interest rates;
- general market conditions, including fluctuations in charter hire rates and vessel values;
- changes in demand in the dry-bulk shipping industry;
- changes in the supply of vessels, including when caused by new newbuilding vessel orders or changes to or terminations of existing orders, and vessel scrapping levels;
- changes in the Company’s operating expenses, including bunker prices, crew costs, drydocking and insurance costs;
- the Company’s future operating or financial results;
- availability of financing and refinancing and changes to the Company’s financial condition and liquidity, including the Company’s ability to pay amounts that it owes and obtain additional financing to fund capital expenditures,

acquisitions and other general corporate activities and the Company's ability to obtain financing and comply with the restrictions and other covenants in the Company's financing arrangements;

- changes in governmental rules and regulations or actions taken by regulatory authorities;
- potential liability from pending or future litigation;
- compliance with governmental, tax, environmental and safety regulation, any non-compliance with the U.S. Foreign Corrupt Practices Act of 1977 (FCPA) or other applicable regulations relating to bribery;
- the impact on the Company's cash flows or results of operation resulting from the discontinuance of LIBOR after 2021 on interest rates of any of the Company's debt that reference London Interbank Offered Rate ("LIBOR"), including potential changes to the Company's loan agreements;
- the failure of counter parties to fully perform their contracts with the Company;
- the Company's dependence on key personnel;
- adequacy of insurance coverage;
- the volatility of the price of the Company's common shares;
- the Company's incorporation under the laws of the Marshall Islands and the different rights to relief that may be available compared to other countries, including the United States;
- general domestic and international political conditions or labor disruptions, including the impact of the conflict in Ukraine and any resulting international sanctions;
- acts by terrorists or acts of piracy on ocean-going vessels;
- the length and severity of the continuing novel coronavirus (COVID-19) outbreak and its impact in the dry-bulk shipping industry;
- potential disruption of shipping routes due to accidents or political events; and
- other important factors described from time to time in the reports filed by the Company with the Securities and Exchange Commission, or the SEC, including those factors discussed in "Item 3. Key Information- D. Risk Factors" in this Annual Report on Form 20-F and the New York Stock Exchange, or the NYSE.

This report may contain assumptions, expectations, projections, intentions and beliefs about future events. These statements are intended as forward-looking statements. The Company may also from time to time make forward- looking statements in other documents and reports that are filed with or submitted to the Commission, in other information sent to the Company's security holders, and in other written materials. The Company also cautions that assumptions, expectations, projections, intentions and beliefs about future events may and often do vary from actual results and the differences can be material. The Company undertakes no obligation to publicly update or revise any forward-looking statement contained in this report, whether as a result of new information, future events or otherwise, except as required by law.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not Applicable.

Item 2. Offer Statistics and Expected Timetable

Not Applicable.

Item 3. Key Information

A. *[Reserved]*

B. *Capitalization and Indebtedness*

Not Applicable.

C. *Reasons for the Offer and Use of Proceeds*

Not Applicable.

D. *Risk Factors*

Summary of Risk Factors

The below bullets summarize the principal risk factors related to an investment in our Company.

Industry Specific Risk Factors

- *Charter hire rates for dry bulk carriers are volatile, which may adversely affect our earnings, revenue and profitability and our ability to comply with our loan covenants.*
- *The current state of the global financial markets and current economic conditions may adversely impact our results of operation, financial condition, cash flows, and ability to obtain additional financing or refinance our existing and future credit facilities on acceptable terms which may negatively impact our business.*
- *The war in Ukraine could affect our results of operations and financial condition.*
- *Our financial results and operations may be adversely affected by the continuing COVID-19 pandemic, and related governmental responses thereto.*
- *An increase in the price of fuel may adversely affect our profits.*
- *We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.*
- *If our vessels call on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government, the European Union, the United Nations, or other governmental authorities, it could lead to monetary fines or penalties and may adversely affect our reputation and the market for our securities.*
- *We conduct business in China, where the legal system is not fully developed and has inherent uncertainties that could limit the legal protections available to us.*

- *Failure to comply with the U.S. Foreign Corrupt Practices Act could result in fines, criminal penalties and an adverse effect on our business.*
- *Changing laws and evolving reporting requirements could have an adverse effect on our business.*

Company Specific Risk Factors

- *We charter some of our vessels on short-term time charters in a volatile shipping industry and a decline in charter hire rates could affect our results of operations and our ability to pay dividends.*
- *A cyber-attack could materially disrupt our business.*
- *Increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to our ESG policies may impose additional costs on us or expose us to additional risks.*
- *In the highly competitive international shipping industry, we may not be able to compete for charters with new entrants or established companies with greater resources, and as a result, we may be unable to employ our vessels profitably.*
- *We are exposed to U.S. dollar and foreign currency fluctuations and devaluations that could harm our reported revenue and results of operations.*
- *Volatility of LIBOR and discontinuance of the use of LIBOR as a benchmark could affect our profitability, earnings and cash flow.*
- *We depend upon a few significant customers for a large part of our revenues and the loss of one or more of these customers could adversely affect our financial performance.*

Risks Relating to Our Common Stock

- *We cannot assure you that our board of directors will continue to declare dividends on shares of our common stock in the future.*
- *The market price of our common stock has fluctuated widely, and there is no guarantee that there will continue to be an active and liquid public market for you to resell our common stock in the future.*
- *Our Series B Preferred Shares are senior obligations of ours and rank prior to our common shares with respect to dividends, distributions and payments upon liquidation, which could have an adverse effect on the value of our common shares.*

Risks Relating to Our Series B Preferred Stock

- *We may not have sufficient cash from our operations to enable us to pay dividends on our Series B Preferred Shares following the payment of expenses and the establishment of any reserves.*
- *Our Series B Preferred Shares are subordinate to our indebtedness, and your interests could be diluted by the issuance of additional preferred shares, including additional Series B Preferred Shares, and by other transactions.*
- *We may redeem the Series B Preferred Shares, and you may not be able to reinvest the redemption price you receive in a similar security.*

Some of the following risks relate principally to the industry in which we operate and our business in general. Other risks relate principally to the securities market and ownership of our securities, including our common stock and our Series B Preferred Shares. The occurrence of any of the events described in this section could significantly and negatively affect our business, financial condition, operating results, cash available for the payment of dividends on our shares and interest on our loan facilities and Bond, or the trading price of our securities.

Industry Specific Risk Factors

Charter hire rates for dry bulk carriers are volatile, which may adversely affect our earnings, revenue and profitability and our ability to comply with our loan covenants.

The dry bulk shipping industry is cyclical with attendant volatility in charter hire rates and profitability. The degree of charter hire rate volatility among different types of dry bulk carriers has varied widely, and charter hire rates for Panamax and Capesize dry bulk carriers, although increased since 2021, are below historically high levels. More than half of our vessels are scheduled to come off of their current charters in 2022, based on their earliest redelivery date, for which we may be seeking new employment. We cannot assure you that we will be able to renew existing charters or successfully charter our vessels in the future at rates sufficient to allow us to meet our obligations or pay dividends. Fluctuations in charter rates result from changes in the supply of and demand for vessel capacity and changes in the supply of and demand for the major commodities carried by water internationally. Because the factors affecting the supply of and demand for vessels are outside of our control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are also unpredictable. A significant decrease in charter rates would affect asset values and adversely affect our profitability, cash flows and may cause asset values to decline, and we may have to record impairment charges in our consolidated financial statements which could adversely affect our financial results.

Factors that influence demand for dry bulk vessel capacity include:

- supply of and demand for energy resources, commodities, semi-finished and finished consumer and industrial products;
- changes in the exploration or production of energy resources, commodities, semi-finished and finished consumer and industrial products;
- the location of regional and global exploration, production and manufacturing facilities;
- the location of consuming regions for energy resources, commodities, semi-finished and finished consumer and industrial products;
- the globalization of production and manufacturing;
- global and regional economic and political conditions, including armed conflicts such as the ongoing war in Ukraine and others, terrorist activities, embargoes, strikes, tariffs and “trade wars”;
- economic slowdowns caused by public health events such as the continuing COVID-19 outbreak;
- natural disasters and other disruptions in international trade;
- disruptions and developments in international trade;
- changes in seaborne and other transportation patterns, including the distance cargo is transported by sea and trade patterns;
- environmental and other regulatory developments;
- currency exchange rates; and
- weather.

Factors that influence the supply of dry bulk vessel capacity include:

- the number of newbuilding orders and deliveries, including slippage in deliveries;
- the number of shipyards and ability of shipyards to deliver vessels;
- port and canal congestion;
- the scrapping rate of older vessels;
- speed of vessel operation;
- vessel casualties;
- the number of vessels that are out of service, namely those that are laid-up, dry-docked, awaiting repairs or otherwise not available for hire; and
- sanctions (in particular, sanctions on Iran, Venezuela and the developing sanction regime resulting from the war in Ukraine, amongst others).

In addition to the prevailing and anticipated freight rates, factors that affect the rate of newbuilding, scrapping and laying-up include newbuilding prices, secondhand vessel values in relation to scrap prices, costs of bunkers and other operating costs, costs associated with classification society surveys, normal maintenance and insurance coverage costs, the efficiency and age profile of the existing dry bulk fleet in the market and government and industry regulation of maritime transportation practices, particularly environmental protection laws and regulations. These factors influencing the supply of and demand for shipping capacity are outside of our control, and we may not be able to correctly assess the nature, timing and degree of changes in industry conditions.

We anticipate that the future demand for our dry bulk carriers will be dependent upon economic growth in the world's economies, including China and India, seasonal and regional changes in demand, changes in the capacity of the global dry bulk carrier fleet and the sources and supply of dry bulk cargo transported by sea. While there has been a general decrease in new dry bulk carrier ordering since 2014, the capacity of the global dry bulk carrier fleet could increase and economic growth may not resume in areas that have experienced a recession or continue in other areas. Adverse economic, political, social or other developments, including the continuing war in Ukraine could have a material adverse effect on our business and operating results.

The dry bulk carrier charter market has improved but remains significantly below its high in 2008, which may affect our revenues, earnings and profitability, and our ability to comply with our loan covenants.

The abrupt and dramatic downturn in the dry bulk charter market until the beginning of 2021, from which we derive substantially all of our revenues, severely affected the dry bulk shipping industry and our business. The Baltic Dry Index, or the BDI, a daily average of charter rates for key dry bulk routes published by the Baltic Exchange Limited, has long been viewed as the main benchmark to monitor the movements of the dry bulk vessel charter market and the performance of the entire dry bulk shipping market. The BDI declined 94% in 2008 from a peak of 11,793 in May 2008 to a low of 663 in December 2008 and has remained volatile since then, reaching a record low of 290 in February 2016. In 2021, the BDI ranged from a low of 1,333 in February to a high of 5,526 in October to drop again to a low of 1,381 in January 2022. The BDI has since recovered from the January 2022 levels and closed at 2,115 on April 19, 2022. There can be no assurance that the dry bulk charter market will not decline further. The decline and volatility in charter rates is due to various factors, including the lack of trade financing for purchases of commodities carried by sea, which has resulted in a significant decline in cargo shipments, and the excess supply of iron ore in China, which has resulted in falling iron ore prices and increased stockpiles in Chinese ports. The decline and volatility in charter rates in the dry bulk market also affects the value of our dry bulk vessels, which follows the trends of dry bulk charter rates, and earnings on our charters, and similarly, affects our cash flows, liquidity and compliance with the covenants contained in our loan agreements.

Any decline in the dry bulk carrier charter market may have additional adverse consequences for our industry, including an absence of financing for vessels, no active secondhand market for the sale of vessels, charterers seeking to renegotiate the rates for existing time charters, and widespread loan covenant defaults in the dry bulk shipping industry. Accordingly, the value of our common shares could be substantially reduced or eliminated.

The current state of the global financial markets and current economic conditions may adversely impact our results of operation, financial condition, cash flows, and ability to obtain additional financing or refinance our existing and future credit facilities on acceptable terms which may negatively impact our business.

Global financial markets and economic conditions have been, and continue to be, volatile although they have recovered since February 2020, when global financial markets and financial markets in the U.S. experienced great volatility and a steep and abrupt downturn due to COVID-19. Volatility and downturn may continue not only due to COVID-19 but also due to other events such as the war in Ukraine. Credit markets and the debt and equity capital markets have been distressed and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide, particularly for the shipping industry. These issues, along with significant write-offs in the financial services sector, the repricing of credit risk and the current weak economic conditions, have made, and will likely continue to make it difficult to obtain additional financing. The current state of global financial markets and current economic conditions might adversely impact our ability to issue additional equity at prices that will not be dilutive to our existing shareholders or preclude us from issuing equity at all. Economic conditions may also adversely affect the market price of our common shares.

Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the availability and cost of obtaining money from the public and private equity and debt markets has become more difficult. Many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt and reduced, and in some cases ceased, to provide funding to borrowers and other market participants, including equity and debt investors, and some have been unwilling to invest on attractive terms or even at all. Due to these factors, we cannot be certain that additional financing will be available if needed and to the extent required, or that we will be able to refinance our credit facilities on acceptable terms or at all. If financing or refinancing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due or we may be unable to enhance our existing business, complete additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

Credit markets in the United States and Europe have in the past experienced significant contraction, deleveraging and reduced liquidity, and there is a risk that the U.S. federal government and state governments and European authorities continue to implement a broad variety of governmental action and/or new regulation of the financial markets. Global financial markets and economic conditions have been, and continue to be, disrupted and volatile. We face risks attendant to changes in economic environments, changes in interest rates, and instability in the banking and securities markets around the world, among other factors. Major market disruptions may adversely affect our business or impair our ability to borrow amounts under our credit facilities or any future financial arrangements. In the absence of available financing, we also may be unable to take advantage of business opportunities or respond to competitive pressures.

We face risks attendant to changes in economic environments, changes in interest rates, and instability in the banking and securities markets around the world, among other factors. Economic and governmental factors, together with the concurrent decline in charter rates and vessel values, may have a material adverse effect on our results of operations and financial condition and may cause the price of our common shares to decline.

If economic conditions throughout the world deteriorate or become more volatile, it could impede our operations.

The world economy faces a number of challenges, including the effects of volatile oil prices, trade tensions between the United States and China and between the United States and the European Union, the continuing war between Russia and Ukraine, continuing turmoil and hostilities in the Middle East, the Korean Peninsula, North Africa, Venezuela, Iran and other geographic areas and countries, continuing threat of terrorist attacks around the world, continuing instability and conflicts and other recent occurrences in the Middle East and in other geographic areas and countries, continuing economic weakness in the European Union, or the E.U., and stabilizing growth in China, as well as continued uncertainty regarding global economic impacts of the ongoing COVID-19 pandemic.

Our ability to secure funding is dependent on well-functioning capital markets and on an appetite to provide funding to the shipping industry. If global economic conditions worsen or lenders for any reason decide not to provide debt financing to us, we may, among other things, not be able to secure additional financing to the extent required, on acceptable terms or at all. If additional financing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due, or we may be unable to enhance our existing business, complete additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

In Europe, large sovereign debts and fiscal deficits, low growth prospects and high unemployment rates in a number of countries have contributed to the rise of Eurosceptic parties, which would like their countries to leave the Euro. The exit of the United Kingdom, or the U.K., from the European Union, or the EU, as described more fully below, and potential new trade policies in the United States further increase the risk of additional trade protectionism.

In China, a transformation of the Chinese economy is underway, as China transforms from a production-driven economy towards a service or consumer-driven economy. The Chinese economic transition implies that we do not expect the Chinese economy to return to double digit GDP growth rates in the near term. The annual year-over-year growth rate of China's GDP was expected to be around 8% for the year ended December 31, 2021, up from 2.3% for the year ended December 31, 2020, as the Chinese economy was rebounding from the COVID-19 pandemic. China's GDP growth is expected to accelerate in 2022 as the global economy is set to recover from the health crisis, although it may be adversely impacted by the current war in Ukraine and continuing COVID-19 outbreaks. Nevertheless, there is a continuous threat of a Chinese financial crisis resulting from excessive personal and corporate indebtedness and "trade wars." A decrease in the level of imports to and exports from China could adversely affect our business, operating results and financial condition. We cannot assure you that the Chinese economy will continue to grow in the future.

While the recent developments in Europe and China have been without significant immediate impact on our charter rates, an extended period of deterioration in the world economy could reduce the overall demand for our services. Such changes could adversely affect our future performance, results of operations, cash flows and financial position.

Further, governments may turn and have turned to trade barriers to protect their domestic industries against foreign imports, thereby depressing shipping demand. In particular, leaders in the United States and China have implemented certain increasingly protective trade measures, including tariff increases to protect domestic industries against imported goods, which may reduce the demand for international shipping. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition, and results of operations.

Prospective investors should consider the potential impact, uncertainty and risk associated with the development in the wider global economy. Further economic downturn in any of these countries could have a material effect on our future performance, results of operations, cash flows and financial position.

Regulations relating to ballast water discharge may adversely affect our revenues and profitability.

The IMO has imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Depending on the date of the International Oil Pollution Prevention ('IOPP') renewal survey, existing vessels constructed before September 8, 2017 must comply with the updated D-2 Discharge Performance Standard ('D-2 standard') on or after September 8, 2019. For most vessels, compliance with the D-2 standard involves installing on-board systems to treat ballast water and eliminate unwanted organisms. Ships constructed on or after September 8, 2017 are to comply with the D-2 standard upon delivery. We currently have eight vessels that do not comply with the updated guideline and costs of compliance may be substantial and adversely affect our revenues and profitability.

Furthermore, United States regulations are currently changing. Although the 2013 Vessel General Permit (“VGP”) program and U.S. National Invasive Species Act (“NISA”) are currently in effect to regulate ballast discharge, exchange and installation, the Vessel Incidental Discharge Act (“VIDA”), which was signed into law on December 4, 2018, requires that the EPA develop national standards of performance for approximately 30 discharges, similar to those found in the VGP within two years. By approximately 2022, the U.S. Coast Guard must develop corresponding implementation, compliance, and enforcement regulations regarding ballast water. The new regulations could require the installation of new equipment, which may cause us to incur substantial costs.

Risks associated with operating ocean-going vessels could affect our business and reputation, which could adversely affect our revenues and stock price.

The operation of ocean-going vessels carries inherent risks. These risks include the possibility of:

- marine disaster;
- acts of God;
- terrorism;
- environmental accidents;
- cargo and property losses or damage;
- business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy and other circumstances or events. In addition, changing economic, regulatory and political conditions in some countries, including political and military conflicts, specifically those occurring in the Ukraine, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes or adverse weather conditions; and
- piracy.

These hazards may result in death or injury to persons, loss of revenues or property, the payment of ransoms, environmental damage, higher insurance rates, damage to our customer relationships, and market disruptions, delay or rerouting, which may also subject us to litigation. If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs and maintenance are unpredictable and may be substantial. We may have to pay drydocking costs that our insurance does not cover in full. The loss of revenues while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, may adversely affect our business and financial condition. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. We may be unable to find space at a suitable drydocking facility or our vessels may be forced to travel to a drydocking facility that is not conveniently located to our vessels' positions. The loss of earnings while these vessels are forced to wait for space or to travel to more distant drydocking facilities may adversely affect our business and financial condition. Further, the total loss of any of our vessels in an environmental disaster may also harm our reputation as a safe and reliable vessel owner and operator. If we are unable to adequately maintain or safeguard our vessels, we may be unable to prevent any such damage, costs, or loss which could negatively impact our business, financial condition, results of operations and available cash.

In addition, international shipping is subject to various security and customs inspection and related procedures in countries of origin and destination and trans-shipment points. Inspection procedures can result in the seizure of the cargo and/or our vessels, delays in the loading, offloading or delivery and the levying of customs duties, fines or other penalties against us. It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Furthermore, changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, results of operations, cash flows, financial condition and available cash.

The war in Ukraine could affect our results of operations and financial condition.

The war in Ukraine has disrupted supply chains and caused instability in the energy markets and the global economy, which have experienced significant volatility. The United States and the European Union, among other countries, have announced sanctions against Russia, including sanctions targeting the Russian oil sector, among those a prohibition on the import of oil and coal from Russia to the United States. The ongoing conflict could result in the imposition of further economic sanctions by the United States and the European Union against Russia, with uncertain impacts on the international shipping markets the world economy. While we generally employ only a few Ukrainian seafarers onboard our vessels some of them have been required or have elected to return to Ukraine as a result of the current situation there. While we have not been impacted significantly by the war in Ukraine, to date, much uncertainty remains regarding the global impact of the war in Ukraine, and it is possible that such uncertainty and resulting volatility could adversely affect our ability to secure financing and as a result adversely affect our business, financial condition, results of operation and cash flows.

World events could affect our results of operations and financial condition.

Beginning in February of 2022, President Biden and several European leaders announced various economic sanctions against Russia in connection with the war in the Ukraine region, which may adversely impact our business. Continuing conflicts and recent developments in the Middle East, including increased tensions between the U.S. and Iran, which in January 2020 escalated into a U.S. airstrike in Baghdad that killed a high-ranking Iranian general, geopolitical events such as Brexit, terrorist or other attacks, and war (or threatened war) or international hostilities, such as those between the United States and North Korea, may lead to armed conflict or acts of terrorism around the world, which may contribute to further economic instability in the global financial markets, and international commerce. The continuing war in Ukraine may lead to additional armed conflicts, which may contribute to further economic instability in the global financial markets. Additionally, any further escalations of these tensions could potentially affect the shipping industry, through increased attacks on vessels in areas where conflicts exist. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea, the Gulf of Aden off the coast of Somalia and, in particular the Gulf of Guinea region off Nigeria, which experienced increased incidents of piracy in 2019, but declined since then. Any of these occurrences could have a material adverse impact on our operating results. Events in other jurisdictions could impact global markets, including foreign exchange and securities markets; any resulting changes in currency exchange rates, tariffs, treaties and other regulatory matters could in turn adversely impact our business and operations.

Our financial results and operations may be adversely affected by the continuing COVID-19 pandemic, and related governmental responses thereto.

In response to the outbreak of COVID-19 in late 2019, governments and governmental agencies around the world took numerous actions, including travel bans, quarantines, and other emergency public health measures, and a number of countries implemented lockdown measures, which resulted in a significant reduction in global economic activity and extreme volatility in the global financial markets. We cannot predict any future public health developments or other measures will be reinstituted in the event of any resurgence in the COVID-19 virus or any variants thereof. If the COVID-19 pandemic continues on a prolonged basis or becomes more severe, the adverse impact on the global economy and the rate environment for cargo vessels may deteriorate further and our operations and cash flows may be negatively impacted. Relatively weak global economic conditions during periods of volatility have and may continue to have a number of adverse consequences for dry bulk shipping and other shipping sectors, as we experienced in 2020 and 2021 and we may experience in the future, including, among other things:

- low charter rates, particularly for vessels employed on short-term time charters or in the spot market;
- limited financing for vessels;
- loan covenant defaults; and
- declaration of bankruptcy by certain vessel operators, vessel owners, shipyards and charterers.

The COVID-19 pandemic and measures to contain its spread have negatively impacted regional and global economies and trade patterns in markets in which we operate, the way we operate our business, and the businesses of our charterers and suppliers. These negative impacts could continue or worsen, even after the pandemic itself diminishes or ends. Companies, including us, have also taken precautions, such as requiring employees to work remotely and imposing travel restrictions, while some other businesses have been required to close entirely. Moreover, we face significant risks to our personnel and operations due to the COVID-19 pandemic. Our crews face risk of exposure to COVID-19 as a result of travel to ports in which cases of COVID-19 have been reported. Our shore-based personnel likewise face risk of such exposure, as we maintain offices in areas that have been impacted by the spread of COVID-19.

Measures against COVID-19 in a number of countries have restricted crew rotations on our vessels, which may continue or become more severe. As a result, in 2021, we experienced and may continue to experience disruptions to our normal vessel operations caused by increased deviation time associated with positioning our vessels to countries in which we can undertake a crew rotation in compliance with such measures. We may also incur additional expenses associated with testing, personal protective equipment, quarantines, and travel expenses such as airfare costs in order to perform crew rotations in the current environment.

Moreover, COVID-19 and governmental and other measures related to it have led to a highly difficult environment in which to acquire and dispose of vessels given difficulty to physically inspect vessels. The impact of COVID-19 has also resulted in reduced industrial activity globally, and more specifically in China with temporary closures of factories and other facilities, labor shortages and restrictions on travel.

This and future epidemics may affect personnel operating payment systems through which we receive revenues from the chartering of our vessels or pay for our expenses, resulting in delays in payments. We continue to focus on our employees' well-being, whilst making sure that our operations continue undisrupted and at the same time, adapting to the new ways of operating. As such employees are encouraged and in certain cases required to operate remotely which significantly increases the risk of cyber security attacks.

The occurrence or continued occurrence of any of the foregoing events or other epidemics or an increase in the severity or duration of the COVID-19 or other epidemics could have a material adverse effect on our business, results of operations, cash flows, financial condition, value of our vessels and ability to pay dividends.

Our operating results may be affected by seasonal fluctuations.

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, in charter hire rates. This seasonality may result in quarter-to-quarter volatility in our operating results. The dry bulk carrier market is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere during the winter months. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. As a result, our revenues may be weaker during the fiscal quarters ended June 30 and September 30, and, conversely, our revenues may be stronger in fiscal quarters ended December 31 and March 31. While this seasonality does not directly affect our operating results, it could materially affect our operating results to the extent our vessels are employed in the spot market in the future.

An increase in the price of fuel may adversely affect our profits.

While we generally will not bear the cost of fuel or bunkers for vessels operating on time charters, fuel is a significant factor in negotiating charter rates. As a result, an increase in the price of fuel beyond our expectations may adversely affect our profitability at the time of charter negotiation. Fuel is also a significant, if not the largest, expense in shipping when vessels are under voyage charter. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply of and demand for oil and gas, actions by the Organization of Petroleum Exporting Countries, or OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations. The price of oil and bunkers we use in our vessels, has increased significantly during the first quarter of 2022, due principally to the continuing war in Ukraine and resulting disruption in the global energy markets. In addition, the continuing impact of regulations that went into effect as of January 2020 mandating a reduction in sulfur emissions to 0.5% may further increase the price of bunkers. Any further increase in oil price may reduce the profitability and competitiveness of our business versus other forms of transportation, such as truck or rail. Other future regulations may have a similar impact.

We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.

Our business and the operations of our vessels are materially affected by environmental regulation in the form of international conventions, national, state and local laws and regulations in force in the jurisdictions in which our vessels operate, as well as in the country or countries of their registration, including those governing the management and disposal of hazardous substances and wastes, the cleanup of oil spills and other contamination, air emissions (including greenhouse gases), water discharges and ballast water management. These regulations include, but are not limited to, European Union regulations, the U.S. Oil Pollution Act of 1990, requirements of the U.S. Coast Guard, or USCG and the U.S. Environmental Protection Agency, the U.S. Clean Air Act of 1970 (including its amendments of 1977 and 1990), the U.S. Clean Water Act, and the U.S. Maritime Transportation Security Act of 2002, and regulations of the IMO, including the International Convention on Civil Liability for Oil Pollution Damage of 1969, the International Convention for the Prevention of Pollution from Ships of 1973, as modified by the Protocol of 1978, collectively referred to as MARPOL 73/78 or MARPOL, including designations of Emission Control Areas, thereunder, SOLAS, the International Convention on Load Lines of 1966, the International Convention of Civil Liability for Bunker Oil Pollution Damage, and the ISM Code. Because such conventions, laws, and regulations are often revised, we cannot predict the ultimate cost of complying with such requirements or the impact thereof on the re-sale price or useful life of any vessel that we own or will acquire. Additional conventions, laws and regulations may be adopted that could limit our ability to do business or increase the cost of our doing business and which may materially adversely affect our operations. Government regulation of vessels, particularly in the areas of safety and environmental requirements, continue to change, requiring us to incur significant capital expenditures on our vessels to keep them in compliance, or even to scrap or sell certain vessels altogether. In addition, we may incur significant costs in meeting new maintenance and inspection requirements, in developing contingency arrangements for potential environmental violations and in obtaining insurance coverage.

In addition, we are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, certificates, approvals and financial assurances with respect to our operations. Our failure to maintain necessary permits, licenses, certificates, approvals or financial assurances could require us to incur substantial costs or temporarily suspend operation of one or more of the vessels in our fleet, or lead to the invalidation or reduction of our insurance coverage.

Environmental requirements can also affect the resale value or useful lives of our vessels, require a reduction in cargo capacity, ship modifications or operational changes or restrictions, lead to decreased availability of insurance coverage for environmental matters or result in the denial of access to certain jurisdictional waters or ports, or detention in certain ports. Under local, national and foreign laws, as well as international treaties and conventions, we could incur material liabilities, including for cleanup obligations and natural resource damages, in the event that there is a release of petroleum or hazardous substances from our vessels or otherwise in connection with our operations. We could also become subject to personal injury or property damage claims relating to the release of hazardous substances associated with our existing or historic operations. Violations of, or liabilities under, environmental requirements can result in substantial penalties, fines and other sanctions, including in certain instances, seizure or detention of our vessels.

Increased inspection procedures, tighter import and export controls and new security regulations could increase costs and disrupt our business.

International shipping is subject to various security and customs inspection and related procedures in countries of origin, destination and trans-shipment points. These security procedures may result in cargo seizure, delays in the loading, offloading, trans-shipment or delivery and the levying of customs duties, fines or other penalties against us.

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, financial condition and earnings.

The operation of dry bulk carriers has certain unique operational risks which could affect our earnings and cash flow.

The international shipping industry is an inherently risky business involving global operations. Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, mechanical failures, human error, environmental accidents, war, terrorism, piracy and other circumstances or events. In addition, transporting cargoes across a wide variety of international jurisdictions creates a risk of business interruptions due to political circumstances in foreign countries, hostilities, labor strikes and boycotts, the potential for changes in tax rates or policies, and the potential for government expropriation of our vessels. Any of these events may result in loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters.

Furthermore, the operation of vessels, such as dry bulk carriers, has certain unique risks. With a dry bulk carrier, the cargo itself and its interaction with the vessel can be an operational risk. By their nature, dry bulk cargoes are often heavy, dense, easily shifted, and react badly to water exposure. In addition, dry bulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold) and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach to the sea. Hull breaches in dry bulk carriers may lead to the flooding of the vessels' holds. If a dry bulk carrier suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel's bulkheads leading to the loss of a vessel. If we are unable to adequately repair our vessels after such damages, we may be unable to prevent these events. Any of these circumstances or events could negatively impact our business, financial condition, earnings, and our ability to pay dividends or service our credit facilities. In addition, the loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator.

We cannot assure you that we will be adequately insured against all risks or that we will be able to obtain adequate insurance coverage at reasonable rates for our vessels in the future. For example, in the past more stringent environmental regulations have led to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. Additionally, our insurers may refuse to pay particular claims. Any significant loss or liability for which we are not insured could have a material adverse effect on our financial condition.

If our vessels call on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government, the European Union, the United Nations, or other governmental authorities, it could lead to monetary fines or penalties and may adversely affect our reputation and the market for our securities.

If our vessels call on ports or operate in countries subject to sanctions and embargoes imposed by the U.S. government or other governmental authorities ("Sanctioned Jurisdictions") in violation of sanctions or embargoes laws, such activities may result in a sanctions violation and we could be subject to monetary fines, penalties, or other sanctions, and our reputation and the market for our ordinary shares could adversely be affected. Although we endeavor to take precautions reasonably designed to mitigate such risks, it is possible that, in the future, our vessels may call on ports located in Sanctioned Jurisdictions on charterer's instructions and/or without our consent. If such activities result in a violation of sanctions or embargo laws, we could be subject to monetary fines, penalties, or other sanctions, and our reputation and the market for our securities could be adversely affected.

Beginning in February of 2022, President Biden and several European leaders announced various economic sanctions against Russia in connection with the war in Ukraine, which may adversely impact our business. Our business could also be adversely impacted by trade tariffs, trade embargoes or other economic sanctions that limit trading activities by the United States or other countries against countries in the Middle East, Asia or elsewhere as a result of terrorist attacks, hostilities or diplomatic or political pressures.

On March 8, 2022, President Biden issued an executive order prohibiting the import of certain Russian energy products into the United States, including crude oil, petroleum, petroleum fuels, oils, liquefied natural gas and coal. Additionally, the executive order prohibits any investments in the Russian energy sector by US persons, among other restrictions.

The U.S. and other sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or expanded over time. Current or future counterparties of ours may be affiliated with persons or entities that are or may be in the future the subject of sanctions or embargoes imposed by the governments of the U.S., the EU, and/or other international bodies. If we determine that such sanctions require us to terminate existing or future contracts to which we, or our subsidiaries, are party or if we are found to be in violation of such applicable sanctions, our results of operations may be adversely affected or we may suffer reputational harm.

Although we believe that we have been in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines, penalties or other sanctions that could negatively impact our ability to access U.S. capital markets and conduct our business and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in, or to divest from, our common stock may adversely affect the price at which our common stock trades. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. In addition, our reputation and the market for our securities may be adversely affected if we engage in certain other activities, such as entering into charters with individuals or entities that are not controlled by the governments of countries or territories that are the subject of certain U.S. sanctions or embargo laws, or engaging in operations associated with those countries or territories pursuant to contracts with third parties that are unrelated to those countries or territories or entities controlled by their governments. Investor perception of the value of our common stock may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in the countries or territories that we operate in.

The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.

We expect that our vessels will call in ports in areas where smugglers attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessel and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims which could have an adverse effect on our business, results of operations, cash flows and financial condition.

Maritime claimants could arrest or attach our vessels, which would interrupt our business or have a negative effect on our cash flows.

Crew members, suppliers of goods and services to a vessel, shippers of cargo, lenders, and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting or attaching a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our business or require us to pay large sums of funds to have the arrest or attachment lifted, which would have a negative effect on our cash flows.

In addition, in some jurisdictions, such as South Africa, under the "sister-ship" theory of liability, a claimant may arrest both the vessel that is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert "sister-ship" liability against one vessel in our fleet for claims relating to another of our ships.

We conduct business in China, where the legal system is not fully developed and has inherent uncertainties that could limit the legal protections available to us.

Some of our vessels may be chartered to Chinese customers and from time to time on our charterers' instructions, our vessels may call on Chinese ports. Such charters and voyages may be subject to regulations in China that may require us to incur new or additional compliance or other administrative costs and may require that we pay to the Chinese government new taxes or other fees. Applicable laws and regulations in China may not be well publicized and may not be known to us or to our charterers in advance of us or our charterers becoming subject to them, and the implementation of such laws and regulations may be inconsistent. Changes in Chinese laws and regulations, including with regards to tax matters, or changes in their implementation by local authorities could affect our vessels if chartered to Chinese customers as well as our vessels calling to Chinese ports and could have a material adverse impact on our business, financial condition and results of operations.

Governments could requisition our vessels during a period of war or emergency, resulting in a loss of earnings.

A government could requisition one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes her owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although we would be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of payment would be uncertain. Government requisition of one or more of our vessels may negatively impact our revenues and reduce the amount of cash we may have available for distribution as dividends to our shareholders, if any such dividends are declared.

Failure to comply with the U.S. Foreign Corrupt Practices Act could result in fines, criminal penalties and an adverse effect on our business.

We may operate in a number of countries throughout the world, including countries suspected to have a risk of corruption. We are committed to doing business in accordance with applicable anti-corruption laws and have adopted measures designed to ensure compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"). We are subject, however, to the risk that we, our affiliated entities or our or their respective officers, directors, employees and agents may take actions determined to be in violation of such anti-corruption laws, including the FCPA. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties, curtailment of operations in certain jurisdictions, and might adversely affect our business, earnings or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management.

Changing laws and evolving reporting requirements could have an adverse effect on our business.

Changing laws, regulations and standards relating to reporting requirements, including the European Union General Data Protection Regulation, or GDPR, may create additional compliance requirements for us.

GDPR broadens the scope of personal privacy laws to protect the rights of European Union citizens and requires organizations to report on data breaches within 72 hours and be bound by more stringent rules for obtaining the consent of individuals on how their data can be used. GDPR has become enforceable on May 25, 2018 and non-compliance may expose entities to significant fines or other regulatory claims which could have an adverse effect on our business, financial condition, and operations.

Company Specific Risk Factors

The market values of our vessels could decline, which could limit the amount of funds that we can borrow and could trigger breaches of certain financial covenants contained in our loan facilities, which could adversely affect our operating results, and we may incur a loss if we sell vessels following a decline in their market values.

While the market values of vessels and the freight charter market have a very close relationship as the charter market moves from trough to peak, the time lag between the effect of charter rates on market values of ships can vary.

The market values of our vessels have generally experienced high volatility, and you should expect the market values of our vessels to fluctuate depending on a number of factors including:

- the prevailing level of charter hire rates;
- general economic and market conditions affecting the shipping industry;
- competition from other shipping companies and other modes of transportation;
- the types, sizes and ages of vessels;
- the supply of and demand for vessels;
- applicable governmental or other regulations;
- technological advances;
- the need to upgrade vessels as a result of charterer requirements, technological advances in vessel design or equipment or otherwise; and
- the cost of newbuildings.

If the market values of our vessels decline, we may not be in compliance with certain covenants contained in our loan facilities and we may not be able to refinance our debt or obtain additional financing or incur debt on terms that are acceptable to us or at all. As at December 31, 2021, we were in compliance with all of the covenants in our loan facilities. If we are not able to comply with the covenants in our loan facilities or are unable to obtain waivers or amendments or otherwise remedy the relevant breach, our lenders could accelerate our debt and foreclose on our vessels.

Furthermore, if we sell any of our owned vessels at a time when prices are depressed, our business, results of operations, cash flow and financial condition could be adversely affected. Moreover, if we sell a vessel at a time when vessel prices have fallen, the sale may be at less than the vessel's carrying amount in our financial statements, resulting in a loss and a reduction in earnings. In addition, if vessel values decline, we may have to record an impairment adjustment in our financial statements which could adversely affect our financial results.

We charter some of our vessels on short-term time charters in a volatile shipping industry and a decline in charter hire rates could affect our results of operations and our ability to pay dividends.

Although significant exposure to short-term time charters is not unusual in the dry bulk shipping industry, the short-term time charter market is highly competitive and spot market charter hire rates (which affect time charter rates) may fluctuate significantly based upon available charters and the supply of, and demand for, seaborne shipping capacity. While the short-term time charter market may enable us to benefit in periods of increasing charter hire rates, we must consistently renew our charters and this dependence makes us vulnerable to declining charter rates. As a result of the volatility in the dry bulk carrier charter market, we may not be able to employ our vessels upon the termination of their existing charters at their current charter hire rates or at all. The dry bulk carrier charter market is volatile, and in the recent past, short-term time charter and spot market charter rates for some dry bulk carriers declined below the operating costs of those vessels before rising. We cannot assure you that future charter hire rates will enable us to operate our vessels profitably, or to pay dividends.

Rising crew costs could adversely affect our results of operations.

Due to an increase in the size of the global shipping fleet, the limited supply of and increased demand for crew has created upward pressure on crew costs. Additionally, the return of a number of Ukrainian seafarers to their homes as a result of the ongoing war in Ukraine has reduced the number of seafarers globally, and thereby increased the pressure on crew wages. Continued higher crew costs or further increases in crew costs could adversely affect our results of operations.

Our investment in Diana Wilhelmsen Management Limited may expose us to additional risks.

During 2015 we invested in a 50/50 joint venture with Wilhelmsen Ship Management which provides management services to a limited number of vessels in our fleet and to affiliated companies, but our eventual goal is to provide fleet management services to unaffiliated third party vessel operators. While this joint venture may provide us in the future with a potential revenue source, it may also expose us to risks such as low customer satisfaction, increased operating costs compared to those we would achieve for our vessels, and inability to adequately staff our vessels with crew that meets our expectations or to maintain our vessels according to our standards, which would adversely affect our financial condition. Since December 31, 2020, our investment in Diana Wilhelmsen Management Limited, or DWM, has turned to a liability due to increased costs incurred by DWM in relation to a pollution incident of one of the managed vessels.

A cyber-attack could materially disrupt our business.

We rely on information technology systems and networks in our operations and administration of our business. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches. Our business operations could be targeted by individuals or groups seeking to sabotage or disrupt our information technology systems and networks, or to steal data. A successful cyber-attack could materially disrupt our operations, including the safety of our operations, or lead to unauthorized release of information or alteration of information in our systems. Any such attack or other breach of our information technology systems could have a material adverse effect on our business and results of operations. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased operating costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect our business and results of operations. Our systems were the subject of a malicious attack in September 2020 that resulted in disruptions to our computer networks for a period of several days. Although, we were able to successfully fully restore our systems with interruption to our business or operations, we have upgraded our security infrastructure and reformed network architecture and security policies, we cannot assure you that we will be able to successfully thwart all future attacks with causing material and adverse effect on our business.

Moreover, cyber-attacks against the Ukrainian government and other countries in the region have been reported in connection with the recent conflict between Russia and Ukraine. To the extent such attacks have collateral effects on global critical infrastructure or financial institutions, such developments could adversely affect our business, operating results and financial condition. At this time, it is difficult to assess the likelihood of such threat and any potential impact at this time.

Even without actual breaches of information security, protection against increasingly sophisticated and prevalent cyberattacks may result in significant future prevention, detection, response and management costs, or other costs, including the deployment of additional cybersecurity technologies, engaging third-party experts, deploying additional personnel and training employees. Further, as cyberthreats are continually evolving, our controls and procedures may become inadequate, and we may be required to devote additional resources to modify or enhance our systems in the future. Such expenses could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Climate change and greenhouse gas restrictions may adversely impact our operations and markets.

Due to concern over the risk of climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These regulatory measures may include, among others, adoption of cap and trade regimes, carbon taxes, increased efficiency standards and incentives or mandates for renewable energy. More specifically, on October 27, 2016, the International Maritime Organization's Marine Environment Protection Committee ("MEPC") announced its decision concerning the implementation of regulations mandating a reduction in sulfur emissions from 3.5% currently to 0.5% as of the beginning of January 1, 2020. Additionally, in April 2018, nations at the MEPC 72 adopted an initial strategy to reduce greenhouse gas emissions from ships. The initial strategy identifies — levels of ambition to reducing greenhouse gas emissions, including (1) decreasing the carbon intensity from ships through implementation of further phases of the EEDI for new ships; (2) reducing carbon dioxide emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008 emission levels; and (3) reducing the total annual greenhouse emissions by at least 50% by 2050 compared to 2008 while pursuing efforts towards phasing them out entirely.

Since January 1, 2020, ships have to either remove sulfur from emissions or buy fuel with low sulfur content, which may lead to increased costs and supplementary investments for ship owners. The interpretation of "fuel oil used on board" includes use in main engine, auxiliary engines and boilers. We have elected to comply with this regulation by using 0.5% sulfur fuels on board, which are available around the world but often at a higher cost and may result in higher costs than other companies that elected to install scrubbers on their vessels.

In addition, although the emissions of greenhouse gases from international shipping currently are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which required adopting countries to implement national programs to reduce emissions of certain gases, or the Paris Agreement (discussed further below), a new treaty may be adopted in the future that includes restrictions on shipping emissions. Compliance with changes in laws, regulations and obligations relating to climate change could increase our costs related to operating and maintaining our vessels and require us to install new emission controls, acquire allowances or pay taxes related to our greenhouse gas emissions or administer and manage a greenhouse gas emissions program. Revenue generation and strategic growth opportunities may also be adversely affected.

Increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to our ESG policies may impose additional costs on us or expose us to additional risks.

Companies across all industries are facing increasing scrutiny relating to their ESG policies. Investor advocacy groups, certain institutional investors, investment funds, lenders and other market participants are increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG and similar matters may hinder access to capital, as investors and lenders may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Companies which do not adapt to or comply with investor, lender or other industry shareholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition, and/or stock price of such a company could be materially and adversely affected.

We may face increasing pressures from investors, lenders and other market participants, who are increasingly focused on climate change, to prioritize sustainable energy practices, reduce our carbon footprint and promote sustainability. As a result, we may be required to implement more stringent ESG procedures or standards so that our existing and future investors and lenders remain invested in us and make further investments in us. For example, in February 2021, we established a Sustainability Committee and in March 2021, we signed an agreement with American Bureau of Shipping ("ABS") to implement the ABS Environmental Monitor™ digital sustainability solution across all our vessels managed by Diana Shipping Services S.A. Additionally, in May 2021, we signed a sustainability - linked loan facility with ABN AMRO Bank N.V., through six wholly-owned subsidiaries, in the amount of US\$91 million. The loan is due in full on the earlier of (a) five (5) years from the utilization date of the loan and (b) 11th June 2026. Under this loan, the margin amount that we are required to pay can be either increased or decreased depending on our ability to achieve certain sustainability performance targets related to our fleet's carbon emissions. If we do not meet the standards in this loan, our business could be harmed.

Additionally, certain investors and lenders may exclude companies, such as us, from their investing portfolios altogether due to environmental, social and governance factors. These limitations in both the debt and equity capital markets may affect our ability to grow as our plans for growth may include accessing the equity and debt capital markets. If those markets are unavailable, or if we are unable to access alternative means of financing on acceptable terms, or at all, we may be unable to implement our business strategy, which would have a material adverse effect on our financial condition and results of operations and impair our ability to service our indebtedness. Further, it is likely that we will incur additional costs and require additional resources to monitor, report and comply with wide ranging ESG requirements. The occurrence of any of the foregoing could have a material adverse effect on our business and financial condition.

Moreover, from time to time, in alignment with our sustainability priorities, we may establish and publicly announce goals and commitments in respect of certain ESG items. While we may create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. If we fail to achieve or improperly report on our progress toward achieving our environmental goals and commitments, the resulting negative publicity could adversely affect our reputation and/or our access to capital.

The Public Company Accounting Oversight Board inspection of our independent accounting firm, could lead to findings in our auditors' reports and challenge the accuracy of our published audited consolidated financial statements.

Auditors of U.S. public companies are required by law to undergo periodic Public Company Accounting Oversight Board, or PCAOB, inspections that assess their compliance with U.S. law and professional standards in connection with performance of audits of financial statements filed with the SEC. For several years certain European Union countries, including Greece, did not permit the PCAOB to conduct inspections of accounting firms established and operating in such European Union countries, even if they were part of major international firms. Accordingly, unlike for most U.S. public companies, the PCAOB was prevented from evaluating our auditor's performance of audits and its quality control procedures, and, unlike stockholders of most U.S. public companies, we and our stockholders were deprived of the possible benefits of such inspections. Since 2015, Greece has agreed to allow the PCAOB to conduct inspections of accounting firms operating in Greece. In the future, such PCAOB inspections could result in findings in our auditors' quality control procedures, question the validity of the auditor's reports on our published consolidated financial statements and the effectiveness of our internal control over financial reporting, and cast doubt upon the accuracy of our published audited financial statements.

Our earnings may be adversely affected if we are not able to take advantage of favorable charter rates.

We charter our dry bulk carriers to customers pursuant to short, medium or long-term time charters. However, as part of our business strategy, the majority of our vessels are currently fixed on medium-term time charters. We may extend the charter periods for additional vessels in our fleet, including additional dry bulk carriers that we may purchase in the future, to take advantage of the relatively stable cash flow and high utilization rates that are associated with long-term time charters. While we believe that long-term charters provide us with relatively stable cash flows and higher utilization rates than shorter-term charters, our vessels that are committed to long-term charters may not be available for employment on short-term charters during periods of increasing short-term charter hire rates when these charters may be more profitable than long-term charters.

Investment in derivative instruments such as forward freight agreements could result in losses.

Forward freight agreements, or FFAs and other derivative instruments may be used to hedge a vessel owner's exposure to the charter market by providing for the sale of a contracted charter rate along a specified route and period of time. Upon settlement, if the contracted charter rate is less than the average of the rates, as reported by an identified index, for the specified route and period, the seller of the FFA is required to pay the buyer an amount equal to the difference between the contracted rate and the settlement rate, multiplied by the number of days in the specified period. Conversely, if the contracted rate is greater than the settlement rate, the buyer is required to pay the seller the settlement sum. If we take positions in FFAs or other derivative instruments and do not correctly anticipate charter rate movements over the specified route and time period, we could suffer losses in the settling or termination of the FFA. This could adversely affect our results of operations and cash flows.

We may have difficulty effectively managing any growth, which may adversely affect our earnings.

Since the completion of our initial public offering in March 2005, we have increased our fleet to 51 vessels in operation in 2017, and as of the date of this annual report we have 35 vessels in operation, owned and chartered-in. We may grow our fleet further in the future and this may require us to increase the number of our personnel. We may also have to increase our customer base to provide continued employment for the new vessels.

Any future growth will primarily depend on our ability to:

- locate and acquire suitable vessels;
- identify and consummate acquisitions or joint ventures;
- enhance our customer base;
- manage our expansion; and
- obtain required financing on acceptable terms.

Growing any business by acquisition presents numerous risks, such as undisclosed liabilities and obligations, the possibility that indemnification agreements will be unenforceable or insufficient to cover potential losses and difficulties associated with imposing common standards, controls, procedures and policies, obtaining additional qualified personnel, managing relationships with customers and integrating newly acquired assets and operations into existing infrastructure. We cannot give any assurance that we will be successful in executing any future growth plans or that we will not incur significant expenses and losses in connection with our future growth.

We cannot assure you that we will be able to borrow amounts under loan facilities and restrictive covenants in our loan facilities impose financial and other restrictions on us.

Historically, we have entered into several loan agreements to finance vessel acquisitions, the construction of newbuildings and working capital. As of December 31, 2021, we had \$431.8 million outstanding under our facilities and bond. Our ability to borrow amounts under our facilities is subject to the execution of customary documentation relating to the facility, including security documents, satisfaction of certain customary conditions precedent and compliance with terms and conditions included in the loan documents. Prior to each drawdown, we are required, among other things, to provide the lender with acceptable valuations of the vessels in our fleet confirming that the vessels in our fleet have a minimum value and that the vessels in our fleet that secure our obligations under the facilities are sufficient to satisfy minimum security requirements. To the extent that we are not able to satisfy these requirements, including as a result of a decline in the value of our vessels, we may not be able to draw down the full amount under the facilities without obtaining a waiver or consent from the lender. We will also not be permitted to borrow amounts under the facilities if we experience a change of control.

The loan facilities also impose operating and financial restrictions on us. These restrictions may limit our ability to, among other things:

- pay dividends if there is a default under the loan facilities or if the payment of the dividend would result in a default or breach of a loan covenants;
- incur additional indebtedness, including through the issuance of guarantees;
- change the flag, class or management of our vessels;
- create liens on our assets;
- sell our vessels;
- enter into a time charter or consecutive voyage charters that have a term that exceeds, or which by virtue of any optional extensions may exceed a certain period;
- merge or consolidate with, or transfer all or substantially all our assets to, another person; and
- enter into a new line of business.

Therefore, we may need to seek permission from our lenders in order to engage in some corporate actions. Our lenders' interests may be different from ours and we cannot guarantee that we will be able to obtain our lenders' permission when needed. This may limit our ability to finance our future operations, make acquisitions or pursue business opportunities.

We cannot assure you that we will be able to refinance indebtedness incurred under our loan facilities.

We cannot assure you that we will be able to refinance our indebtedness with equity offerings or otherwise, on terms that are acceptable to us or at all. If we are not able to refinance these amounts with the net proceeds of equity offerings or otherwise, on terms acceptable to us or at all, we will have to dedicate a greater portion of our cash flow from operations to pay the principal and interest of this indebtedness than if we were able to refinance such amounts. If we are not able to satisfy these obligations, we may have to undertake alternative financing plans. The actual or perceived credit quality of our charterers, any defaults by them, and the market value of our fleet, among other things, may materially affect our ability to obtain alternative financing. In addition, debt service payments under our loan facilities or alternative financing may limit funds otherwise available for working capital, capital expenditures and other purposes. If we are unable to meet our debt obligations, or if we otherwise default under our loan facilities or an alternative financing arrangement, our lenders could declare the debt, together with accrued interest and fees, to be immediately due and payable and foreclose on our fleet, which could result in the acceleration of other indebtedness that we may have at such time and the commencement of similar foreclosure proceedings by other lenders.

Purchasing and operating secondhand vessels may result in increased operating costs and reduced operating days, which may adversely affect our earnings.

While we have the right to inspect previously owned vessels prior to our purchase of them and we usually inspect secondhand vessels that we acquire, such inspections do not provide us with the same knowledge about their condition that we would have if these vessels had been built for, and operated exclusively by, us. A secondhand vessel may have conditions or defects that we were not aware of when we bought the vessel and which may require us to incur costly repairs to the vessel. These repairs may require us to put a vessel into drydock, which would reduce our operating days. Furthermore, we usually do not receive the benefit of warranties on secondhand vessels.

We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or otherwise adversely affect our business.

We enter into, among other things, charter parties with our customers. Such agreements subject us to counterparty risks. The ability and willingness of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the maritime and offshore industries, the overall financial condition of the counterparty, charter rates received for specific types of vessels, and various expenses. Should a counterparty fail to honor its obligations under agreements with us, we could sustain significant losses, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, in depressed market conditions, our charterers may no longer need a vessel that is currently under charter or may be able to obtain a comparable vessel at lower rates. As a result, charterers may seek to renegotiate the terms of their existing charter agreements or avoid their obligations under those contracts. If our charterers fail to meet their obligations to us or attempt to renegotiate our charter agreements, it may be difficult to secure substitute employment for such vessels, and any new charter arrangements we secure may be at lower rates. As a result, we could sustain significant losses, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In the highly competitive international shipping industry, we may not be able to compete for charters with new entrants or established companies with greater resources, and as a result, we may be unable to employ our vessels profitably.

We employ our vessels in a highly competitive market that is capital intensive and highly fragmented. Competition arises primarily from other vessel owners, some of whom have substantially greater resources than we do. Competition for the transportation of dry bulk cargo by sea is intense and depends on price, location, size, age, condition and the acceptability of the vessel and its operators to the charterers. Due in part to the highly fragmented market, competitors with greater resources than us could enter the dry bulk shipping industry and operate larger fleets through consolidations or acquisitions and may be able to offer lower charter rates and higher quality vessels than we are able to offer. If we are unable to successfully compete with other dry bulk shipping companies, our results of operations may be adversely impacted.

We may be unable to attract and retain key management personnel and other employees in the shipping industry, which may negatively impact the effectiveness of our management and results of operations.

Our success depends to a significant extent upon the abilities and efforts of our management team. We have entered into employment contracts with our Chief Executive Officer Mrs. Semiramis Paliou; our President, Mr. Anastasios Margaronis; our Chief Financial Officer, Chief Strategy Officer, Treasurer and Secretary Mr. Ioannis Zafirakis and our Chief Operating Officer Mr. Eleftherios Papatrifon. Our success will depend upon our ability to retain key members of our management team and to hire new members as may be necessary. The loss of any of these individuals could adversely affect our business prospects and financial condition. Difficulty in hiring and retaining replacement personnel could have a similar effect. We do not currently, nor do we intend to, maintain “key man” life insurance on any of our officers or other members of our management team.

Technological innovation and quality and efficiency requirements from our customers could reduce our charterhire income and the value of our vessels.

Our customers, have a high and increasing focus on quality and compliance standards with their suppliers across the entire supply chain, including the shipping and transportation segment. Our continued compliance with these standards and quality requirements is vital for our operations. The charterhire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel's physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. If new vessels are built that are more efficient or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced vessels could adversely affect the amount of charterhire payments we receive for our vessels and the resale value of our vessels could significantly decrease. This could have an adverse effect on our results of operations, cash flows, financial condition and ability to pay dividends.

We may not have adequate insurance to compensate us if we lose our vessels or to compensate third parties.

We procure insurance for our fleet against risks commonly insured against by vessel owners and operators. Our current insurance includes hull and machinery insurance, war risks insurance and protection and indemnity insurance (which includes environmental damage and pollution insurance). We can give no assurance that we are adequately insured against all risks or that our insurers will pay a particular claim. Even if our insurance coverage is adequate to cover our losses, we may not be able to timely obtain a replacement vessel in the event of a loss. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. We may also be subject to calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations through which we receive indemnity insurance coverage for tort liability. Our insurance policies also contain deductibles, limitations and exclusions which, although we believe are standard in the shipping industry, may nevertheless increase our costs.

Our vessels may suffer damage and we may face unexpected drydocking costs, which could adversely affect our cash flow and financial condition.

If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. The loss of earnings while a vessel is being repaired and repositioned, as well as the actual cost of these repairs not covered by our insurance, would decrease our earnings and available cash. We may not have insurance that is sufficient to cover all or any of the costs or losses for damages to our vessels and may have to pay drydocking costs not covered by our insurance.

The aging of our fleet may result in increased operating costs in the future, which could adversely affect our earnings.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. As of the date of this annual report, our fleet consists of 35 vessels in operation, owned and chartered-in, having a combined carrying capacity of 4.5 million dead weight tons, or dwt, and a weighted average age of 10.2 years. As our fleet ages, we will incur increased costs. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations and safety or other equipment standards related to the age of vessels may also require expenditures for alterations or the addition of new equipment to our vessels and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

We are exposed to U.S. dollar and foreign currency fluctuations and devaluations that could harm our reported revenue and results of operations.

We generate all of our revenues in U.S. dollars but incur around half of our operating expenses and our general and administrative expenses in currencies other than the U.S. dollar, primarily the Euro. Because a significant portion of our expenses is incurred in currencies other than the U.S. dollar, our expenses may from time to time increase relative to our revenues as a result of fluctuations in exchange rates, particularly between the U.S. dollar and the Euro, which could affect the amount of net income that we report in future periods. While we historically have not mitigated the risk associated with exchange rate fluctuations through the use of financial derivatives, we may employ such instruments from time to time in the future in order to minimize this risk. Our use of financial derivatives would involve certain risks, including the risk that losses on a hedged position could exceed the nominal amount invested in the instrument and the risk that the counterparty to the derivative transaction may be unable or unwilling to satisfy its contractual obligations, which could have an adverse effect on our results.

Volatility of LIBOR and discontinuance of the use of LIBOR as a benchmark could affect our profitability, earnings and cash flow.

The “LIBOR” is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to be eliminated or to perform differently than in the past. The publication of U.S Dollar LIBOR for the one-week and two month U.S Dollar LIBOR tenors ceased on December 31, 2021, and the ICE Benchmark Administration (“IBA”), the administrator of LIBOR, with the support of the United States Federal Reserve and the United Kingdom’s Financial Conduct Authority, announced the publication of all other U.S. Dollar LIBOR tenors will cease on June 30, 2023.

We and our lenders under our LIBOR-based facilities may seek to amend such agreements to replace LIBOR with a different index to the extent such alternative index is expected to be used generally in the debt markets. The new index may not be as favorable as those in effect prior to any LIBOR phase-out. Alternatively, our lenders may require that we agree to a different benchmark as the base for the interest calculation that may be higher than current LIBOR rates. As a result, our lending costs under our LIBOR-based debt facilities could increase significantly.

The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness and obligations. LIBOR has been volatile in the past, with the spread between LIBOR and the prime lending rate widening significantly at times. Because the interest rates borne by a majority of our outstanding indebtedness fluctuate with changes in LIBOR, significant changes in LIBOR, or any other rate that would replace LIBOR, would have a material effect on the amount of interest payable on our debt, which in turn, could have an adverse effect on our financial condition.

Furthermore, the calculation of interest in most financing agreements in our industry has been based on published LIBOR rates. Due in part to uncertainty relating to the LIBOR calculation process, as discussed above, LIBOR will be phased out in the future. As a result, lenders have insisted on provisions that entitle the lenders, in their discretion, to replace published LIBOR as the base for the interest calculation with their cost-of-funds rate. If we are required to agree to such a provision in future financing agreements, our lending costs could increase significantly, which would have an adverse effect on our profitability, earnings and cash flow. In addition, the banks currently reporting information used to set LIBOR will likely stop such reporting after 2021, when their commitment to reporting information ends. The Alternative Reference Rate Committee, a committee convened by the Federal Reserve that includes major market participants, has proposed an alternative rate to replace U.S. Dollar LIBOR: the Secured Overnight Financing Rate, or “SOFR.” The impact of such a transition from LIBOR to SOFR could be significant for us.

In order to manage our exposure to interest rate fluctuations, we may use interest rate derivatives to effectively fix some of our floating rate debt obligations. No assurance can however be given that the use of these derivative instruments, if any, may effectively protect us from adverse interest rate movements. The use of interest rate derivatives may affect our results through mark to market valuation of these derivatives. Also, adverse movements in interest rate derivatives may require us to post cash as collateral, which may impact our free cash position. Interest rate derivatives may also be impacted by the transition from LIBOR to SOFR or other alternative rates.

We depend upon a few significant customers for a large part of our revenues and the loss of one or more of these customers could adversely affect our financial performance.

We have historically derived a significant part of our revenues from a small number of charterers. During 2021, 2020, and 2019, approximately 10%, 34% and 60%, respectively, of our revenues were derived from one, two and four charterers, respectively. If one or more of our charterers chooses not to charter our vessels or is unable to perform under one or more charters with us and we are not able to find a replacement charter, we could suffer a loss of revenues that could adversely affect our financial condition and results of operations.

We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations.

We are a holding company and our subsidiaries conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our subsidiaries. As a result, our ability to satisfy our financial obligations depends on our subsidiaries and their ability to distribute funds to us. If we are unable to obtain funds from our subsidiaries, we may not be able to satisfy our financial obligations.

Because we are organized under the laws of the Marshall Islands, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

We are organized under the laws of the Marshall Islands, and substantially all of our assets are located outside of the United States. In addition, the majority of our directors and officers are non-residents of the United States, and all or a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for someone to bring an action against us or against these individuals in the United States if they believe that their rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands and of other jurisdictions may prevent or restrict them from enforcing a judgment against our assets or the assets of our directors or officers.

The international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict.

We are incorporated under the laws of the Republic of the Marshall Islands and we conduct operations in countries around the world. Consequently, in the event of any bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding involving us or any of our subsidiaries, bankruptcy laws other than those of the United States could apply. If we become a debtor under U.S. bankruptcy law, bankruptcy courts in the United States may seek to assert jurisdiction over all of our assets, wherever located, including property situated in other countries. There can be no assurance, however, that we would become a debtor in the United States, or that a U.S. bankruptcy court would be entitled to, or accept, jurisdiction over such a bankruptcy case, or that courts in other countries that have jurisdiction over us and our operations would recognize a U.S. bankruptcy court's jurisdiction if any other bankruptcy court would determine it had jurisdiction.

If we expand our business further, we may need to improve our operating and financial systems and will need to recruit suitable employees and crew for our vessels.

Our current operating and financial systems may not be adequate if we further expand the size of our fleet and our attempts to improve those systems may be ineffective. In addition, if we expand our fleet further, we will need to recruit suitable additional seafarers and shoreside administrative and management personnel. While we have not experienced any difficulty in recruiting to date, we cannot guarantee that we will be able to continue to hire suitable employees if we expand our fleet. If we or our crewing agents encounter business or financial difficulties, we may not be able to adequately staff our vessels. If we are unable to grow our financial and operating systems or to recruit suitable employees should we determine to expand our fleet, our financial performance may be adversely affected, among other things.

We may have to pay tax on U.S. source income, which would reduce our earnings.

Under the U.S. Internal Revenue Code of 1986, as amended, or the Code, 50% of the gross shipping income of a vessel-owning or chartering corporation, such as ourselves and our subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States is characterized as U.S. source shipping income and such income is generally subject to a 4% U.S. federal income tax without allowance for deductions, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the Treasury Regulations promulgated thereunder.

We expect that we and each of our subsidiaries qualify for this statutory tax exemption for the 2021 taxable year and we will take this position for U.S. federal income tax return reporting purposes. However, there are factual circumstances beyond our control that could cause us to lose the benefit of this tax exemption in future years and thereby become subject to U.S. federal income tax on our U.S. source shipping income. For example, in certain circumstances we may no longer qualify for exemption under Code Section 883 for a particular taxable year if shareholders, other than “qualified shareholders”, with a five percent or greater interest in our common shares owned, in the aggregate, 50% or more of our outstanding common shares for more than half the days during the taxable year. Due to the factual nature of the issues involved, we can give no assurances on our tax-exempt status or that of any of our subsidiaries.

If we or our subsidiaries are not entitled to this exemption under Section 883 of the Code for any taxable year, we or our subsidiaries would be subject for those years to a 4% U.S. federal income tax on our gross U.S.-source shipping income. The imposition of this taxation could have a negative effect on our business and would result in decreased earnings available for distribution to our shareholders, although, for the 2021 taxable year, we estimate our maximum U.S. federal income tax liability to be immaterial if we were subject to this U.S. federal income tax. See “Item 10. Additional Information—E. Taxation” for a more comprehensive discussion of U.S. federal income tax considerations.

U.S. federal tax authorities could treat us as a “passive foreign investment company”, which could have adverse U.S. federal income tax consequences to U.S. shareholders.

A foreign corporation will be treated as a “passive foreign investment company”, or PFIC, for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of “passive income” or (2) at least 50% of the average value of the corporation’s assets produce or are held for the production of those types of “passive income.” For purposes of these tests, “passive income” includes dividends, interest, gains from the sale or exchange of investment property, and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute “passive income.” U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our current and proposed method of operation, we do not believe that we will be a PFIC with respect to any taxable year. In this regard, we intend to treat the gross income we derive or are deemed to derive from our time chartering activities as services income, rather than rental income. Accordingly, we believe that our income from our time chartering activities does not constitute “passive income,” and the assets that we own and operate in connection with the production of that income do not constitute assets that produce or are held for the production of “passive income”.

There is substantial legal authority supporting this position consisting of case law and U.S. Internal Revenue Service, or “IRS”, pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, it should be noted that there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept this position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if the nature and extent of our operations changed.

If the IRS or a court of law were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders would face adverse U.S. federal income tax consequences. Under the PFIC rules, unless those shareholders make an election available under the Code (which election could itself have adverse consequences for such shareholders), such shareholders would be subject to U.S. federal income tax at the then prevailing U.S. federal income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common stock, as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of our common stock. See "Item 10. Additional Information—E. Taxation—United States Taxation of U.S. Holders—PFIC Status and Significant Tax Consequences" for a more comprehensive discussion of the U.S. federal income tax consequences to U.S. holders of our common stock if we are or were to be treated as a PFIC.

Risks Relating to Our Common Stock

We cannot assure you that our board of directors will continue to declare dividends on shares of our common stock in the future.

In order to position us to take advantage of market opportunities in a then-deteriorating market, our board of directors, beginning with the fourth quarter of 2008, suspended our common stock dividend. As a result of improving market conditions in 2021, our board of directors elected to declare dividends with respect to the third and fourth quarters of 2021, however we cannot assure you that our board of directors will continue to declare and pay dividends going forward. Our dividend policy going forward will be assessed by our board of directors from time to time, based on prevailing market conditions, available cash, uses of capital, contingent liabilities, the terms of our loan facilities, our growth strategy and other cash needs, the requirements of Marshall Islands law and other factors deemed relevant to our board of directors.

The declaration and payment of dividends, if any, will always be subject to the discretion of our board of directors. The timing and amount of any dividends declared will depend on, among other things, our earnings, financial condition and cash requirements and availability, our ability to obtain debt and equity financing on acceptable terms as contemplated by our growth strategy and provisions of Marshall Islands law affecting the payment of dividends. In addition, other external factors, such as our lenders imposing restrictions on our ability to pay dividends under the terms of our loan facilities, may limit our ability to pay dividends. Further, under the terms of our loan agreements, we may not be permitted to pay dividends that would result in an event of default or if an event of default has occurred and is continuing.

Our growth strategy contemplates that we will finance the acquisition of additional vessels through a combination of debt and equity financing on terms acceptable to us. If financing is not available to us on acceptable terms, our board of directors may determine to finance or refinance acquisitions with cash from operations, which could also reduce or even eliminate the amount of cash available for the payment of dividends.

Marshall Islands law generally prohibits the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. We may not have sufficient surplus in the future to pay dividends. We can give no assurance that we will reinstate our dividends in the future or when such reinstatement might occur.

In addition, our ability to pay dividends to holders of our common shares will be subject to the rights of holders of our Series B Preferred Shares, which rank prior to our common shares with respect to dividends, distributions and payments upon liquidation. No cash dividend may be paid on our common stock unless full cumulative dividends have been or contemporaneously are being paid or provided for on all outstanding Series B Preferred Shares for all prior and the then-ending dividend periods. Cumulative dividends on our Series B Preferred Shares accrue at a rate of 8.875% per annum per \$25.00 stated liquidation preference per Series B Preferred Share, subject to increase upon the occurrence of certain events, and are payable, as and if declared by our board of directors, on January 15, April 15, July 15 and October 15 of each year, or, if any such dividend payment date otherwise would fall on a date that is not a business day, the immediately succeeding business day. For additional information about our Series B Preferred Shares, please see the section entitled "Description of Registrant's Securities to be Registered" of our registration statement on Form 8-A filed with the SEC on February 13, 2014 and incorporated by reference herein.

The market price of our common stock has fluctuated widely and there is no guarantee that there will continue to be an active and liquid public market for you to resell our common stock in the future.

The market price of our common stock is volatile and has fluctuated widely since our common stock began trading on the NYSE, and may continue to fluctuate due to factors such as:

- actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry;
- mergers and strategic alliances in the dry bulk shipping industry;
- market conditions in the dry bulk shipping industry;
- changes in government regulation;
- shortfalls in our operating results from levels forecast by securities analysts;
- announcements concerning us or our competitors; and
- the general state of the securities market.

The dry bulk shipping industry has been highly unpredictable and volatile. The market for common stock in this industry may be equally volatile. Therefore, we cannot assure you that you will be able to sell any of our common stock you may have purchased at a price greater than or equal to its original purchase price, or that you will be able to sell our common stock at all.

Since we are incorporated in the Marshall Islands, which does not have a well-developed body of corporate law, you may have more difficulty protecting your interests than shareholders of a U.S. corporation.

Our corporate affairs are governed by our amended and restated articles of incorporation and bylaws and by the Marshall Islands Business Corporations Act, or the BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in the United States. The rights of shareholders of the Marshall Islands may differ from the rights of shareholders of companies incorporated in the United States. While the BCA provides that it is to be interpreted according to the laws of the State of Delaware and other states with substantially similar legislative provisions, there have been few, if any, court cases interpreting the BCA in the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as U.S. courts. Thus, you may have more difficulty in protecting your interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction which has developed a relatively more substantial body of case law.

Certain existing shareholders will be able to exert considerable control over matters on which our shareholders are entitled to vote.

As of the date of this annual report, Mrs. Semiramis Paliou, our Chief Executive Officer and Director, beneficially owns 16,413,301 shares, or approximately 19.1% of our outstanding common stock, which is held indirectly through entities over which she exercises sole voting power. Mrs. Paliou controls 10,675 shares of Series C Preferred Stock, par value \$0.01 per share, issued on January 31, 2019, and 400 shares of Series D Preferred Stock, issued on June 22, 2021. The Series C Preferred Stock vote with our common shares and each share of the Series C Preferred Stock entitles the holder thereof to 1,000 votes on all matters submitted to a vote of the common stockholders of the Issuer. The Series D Preferred Stock vote with the common shares of the Company, and each share of the Series D Preferred Stock entitles the holder thereof to up to 100,000 votes, on all matters submitted to a vote of the stockholders of the Company, subject to a maximum number of votes eligible to be cast by such holder derived from the Series D Preferred Shares and any other voting security of the Company held by the holder to be equal to the lesser of (i) 36% of the total number of votes entitled to vote on any matter put to shareholders of the Company and (ii) the sum of the holder's aggregate voting power derived from securities other than the Series D Preferred Stock and 15% of the total number of votes entitled to be cast on matters put to shareholders of the Company. Through her beneficial ownership of common shares and shares of Series C Preferred Stock and Series D Preferred Stock, Mrs. Paliou controls 36.0% of the vote of any matter submitted to the vote of the common shareholders. Please see "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders." While Mrs. Paliou and the entities controlled by Mrs. Paliou have no agreement, arrangement or understanding relating to the voting of their shares of our common stock, they are able to influence the outcome of matters on which our shareholders are entitled to vote, including the election of directors and other significant corporate actions. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, merger, consolidation, takeover or other business combination. This concentration of ownership could also discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which could in turn have an adverse effect on the market price of our shares. So long as our Chief Executive Officer continues to own a significant amount of our equity, even though the amount held by her represents less than 50% of our voting power, she will continue to be able to exercise considerable influence over our decisions. The interests of these shareholders may be different from your interests.

Future sales of our common stock could cause the market price of our common stock to decline.

Our amended and restated articles of incorporation authorize us to issue up to 200,000,000 shares of common stock, of which, as of December 31, 2021, 84,672,258 shares were outstanding. The number of shares of common stock available for sale in the public market is limited by restrictions applicable under securities laws and agreements that we and our executive officers, directors and principal shareholders have entered into.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales could occur, may depress the market price for our common stock. These sales could also impair our ability to raise additional capital through the sale of our equity securities in the future.

Anti-takeover provisions in our organizational documents could make it difficult for our shareholders to replace or remove our current board of directors or have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of our common stock.

Several provisions of our amended and restated articles of incorporation and bylaws could make it difficult for our shareholders to change the composition of our board of directors in any one year, preventing them from changing the composition of management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable.

These provisions include:

- authorizing our board of directors to issue "blank check" preferred stock without shareholder approval;
- providing for a classified board of directors with staggered, three-year terms;
- prohibiting cumulative voting in the election of directors;

- authorizing the removal of directors only for cause and only upon the affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote for the directors;
- prohibiting shareholder action by written consent;
- limiting the persons who may call special meetings of shareholders; and
- establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by shareholders at shareholder meetings.

In addition, we have adopted a Stockholders Rights Agreement, dated January 15, 2016, pursuant to which our board of directors may cause the substantial dilution of any person that attempts to acquire us without the approval of our board of directors.

These anti-takeover provisions, including provisions of our Stockholders Rights Agreement, could substantially impede the ability of public shareholders to benefit from a change in control and, as a result, may adversely affect the market price of our common stock and your ability to realize any potential change of control premium.

Our Series B Preferred Shares are senior obligations of ours and rank prior to our common shares with respect to dividends, distributions and payments upon liquidation, which could have an adverse effect on the value of our common shares.

The rights of the holders of our Series B Preferred Shares rank senior to the obligations to holders of our common shares. Upon our liquidation, the holders of Series B Preferred Shares will be entitled to receive a liquidation preference of \$25.00 per share, plus all accrued but unpaid dividends, prior and in preference to any distribution to the holders of any other class of our equity securities, including our common shares. The existence of the Series B Preferred Shares could have an adverse effect on the value of our common shares.

Risks Relating to Our Series B Preferred Stock

We may not have sufficient cash from our operations to enable us to pay dividends on our Series B Preferred Shares following the payment of expenses and the establishment of any reserves.

We pay quarterly dividends on our Series B Preferred Shares only from funds legally available for such purpose when, as and if declared by our board of directors. We may not have sufficient cash available each quarter to pay dividends. The amount of dividends we can pay on our Series B Preferred Shares depends upon the amount of cash we generate from and use in our operations, which may fluctuate.

The amount of cash we have available for dividends on our Series B Preferred Shares will not depend solely on our profitability. The actual amount of cash we have available to pay dividends on our Series B Preferred Shares depends on many factors, including the following:

- changes in our operating cash flow, capital expenditure requirements, working capital requirements and other cash needs;
- restrictions under our existing or future credit facilities or any future debt securities on our ability to pay dividends if an event of default has occurred and is continuing or if the payment of the dividend would result in an event of default, or under certain facilities if it would result in the breach of certain financial covenants;
- the amount of any cash reserves established by our board of directors; and
- restrictions under Marshall Islands law, which generally prohibits the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

The amount of cash we generate from our operations may differ materially from our net income or loss for the period, which is affected by non-cash items, and our board of directors in its discretion may elect not to declare any dividends. As a result of these and the other factors mentioned above, we may pay dividends during periods when we record losses and may not pay dividends during periods when we record net income.

The Series B Preferred Shares represent perpetual equity interests.

The Series B Preferred Shares represent perpetual equity interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. As a result, holders of the Series B Preferred Shares may be required to bear the financial risks of an investment in the Series B Preferred Shares for an indefinite period of time. In addition, the Series B Preferred Shares will rank junior to all our indebtedness and other liabilities, and to any other senior securities we may issue in the future with respect to assets available to satisfy claims against us.

Our Series B Preferred Shares are subordinate to our indebtedness, and your interests could be diluted by the issuance of additional preferred shares, including additional Series B Preferred Shares, and by other transactions.

Our Series B Preferred Shares are subordinated to all of our existing and future indebtedness. Therefore, our ability to pay dividends on, redeem or pay the liquidation preference on our Series B Preferred Shares in liquidation or otherwise may be subject to prior payments due to the holders of our indebtedness. Our existing indebtedness restricts, and our future indebtedness may include restrictions on, our ability to pay dividends on or redeem preferred shares. Our amended and restated articles of incorporation currently authorize the issuance of up to 25,000,000 preferred shares, par value \$0.01 per share. Of these preferred shares, 1,000,000 shares have been designated Series A Participating Preferred Stock, 5,000,000 shares have been designated Series B Preferred Shares, 10,675 are designated as Series C Preferred Shares and 400 are designated as Series D Preferred Shares. The Series B Preferred Shares are senior in rank to the Series A Participating Preferred Shares. The issuance of additional Series B Preferred Shares or other preferred shares on a parity with or senior to the Series B Preferred Shares would dilute the interests of holders of our Series B Preferred Shares, and any issuance of preferred shares senior to our Series B Preferred Shares or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series B Preferred Shares. The Series B Preferred Shares do not contain any provisions affording the holders of our Series B Preferred Shares protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, which might adversely affect the holders of our Series B Preferred Shares, so long as the rights of our Series B Preferred Shares are not directly materially and adversely affected.

We may redeem the Series B Preferred Shares, and you may not be able to reinvest the redemption price you receive in a similar security.

Since February 14, 2019, we may, at our option, redeem Series B Preferred Shares, in whole or in part, at any time or from time to time. We may have an incentive to redeem Series B Preferred Shares voluntarily if market conditions allow us to issue other preferred shares or debt securities at a rate that is lower than the dividend on the Series B Preferred Shares. If we redeem Series B Preferred Shares, then from and after the redemption date, your dividends will cease to accrue on your Series B Preferred Shares, your Series B Preferred Shares shall no longer be deemed outstanding and all your rights as a holder of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption. If we redeem the Series B Preferred Shares for any reason, you may not be able to reinvest the redemption price you receive in a similar security.

Market interest rates may adversely affect the value of our Series B Preferred Shares.

One of the factors that may influence the price of our Series B Preferred Shares is the dividend yield on the Series B Preferred Shares (as a percentage of the price of our Series B Preferred Shares) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our Series B Preferred Shares to expect a higher dividend yield, and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Accordingly, higher market interest rates could cause the market price of our Series B Preferred Shares to decrease.

As a holder of Series B Preferred Shares you have extremely limited voting rights.

Your voting rights as a holder of Series B Preferred Shares are extremely limited. Our common shares are the only outstanding class or series of our shares carrying full voting rights. Holders of Series B Preferred Shares have no voting rights other than the ability, subject to certain exceptions, to elect one director if dividends for six quarterly dividend periods (whether or not consecutive) payable on our Series B Preferred Shares are in arrears and certain other limited protective voting rights.

Our ability to pay dividends on and to redeem our Series B Preferred Shares is limited by the requirements of Marshall Islands law.

Marshall Islands law provides that we may pay dividends on and redeem the Series B Preferred Shares only to the extent that assets are legally available for such purposes. Legally available assets generally are limited to our surplus, which essentially represents our retained earnings and the excess of consideration received by us for the sale of shares above the par value of the shares. In addition, under Marshall Islands law we may not pay dividends on or redeem Series B Preferred Shares if we are insolvent or would be rendered insolvent by the payment of such a dividend or the making of such redemption.

The amount of your liquidation preference is fixed and you will have no right to receive any greater payment regardless of the circumstances.

The payment due upon a liquidation is fixed at the redemption preference of \$25.00 per share plus accumulated and unpaid dividends to the date of liquidation. If, in the case of our liquidation, there are remaining assets to be distributed after payment of this amount, you will have no right to receive or to participate in these amounts. Furthermore, if the market price for your Series B Preferred Shares is greater than the liquidation preference, you will have no right to receive the market price from us upon our liquidation.

Item 4. Information on the Company

A. History and development of the Company

Diana Shipping Inc. is a holding company incorporated under the laws of Liberia in March 1999 as Diana Shipping Investments Corp. In February 2005, the Company's articles of incorporation were amended. Under the amended and restated articles of incorporation, the Company was renamed Diana Shipping Inc. and was re-domiciled from the Republic of Liberia to the Republic of the Marshall Islands. Our executive offices are located at Pendelis 16, 175 64 Palaio Faliro, Athens, Greece. Our telephone number at this address is +30-210-947-0100. Our agent and authorized representative in the United States is our wholly-owned subsidiary, Bulk Carriers (USA) LLC, established in September 2006, in the State of Delaware, which is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC's Internet site is <http://www.sec.gov>. The address of the Company's Internet site is <http://www.dianashippinginc.com>.

During 2021, we sold four vessels to unaffiliated third parties. In January 2021 we sold the 2006-built vessel "Sideris GS", for a sale price of \$11.5 million before commissions and the 2006-built vessel *Coronis* for a sale price of \$7.1 million before commissions pursuant to Memoranda of agreement, both signed in September 2020. In March 2021, we sold the 2001-built vessel *Oceanis*, for a sale price of \$5.75 million before commissions, pursuant to a Memorandum of Agreement signed in December 2020. In July 2021, we sold the 2006-built vessel "Naias", for a sale price of \$11.25 million before commissions pursuant to a Memorandum of Agreement signed in March 2021.

During 2021, we repurchased in three tender offers 12.9 million shares of our outstanding common stock, par value of \$0.01, for an aggregate amount of \$45.4 million.

In April 2021, we entered into an Equity Distribution Agreement (the "EDA") with Maxim Group LLC ("Maxim"), as sales agent, under which the Company may offer and sell, from time to time through Maxim, up to \$200.0 million of our common shares, par value \$0.01 per share. As of the date hereof, no shares have been sold under the EDA.

In May 2021, we signed a sustainability linked loan facility with ABN AMRO Bank N.V. in the amount of \$91 million. The loan is due in full on the earlier of (a) five (5) years from the date of the advancement of the loan and (b) 11th June 2026. Under this loan, the margin amount that we are required to pay can be either increased or decreased, by up to 10 basis points per year, to the extent that we are able to meet certain sustainability metrics for any fiscal year beginning with the fiscal year ended December 31, 2021. The purpose of the senior secured term loan facility was the refinancing of existing indebtedness of the vessels *Medusa*, *New Orleans*, *Los Angeles*, *Philadelphia*, *Santa Barbara* and *Artemis*, and for general corporate purposes.

In June 2021, we completed the pricing of a \$125 million private placement of senior unsecured bonds maturing in June 2026 and callable beginning three years after issuance. The bond offering was priced with a U.S. dollar fixed-rate coupon of 8.375%. Interest is payable semi-annually in arrears in June and December of each year. The bond is trading at Oslo Børs, effective February 1, 2022. In conjunction with the offering in June 2021, we repurchased \$74.2 million of the nominal value of the 9.5% senior unsecured bonds due 2023 and with ISIN NO0010832868 ("9.5% Bond") for \$80.5 million, including interest. In September 2021, we redeemed the balance of the 9.5% Bond of \$17.8 nominal value for \$19.3 million, including interest.

In July 2021, we signed, through seven wholly-owned subsidiaries, a supplemental agreement to the existing secured loan agreement with Nordea Bank Abp, filial i Norge, (i) to extend by 2 years the repayment of the existing secured loan facility from March 2022 to March 2024 and (ii) to increase the loan facility by an amount of \$460,000; all other terms to remain the same.

On November 10, 2021, we paid a cash dividend on our common stock amounting to \$8.8 million, or \$0.10 per share, to all shareholders of record as of November 3, 2021.

In November 2021, we acquired part of a land owned by a subsidiary of Performance Shipping, a related party, for €1.1 million.

Effective November 29, 2021, we completed a spin-off of our wholly-owned subsidiary, OceanPal Inc., or OceanPal, to which we contributed (i) all of the vessel-owning subsidiary shares to OceanPal as a capital contribution and (ii) an aggregate of \$1.0 million in cash as working capital. In exchange for the assets contributed, we received 500,000 of OceanPal's Series B Preferred Shares and 10,000 of OceanPal's Series C Convertible Preferred Shares, having a fair value of \$7.6 million and 100% of OceanPal's issued and outstanding common stock which we distributed to our shareholders. Each shareholder of record on November 3, 2021 received one common share of OceanPal for every ten common shares of the Company, resulting to a stock dividend amounting to \$40.5 million, or \$4.6 per share. OceanPal's shares commenced trading on November 30, 2021 on the Nasdaq Capital Market under the symbol "OP".

In February 2022, we have taken delivery of Leonidas P.C. (ex Magnolia), a 2011 built Kamsarmax dry bulk vessel of 82,165 dwt, which we agreed to acquire from an unaffiliated third party in July 2021, for a purchase price of \$22.0 million. In March 2022, we also took delivery of Florida, a Japanese new-building Capesize dry bulk vessel of approximately 181,500 dwt, which we agreed to acquire from an unaffiliated third party in December 2020, for a purchase price of \$60.2 million including commissions. The vessel was sold on the same date of delivery to us, to a different unaffiliated third party for \$50.0 million and we chartered it back from the buyer for a period of ten years at \$13,500 per day. The Company has purchase options beginning at the end of the third year of the agreement.

On March 21, 2022, we paid a cash dividend on our common stock amounting to \$17.2 million, or \$0.20 per share, to all shareholders of record as of March 9, 2022.

B. Business overview

We specialize in the ownership and bareboat charter-in of dry bulk vessels, determined as one business segment. Each of our vessels is owned through a separate wholly-owned subsidiary. In March 2022, we chartered-in, through a wholly owned subsidiary, a dry bulk carrier under a bareboat agreement.

As of the date of this report, our fleet, owned and chartered-in, consisted of 35 dry bulk carriers, of which eight were Panamax, six were Kamsarmax, five were Post-Panamax, twelve were Capesize and four were Newcastlemax vessels, having a combined carrying capacity of approximately 4.5 million dwt and a weighted average age of 10.2 years.

As of December 31, 2021, our operating fleet consisted of 33 dry bulk carriers, of which eight were Panamax, five were Kamsarmax, five were Post-Panamax, eleven were Capesize and four were Newcastlemax vessels, having a combined carrying capacity of approximately 4.3 million dwt and a weighted average age of 10.4 years. As of December 31, 2021, the Company had agreed to acquire a 2011 built Kamsarmax dry bulk vessel of 82,165 dwt, delivered on February 16, 2022 and a Capesize dry bulk vessel of 181,500 dwt, which was sold and leased back under a bare boat charter on March 29, 2022.

As of December 31, 2020, our operating fleet consisted of 40 dry bulk carriers, of which 13 were Panamax, five were Kamsarmax, five were Post-Panamax, 13 were Capesize and four were Newcastlemax vessels, having a combined carrying capacity of approximately 5.0 million dwt and a weighted average age of 10.2 years. As of December 31, 2020, the Company had agreed to sell the vessels *Coronis*, *Sideris G.S.* and *Oceanis*, of which *Coronis* and *Sideris GS* were delivered to their buyers in January 2021 and *Oceanis* was delivered in March 2021.

As of December 31, 2019, our operating fleet consisted of 42 dry bulk carriers, of which 14 were Panamax, five were Kamsarmax, five were Post-Panamax, 14 were Capesize and four were Newcastlemax vessels, having a combined carrying capacity of approximately 5.2 million dwt and a weighted average age of 9.5 years.

During 2021, 2020 and 2019, we had a fleet utilization of 99.1%, 97.9% and 98.6%, respectively, our vessels achieved daily time charter equivalent rates of \$15,759, \$10,910 and \$12,796, respectively, and we generated revenues of \$214.2 million, \$169.7 million and \$220.7 million, respectively.

We operate our vessels worldwide, in markets that have historically exhibited seasonal variations in demand and, as a result, in charter hire rates. The dry bulk carrier market is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere during the winter months. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. This seasonality has a limited direct impact on our operating results as we charter our vessels to customers pursuant to medium-term and long-term time charter agreements.

Management of Our Fleet

The commercial and technical management of our fleet, owned and bareboat chartered-in, as well as the provision of administrative services relating to the fleet's operations, are carried out by our wholly-owned subsidiary, Diana Shipping Services S.A., which we refer to as DSS, and Diana Wilhelmsen Management Limited, a 50/50 joint venture with Wilhelmsen Ship Management, which we refer to as DWM. In exchange for providing us with commercial and technical services, personnel and office space, we pay DSS a commission, which is a percentage of the managed vessels' gross revenues, a fixed monthly fee per managed vessel and an additional monthly fee for the administrative services provided to Diana Shipping Inc. Such services may include budgeting, reporting, monitoring of bank accounts, compliance with banks, payroll services and any other possible service that Diana Shipping Inc. would require to perform its operations. Similarly, in exchange for providing us with commercial and technical services, we pay to DWM a commission which is a percentage of the managed vessels' gross revenues and a fixed management monthly fee for each managed vessel. The amounts deriving from the agreements with DSS are considered inter-company transactions and, therefore, are eliminated from our consolidated financial statements. The management fees and commissions deriving from the agreements with DWM are included in our statement of operations in "Management fees to related party" and "Voyage Expenses".

Steamship Shipbroking Enterprises Inc., or Steamship, a related party controlled by our Chairman of the Board, Mr. Simeon Palios, provides brokerage services to us, since June 1, 2010. Brokerage fees are included in "General and Administrative expenses" in our statement of operations. The terms of this relationship are currently governed by a Brokerage Services Agreement dated July 1, 2020.

The following table presents certain information concerning the dry bulk carriers in our fleet, as of April 21, 2022.

Vessel	Sister Ships*	Gross Rate (USD Per Day)	Com**	Charterers	Delivery Date to Charterers***	Redelivery Date to Owners****	Notes
8 Panamax Bulk Carriers							
1 MELIA		\$ 25,750	5.00 %	Viterra Chartering B.V., Rotterdam	11-Jun-21	30-Apr-22 - 7-Jun-22	1
2005 76,225							
2 ARTEMIS		\$ 10,250	5.00 %	Glencore Agriculture B.V., Rotterdam	30-Nov-20	21-Mar-22 - 25-Mar-22	
		\$ 21,250	4.75 %	Cargill International S.A., Geneva	21-Mar-22	20-Jun-23 - 20-Aug-23	
2006 76,942				Engelhart CTP Freight (Switzerland) SA			
3 LETO		\$ 25,500	4.75 %	Aquavita International S.A.	3-Oct-21	1-Feb-23 - 15-Apr-23	
2010 81,297							
4 SELINA	A	\$ 26,500	5.00 %	ASL Bulk Shipping HK Limited	2-Sep-21	15-Jun-22 - 15-Sep-22	
2010 75,700							
5 MAERA	A	\$ 26,000	5.00 %	ASL Bulk Shipping HK Limited	18-Sep-21	1-Oct-22 - 15-Dec-22	
2013 75,403							
6 ISMENE		\$ 18,500	4.75 %	Cargill International S.A., Geneva	23-Nov-21	15-Dec-22 - 15-Feb-23	
2013 77,901							
7 CRYSTALIA	B	\$ 26,100	5.00 %	Uniper Global Commodities SE, Düsseldorf	21-Sep-21	1-Oct-22 - 15-Dec-22	
2014 77,525							
8 ATALANDI	B	\$ 24,500	4.75 %	Aquavita International S.A.	5-Oct-21	15-Feb-23 - 30-Apr-23	
2014 77,529							

6 Kamsarmax Bulk Carriers							
9	MAIA	C	\$ 25,000	5.00 %	Viterra Chartering B.V., Rotterdam	20-Jun-21	1-May-22 - 30-Jun-22
	2009 82,193						
10	MYRSINI	C	\$ 22,000	4.75 %	Cargill International S.A., Geneva	15-Nov-21	1-Dec-22 - 31-Jan-23
	2010 82,117						
11	MEDUSA	C	\$ 11,000 \$ 26,000	4.75 % 4.75 %	Cargill International S.A., Geneva	19-Nov-20 9-Mar-22	9-Mar-22 15-May-23 - 15-Jul-23
	2010 82,194						
12	MYRTO	C	\$ 28,500	5.00 %	Solebay Shipping Transocean Company Limited	10-Sep-21	15-Aug-22 - 15-Oct-22
	2013 82,131						
13	ASTARTE		\$ 21,500	5.00 %	Tongli Shipping Pte. Ltd.	30-Jan-22	15-Apr-23 - 15-Jun-23 2
	2013 81,513						
14	LEONIDAS P. C.		\$ 24,500	4.75 %	Cargill International S.A., Geneva	18-Feb-22	1-Mar-23 - 30-Apr-23 3
	2011 82,165						
5 Post-Panamax Bulk Carriers							
15	ALCMENE		\$ 17,100	5.00 %	SwissMarine Pte. Ltd., Singapore	25-Nov-21	20-Dec-22 - 5-Mar-23
	2010 93,193						
16	AMPHITRITE	D	\$ 27,000	5.00 %	BG Shipping Co., Limited, Hong Kong	13-Sep-21	15-Oct-22 - 15-Dec-22
	2012 98,697						
17	POLYMNIA	D	\$ 12,100 \$ 24,750	5.00 % 5.00 %	CLdN Cobelfret SA, Luxembourg	22-Nov-20 4-Feb-22	4-Feb-22 15-Jan-23 - 15-Mar-23 4
	2012 98,704						
18	ELECTRA	E	\$ 21,000	5.00 %	Tongli Shipping Pte. Ltd.	28-Apr-21	13-Apr-22 - 10-Apr-22 5
			\$ 16,500	5.00 %	Raffles Shipping International Pte. Ltd.	13-Apr-22	30-Jun-22 6
	2013 87,150						
19	PHAIDRA	E	\$ 28,000	5.00 %	Uniper Global Commodities SE, Düsseldorf	2-Sep-21	1-Jul-22 - 15-Sep-22
	2013 87,146						

12 Capesize Bulk Carriers							
20	ALIKI				Solebay Shipping Cape Company Limited, Hong Kong	18-Mar-21	21-Feb-22
			\$ 20,500	5.00 %			
			\$ 24,500	5.00 %	Koch Shipping Pte. Ltd., Singapore	21-Feb-22	1-Feb-23 - 15-Apr-23
	2005 180,235						
21	BALTIMORE		\$ 10,500	5.00 %	Trafigura Maritime Logistics Pte. Ltd.	8-Feb-22	8-Apr-22 7
			\$ 16,000	5.00 %	Solebay Shipping Cape Company Limited, Hong Kong	8-Apr-22	27-Jun-22 - 17-Jul-22 8
	2005 177,243						
22	SEMIRIO	F	\$ 19,700	5.00 %	C Transport Maritime Ltd., Bermuda	15-Dec-21	15-Aug-23 - 15-Nov-23
	2007 174,261						
23	BOSTON	F	\$ 25,500	5.00 %	C Transport Maritime Ltd., Bermuda	16-Jun-21	20-Apr-22 9
			\$ 13,000	5.00 %	Richland Bulk Pte. Ltd.	20-Apr-22	3-Jun-22 10,11
	2007 177,828						
24	HOUSTON	F	\$ 27,000	5.00 %	Koch Shipping Pte. Ltd., Singapore	30-Aug-21	15-Jul-22 - 15-Oct-22
	2009 177,729						
25	NEW YORK	F	\$ 14,000	5.00 %	EGPN Bulk Carrier Co., Limited, Hong Kong	29-Dec-20	30-Apr-22 - 30-Jun-22 1
	2010 177,773						
26	SEATTLE	G	\$ 12,300	5.00 %	Pacbulk Shipping Pte. Ltd., Singapore	27-Apr-20	2-Mar-22
			\$ 26,500	5.00 %	Solebay Shipping Cape Company Limited, Hong Kong	2-Mar-22	1-Oct-23 - 15-Dec-23
	2011 179,362						
27	P. S. PALIOS	G	\$ 26,500	4.75 %	Olam International Limited, Singapore	5-Jun-21	19-Apr-22 1,12
	2013 179,134						
28	G. P. ZAFIRAKIS	H	\$ 22,750	4.75 %	Cargill International S.A., Geneva	1-Dec-21	1-Nov-22 - 31-Dec-22
	2014 179,492						
29	SANTA BARBARA	H	\$ 17,250	4.75 %	Cargill International S.A., Geneva	9-Jan-21	19-Mar-22 13
			\$ 29,500	4.75 %		19-Mar-22	10-May-23 - 10-Jul-23
	2015 179,426						
30	NEW ORLEANS		\$ 15,500	5.00 %	Nippon Yusen Kabushiki Kaisha	3-Dec-20	25-Mar-22
			\$ 32,000	5.00 %	Engelhart CTP Freight (Switzerland) SA	25-Mar-22	20-Nov-23 - 31-Jan-24
	2015 180,960						
31	FLORIDA		\$ 25,900	5.00 %	Bunge S.A., Geneva	29-Mar-22	29-Jan-27 - 29-May-27 14
	2022 182,063						

4 Newcastlemax Bulk Carriers								
32	LOS ANGELES	I	\$ 26,250	5.00 %	Koch Shipping Pte. Ltd., Singapore	30-Jan-22	15-Jan-23 - 15-Mar-23	15
	2012 206,104							
33	PHILADELPHIA	I	\$ 28,500	5.00 %	Classic Maritime Inc. C Transport Maritime Ltd., Bermuda	22-Apr-21	7-Mar-22	16
	2012 206,040		\$ 26,000	5.00 %		12-Apr-22	1-Feb-24 - 15-Apr-24	
34	SAN FRANCISCO	J	\$ 24,700	5.00 %	Olam International Limited, Singapore	11-Feb-21	18-Feb-22	17
			\$ 30,500	5.00 %	Koch Shipping Pte. Ltd., Singapore	18-Feb-22	1-Mar-23 - 15-May-23	
	2017 208,006							
35	NEWPORT NEWS	J	\$ 28,000	5.00 %	Koch Shipping Pte. Ltd., Singapore	16-Dec-21	1-Jul-23 - 30-Sep-2023	18
	2017 208,021							

* Each dry bulk carrier is a "sister ship", or closely similar, to other dry bulk carriers that have the same letter.

** Total commission percentage paid to third parties.

*** In case of newly acquired vessel with time charter attached, this date refers to the expected/actual date of delivery of the vessel to the Company.

**** Range of redelivery dates, with the actual date of redelivery being at the Charterers' option, but subject to the terms, conditions, and exceptions of the particular charterparty.

1Based on latest information.

2Vessel on scheduled drydocking from December 28, 2021 to January 30, 2022.

3Vessel was delivered to the Company on February 16, 2022.

4Charterers agreed to compensate the owners, for all the days over and above the new maximum redelivery date (January 13, 2022), with hire rate equal to the average of Baltic Panamax 82 Index 5TC weighted time charter average plus 15% or vessel's present Charter Party rate, whichever is higher.

5Charterers agreed to compensate the owners, for all the days over and above the maximum redelivery date (April 10, 2022), with hire rate equal to the average of Baltic Panamax Index 5TC weighted time charter average minus 10% or vessel's present Charter Party rate, whichever is higher.

6For two laden legs of maximum duration up to June 30, 2022.

7Charter included a one time ballast bonus payment of US\$1,000,000.

8Redelivery date based on an estimated time charter trip duration of about 80-100 days.

9Estimated redelivery date from the charterers.

10Estimated delivery date to the charterers.

11Redelivery date based on an estimated time charter trip duration of about 40 days.

12Charterers have agreed to compensate the owners, for all the days over and above the maximum redelivery date (April 15, 2022), with hire rate equal to the average of Baltic Cape Index 5TC weighted time charter average plus 10% or vessel's present Charter Party rate, whichever is higher.

13Charterers agreed to compensate the owners, for all the days over and above the maximum redelivery date (March 5, 2022), with hire rate equal to the average of Baltic Cape Index 5TC weighted time charter average plus 23% or vessel's present Charter Party rate, whichever is higher.

14Bareboat chartered-in for a period of ten years at US\$13,500 per day.

15Vessel on scheduled drydocking from December 23, 2021 to January 30, 2022.

16Vessel on scheduled drydocking from March 7, 2022 to April 12, 2022.

17The charter rate was US\$17,750 per day for the first one hundred five (105) days of the charter period.

18Vessel on scheduled drydocking from February 3, 2022 to March 2, 2022.

Our Customers

Our customers include regional and international companies, such as Cargill International S.A., Glencore Grain B.V., Koch Shipping Pte Ltd and Swissmarine Services S.A. During 2021, one of our charterers accounted for 10% of our revenues: Cargill (10%). During 2020, two of our charterers accounted for 34% of our revenues: Cargill (18%) and Koch (16%). During 2019, four of our charterers accounted for 60% of our revenues: Swissmarine (18%), Cargill (16%), Koch (14%), and Glencore (12%).

We charter our dry bulk carriers, owned and bareboat chartered-in, to customers pursuant to time charters. Under our time charters, the charterer typically pays us a fixed daily charter hire rate and bears all voyage expenses, including the cost of bunkers (fuel oil) and canal and port charges. We remain responsible for paying the chartered vessel's operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel. In 2021, we paid commissions that ranged from 4.75% to 5.0% of the total daily charter hire rate of each charter to unaffiliated ship brokers and to in-house brokers associated with the charterer, depending on the number of brokers involved with arranging the charter.

We strategically monitor developments in the dry bulk shipping industry on a regular basis and, subject to market demand, seek to adjust the charter hire periods for our vessels according to prevailing market conditions. In order to take advantage of relatively stable cash flow and high utilization rates, we fix some of our vessels on long-term time charters. Currently, the majority of our vessels are employed on short to medium-term time charters, which provides us with flexibility in responding to market developments. We continuously evaluate our balance of short- and long-term charters and extend or reduce the charter hire periods of the vessels in our fleet according to the developments in the dry bulk shipping industry.

Charter Hire Rates

Charter hire rates fluctuate by varying degrees among dry bulk carrier size categories. The volume and pattern of trade in a small number of commodities (major bulks) affect demand for larger vessels. Therefore, charter rates and vessel values of larger vessels often show greater volatility. Conversely, trade in a greater number of commodities (minor bulks) drives demand for smaller dry bulk carriers. Accordingly, charter rates and vessel values for those vessels are usually subject to less volatility.

Charter hire rates paid for dry bulk carriers are primarily a function of the underlying balance between vessel supply and demand, although at times other factors may play a role. Furthermore, the pattern seen in charter rates is broadly mirrored across the different charter types and the different dry bulk carrier categories. In the time charter market, rates vary depending on the length of the charter period and vessel-specific factors such as age, speed and fuel consumption.

In the voyage charter market, rates are, among other things, influenced by cargo size, commodity, port dues and canal transit fees, as well as commencement and termination regions. In general, a larger cargo size is quoted at a lower rate per ton than a smaller cargo size. Routes with costly ports or canals generally command higher rates than routes with low port dues and no canals to transit. Voyages with a load port within a region that includes ports where vessels usually discharge cargo or a discharge port within a region with ports where vessels load cargo also are generally quoted at lower rates, because such voyages generally increase vessel utilization by reducing the unloaded portion (or ballast leg) that is included in the calculation of the return charter to a loading area.

Within the dry bulk shipping industry, the charter hire rate references most likely to be monitored are the freight rate indices issued by the Baltic Exchange. These references are based on actual charter hire rates under charters entered into by market participants as well as daily assessments provided to the Baltic Exchange by a panel of major shipbrokers. The Baltic Panamax Index is the index with the longest history. The Baltic Capesize Index and Baltic Handymax Index are of more recent origin.

The Baltic Dry Index, or BDI, a daily average of charter rates in 20 shipping routes measured on a time charter and voyage basis and covering Capesize, Panamax, Supramax, and Handysize dry bulk carriers ranged from a low of 595 in February 2019 to a high of 2,518 in September. In 2020, the BDI ranged from a low of 393 in May to a high of 2,097 in October. In 2021, the BDI ranged from a low of 1,303 in February to a high of 5,650 in October to drop again to a low of 1,381 in January 2022. The BDI has since recovered from the January 2022 levels and closed at 2,115 on April 19, 2022.

The Dry Bulk Shipping Industry

The global dry bulk carrier fleet could be divided into seven categories based on a vessel's carrying capacity. These categories consist of:

- **Very Large Ore Carriers.** Very large ore carriers, or VLOCs, have a carrying capacity of more than 200,000 dwt and are a comparatively new sector of the dry bulk carrier fleet. VLOCs are built to exploit economies of scale on long-haul iron ore routes.
- **Capesize.** Capesize vessels have a carrying capacity of 110,000-199,999 dwt. Only the largest ports around the world possess the infrastructure to accommodate vessels of this size. Capesize vessels are primarily used to transport iron ore or coal and, to a much lesser extent, grains, primarily on long-haul routes.
- **Post-Panamax.** Post-Panamax vessels have a carrying capacity of 80,000-109,999 dwt. These vessels tend to have a shallower draft and larger beam than a standard Panamax vessel with a higher cargo capacity. These vessels have been designed specifically for loading high cubic cargoes from draught restricted ports, although they cannot transit the Panama Canal.
- **Panamax.** Panamax vessels have a carrying capacity of 60,000-79,999 dwt. These vessels carry coal, iron ore, grains, and, to a lesser extent, minor bulks, including steel products, cement and fertilizers. Panamax vessels are able to pass through the Panama Canal, making them more versatile than larger vessels with regard to accessing different trade routes. Most Panamax and Post-Panamax vessels are "gearless," and therefore must be served by shore-based cargo handling equipment. However, there are a small number of geared vessels with onboard cranes, a feature that enhances trading flexibility and enables operation in ports which have poor infrastructure in terms of loading and unloading facilities.
- **Handymax/Supramax.** Handymax vessels have a carrying capacity of 40,000-59,999 dwt. These vessels operate in a large number of geographically dispersed global trade routes, carrying primarily grains and minor bulks. Within the Handymax category there is also a sub-sector known as Supramax. Supramax bulk carriers are ships between 50,000 to 59,999 dwt, normally offering cargo loading and unloading flexibility with on-board cranes, or "gear," while at the same time possessing the cargo carrying capability approaching conventional Panamax bulk carriers.
- **Handysize.** Handysize vessels have a carrying capacity of up to 39,999 dwt. These vessels are primarily involved in carrying minor bulk cargoes. Increasingly, ships of this type operate within regional trading routes, and may serve as trans-shipment feeders for larger vessels. Handysize vessels are well suited for small ports with length and draft restrictions. Their cargo gear enables them to service ports lacking the infrastructure for cargo loading and unloading.

Other size categories occur in regional trade, such as Kamsarmax, with a maximum length of 229 meters, the maximum length that can load in the port of Kamsar in the Republic of Guinea. Other terms such as Seawaymax, Setouchmax, Dunkirkmax, and Newcastlemax also appear in regional trade.

The supply of dry bulk carriers is dependent on the delivery of new vessels and the removal of vessels from the global fleet, either through scrapping or loss. The level of scrapping activity is generally a function of scrapping prices in relation to current and prospective charter market conditions, as well as operating, repair and survey costs. The average age at which a vessel is scrapped was 28 years in 2021, 27 years in 2020 and 29 years in 2019.

The demand for dry bulk carrier capacity is determined by the underlying demand for commodities transported in dry bulk carriers, which in turn is influenced by trends in the global economy. Demand for dry bulk carrier capacity is also affected by the operating efficiency of the global fleet, along with port congestion, which has been a feature of the market since 2004, absorbing tonnage and therefore leading to a tighter balance between supply and demand. In evaluating demand factors for dry bulk carrier capacity, the Company believes that dry bulk carriers can be the most versatile element of the global shipping fleets in terms of employment alternatives.

Vessel Prices

Dry bulk vessel values in 2021 generally were higher as compared to 2020. Consistent with these trends were the market values of our dry bulk carriers. Although charter rates and vessel values partially recovered during 2021, there can be no assurance as to how long charter rates and vessel values will remain at their current levels or whether they will decrease or improve to any significant degree in the near future.

Competition

Our business fluctuates in line with the main patterns of trade of the major dry bulk cargoes and varies according to changes in the supply and demand for these items. We operate in markets that are highly competitive and based primarily on supply and demand. We compete for charters on the basis of price, vessel location, size, age and condition of the vessel, as well as on our reputation as an owner and operator. We compete with other owners of dry bulk carriers in the Panamax, Post-Panamax and smaller class sectors and with owners of Capesize and Newcastlemax dry bulk carriers. Ownership of dry bulk carriers is highly fragmented.

We believe that we possess a number of strengths that provide us with a competitive advantage in the dry bulk shipping industry:

- *We own a modern, high quality fleet of dry bulk carriers.* We believe that owning a modern, high quality fleet reduces operating costs, improves safety and provides us with a competitive advantage in securing favorable time charters. We maintain the quality of our vessels by carrying out regular inspections, both while in port and at sea, and adopting a comprehensive maintenance program for each vessel.
- *Our fleet includes groups of sister ships.* We believe that maintaining a fleet that includes sister ships enhances the revenue generating potential of our fleet by providing us with operational and scheduling flexibility. The uniform nature of sister ships also improves our operating efficiency by allowing our fleet manager to apply the technical knowledge of one vessel to all vessels of the same series and creates economies of scale that enable us to realize cost savings when maintaining, supplying and crewing our vessels.
- *We have an experienced management team.* Our management team consists of experienced executives who have, on average, more than 30 years of operating experience in the shipping industry and has demonstrated ability in managing the commercial, technical and financial areas of our business.
- We benefit from the experience and reputation of Diana Shipping Services S.A. and the relationship with Wilhelmsen Ship Management through the Diana Wilhelmsen Management Limited joint venture.
- *We benefit from strong relationships with members of the shipping and financial industries.* We have developed strong relationships with major international charterers, shipbuilders and financial institutions that we believe are the result of the quality of our operations, the strength of our management team and our reputation for dependability.
- *We have a strong balance sheet and a relatively low level of indebtedness.* We believe that our strong balance sheet and relatively low level of indebtedness provide us with the flexibility to increase the amount of funds that we may draw under our loan facilities in connection with any future acquisitions or otherwise and enable us to use cash flow that would otherwise be dedicated to debt service for other purposes.

Permits and Authorizations

We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to our vessels. The kinds of permits, licenses and certificates required depend upon several factors, including the commodity transported, the waters in which the vessel operates the nationality of the vessel's crew and the age of a vessel. We have been able to obtain all permits, licenses and certificates currently required to permit our vessels to operate. Additional laws and regulations, environmental or otherwise, may be adopted which could limit our ability to do business or increase the cost of us doing business.

Disclosure Pursuant to Section 219 of the Iran Threat Reduction and Syrian Human Rights Act

Section 219 of the U.S. Iran Threat Reduction and Syria Human Rights Act of 2012, or the ITRA, added new Section 13(r) to the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, requiring each SEC reporting issuer to disclose in its annual and, if applicable, quarterly reports whether it or any of its affiliates have knowingly engaged in certain activities, transactions or dealings relating to Iran or with the Government of Iran or certain designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction during the period covered by the report.

Pursuant to Section 13(r) of the Exchange Act, we note that none of our vessels made port calls to Iran in 2021 and to the date of this annual report.

Environmental and Other Regulations in the Shipping Industry

Government regulation and laws significantly affect the ownership and operation of our fleet. We are subject to international conventions and treaties, national, state and local laws and regulations in force in the countries in which our vessels may operate or are registered relating to safety and health and environmental protection including the storage, handling, emission, transportation and discharge of hazardous and non-hazardous materials, and the remediation of contamination and liability for damage to natural resources. Compliance with such laws, regulations and other requirements entails significant expense, including vessel modifications and implementation of certain operating procedures.

A variety of government and private entities subject our vessels to both scheduled and unscheduled inspections. These entities include the local port authorities (applicable national authorities such as the United States Coast Guard (“USCG”), harbor master or equivalent), classification societies, flag state administrations (countries of registry) and charterers, particularly terminal operators. Certain of these entities require us to obtain permits, licenses, certificates and other authorizations for the operation of our vessels. Failure to maintain necessary permits or approvals could require us to incur substantial costs or result in the temporary suspension of the operation of one or more of our vessels.

Increasing environmental concerns have created a demand for vessels that conform to stricter environmental standards. We are required to maintain operating standards for all of our vessels that emphasize operational safety, quality maintenance, continuous training of our officers and crews and compliance with United States and international regulations. We believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations and that our vessels have all material permits, licenses, certificates or other authorizations necessary for the conduct of our operations. However, because such laws and regulations frequently change and may impose increasingly stricter requirements, we cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of our vessels. In addition, a future serious marine incident that causes significant adverse environmental impact could result in additional legislation or regulation that could negatively affect our profitability.

International Maritime Organization

The International Maritime Organization, the United Nations agency for maritime safety and the prevention of pollution by vessels (the “IMO”), has adopted the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto, collectively referred to as MARPOL 73/78 and herein as “MARPOL,” the International Convention for the Safety of Life at Sea of 1974 (“SOLAS Convention”), and the International Convention on Load Lines of 1966 (the “LL Convention”). MARPOL establishes environmental standards relating to oil leakage or spilling, garbage management, sewage, air emissions, handling and disposal of noxious liquids and the handling of harmful substances in packaged forms. MARPOL is applicable to drybulk, tanker and LNG carriers, among other vessels, and is broken into six Annexes, each of which regulates a different source of pollution. Annex I prevention of pollution by Oil; Annexes II and III relate to harmful substances carried in bulk in liquid or in packaged form, respectively; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI, lastly, relates to air emissions. Annex VI was separately adopted by the IMO in September of 1997; new emissions standards, titled IMO-2020, took effect on January 1, 2020.

Air Emissions

In September of 1997, the IMO adopted Annex VI to MARPOL to address air pollution from vessels. Effective May 2005, Annex VI sets limits on sulfur oxide and nitrogen oxide emissions from all commercial vessel exhausts and prohibits “deliberate emissions” of ozone depleting substances (such as halons and chlorofluorocarbons), emissions of volatile compounds from cargo tanks, and the shipboard incineration of specific substances. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions, as explained below. Emissions of “volatile organic compounds” from certain vessels, and the shipboard incineration (from incinerators installed after January 1, 2000) of certain substances (such as polychlorinated biphenyls, or “PCBs”) are also prohibited. We believe that all our vessels are currently compliant in all material respects with these regulations.

The Marine Environment Protection Committee, or “MEPC”, adopted amendments to Annex VI regarding emissions of sulfur oxide, nitrogen oxide, particulate matter and ozone depleting substances, which entered into force on July 1, 2010. The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board ships. On October 27, 2016, at its 70th session, the MEPC agreed to implement a global 0.5% m/m sulfur oxide emissions limit (reduced from 3.50%) starting from January 1, 2020. This limitation can be met by using low-sulfur compliant fuel oil, alternative fuels, or certain exhaust gas cleaning systems. Ships are now required to obtain bunker delivery notes and International Air Pollution Prevention (“IAPP”) Certificates from their flag states that specify sulfur content. Additionally, at MEPC 73, amendments to Annex VI to prohibit the carriage of bunkers above 0.5% sulfur on ships were adopted and took effect March 1, 2020. These regulations subject ocean-going vessels to stringent emissions controls, and may cause us to incur substantial costs.

Sulfur content standards are even stricter within certain “Emission Control Areas,” or (“ECAs”). As of January 1, 2015, ships operating within an ECA were not permitted to use fuel with sulfur content in excess of 0.1% m/m. Amended Annex VI establishes procedures for designating new ECAs. Currently, the IMO has designated four ECAs, including specified portions of the Baltic Sea area, North Sea area, North American area and United States Caribbean area. Ocean-going vessels in these areas will be subject to stringent emission controls and may cause us to incur additional costs. Other areas in China are subject to local regulations that impose stricter emission controls. In December 2021, the member states of the Convention of the Protection of the Mediterranean Sea Against Pollution agreed to support the designation of a new ECA in the Mediterranean. The group plans to submit a formal proposal to the IMO by the end of 2022 with the goal of having the ECA implemented by 2025. If other ECAs are approved by the IMO, or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the U.S. Environmental Protection Agency (“EPA”) or the states where we operate, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of our operations.

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for marine diesel engines, depending on their date of installation. At the MEPC meeting held from March to April 2014, amendments to Annex VI were adopted which address the date on which Tier III Nitrogen Oxide (NOx) standards in ECAs will go into effect. Under the amendments, Tier III NOx standards apply to ships that operate in the North American and U.S. Caribbean Sea ECAs designed for the control of NOx produced by vessels with a marine diesel engine installed and constructed on or after January 1, 2016. Tier III requirements could apply to areas that will be designated for Tier III NOx in the future. At MEPC 70 and MEPC 71, the MEPC approved the North Sea and Baltic Sea as ECAs for nitrogen oxide for ships built on or after January 1, 2021. For the moment, this regulation relates to new building vessels and has no retroactive application to existing fleet. The EPA promulgated equivalent (and in some senses stricter) emissions standards in 2010. As a result of these designations or similar future designations, we may be required to incur additional operating or other costs.

As determined at the MEPC 70, the new Regulation 22A of MARPOL Annex VI became effective as of March 1, 2018 and requires ships above 5,000 gross tonnage to collect and report annual data on fuel oil consumption to an IMO database, with the first year of data collection having commenced on January 1, 2019. The IMO intends to use such data as the first step in its roadmap (through 2023) for developing its strategy to reduce greenhouse gas emissions from ships, as discussed further below.

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for ships. All ships are now required to develop and implement a Ship Energy Efficiency Management Plans ("SEEMPs"), and new ships must be designed in compliance with minimum energy efficiency levels per capacity mile as defined by the Energy Efficiency Design Index ("EEDI"). Under these measures, by 2025, all new ships built will be 30% more energy efficient than those built in 2014. Additionally, MEPC 75 adopted amendments to MARPOL Annex VI which brings forward the effective date of the EEDI's "phase 3" requirements from January 1, 2025 to April 1, 2022 for several ship types, including gas carriers, general cargo ships, and LNG carriers.

Additionally, MEPC 75 introduced draft amendments to Annex VI which impose new regulations to reduce greenhouse gas emissions from ships. These amendments introduce requirements to assess and measure the energy efficiency of all ships and set the required attainment values, with the goal of reducing the carbon intensity of international shipping. The requirements include (1) a technical requirement to reduce carbon intensity based on a new Energy Efficiency Existing Ship Index ("EEXI"), and (2) operational carbon intensity reduction requirements, based on a new operational carbon intensity indicator ("CII"). The attained EEXI is required to be calculated for ships of 400 gross tonnage and above, in accordance with different values set for ship types and categories. With respect to the CII, the draft amendments would require ships of 5,000 gross tonnage to document and verify their actual annual operational CII achieved against a determined required annual operational CII. Additionally, MEPC 75 proposed draft amendments requiring that, on or before January 1, 2023, all ships above 400 gross tonnage must have an approved SEEMP on board. For ships above 5,000 gross tonnage, the SEEMP would need to include certain mandatory content. MEPC 75 also approved draft amendments to MARPOL Annex I to prohibit the use and carriage for use as fuel of heavy fuel oil ("HFO") by ships in Arctic waters on and after July 1, 2024. The draft amendments introduced at MEPC 75 were adopted at the MEPC 76 session held in June 2021 and are expected to enter into force on November 1, 2022, with the requirements for EEXI and CII certification coming into effect from January 1, 2023. MEPC 77 adopted a non-binding resolution which urges Member States and ship operators to voluntarily use distillate or other cleaner alternative fuels or methods of propulsion that are safe for ships and could contribute to the reduction of Black Carbon emissions from ships when operating in or near the Arctic.

We may incur costs to comply with these revised standards. Additional or new conventions, laws and regulations may be adopted that could require the installation of expensive emission control systems and could adversely affect our business, results of operations, cash flows and financial condition.

Safety Management System Requirements

The SOLAS Convention was amended to address the safe manning of vessels and emergency training drills. The Convention of Limitation of Liability for Maritime Claims (the "LLMC") sets limitations of liability for a loss of life or personal injury claim or a property claim against ship owners. We believe that our vessels are in substantial compliance with SOLAS and LLMC standards.

Under Chapter IX of the SOLAS Convention, or the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (the "ISM Code"), our operations are also subject to environmental standards and requirements. The ISM Code requires the party with operational control of a vessel to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. We rely upon the safety management system that we and our technical management team have developed for compliance with the ISM Code. The failure of a vessel owner or bareboat charterer to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports.

The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel's management with the ISM Code requirements for a safety management system. No vessel can obtain a safety management certificate unless its manager has been awarded a document of compliance, issued by each flag state, under the ISM Code. We have obtained applicable documents of compliance for our offices and safety management certificates for all of our vessels for which the certificates are required by the IMO. The documents of compliance and safety management certificate are renewed as required.

Regulation II-1/3-10 of the SOLAS Convention governs ship construction and stipulates that ships over 150 meters in length must have adequate strength, integrity and stability to minimize risk of loss or pollution. Goal-based standards amendments in SOLAS regulation II-1/3-10 entered into force in 2012, with July 1, 2016 set for application to new oil tankers and bulk carriers. The SOLAS Convention regulation II-1/3-10 on goal-based ship construction standards for bulk carriers and oil tankers, which entered into force on January 1, 2012, requires that all oil tankers and bulk carriers of 150 meters in length and above, for which the building contract is placed on or after July 1, 2016, satisfy applicable structural requirements conforming to the functional requirements of the International Goal-based Ship Construction Standards for Bulk Carriers and Oil Tankers (“GBS Standards”).

Amendments to the SOLAS Convention Chapter VII apply to vessels transporting dangerous goods and require those vessels be in compliance with the International Maritime Dangerous Goods Code (“IMDG Code”). Effective January 1, 2018, the IMDG Code includes (1) updates to the provisions for radioactive material, reflecting the latest provisions from the International Atomic Energy Agency, (2) new marking, packing and classification requirements for dangerous goods, and (3) new mandatory training requirements. Amendments which took effect on January 1, 2020 also reflect the latest material from the UN Recommendations on the Transport of Dangerous Goods, including (1) new provisions regarding IMO type 9 tank, (2) new abbreviations for segregation groups, and (3) special provisions for carriage of lithium batteries and of vehicles powered by flammable liquid or gas. The upcoming amendments, which will come into force on June 1, 2022, include (1) addition of a definition of dosage rate, (2) additions to the list of high consequence dangerous goods, (3) new provisions for medical/clinical waste, (4) addition of various ISO standards for gas cylinders, (5) a new handling code, and (6) changes to stowage and segregation provisions.

The IMO has also adopted the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (“STCW”). As of February 2017, all seafarers are required to meet the STCW standards and be in possession of a valid STCW certificate. Flag states that have ratified SOLAS and STCW generally employ the classification societies, which have incorporated SOLAS and STCW requirements into their class rules, to undertake surveys to confirm compliance.

The IMO’s Maritime Safety Committee and MEPC, respectively, each adopted relevant parts of the International Code for Ships Operating in Polar Water (the “Polar Code”). The Polar Code, which entered into force on January 1, 2017, covers design, construction, equipment, operational, training, search and rescue as well as environmental protection matters relevant to ships operating in the waters surrounding the two poles. It also includes mandatory measures regarding safety and pollution prevention as well as recommendatory provisions. The Polar Code applies to new ships constructed after January 1, 2017, and after January 1, 2018, ships constructed before January 1, 2017 are required to meet the relevant requirements by the earlier of their first intermediate or renewal survey.

Furthermore, recent action by the IMO’s Maritime Safety Committee and United States agencies indicates that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. By IMO resolution, administrations are encouraged to ensure that cyber-risk management systems must be incorporated by ship-owners and managers by 2021. In February 2021, the U.S. Coast Guard published guidance on addressing cyber risks in a vessel’s safety management system. This might cause companies to create additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. The impact of future regulations is hard to predict at this time.

Pollution Control and Liability Requirements

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatories to such conventions. For example, the IMO adopted an International Convention for the Control and Management of Ships’ Ballast Water and Sediments, (the “BWM Convention”), in 2004. The BWM Convention entered into force on September 8, 2017. The BWM Convention requires ships to manage their ballast water to remove, render harmless, or avoid the uptake or discharge of new or invasive aquatic organisms and pathogens within ballast water and sediments. The BWM Convention’s implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits, and require all ships to carry a ballast water record book and an international ballast water management certificate.

On December 4, 2013, the IMO Assembly passed a resolution revising the application dates of the BWM Convention so that the dates are triggered by the entry into force date and not the dates originally in the BWM Convention. This, in effect, makes all vessels delivered before the entry into force date “existing vessels” and allows for the installation of ballast water management systems on such vessels at the first International Oil Pollution Prevention (“IOPP”) renewal survey following entry into force of the convention. The MEPC adopted updated guidelines for approval of ballast water management systems (G8) at MEPC 70. At MEPC 71, the schedule regarding the BWM Convention’s implementation dates was also discussed and amendments were introduced to extend the date existing vessels are subject to certain ballast water standards. Those changes were adopted at MEPC 72. Ships over 400 gross tons generally must comply with a “D-1 standard,” requiring the exchange of ballast water only in open seas and away from coastal waters. The “D-2 standard” specifies the maximum amount of viable organisms allowed to be discharged, and compliance dates vary depending on the IOPP renewal dates. Depending on the date of the IOPP renewal survey, existing vessels must comply with the D-2 standard on or after September 8, 2019. For most ships, compliance with the D-2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Ballast water management systems, which include systems that make use of chemical, biocides, organisms or biological mechanisms, or which alter the chemical or physical characteristics of the ballast water, must be approved in accordance with IMO Guidelines (Regulation D-3). As of October 13, 2019, MEPC 72’s amendments to the BWM Convention took effect, making the Code for Approval of Ballast Water Management Systems, which governs assessment of ballast water management systems, mandatory rather than permissive, and formalized an implementation schedule for the D-2 standard. Under these amendments, all ships must meet the D-2 standard by September 8, 2024. Costs of compliance with these regulations may be substantial. Additionally, in November 2020, MEPC 75 adopted amendments to the BWM Convention which would require a commissioning test of the ballast water management system for the initial survey or when performing an additional survey for retrofits. This analysis will not apply to ships that already have an installed BWM system certified under the BWM Convention. These amendments are expected to enter into force on June 1, 2022.

Once mid-ocean exchange ballast water treatment requirements become mandatory under the BWM Convention, the cost of compliance could increase for ocean carriers and may have a material effect on our operations. Irrespective of the BWM convention, certain countries such as the U.S. have enforced and implemented regional requirement related to the system certification, operation and reporting.

The IMO also adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage (the “Bunker Convention”) to impose strict liability on ship owners (including the registered owner, bareboat charterer, manager or operator) for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of ships over 1,000 gross tons to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the LLMC). With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in ship’s bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

Ships are required to maintain a certificate attesting that they maintain adequate insurance to cover an incident. In jurisdictions, such as the United States where the Bunker Convention has not been adopted, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or on a strict-liability basis.

Anti-Fouling Requirements

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships, or the “Anti-fouling Convention.” The Anti-fouling Convention, which entered into force on September 17, 2008, prohibits the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels. Vessels of over 400 gross tons engaged in international voyages will also be required to undergo an initial survey before the vessel is put into service or before an International Anti-fouling System Certificate is issued for the first time; and subsequent surveys when the anti-fouling systems are altered or replaced.

In November 2020, MEPC 75 approved draft amendments to the Anti-fouling Convention to prohibit anti-fouling systems containing cybutryne, which would apply to ships from January 1, 2023, or, for ships already bearing such an anti-fouling system, at the next scheduled renewal of the system after that date, but no later than 60 months following the last application to the ship of such a system. In addition, the International Anti-fouling System (IAFS) Certificate has been updated to address compliance options for anti-fouling systems to address cybutryne. Ships which are affected by this ban on cybutryne must receive an updated IAFS Certificate no later than two years after the entry into force of these amendments. Ships which are not affected (i.e. with anti-fouling systems which do not contain cybutryne) must receive an updated IAFS Certificate at the next Anti-fouling application to the vessel. These amendments were formally adopted at MEPC 76 in June 2021. Our fleet already complies with this regulation.

We have obtained Anti-fouling System Certificates for all of our vessels that are subject to the Anti-fouling Convention.

Requirements for the Safe and Environmentally Sound Recycling of Ships

In 2009 the Hong Kong International Convention and MEPC 269(68) adopted the guidelines for the preparation of the Inventory of Hazardous Materials. The Convention concerns all vessels over 500 GT entitled to fly the flag of a Party or operating under its authority, with some exceptions like warships. According to the Convention the shipowner should control Ship's Hazardous Materials inherent in ship's structure, machinery, equipment and paints, coatings and prohibit the new installations of Hazardous Materials, by maintaining an Inventory of Hazardous Materials (IHM). It is the Company's responsibility to maintain the IHM Part I up to date, during the life of the ship, according to MEPC Guidelines. The ships are subject to survey (initial, renewal, additional and final) and certification and should keep a valid International Certificate on Inventory of Hazardous Materials or an International Ready for Recycling Certificate (in case of recycling), on board. For ships been resulted to contain hazardous materials (like asbestos), actions for removal should be taken by the shipowner. The ships should only be recycled according to the regulations. If the ship is detected to be in violation of this Convention, the Party carrying out an inspection may take steps to warn, detain, dismiss, or exclude the ship from its ports, which might have an impact in our commercial image and cause high fines to the company. Our fleet already complies with this regulation, although not yet into force, but the preparation, maintenance and whenever needed removal have resulted in substantial costs.

Compliance Enforcement

Noncompliance with the ISM Code or other IMO regulations may subject the ship owner or bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports. The USCG and European Union authorities have indicated that vessels not in compliance with the ISM Code by applicable deadlines will be prohibited from trading in U.S. and European Union ports, respectively. As of the date of this report, each of our vessels is ISM Code certified. The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations might have on our operations.

U.S. Regulations

The U.S. Oil Pollution Act of 1990 and the Comprehensive Environmental Response, Compensation and Liability Act

The U.S. Oil Pollution Act of 1990 ("OPA") established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all "owners and operators" whose vessels trade or operate within the U.S., its territories and possessions or whose vessels operate in U.S. waters, which includes the U.S.'s territorial sea and its 200 nautical mile exclusive economic zone around the U.S. The U.S. has also enacted the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), which applies to the discharge of hazardous substances other than oil, except in limited circumstances, whether on land or at sea. OPA and CERCLA both define "owner and operator" in the case of a vessel as any person owning, operating or chartering by demise, the vessel. Both OPA and CERCLA impact our operations.

Under OPA, vessel owners and operators are “responsible parties” and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels, including bunkers (fuel). OPA defines these other damages broadly to include:

- (i) injury to, destruction or loss of, or loss of use of, natural resources and related assessment costs;
- (ii) injury to, or economic losses resulting from, the destruction of real and personal property;
- (iii) loss of subsistence use of natural resources that are injured, destroyed or lost;
- (iv) net loss of taxes, royalties, rents, fees or net profit revenues resulting from injury, destruction or loss of real or personal property, or natural resources;
- (v) lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources; and
- (vi) net cost of increased or additional public services necessitated by removal activities following a discharge of oil, such as protection from fire, safety or health hazards, and loss of subsistence use of natural resources.

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective November 12, 2019, the USCG adjusted the limits of OPA liability for non-tank vessels, edible oil tank vessels, and any oil spill response vessels, to the greater of \$1,200 per gross ton or \$997,100 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident as required by law where the responsible party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

CERCLA contains a similar liability regime whereby owners and operators of vessels are liable for cleanup, removal and remedial costs, as well as damages for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing the same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of \$300 per gross ton or \$5.0 million for vessels carrying a hazardous substance as cargo and the greater of \$300 per gross ton or \$500,000 for any other vessel. These limits do not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or negligence, or the primary cause of the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refused to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

OPA and CERCLA each preserve the right to recover damages under existing law, including maritime tort law. OPA and CERCLA both require owners and operators of vessels to establish and maintain with the USCG evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantee. We comply and plan to comply going forward with the USCG's financial responsibility regulations by providing applicable certificates of financial responsibility.

The 2010 *Deepwater Horizon* oil spill in the Gulf of Mexico resulted in additional regulatory initiatives or statutes, including higher liability caps under OPA, new regulations regarding offshore oil and gas drilling, and a pilot inspection program for offshore facilities. However, several of these initiatives and regulations have been or may be revised. For example, the U.S. Bureau of Safety and Environmental Enforcement's ("BSEE") revised Production Safety Systems Rule ("PSSR"), effective December 27, 2018, modified and relaxed certain environmental and safety protections under the 2016 PSSR. Additionally, the BSEE amended the Well Control Rule, effective July 15, 2019, which rolled back certain reforms regarding the safety of drilling operations, and the former U.S. President Trump had proposed leasing new sections of U.S. waters to oil and gas companies for offshore drilling. Subsequently, current U.S. President Biden signed an executive order temporarily blocking new leases for oil and gas drilling in federal waters. However, attorney generals from 13 states filed suit in March 2021 to lift the executive order, and in June 2021, a federal judge in Louisiana granted a preliminary injunction against the Biden administration, stating that the power to pause offshore oil and gas leases "lies solely with Congress." With these rapid changes, compliance with any new requirements of OPA and future legislation or regulations applicable to the operation of our vessels could impact the cost of our operations and adversely affect our business.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, provided they accept, at a minimum, the levels of liability established under OPA and some states have enacted legislation providing for unlimited liability for oil spills. Many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law. Moreover, some states have enacted legislation providing for unlimited liability for discharge of pollutants within their waters, although in some cases, states which have enacted this type of legislation have not yet issued implementing regulations defining vessel owners' responsibilities under these laws. The Company intends to comply with all applicable state regulations in the ports where the Company's vessels call.

We currently maintain pollution liability coverage insurance in the amount of \$1 billion per incident for each of our vessels. If the damages from a catastrophic spill were to exceed our insurance coverage, it could have an adverse effect on our business and results of operation.

Other United States Environmental Initiatives

The U.S. Clean Air Act of 1970 (including its amendments of 1977 and 1990) ("CAA") requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. The CAA requires states to adopt State Implementation Plans, or SIPs, some of which regulate emissions resulting from vessel loading and unloading operations which may affect our vessels.

The U.S. Clean Water Act ("CWA") prohibits the discharge of oil, hazardous substances and ballast water in U.S. navigable waters unless authorized by a duly-issued permit or exemption, and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA. In 2015, the EPA expanded the definition of "waters of the United States" ("WOTUS"). In 2019 and 2020, the agencies repealed the prior WOTUS Rule and promulgated the Navigable Waters Protection Rule ("NWPR") which significantly reduced the scope and oversight of EPA and the Department of the Army in traditionally non navigable waterways. On August 30, 2021, a federal district court in Arizona vacated the NWPR and directed the agencies to replace the rule. On December 7, 2021, the EPA and the Department of the Army proposed a rule that would reinstate the pre-2015 definition.

The EPA and the USCG have also enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial costs, and/or otherwise restrict our vessels from entering U.S. Waters. The EPA will regulate these ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters pursuant to the Vessel Incidental Discharge Act ("VIDA"), which was signed into law on December 4, 2018 and replaces the 2013 Vessel General Permit ("VGP") program (which authorizes discharges incidental to operations of commercial vessels and contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in U.S. waters, stringent requirements for exhaust gas scrubbers, and requirements for the use of environmentally acceptable lubricants) and current Coast Guard ballast water management regulations adopted under the U.S. National Invasive Species Act ("NISA"), such as mid-ocean ballast exchange programs and installation of approved USCG technology for all vessels equipped with ballast water tanks bound for U.S. ports or entering U.S. waters. VIDA establishes a new framework for the regulation of vessel incidental discharges under Clean Water Act (CWA), requires the EPA to develop performance standards for those discharges within two years of enactment, and requires the U.S. Coast Guard to develop implementation, compliance, and enforcement regulations within two years of EPA's promulgation of standards. Under VIDA, all provisions of the 2013 VGP and USCG regulations regarding ballast water treatment remain in force and effect until the EPA and U.S. Coast Guard regulations are finalized. Non-military, non-recreational vessels greater than 79 feet in length must continue to comply with the requirements of the VGP, including submission of a Notice of Intent ("NOI") or retention of a PARI form and submission of annual reports. We have submitted NOIs for our vessels where required. Compliance with the EPA, U.S. Coast Guard and state regulations could require the installation of ballast water treatment equipment on our vessels or the implementation of other port facility disposal procedures at potentially substantial cost, or may otherwise restrict our vessels from entering U.S. waters.

European Union Regulations

In October 2009, the European Union amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly or with serious negligence and the discharges individually or in the aggregate result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. The directive applies to all types of vessels, irrespective of their flag, but certain exceptions apply to warships or where human safety or that of the ship is in danger. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims. Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 (amending EU Directive 2009/16/EC) governs the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and, subject to some exclusions, requires companies with ships over 5,000 gross tonnage to monitor and report carbon dioxide emissions annually, which may cause us to incur additional expenses.

The European Union has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk ships, as determined by type, age, and flag as well as the number of times the ship has been detained. The European Union also adopted and extended a ban on substandard ships and enacted a minimum ban period and a definitive ban for repeated offenses. The regulation also provided the European Union with greater authority and control over classification societies, by imposing more requirements on classification societies and providing for fines or penalty payments for organizations that failed to comply. Furthermore, the EU has implemented regulations requiring vessels to use reduced sulfur content fuel for their main and auxiliary engines. The EU Directive 2005/33/EC (amending Directive 1999/32/EC) introduced requirements parallel to those in Annex VI relating to the sulfur content of marine fuels. In addition, the EU imposed a 0.1% maximum sulfur requirement for fuel used by ships at berth in the Baltic, the North Sea and the English Channel (the so called "SOx-Emission Control Area"). As of January 2020, EU member states must also ensure that ships in all EU waters, except the SOx-Emission Control Area, use fuels with a 0.5% maximum sulfur content.

On September 15, 2020, the European Parliament voted to include greenhouse gas emissions from the maritime sector in the European Union's carbon market. On July 14, 2021, the European Parliament formally proposed its plan, which would involve gradually including the maritime sector from 2023 and phasing the sector in over three-year period. This will require shipowners to buy permits to cover these emissions. Contingent on negotiations and a formal approval vote, these proposed regulations may not enter into force for another year or two.

EU Ship Recycling Regulation

The Regulation is mostly aligned with the Hong Kong Convention on Ship Recycling, mentioned earlier and aims quick ratification of the Convention. However, it sets some additional requirements and has been into force since 2015 for new ships and 2020 for existing ships. It concerns vessels over 500 GT flying the flag of a member state or vessels flying the flag of a 3rd party calling at port or anchorage of member states. Our fleet fully complies with this regulation. Our fleet's Inventories of Hazardous Materials preparation, certification and continuous maintenance have resulted in a significant cost to the Company.

International Labour Organization

The International Labour Organization (the "ILO") is a specialized agency of the UN that has adopted the Maritime Labor Convention 2006 ("MLC 2006"). A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance is required to ensure compliance with the MLC 2006 for all ships that are 500 gross tonnage or over and are either engaged in international voyages or flying the flag of a Member and operating from a port, or between ports, in another country. We believe that all our vessels are in substantial compliance with and are certified to meet MLC 2006.

Greenhouse Gas Regulation

Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and pursuant to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions with targets extended through 2020. International negotiations are continuing with respect to a successor to the Kyoto Protocol, and restrictions on shipping emissions may be included in any new treaty. In December 2009, more than 27 nations, including the U.S. and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce greenhouse gas emissions. The 2015 United Nations Climate Change Conference in Paris resulted in the Paris Agreement, which entered into force on November 4, 2016 and does not directly limit greenhouse gas emissions from ships. The U.S. initially entered into the agreement, but on June 1, 2017, the former U.S. President Trump announced that the United States intends to withdraw from the Paris Agreement, and the withdrawal became effective on November 4, 2020. On January 20, 2021, U.S. President Biden signed an executive order to rejoin the Paris Agreement. It will take 30 days for the United States to rejoin.

At MEPC 70 and MEPC 71, a draft outline of the structure of the initial strategy for developing a comprehensive IMO strategy on reduction of greenhouse gas emissions from ships was approved. In accordance with this roadmap, in April 2018, nations at the MEPC 72 adopted an initial strategy to reduce greenhouse gas emissions from ships. The initial strategy identifies "levels of ambition" to reducing greenhouse gas emissions, including (1) decreasing the carbon intensity from ships through implementation of further phases of the EEDI for new ships; (2) reducing carbon dioxide emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008 emission levels; and (3) reducing the total annual greenhouse emissions by at least 50% by 2050 compared to 2008 while pursuing efforts towards phasing them out entirely. The initial strategy notes that technological innovation, alternative fuels and/or energy sources for international shipping will be integral to achieve the overall ambition. These regulations could cause us to incur additional substantial expenses.

The EU made a unilateral commitment to reduce overall greenhouse gas emissions from its member states from 20% of 1990 levels by 2020. The EU also committed to reduce its emissions by 20% under the Kyoto Protocol's second period from 2013 to 2020. Starting in January 2018, large ships over 5,000 gross tonnage calling at EU ports are required to collect and publish data on carbon dioxide emissions and other information. As previously discussed, regulations relating to the inclusion of greenhouse gas emissions from the maritime sector in the European Union's carbon market are also forthcoming.

In the United States, the EPA issued a finding that greenhouse gases endanger the public health and safety, adopted regulations to limit greenhouse gas emissions from certain mobile sources, and proposed regulations to limit greenhouse gas emissions from large stationary sources. However, in March 2017, the former U.S. President Trump signed an executive order to review and possibly eliminate the EPA's plan to cut greenhouse gas emissions, and in August 2019, the Administration announced plans to weaken regulations for methane emissions, and on August 13, 2020, the EPA released rules rolling back standards to control methane and volatile organic compound emissions from new oil and gas facilities. However, U.S. President Biden recently directed the EPA to publish a proposed rule suspending, revising, or rescinding certain of these rules. On November 2, 2021, the EPA issued a proposed rule under the CAA designed to reduce methane emissions from oil and gas sources. The proposed rule would reduce 41 million tons of methane emissions between 2023 and 2035 and cut methane emissions in the oil and gas sector by approximately 74 percent compared to emissions from this sector in 2005. EPA also anticipates issuing a supplemental proposed rule in 2022 to include additional methane reduction measures following public input and anticipates issuing a final rule by the end of 2022. If these new rules are finalized, they could affect our operations.

Any passage of climate control legislation or other regulatory initiatives by the IMO, the EU, the U.S. or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol or Paris Agreement, that restricts emissions of greenhouse gases could require us to make significant financial expenditures which we cannot predict with certainty at this time. Even in the absence of climate control legislation, our business may be indirectly affected to the extent that climate change may result in sea level changes or certain weather events.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001 in the United States, there have been a variety of initiatives intended to enhance vessel security such as the U.S. Maritime Transportation Security Act of 2002 ("MTSA"). To implement certain portions of the MTSA, the USCG issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States and at certain ports and facilities, some of which are regulated by the EPA.

Similarly, Chapter XI-2 of the SOLAS Convention imposes detailed security obligations on vessels and port authorities and mandates compliance with the International Ship and Port Facility Security Code ("the ISPS Code"). The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate ("ISSC") from a recognized security organization approved by the vessel's flag state. Ships operating without a valid certificate may be detained, expelled from, or refused entry at port until they obtain an ISSC. The various requirements, some of which are found in the SOLAS Convention, include, for example, on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status; on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore; the development of vessel security plans; ship identification number to be permanently marked on a vessel's hull; a continuous synopsis record kept onboard showing a vessel's history including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and compliance with flag state security certification requirements.

The USCG regulations, intended to align with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid ISSC that attests to the vessel's compliance with the SOLAS Convention security requirements and the ISPS Code. Future security measures could have a significant financial impact on us. We intend to comply with the various security measures addressed by MTSA, the SOLAS Convention and the ISPS Code.

The cost of vessel security measures has also been affected by the escalation in the frequency of acts of piracy against ships, notably off the coast of Somalia, including the Gulf of Aden and Arabian Sea area. Substantial loss of revenue and other costs may be incurred as a result of detention of a vessel or additional security measures, and the risk of uninsured losses could significantly affect our business. Costs are incurred in taking additional security measures in accordance with Best Management Practices to Deter Piracy, notably those contained in the BMP5 industry standard.

Inspection by Flag administration and Classification Societies

The flag represents the nationality of the ship, showing that it's under the control of the registered country and must comply with international and maritime law of it. The flag is required to take measures to ensure safety at sea and should verify that ships under its authority, conform relevant international standards, in regard to construction, design, equipment and manning of ships, through on board physical inspections.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and SOLAS. Most insurance underwriters make it a condition for insurance coverage and lending that a vessel be certified "in class" by a classification society which is a member of the International Association of Classification Societies, the IACS. The IACS has adopted harmonized Common Structural Rules, or "the Rules", which apply to oil tankers and bulk carriers contracted for construction on or after July 1, 2015. The Rules attempt to create a level of consistency between IACS Societies. All of our vessels are certified as being "in class" by all the applicable Classification Societies (e.g., American Bureau of Shipping, Lloyd's Register of Shipping).

A vessel must undergo annual surveys, intermediate surveys, drydockings and special surveys. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Every vessel should have a minimum of two examinations of the outside of a vessel's bottom and related items during each five-year special survey period. One such examination is to be carried out in conjunction with the Special Periodical Survey. In all cases, the interval between any two such examinations is not to exceed 36 months. In all cases, the interval between any two such examinations is not to exceed 36 months. If any vessel does not maintain its class and/or fails any annual survey, intermediate survey, drydocking or special survey, the vessel will be unable to carry cargo between ports and will be unemployable and uninsurable which could cause us to be in violation of certain covenants in our loan agreements. Any such inability to carry cargo or be employed, or any such violation of covenants, could have a material adverse impact on our financial condition and results of operations.

Risk of Loss and Liability Insurance

General

The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, piracy incidents, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. OPA, which imposes virtually unlimited liability upon shipowners, operators and bareboat charterers of any vessel trading in the exclusive economic zone of the United States for certain oil pollution accidents in the United States, has made liability insurance more expensive for shipowners and operators trading in the United States market. We carry insurance coverage as customary in the shipping industry. However, not all risks can be insured, specific claims may be rejected, and we might not be always able to obtain adequate insurance coverage at reasonable rates.

While we maintain hull and machinery insurance, war risks insurance, protection and indemnity cover and freight, demurrage and defense cover for our operating fleet in amounts that we believe to be prudent to cover normal risks in our operations, we may not be able to achieve or maintain this level of coverage throughout a vessel's useful life. Furthermore, while we believe that our present insurance coverage is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

Hull & Machinery and War Risks Insurance

We maintain marine hull and machinery and war risks insurance, which cover, among other marine risks, the risk of actual or constructive total loss, for all of our vessels. Our vessels are each covered up to at least fair market value with deductibles ranging to a maximum of \$100,000 per vessel per incident for Panamax, Kamsarmax and Post-Panamax vessels and \$150,000 per vessel per incident for Capesize and Newcastlemax vessels.

Protection and Indemnity Insurance

Protection and indemnity insurance is provided by mutual protection and indemnity associations, or “P&I Associations,” and covers our third-party liabilities in connection with our shipping activities. This includes third-party liability and other related expenses of injury or death of crew, passengers and other third parties, loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances, and salvage, towing and other related costs, including wreck removal. Protection and indemnity insurance is a form of mutual indemnity insurance, extended by protection and indemnity mutual associations, or “clubs.”

Our current protection and indemnity insurance coverage for pollution is \$1 billion per vessel per incident. The 13 P&I Associations that comprise the International Group insure approximately 90% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each association's liabilities. The International Group's website states that the Pool provides a mechanism for sharing all claims in excess of US\$10 million up to, currently, approximately US\$8.2 billion. As a member of a P&I Association, which is a member of the International Group, we are subject to calls payable to the associations based on our claim records as well as the claim records of all other members of the individual associations and members of the shipping pool of P&I Associations comprising the International Group. Our vessels may be subject to supplemental calls which are based on estimates of premium income and anticipated and paid claims. Such estimates are adjusted each year by the Board of Directors of the P&I Association until the closing of the relevant policy year, which generally occurs within three years from the end of the policy year. Supplemental calls, if any, are expensed when they are announced and according to the period they relate to.

C. Organizational structure

Diana Shipping Inc. is the sole owner of all of the issued and outstanding shares of the subsidiaries listed in Exhibit 8.1 to this annual report.

D. Property, plants and equipment

Since October 8, 2010, DSS owns the land and the building where we have our principal corporate offices in Athens, Greece. In addition, in December 2014, DSS acquired a plot of land jointly with two other related entities from unrelated individuals and in November 2021 acquired an additional part of this land owned by one of our related parties. This plot is in the same area as our principal offices. Other than this interest in real property, our only material properties are the vessels in our fleet.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following management's discussion and analysis should be read in conjunction with our historical consolidated financial statements and their notes included elsewhere in this annual report. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth in the section entitled “Risk Factors” and elsewhere in this annual report.

A. Operating results

Factors Affecting Our Results of Operations

We believe that our results of operations are affected by the following factors:

- (1) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of our fleet during the period divided by the number of calendar days in the period.

- (2) Ownership days are 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.
- (3) Available days are the number of our ownership days less the aggregate number of days that our vessels are off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys and the aggregate amount of time that we spend positioning our vessels for such events. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.
- (4) Operating days are the number of 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.
- (5) 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 for such events.
- (6) Time charter equivalent rates, or TCE rates, are defined as our time charter revenues less voyage expenses during a period divided by the number of our available days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel) expenses, canal charges and commissions. TCE rate is a non-GAAP measure, and management believes it is useful to investors because it is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts while charter hire rates for vessels on time charters are generally expressed in such amounts.
- (7) Daily vessel operating expenses, which include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses, are calculated by dividing vessel operating expenses by ownership days for the relevant period.

The following table reflects such factors for the periods indicated:

	As of and for the Year Ended December 31,		
	2021	2020	2019
Fleet Data:			
Average number of vessels (1)	36.6	40.8	45.0
Number of vessels at year-end	33.0	40.0	42.0
Weighted average age of vessels at year-end (in years)	10.4	10.2	9.5
Ownership days (2)	13,359	14,931	16,442
Available days (3)	13,239	14,318	16,192
Operating days (4)	13,116	14,020	15,971
Fleet utilization (5)	99.1 %	97.9 %	98.6 %
Average Daily Results:			
Time charter equivalent (TCE) rate (6)	\$ 15,759	\$ 10,910	\$ 12,796
Daily vessel operating expenses (7)	5,596	5,750	5,510

The following table reflects the calculation of our TCE rates for the periods presented:

	Year Ended December 31,		
	2021	2020	2019
	(in thousands of U.S. dollars, except for TCE rates, which are expressed in U.S. dollars, and available days)		
Time charter revenues	\$ 214,203	\$ 169,733	\$ 220,728
Less: voyage expenses	(5,570)	(13,525)	(13,542)
Time charter equivalent revenues	\$ 208,633	\$ 156,208	\$ 207,186
Available days	13,239	14,318	16,192
Time charter equivalent (TCE) rate	\$ 15,759	\$ 10,910	\$ 12,796

Time Charter Revenues

Our revenues are driven primarily by the number of vessels in our fleet, the number of days during which our vessels operate and the amount of daily charter hire rates that our vessels earn under charters, which, in turn, are affected by a number of factors, including:

- the duration of our charters;
- our decisions relating to vessel acquisitions and disposals;
- the amount of time that we spend positioning our vessels;
- the amount of time that our vessels spend in drydock undergoing repairs;
- maintenance and upgrade work;
- the age, condition and specifications of our vessels;
- levels of supply and demand in the dry bulk shipping industry; and
- other factors affecting spot market charter rates for dry bulk carriers.

Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time, but can yield lower profit margins than vessels operating in the spot charter market during periods characterized by favorable market conditions. Vessels operating in the spot charter market generate revenues that are less predictable but may enable their owners to capture increased profit margins during periods of improvements in charter rates although their owners would be exposed to the risk of declining charter rates, which may have a materially adverse impact on financial performance. As we employ vessels on period charters, future spot charter rates may be higher or lower than the rates at which we have employed our vessels on period charters. Our time charter agreements subject us to counterparty risk. In depressed market conditions, charterers may seek to renegotiate the terms of their existing charter parties or avoid their obligations under those contracts. Should a counterparty fail to honor their obligations under agreements with us, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Revenues derived from time charter agreements in 2021 were negatively affected by the sale of vessels during the year, but the significant increase in charter rates resulted in increased revenues despite the decrease in ownership days. In the first quarter of 2022, we increased the size of our fleet as we took delivery of two vessels, one acquired and one chartered-in under a bareboat charter, however we expect the ownership days to be less compared to 2021. Despite the expected decrease in ownership days, as we have already fixed a significant part of our ownership days in 2022 under time charter agreements at increased rates compared to our average rate in 2021, we expect our revenues in 2022 to increase compared to 2021.

Voyage Expenses

We incur voyage expenses that mainly include commissions because all of our vessels are employed under time charters that require the charterer to bear voyage expenses such as bunkers (fuel oil), port and canal charges. Although the charterer bears the cost of bunkers, we also have bunker gain or loss deriving from the price differences of bunkers. When a vessel is delivered to a charterer, bunkers are purchased by the charterer and sold back to us on the redelivery of the vessel. Bunker gain, or loss, results when a vessel is redelivered by her charterer and delivered to the next charterer at different bunker prices, or quantities.

We currently pay commissions ranging from 4.75% to 5.00% of the total daily charter hire rate of each charter to unaffiliated ship brokers, in-house brokers associated with the charterers, depending on the number of brokers involved with arranging the charter. In addition, we pay a commission to DWM and to DSS for those vessels for which they provide commercial management services. The commissions paid to DSS are eliminated from our consolidated financial statements as intercompany transactions. For 2022, we expect our voyage expenses to increase compared to 2021, due to the expected increase in revenues. The effect of bunker prices cannot be determined, as a gain or loss from bunkers results mainly from the difference in the value of bunkers paid by the Company when the vessel is redelivered to the Company from the charterer under the vessel's previous time charter agreement and the value of bunkers sold by the Company when the vessel is delivered to a new charterer.

Vessel Operating Expenses

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, tonnage taxes, environmental plan costs and HSQ and vetting. Our vessel operating expenses generally represent fixed costs. Vessel operating expenses have been reduced since 2019 due to the sale of vessels. For 2022, we expect our operating expenses to decrease further compared to 2021, as a result of the expected average decrease of the size of the fleet compared to 2021.

Vessel Depreciation

The cost of our vessels is depreciated on a straight-line basis over the estimated useful life of each vessel. Depreciation is based on the cost of the vessel less its estimated salvage value. We estimate the useful life of our dry bulk vessels to be 25 years from the date of initial delivery from the shipyard, which we believe is common in the dry bulk shipping industry. Furthermore, we estimate the salvage values of our vessels based on historical average prices of the cost of the light-weight ton of vessels being scrapped. Since 2019, depreciation expense has been reduced due to the sale of vessels and impairment charges. During 2021, we sold four vessels in January, March and July of 2021 and in November 2021 we contributed to OceanPal the shares of three ship-owning companies, owning the vessels *Calipso*, *Protefs* and *Salt Lake City*. Three of the vessels sold in 2021 were held for sale since 2020, when we agreed to sell them. In 2020, we had agreed to sell two more vessels, for which their sales were concluded in 2020. In the first quarter of 2022, we took delivery of two vessels, a 2011 built Kamsarmax dry bulk vessel of 82,165 dwt, delivered on February 16, 2022 and a Capesize dry bulk vessel of 181,500 dwt, which was sold to an unrelated third party and leased back under a bare boat charter on March 29, 2022. For 2022, we expect depreciation expense to increase due to the addition of the two vessels in the fleet in the first quarter of 2022, having an increased value compared to the ones sold in 2021 and as such increased depreciation and we expect this increase to be partly offset by the decreased depreciation expense due to the sale of *Naias*, which was held for sale since March 2021 and the spin-off of OceanPal in November 2021.

General and Administrative Expenses

We incur general and administrative expenses which include our onshore related expenses such as payroll expenses of employees, executive officers, directors and consultants, compensation cost of restricted stock awarded to senior management and non-executive directors, traveling, promotional and other expenses of the public company, such as legal and professional expenses and other general expenses. During the last three years, our general and administrative expenses are at the same level with the exception of 2020 which increased due to an accelerated vesting of restricted stocks of board members who resigned and the shares which were awarded to them fully vested on the date of their resignation. For 2022, we expect our general and administrative expenses to remain at the same levels, as they are not affected by the size of the fleet. However, they are affected by the exchange rate of Euro to US Dollars, as about half of the administrative expenses are in Euro.

Interest and Finance Costs

We incur interest expense and financing costs in connection with vessel-specific debt and senior unsecured bonds. As at December 31, 2021 our aggregate debt amounted to \$431.8 million. While our bond has a fixed coupon, all of our loan agreements with our banks have a floating rate based on LIBOR plus a margin and we expect our interest cost to be affected by the expected discontinuance of LIBOR. As of the date of this report, we do not have any agreements to mitigate our exposure in interest rates and we have not made any agreements with our banks to replace LIBOR. As the rate to replace LIBOR is not known, we are not in a position to determine the effect of interest rates on our results of operations and cash flows and we expect to manage such exposure through our regular operating and financing activities. As interest rates have increased since the beginning of the year and up to the date of this annual report, we expect interest and finance costs in 2022 to increase, but this increase to be partly offset by decreased average debt.

Lack of Historical Operating Data for Vessels before Their Acquisition

Although vessels are generally acquired free of charter, we have acquired (and may in the future acquire) some vessels with time charters. It is rare in the shipping industry for the last charterer of the vessel in the hands of the seller to continue as the first charterer of the vessel in the hands of the buyer. In most cases, when a vessel is under time charter and the buyer wishes to assume that charter, the vessel cannot be acquired without the charterer's consent and the buyer entering into a separate direct agreement (called a "novation agreement") with the charterer to assume the charter. The purchase of a vessel itself does not transfer the charter because it is a separate service agreement between the vessel owner and the charterer.

Where we identify any intangible assets or liabilities associated with the acquisition of a vessel, we record all identified assets or liabilities at fair value. Fair value is determined by reference to market data. We value any asset or liability arising from the market value of the time charters assumed when a vessel is acquired. The amount to be recorded as an asset or liability at the date of vessel delivery is based on the difference between the current fair market value of the charter and the net present value of future contractual cash flows. When the present value of the time charter assumed is greater than the current fair market value of such charter, the difference is recorded as prepaid charter revenue. When the opposite situation occurs, any difference, capped to the vessel's fair value on a charter-free basis, is recorded as deferred revenue. Such assets and liabilities, respectively, are amortized as a reduction of, or an increase in, revenue over the period of the time charter assumed.

When we purchase a vessel and assume or renegotiate a related time charter, among others, we must take the following steps before the vessel will be ready to commence operations:

- obtain the charterer's consent to us as the new owner;
- obtain the charterer's consent to a new technical manager;
- in some cases, obtain the charterer's consent to a new flag for the vessel;
- arrange for a new crew for the vessel, and where the vessel is on charter, in some cases, the crew must be approved by the charterer;

- replace all hired equipment on board, such as gas cylinders and communication equipment;
- negotiate and enter into new insurance contracts for the vessel through our own insurance brokers;
- register the vessel under a flag state and perform the related inspections in order to obtain new trading certificates from the flag state;
- implement a new planned maintenance program for the vessel; and
- ensure that the new technical manager obtains new certificates for compliance with the safety and vessel security regulations of the flag state.

When we charter a vessel pursuant to a long-term time charter agreement with varying rates, we recognize revenue on a straight line basis, equal to the average revenue during the term of the charter.

The following discussion is intended to help you understand how acquisitions of vessels affect our business and results of operations.

Our business is mainly comprised of the following elements:

- employment and operation of our vessels; and
- management of the financial, general and administrative elements involved in the conduct of our business and ownership of our vessels.

The employment and operation of our vessels mainly require the following components:

- vessel maintenance and repair;
- crew selection and training;
- vessel spares and stores supply;
- contingency response planning;
- onboard safety procedures auditing;
- accounting;
- vessel insurance arrangement;
- vessel chartering;
- vessel security training and security response plans (ISPS);
- obtaining of ISM certification and audit for each vessel within the six months of taking over a vessel;
- vessel hiring management;
- vessel surveying; and
- vessel performance monitoring.

The management of financial, general and administrative elements involved in the conduct of our business and ownership of our vessels mainly requires the following components:

- management of our financial resources, including banking relationships, i.e., administration of bank loans and bank accounts;
- management of our accounting system and records and financial reporting;
- administration of the legal and regulatory requirements affecting our business and assets; and
- management of the relationships with our service providers and customers.

The principal factors that affect our profitability, cash flows and shareholders' return on investment include:

- rates and periods of charter hire;
- levels of vessel operating expenses;
- depreciation expenses;
- financing costs;
- the effects of COVID-19;
- the war in the Ukraine; and
- fluctuations in foreign exchange rates.

Results of Operations

Year ended December 31, 2021 compared to the year ended December 31, 2020

Time charter revenues. Time charter revenues increased by \$44.5 million, or 26%, to \$214.2 million in 2021, compared to \$169.7 million in 2020. The increase in time charter revenues was mainly due to increased average time charter rates that the Company achieved for its vessels, which increased to \$15,759 in 2021 from \$10,910 in 2020, representing a 44% increase. In addition to this, we achieved better utilization rate of 99.1%, compared to 97.9%. This increase was partly offset by decreased operating days in 2021 days compared to last year, resulting from the sale of four vessels, two in January, one in March and one in July of 2021, and the contribution to OceanPal of the shares of three ship-owning companies, owning the vessels *Calipso*, *Protefs* and *Salt Lake City* in November 2021, as well as the sale of two vessels in 2020. Operating days for the year ended December 31, 2021 were 13,116 compared to 14,020 for the same period of 2020.

Voyage expenses. Voyage expenses decreased by \$7.9 million, or 59%, to \$5.6 million in 2021 as compared to \$13.5 million in 2020. This decrease was mainly due to gain on bunkers amounting to \$6.0 million in 2021 compared to \$3.7 million loss in 2020. The gain on bunkers was mainly due to the difference in the price of bunkers paid by the Company to the charterers on the redelivery of the vessels from the charterers under the previous charter party agreement and the price of bunkers paid by charterers to the Company on the delivery of the same vessels to their charterers under new charter party agreements. The decrease was partly offset by commissions, which is the main part of voyage expenses, and which in 2021 increased to \$10.8 million compared to \$8.3 million in 2020 due to the increase in revenues.

Vessel operating expenses. Vessel operating expenses decreased by \$11.0 million, or 13%, to \$74.8 million in 2021 compared to \$85.8 million in 2020. The decrease in operating expenses is attributable to the decrease in ownership days in 2021, which was due to the sale in 2021 of four vessels to unrelated third parties, the contribution of three vessels to OceanPal in November 2021 and the sale of two more vessels in 2020, as noted above. The decrease in operating expenses was partly offset by increased crew costs due to the COVID-19 restrictions encountered in various ports, which resulted in increased traveling and covid related costs. This caused daily average crew costs in 2021 to increase by 5% compared to 2020. Total daily operating expenses were \$5,596 in 2021 compared to \$5,750 in 2020, representing a 3% decrease.

Depreciation and amortization of deferred charges. Depreciation and amortization of deferred charges decreased by \$2.5 million, or 6%, to \$40.5 million in 2021, compared to \$43.0 million in 2020. This decrease was due to the fact that of the four vessels sold in 2021, three were held for sale since our agreements to sell those vessels in 2020 and the fourth vessel was held for sale since March 2021 although her sale was completed in July 2021. Additionally, the vessels contributed to OceanPal in a spin-off were removed from the fleet in November 2021. Two more vessels were sold to unaffiliated third parties in March and August 2020, contributing also to decreased depreciation expense. This decrease due to depreciation was partly offset by an increase in the amortization of deferred cost as a result of the drydock cost incurred by 13 vessels having drydock surveys in 2020 and by four vessels in 2021.

General and administrative expenses. General and Administrative Expenses decreased by \$3.6 million, or 11%, to \$29.2 million in 2021 compared to \$32.8 million in 2020. The decrease is mainly due to the accelerated vesting of vested shares of board members who resigned in 2020 which increased the restricted stock expense by \$4.1 million in 2020. Additionally, payroll cost and directors and officers insurance decreased in 2021 compared to 2020.

Management fees to related party. Management fees to a related party amounted to \$1.4 million in 2021 compared to \$2.0 million in 2020. The decrease is attributable to decreased average number of vessels managed by DWM in 2021 compared to 2020, due to the sale of one vessel and the contribution of the three vessel-owning companies to OceanPal, which were all managed by DWM.

Vessel Impairment charges. While there was no Impairment in 2021, in 2020 vessel impairment charges amounted to \$104.4 million. This consisted of \$11.3 million resulting from the sale of vessels measured at the lower of their carrying value and fair value (sale price) less costs to sell which were classified as held for sale and \$93.3 million from the Company's estimated undiscounted projected net operating cash flows, expected to be generated by the use of nine vessels over their remaining useful lives and their eventual disposition being less than carrying amount of these vessels. Vessel impairment charges for 2020 were partly offset by a gain of \$0.2 million, following the withdrawal from the market, of the vessel *Calipso*, which as of December 31, 2019 was held for sale.

(Gain)/Loss on sale of vessels. Gain on sale of vessels amounted to \$1.4 million which resulted from the sale of *Naias* in 2021 compared to loss of \$1.1 million in 2020 which resulted from the sale of the vessels *Norfolk* and *Arethusa* in 2020.

Interest expense and finance costs. Interest and finance costs decreased by \$1.3 or 6% to \$20.2 million in 2021 compared to \$21.5 million in 2020. The decrease was primarily attributable to a decreased average interest rate resulting from our loan and bond agreements in 2021 which was 4.11% compared to 4.37% in 2020. This decrease was partly offset by the increase of the average outstanding balance of our debt between the two periods, mainly resulting from the refinancing of our 9.5% Bond. In 2021, we fully repurchased and redeemed our 9.5% Bond, which had an outstanding balance of \$92 million, and we issued \$125 million of nominal value of the 8.375% senior unsecured bond.

Interest and other income. Interest and other income decreased by \$0.5 million, or 71%, to \$0.2 million in 2021 compared to \$0.7 million in 2020. The decrease is attributable to decreased deposit rates and was partly offset by accrued dividend income amounting to \$68,889, from the Company's investment in the Series C Preferred stock of OceanPal after its spin-off, recorded for the period from November 30 to December 31, 2021.

(Loss)/gain on extinguishment of debt. Loss on extinguishment of debt amounted to \$1.0 million in 2021 and was due to the repurchase and redemption of \$17.8 million of nominal value for \$18.5 million in September 2021 and \$0.3 million of written off financing costs relating to the redemption of the bond and other loan agreements which were prepaid in 2021 and refinanced under our \$91 million ABN sustainability linked loan. Gain on extinguishment of debt in 2020 amounted to \$0.4 million and was due to the repurchase of \$8 million of nominal value of our 9.5% Bond for \$7.5 million decreased by \$0.1 million of written off financing costs due to such repurchase.

Gain on spin-off of OceanPal Inc. In 2021, the gain of \$15.3 million was due to the spin-off of OceanPal in November 2021, pursuant to which, the Company contributed to OceanPal the shares of three ship-owning companies owning the vessels *Protefs*, *Calipso* and *Salt Lake City*. The gain represents the difference between the fair value of the assets contributed, amounting to \$48.1 million, and their carrying value consisting of \$30.3 million of vessel cost, \$2.0 million of assets contributed and \$0.5 million of unamortized deferred costs.

Loss on related party investments. In 2021, loss on related party investments, amounted to \$0.3 million, as compared to \$1.1 million in 2020 and relates to the loss in each year on our 50% interest in DWM.

Year ended December 31, 2020 compared to the year ended December 31, 2019

For a discussion of the year ended December 31, 2020 compared to the year ended December 31, 2019, please refer to “Item 5. Operating and Financial Review and Prospects” in our Annual Report on Form 20-F, for the year ended December 31, 2020 filed with the SEC on March 12, 2021.

B. Liquidity and Capital Resources

We finance our capital requirements with cash flow from operations, equity contributions from shareholders, long-term bank debt and senior unsecured bond. Our main uses of funds have been capital expenditures for the acquisition and construction of new vessels, expenditures incurred in connection with ensuring that our vessels comply with international and regulatory standards, repayments of bank loans and repurchase of our common stock.

As at December 31, 2021 and 2020, working capital, which is current assets minus current liabilities, including the current portion of long-term debt, amounted to \$60.5 million and \$43.1 million, respectively. The increase in working capital was mainly due to increased earnings in 2021 compared to 2020, resulted from the improvement in charter rates, as in 2021, we fixed our vessels at increased rates compared to the previous year. We also entered into several loan refinancing agreements with our banks to extend the loan maturities of loans which would become repayable in 2022 or 2023 to expire in 2024 and decrease our cash outflows. We refinanced our \$100 million 9.5% senior unsecured bond maturing in 2023 with our \$125 million 8.375% senior unsecured bond maturing in 2026, under which we were able to borrow more funds at reduced cost. In addition, we sold four of our older vessels in our fleet and incurred less expenditures in dry-dock surveys and vessel improvements compared to the prior year.

Cash and cash equivalents, including restricted cash, was \$126.8 million at December 31, 2021 and \$82.9 million as at December 31, 2020. Restricted cash mainly consists of the minimum liquidity requirements under our loan facilities. As at December 31, 2021 and 2020, restricted cash amounted to \$16.5 million and \$20.0 million, respectively. We consider highly liquid investments such as time deposits and certificates of deposit with an original maturity of around three months or less to be cash equivalents. Cash and cash equivalents are primarily held in U.S. dollars.

Net Cash Provided by Operating Activities

Net cash provided by operating activities increased by \$72.5 million to \$89.7 million in 2021 compared to \$17.2 million in 2020. This increase in cash from operating activities was attributable to increased revenues as a result of better rates and better utilization rate for our vessels compared to 2020; lower voyage and operating expenses, due to the sale of vessels; and lower dry-docking costs, as four vessels had drydock surveys in 2021 compared to thirteen vessels in 2020.

Net Cash Provided by Investing Activities

Net cash provided by investing activities was \$13.4 million for 2021, which consists of \$17.4 million paid for vessel acquisitions and improvements due to new regulations; \$33.7 million of proceeds from the sale of four vessels in 2021; \$0.4 million investment in DWM; \$1.6 million relating to the acquisition of property and equipment and \$1 million contributed to OceanPal inc. in relation to the spin-off transaction.

Net Cash Used In Financing Activities

Net cash used in financing activities was \$59.2 million for 2021, which consists of \$101.3 million proceeds from issuance of long term debt and bond; \$93.2 million of indebtedness that we repaid; \$5.8 million and \$8.8 million of dividends paid on our Series B Preferred Stock and common stock, respectively; \$45.4 million paid for repurchase of common stock; and \$7.6 million of finance costs paid in relation to new loan agreements and bond.

Capital Expenditures

We make capital expenditures in connection with vessel acquisitions and constructions, which we finance with cash from operations, debt under loan facilities at terms acceptable to us, with funds from equity issuances.

In February 2022, we took delivery of *Leonidas P.C* (ex *Magnolia*), which we had agreed to acquire for the purchase price of \$22.0 million. We funded the purchase price of the vessel with cash on hand. On March 29, 2022, we took delivery of *Florida*, which we had agreed to acquire for the purchase price of \$60.2 million. On the same date of delivery to us, we sold the vessel for \$50.0 million in a sale and leaseback transaction to an unrelated third party and since then the vessel is part of our operating fleet. From the sale and leaseback transaction of *Florida*, we received \$2.2 million, being the difference between the balance of the purchase price of \$47.4 million which was due on the vessels delivery, inventory onboard the vessel which we purchased and the \$50 million of the price we agreed to sell the vessel. In January and April 2022, we paid \$2.9 million as dividends on our preferred stock and in March 2022, we paid \$17.2 million as dividends on our common stock, all funded from cash on hand.

As of the date of this report, we do not have other capital expenditures for vessel acquisitions or constructions, but we expect to incur capital expenditures when our vessels undergo surveys. This process of recertification may require us to reposition these vessels from a discharging port to shipyard facilities, which will reduce our operating days during the period. We also incur capital expenditures for vessel improvements to meet new regulations. The loss of earnings associated with the decrease in operating days together with the capital needs for repairs and upgrades result in increased cash flow needs. We expect to cover such capital expenditures and cash flow needs with cash from operations and cash on hand.

In the next twelve months, we will require capital to fund ongoing operations, vessel improvements to meet requirements under new regulations, debt service, the payment of our preferred dividends and the payment of our bareboat charter for *Florida*. As of the date of this annual report, we have contracted revenues covering around 79% of our ownership days in 2022, in time charter agreements having an average time charter rate above the one achieved in 2021, and we have also fixed around 20% of our ownerships days in 2023. We believe that contracted and anticipated revenues will result in internally generated cash flows and together with available cash, which at December 31, 2021 amounted to \$126.8 million, will be sufficient to fund such capital requirements. Should time charter rates remain at current levels as our time charter agreements are due for renewal during the year, we believe that we will be able to have sufficient funds to cover our capital expenditures in the long-term.

C. Research and development, patents and licenses

We incur from time to time expenditures relating to inspections for acquiring new vessels that meet our standards. Such expenditures are insignificant and they are expensed as they incur.

D. Trend information

Demand for dry bulk vessel services is influenced by global financial conditions. Global financial markets and economic conditions have been, and continue to be, volatile. Our results of operations depend primarily on charter hire rates that we are able to realize, and the demand for dry bulk vessel services. The Baltic Dry Index, or the BDI, has long been viewed as the main benchmark to monitor the movements of the dry bulk vessel charter market and the performance of the entire dry bulk shipping market. In 2021, the BDI ranged from a low of 1,303 in February to a high of 5,650 in October to drop again at a low of 1,381 in January 2022. The BDI has since recovered from the January 2022 levels and closed at 2,115 on April 19, 2022. Although there can be no assurance that the dry bulk charter market will not decline further, as of the date of this annual report, we have fixed more than half of our fleet at rates above our 2021 TCE rate and consequently, we expect our revenues to increase.

Nevertheless, markets continue to be volatile due to COVID and the war in Ukraine and weak global economic conditions during periods of volatility have and may continue to have a number of adverse consequences for dry bulk shipping and other shipping sectors. The war in Ukraine has disrupted supply chains and caused instability in the energy markets and the global economy. The United States and the European Union, among other countries, have announced sanctions against Russia, including sanctions targeting the Russian oil sector. The price of oil and bunkers we use in our vessels, has increased significantly during the first quarter of 2022, due principally to the war in Ukraine and resulting disruption in the global energy markets. Higher prices for commodities like food and energy will push up inflation and will cause our expenses to increase. The effect of all these factors could have a negative impact on our operations and cash flows.

E. Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of those financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses 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.

Impairment of Vessels

Long-lived assets are reviewed for impairment whenever events or changes in circumstances (such as market conditions, obsolesce or damage to the asset, potential sales and other business plans) indicate that the carrying amount of an asset may not be recoverable. When the estimate of undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of an asset over its remaining useful life and its eventual disposition is less than its carrying amount, the Company evaluates the asset for impairment loss. Measurement of the impairment loss is based on the fair value of the asset, determined mainly by third party valuations.

For vessels, we calculate undiscounted projected net operating cash flows by considering the historical and estimated vessels' performance and utilization with the significant assumption being future charter rates for the unfixed days, using the most recent 10 year average of historical 1 year time charter rates available for each type of vessel over the remaining estimated life of each vessel, net of commissions. Historical ten-year blended average one-year time charter rates are in line with the Company's overall chartering strategy, they reflect the full operating history of vessels of the same type and particulars with the Company's operating fleet and they cover at least a full business cycle, where applicable. The historical ten-year average rate used for the year ended December 31, 2021 to calculate undiscounted projected net operating cash flow was \$11,363 for Panamax, Kamsarmax and Post-Panamax vessels and \$15,543 for our Capesize and Newcastlemax vessels, compared to \$10,644 and \$14,789, respectively for the year ended December 31, 2020. Other assumptions used in developing estimates of future undiscounted cash flow are the charter rates calculated for the fixed days using the fixed charter rate of each vessel from existing time charters, the expected outflows for scheduled vessels' maintenance; vessel operating expenses; fleet utilization, and the vessels' residual value if sold for scrap. Assumptions are in line with our historical performance and our expectations for future fleet utilization under our current fleet deployment strategy. The difference between the carrying amount of the vessel plus unamortized deferred costs and their fair value is recognized in the Company's accounts as impairment loss. Although no impairment loss was identified or recorded in 2021, according to our assessment, the carrying value plus unamortized deferred cost of vessels for which impairment indicators existed as at December 31, 2021, was \$75.1 million.

Historically, the market values of vessels have experienced volatility, which from time to time may be substantial. As a result, the charter-free market value of certain of our vessels may have declined below those vessels' carrying value plus unamortized deferred cost, even though we would not impair those vessels' carrying value under our accounting impairment policy. Based on: (i) the carrying value plus unamortized deferred cost of each of our vessels as of December 31, 2021 and 2020 and (ii) what we believe the charter-free market value of each of our vessels was as of December 31, 2021 and 2020, the aggregate carrying value of 2 and 29 of the vessels in our fleet as of December 31, 2021 and 2020, respectively, exceeded their aggregate charter-free market value by approximately \$6 million and \$149 million, respectively, as noted in the table below. This aggregate difference represents the approximate analysis of the amount by which we believe we would have to reduce our net income or increase our loss if we sold all of such vessels at December 31, 2021 and 2020, on a charter-free basis, on industry standard terms, in cash transactions, and to a willing buyer where we were not under any compulsion to sell, and where the buyer was not under any compulsion to buy. For purposes of this calculation, we have assumed that these 2 and 29 vessels would be sold at a price that reflects our estimate of their charter-free market values as of December 31, 2021 and 2020, respectively.

Vessel	Dwt	Year Built	Carrying Value plus unamortized deferred cost (in millions of US dollars)	
			2021	2020
1 Alcmene	93,193	2010	10.5	11.1
2 Alik	180,235	2005	14.4	15.8 *
3 Amphitrite	98,697	2012	15.6	15.4
4 Artemis	76,942	2006	13.3	14.8 *
5 Astarte	81,513	2013	18.7	19.5 *
6 Atalandi	77,529	2014	17.2	18.0 *
7 Baltimore	177,243	2005	17.6	19.3 *
8 Boston	177,828	2007	16.6	17.5 *
9 Calipso	73,691	2005	—	7.9 *
10 Coronis	74,381	2006	—	6.9
11 Crystalia	77,525	2014	16.9	17.7 *
12 Electra	87,150	2013	13.8	14.5
13 G.P. Zafirakis	179,492	2014	23.9	24.8 *
14 Houston	177,729	2009	20.7	22.2 *
15 Ismene	77,901	2013	11.1	11.8
16 Leto	81,297	2010	14.7	15.8 *
17 Los Angeles	206,104	2012	24.2	24.8 *
18 Maera	75,403	2013	11.0	11.4
19 Maia	82,193	2009	14.0	15.1 *
20 Medusa	82,194	2010	14.2	15.4 *
21 Melia	76,225	2005	11.3	12.7 *
22 Myrsini	82,117	2010	16.4	17.8 *
23 Myrto	82,131	2013	18.2	19.2 *
24 Naias	73,546	2006	—	9.1 *
25 New Orleans	180,960	2015	35.0	36.7 *
26 New York	177,773	2010	15.5	16.5 *
27 Newport News	208,021	2017	43.6	45.2 *
28 Oceanis	75,211	2001	—	5.5
29 P.S. Palios	179,134	2013	36.9 *	38.8 *
30 Phaidra	87,146	2013	13.6	14.2
31 Philadelphia	206,040	2012	24.4	25.5 *
32 Polymnia	98,704	2012	15.9	15.7
33 Protefs	73,630	2004	—	9.2 *
34 Salt Lake City	171,810	2005	—	15.9 *
35 San Francisco	208,006	2017	44.5	45.3 *
36 Santa Barbara	179,426	2015	38.3 *	40.2 *
37 Seattle	179,362	2011	24.0	23.2 *
38 Selina	75,700	2010	10.1	10.9
39 Semirio	174,261	2007	15.7	16.5 *
40 Sideris GS	174,186	2006	—	11.3
Total	5,001,629		652	749

* Indicates dry bulk vessels for which we believe, as of December 31, 2021 and 2020, the charter-free market value was lower than the vessel's carrying value plus unamortized deferred cost. We believe that the aggregate carrying value plus unamortized deferred cost of these vessels exceeded their aggregate charter-free market value by approximately \$6 million and \$149 million, respectively.

Our estimates of charter-free market value assume that our vessels were all in good and seaworthy condition without need for repair and if inspected would be certified in class without notations of any kind. Our estimates are based on information available from various industry sources, including:

- reports by industry analysts and data providers that focus on our industry and related dynamics affecting vessel values;
- news and industry reports of similar vessel sales;
- offers that we may have received from potential purchasers of our vessels; and
- vessel sale prices and values of which we are aware through both formal and informal communications with shipowners, shipbrokers, industry analysts and various other shipping industry participants and observers.

As we obtain information from various industry and other sources, our estimates of charter-free market value are inherently uncertain. In addition, vessel values are highly volatile; as such, our estimates may not be indicative of the current or future charter-free market value of our vessels or prices that we could achieve if we were to sell them. We also refer you to the risk factor in “Item 3. Key Information—D. Risk Factors” entitled “*The market values of our vessels could decline, which could limit the amount of funds that we can borrow and could trigger breaches of certain financial covenants contained in our loan facilities, which could adversely affect our operating results, and we may incur a loss if we sell vessels following a decline in their market values*” and the discussion under the heading “Item 4. Information on the Company—B. Business Overview—Vessel Prices.”

Our impairment test exercise is sensitive to variances in the time charter rates. Our current analysis, which also involved a sensitivity analysis by assigning possible alternative values to this significant input, indicated that time charter rates would need to be reduced by 14% to result in impairment of individual long lived assets with indication of impairment. However, there can be no assurance as to how long charter rates and vessel values will remain at their current levels. If charter rates decrease and remain depressed for some time, it could adversely affect our revenue and profitability and future assessments of vessel impairment.

A comparison of the average estimated daily time charter equivalent rate used in our impairment analysis with the average “break-even rate” for each major class of vessels is presented below:

	Average estimated daily time charter equivalent rate used		Average break-even rate	
Panamax/Kamsarmax/Post-Panamax	\$	11,363	\$	9,421
Capesize/Newcastlemax	\$	15,543	\$	11,609

It should be noted that as of December 31, 2021, only two of our Capsize vessels, having indication of impairment, would be affected by a reduction in time charter rates below the average break-even rate. Additionally, as time charter rates increased in 2021 compared to 2020, the use of the 1-year, 3-year and 5-year average blended rates would not have any effect on the Company’s impairment analysis and as such on the Company’s results of operations:

	1-year (period)	Impairment charge (in USD million)	3-year (period)	Impairment charge (in USD million)	5-year (period)	Impairment charge (in USD million)
Panamax/Kamsarmax/Post-Panamax	\$ 21,932	—	\$ 14,780	—	\$ 13,607	—
Capesize/Newcastlemax	\$ 24,537	—	\$ 18,236	—	\$ 17,369	—

Loan Facilities and Senior Unsecured Bond

As at December 31, 2021, we had \$431.8 million of long term debt outstanding under our facilities and Bond, under the agreements described below.

Secured Term Loans:

On December 18, 2014, two of our wholly-owned subsidiaries entered into a loan agreement with BNP for a loan facility of \$53.5 million to finance part of the acquisition cost of the *G. P. Zafirakis* and the *P. S. Palios* maturing on November 30, 2021. On June 29, 2020, the Company entered into a loan agreement to refinance the loan and extend its maturity to May 19, 2024. The loan is repayable in 14 equal semi-annual installments of approximately \$1.6 million and a balloon of \$23.6 million payable together with the last installment. The refinanced loan bears interest at LIBOR plus a margin of 2.5%, increased from a margin of 2% of the original loan.

On March 17, 2015, eight of our wholly-owned subsidiaries entered into a loan facility with Nordea for an amount of \$93.1 million, maturing on March 19, 2021. On May 7, 2020, the Company entered into a new loan agreement to refinance the loan and extend its maturity to March 19, 2022. On July 29, 2021, the Company entered into a supplemental agreement with Nordea, pursuant to which the borrowers exercised their options to extend the loan maturity to March 2024 and to draw down an additional amount of \$460,000. The loan is repayable in equal consecutive quarterly installments of approximately \$1.9 million and a balloon of \$26.5 million, payable together with the last instalment. The loan bears interest at LIBOR plus a margin of 2.25%, increased from a margin of 2.1% of the original loan.

On March 26, 2015, three of our wholly-owned subsidiaries entered into a loan agreement with ABN AMRO Bank N.V., or ABN, for a secured term loan facility of up to \$53.0 million, maturing on March 30, 2021, to refinance part of the acquisition cost of the vessels *New York*, *Myrto* and *Maia* of which \$50.2 million was drawn on March 30, 2015. On June 27, 2019, two of our wholly-owned subsidiaries entered into a \$25.0 million term loan agreement with ABN, maturing June 28, 2024, to refinance the vessels *Selina*, *Ismene* and *Houston*. On May 22, 2020, we signed a term loan facility with ABN with the purpose to combine the two loans outstanding with ABN and extend the maturity of the first loan, maturing on March 30, 2021 to the maturity of the second loan, maturing on June 30, 2024. The first loan is repayable in equal consecutive quarterly installments of about \$1.0 million and a balloon of \$13.4 million payable together with the last instalment and bears interest at LIBOR plus a margin of 2.4% increased from a margin of 2.0% of the original loan. The second loan is payable in consecutive quarterly instalments of \$0.8 million each and a balloon installment of \$9 million payable together with the last installment June 28, 2024. The loan bears interest at LIBOR plus a margin of 2.25%.

On May 20, 2021, we, through six wholly owned subsidiaries, signed a \$91 million sustainability linked loan facility with ABN dated May 14, 2021, which was used to refinance existing loan agreements with other banks. The loan is repayable in 20 consecutive quarterly installments of \$3.4 million each and a balloon of \$23.2 million payable together with the last installment on May 20, 2026. The loan bears interest at LIBOR plus a margin of 2.15% per annum, which may be adjusted annually by maximum 10 basis points upwards or downwards, subject to the performance under certain sustainability KPIs.

On January 7, 2016, three of our wholly-owned subsidiaries entered into a secured loan agreement with the CEXIM Bank for a loan of up to \$75.7 million in order to finance part of the construction cost of three vessels. On January 4, 2017, we drew down \$57.24 million to finance part of the construction cost of *San Francisco* and *Newport News*, both delivered on January 4, 2017. The loan is payable in 60 equal quarterly installments of about \$1.0 million each, the last of which is payable by January 4, 2032, and bears interest at LIBOR plus a margin of 2.3%.

On July 13, 2018, we entered into a loan agreement with BNP for a secured term loan facility of \$75 million. The loan has a term of five years and is repayable in 20 consecutive quarterly installments of \$1.56 million and a balloon installment of \$43.75 million payable together with the last installment on July 16, 2023. The loan bears interest at LIBOR plus a margin of 2.3%.

On March 14, 2019, two of our wholly-owned subsidiaries entered into a term loan agreement with DNB Bank ASA for a loan of \$19.0 million, to refinance the loan of *Crystalia* and *Atalandi*, which was repaid in February 2019. The loan is repayable in 20 consecutive quarterly instalments of \$477,280 and a balloon of \$9.5 million payable together with the last installment on March 14, 2024. The loan bears interest at LIBOR plus a margin of 2.4%.

Under the secured term loans outstanding as of December 31, 2021, 30 vessels of the Company's fleet were mortgaged with first preferred or priority ship mortgages. Additional securities required by the banks include first priority assignment of all earnings, insurances, first assignment of time charter contracts with duration that exceeds a certain period, pledge over the shares of the borrowers, manager's undertaking and subordination and requisition compensation and either a corporate

guarantee by Diana Shipping Inc. (the “Guarantor”) or a guarantee by the ship owning companies (where applicable), financial covenants, as well as operating account assignments. The lenders may also require additional security in the future in the event the borrowers breach certain covenants under the loan agreements. The secured term loans generally include restrictions as to changes in management and ownership of the vessels, additional indebtedness, as well as minimum requirements regarding hull cover ratio and minimum liquidity per vessel owned by the borrowers, or the Guarantor, maintained in the bank accounts of the borrowers, or the Guarantor. Furthermore, the secured term loans contain cross default provisions and additionally the Company is not permitted to pay any dividends following the occurrence of an event of default.

As at December 31, 2020 and 2021, and the date of this report, we were in compliance with all of our loan covenants.

As at the date of this report, 30 vessels were provided as collateral to secure our loan facilities.

Senior Unsecured Bond due 2026

On June 22, 2021, we issued a \$125 million senior unsecured bond maturing in June 2026. The bond ranks ahead of subordinated capital and ranks the same with all other senior unsecured obligations of the Company other than obligations which are mandatorily preferred by law. The bond was offered to the investors of the 9.5% Bond, part of whom exchanged their bonds, including entities affiliated with executive officers and directors of the Company who exchanged their securities and participated with an aggregate principal amount of \$21 million. The bond pays interest from June 22, 2021 at a US Dollar fixed-rate coupon of 8.375% payable semi-annually in arrears in June and December of each year. The bond is callable in whole or in parts in June 2024 at a price equal to 103.35% of nominal value; between June 2025 to December 2025 at a price equal to 101.675% of the nominal value and after December 2025 at a price equal to 100% of nominal value. The bond includes financial and other covenants and is trading at Oslo Børs effective February 1, 2022.

As of December 31, 2021, 2020 and 2019 and as of the date of this annual report, we did not and have not designated any financial instruments as accounting hedging instruments.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Set forth below are the names, ages and positions of our directors and executive officers. Our Board of Directors consists of nine members and is elected annually on a staggered basis, and each director elected holds office for a three-year term and until his or her successor is elected and has qualified, except in the event of such director's death, resignation, removal or the earlier termination of his or her term of office. Officers are appointed from time to time by our board of directors and hold office until a successor is appointed or their employment is terminated.

Name	Age	Position
Semiramis Paliou	47	Class III Director, Chief Executive Officer
Simeon Palios	80	Class I Director, and Chairman
Anastasios Margaronis	66	Class I Director and President
Ioannis Zafirakis	50	Class I Director, Chief Financial Officer, Chief Strategy Officer, Treasurer and Secretary
William (Bill) Lawes	78	Class II Director
Konstantinos Psaltis	83	Class II Director
Kyriacos Riris	72	Class II Director
Apostolos Kontoyannis	73	Class III Director
Konstantinos Fotiadis	71	Class III Director
Eleftherios Papatrifon	52	Chief Operating Officer
Maria Dede	49	Chief Accounting Officer

The term of our Class I directors expires in 2024, the term of our Class II directors expires in 2022, and the term of our Class III directors expires in 2023.

Mr. William Lawes has advised the Board that he will not seek re-election at the end of his three year term expiring at the Company's 2022 annual general meeting of shareholders. As previously announced in the Company's 2022 annual shareholder meeting proxy statement, attached as an exhibit to the Company's report on form 6K dated April 11, 2022 and available at the SEC's EDGAR website.

The business address of each officer and director is the address of our principal executive offices, which are located at Pendelis 16, 175 64 Palaio Faliro, Athens, Greece.

Biographical information with respect to each of our directors and executive officers is set forth below.

Semiramis Paliou has served as a Director since March 2015. She has served as Chief Executive Officer, Chairperson of the Executive Committee and a member of the Sustainability Committee since March 1, 2021. She previously served as Deputy Chief Executive Officer of the Company from October 2019 until February 2021. Ms. Paliou also served as member of the Executive Committee and the Chief Operating Officer of the Company from August 2018 until February, 2021. Mrs. Paliou also serves as Chief Executive Officer of Diana Shipping Services S.A. She has served as a Director of OceanPal Inc. since April 2021. Mrs. Paliou is the Chairperson of the Board of Directors and of the Executive Committee of OceanPal Inc. since November 2021. From November 2018 to February 2020 Ms. Paliou also served as Chief Operating Officer of Performance Shipping Inc. Mrs. Paliou has over 20 years of experience in shipping operations, technical management and crewing. Ms. Paliou began her career at Lloyd's Register of Shipping from 1996 to 1998 as a trainee ship surveyor. She was then employed by Diana Shipping Agencies S.A. From 2007 to 2010 she was employed as a Director and President of Alpha Sigma Shipping Corp. From February 2010 to November 2015 she was the Head of the Operations, Technical and Crew department of Diana Shipping Services S.A. From November 2015 to October 2016 she served as Vice-President of the same company. From November 2016 to the end of July 2018, she served as Managing Director and Head of the Technical, Operations, Crew and Supply department of Unitized Ocean Transport Limited. Ms. Paliou obtained her BSc in Mechanical Engineering from Imperial College, London and her MSc in Naval Architecture from University College, London. Ms. Paliou completed courses in "Finance for Senior Executives", in "Authentic Leader Development" and a certificate program on "Sustainable Business Strategy" all at Harvard Business School. She is the daughter of Simeon Palios, the Company's Chairman, and is Vice-Chairperson of the Greek committee of Det Norske Veritas, a member of the Greek committee of Nippon Kaiji Kyokai and a member of the Greek committee of Bureau Veritas. Since March 2018, Ms. Paliou has served on the board of directors of the Hellenic Marine Environment Protection Association (HELMEPA) and serves as the Chairperson since June 2020. As of June 2021, she serves as Vice-Chairperson of INTERMEPA. Also, she is a member of the board of directors of the United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited since November 2020 and as of February 2022 member of the Union of Greek Shipowners.

Simeon P. Palios has served as the Chairman of the Board of Directors of Diana Shipping Inc. since February 21, 2005 and as a Director since March 9, 1999, and served as the Company's Chief Executive Officer until February 2021. Mr. Palios also has served as the Chairman of the Board of Directors of Performance Shipping Inc. since January 13, 2010 until February 28, 2022 and served as Chief Executive Officer until October 2020. Mr. Palios also serves currently as the President of Diana Shipping Services S.A., our management company, which was formed in 1986. Mr. Palios was the founder of Diana Shipping Agencies S.A., where he served as Managing Director until November 2004, having the overall responsibility for its activities. Mr. Palios has experience in the shipping industry since 1969 and expertise in technical and operational issues. He has served as an ensign in the Greek Navy for the inspection of passenger boats on behalf of Ministry of Merchant Marine and is qualified as a naval architect and marine engineer. Mr. Palios is a member of various leading classification societies worldwide and he is a member of the board of directors of the United Kingdom Freight Demurrage and Defense Association Limited. Since October 7, 2015, Mr. Palios has served as President of the Association "Friends of Biomedical Research Foundation, Academy of Athens". He holds a bachelor's degree in Marine Engineering from Durham University.

Anastasios C. Margaronis has served as our President and as a Director since February 21, 2005. Mr. Margaronis is a Deputy President of Diana Shipping Services S.A., where he also serves as a Director and Secretary. Mr. Margaronis is also member of the Executive Committee of the Company. Prior to February 21, 2005, Mr. Margaronis was employed by Diana Shipping Agencies S.A. and performed on our behalf the services he now performs as President. He joined Diana Shipping Agencies S.A. in 1979 and has been responsible for overseeing our vessels' insurance matters, including hull and machinery, protection and indemnity and war risks insurances. From January 2010 to February 2020 he served as Director and President of Performance Shipping Inc. Mr. Margaronis has experience in the shipping industry, including in ship finance

and insurance, since 1980. He is a member of the Greek National Committee of the American Bureau of Shipping and was a member of the board of directors of the United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited from October 2005 to October 2019. He holds a bachelor's degree in Economics from the University of Warwick and a master's of science degree in Maritime Law from the Wales Institute of Science and Technology.

Mr. Ioannis Zafirakis has served as a Director and Secretary of the Company since February 2005 and Chief Financial Officer (Interim Chief Financial Officer until February, 2021) and Treasurer since February 2020 and he is also the Chief Strategy Officer of the Company. Mr. Zafirakis is also member of the Executive Committee of the Company. Mr. Zafirakis has held various executive positions such as Chief Operating Officer, Executive Vice-President and Vice-President. In addition, Mr. Zafirakis is the Chief Financial Officer of Diana Shipping Services S.A., where he also serves as Director and Treasurer. Also, he has served as a Director and Secretary of OceanPal Inc. since April 2021 and as the President and Interim Chief Financial Officer since November 2021. He is also member of the Executive Committee of OceanPal Inc. From June 1997 to February 2005, Mr. Zafirakis was employed by Diana Shipping Agencies S.A., where he held a number of positions in finance and accounting. From January 2010 to February 2020 he also served as Director and Secretary of Performance Shipping Inc., where he held various executive positions such as Chief Operating Officer and Chief Strategy Officer. Mr. Zafirakis is a member of the Business Advisory Committee of the Shipping Programs of ALBA Graduate Business School at The American College of Greece. He holds a bachelor's degree in Business Studies from City University Business School in London and a master's degree in International Transport from the University of Wales in Cardiff.

Eleftherios (Lefteris) A. Papatrifon has served as the Chief Operating Officer of the Company and Diana Shipping Services S.A. since March 2021. Mr. Papatrifon participates on a non-voting basis in the Executive Committee of the Company. Also, he has served as a Director and Chief Executive Officer of OceanPal Inc. since November 2021. Mr. Papatrifon is a member of the Executive Committee of OceanPal Inc. He was Chief Executive Officer, Co-Founder and Director of Quintana Shipping Ltd, a provider of dry bulk shipping services, from 2010 until the company's successful sale of assets and consequent liquidation in 2017. Previously, for a period of approximately six years, he served as the Chief Financial Officer and a Director of Excel Maritime Carriers Ltd. Prior to that, Mr. Papatrifon served for approximately 15 years in a number of corporate finance and asset management positions, both in the USA and Greece. Mr. Papatrifon holds undergraduate (BBA) and graduate (MBA) degrees from Baruch College (CUNY). He is also a member of the CFA Institute and a CFA charterholder.

Maria Dede has served as our Chief Accounting Officer since September 1, 2005 during which time she has been responsible for all financial reporting requirements. Mrs. Dede has also served as an employee of Diana Shipping Services S.A. since March 2005. In 2000 Mrs. Dede joined the Athens branch of Arthur Andersen, which merged with Ernst and Young (Hellas) in 2002, where she served as an external auditor of shipping companies until 2005. From 1996 to 2000 Mrs. Dede was employed by Venus Enterprises S.A., a ship-management company, where she held a number of positions primarily in accounting and supplies. Mrs. Dede holds a Bachelor's degree in Maritime Studies from the University of Piraeus, a Master's degree in Business Administration from the ALBA Graduate Business School and a Master's degree in Auditing and Accounting from the Greek Institute of Chartered Accountants.

William (Bill) Lawes has served as a Director and the Chairman of our Audit Committee since March 2005. Mr. Lawes served as a Managing Director and a member of the Regional Senior Management Board of JPMorgan Chase and its predecessor banks from 1987 until 2002. Prior to joining JPMorgan Chase, he was Global Head of Shipping Finance at Grindlays Bank. From December 2007 to March 2019, he served as an independent member of the Board of Directors and Chairman of the Audit Committee of Teekay Tankers Ltd. Mr. Lawes joined Seafarers UK, a maritime charity, as Trustee and Finance Committee member in 2016. Mr. Lawes is qualified as a member of the Institute of Chartered Accountants of Scotland.

Konstantinos Psaltis has served as a Director since March 2005 and as the Chairman of our Nominating Committee since May 2015 and a member of our Compensation Committee since May 2017. From 1981 to 2006, Mr. Psaltis served as Managing Director of Ormos Compania Naviera S.A., a company that specializes in operating and managing multipurpose container vessels and from 2006 until today as a President of the same company. Prior to joining Ormos Compania Naviera S.A., Mr. Psaltis simultaneously served as a technical manager in the textile manufacturing industry and as a shareholder of shipping companies managed by M.J. Lemos. From 1961 to 1964, he served as ensign in the Royal Hellenic Navy. He holds a degree in Mechanical Engineering from Technische Hochschule Reutlingen & Wuppertal and a bachelor's degree in Business Administration from Tubingen University in Germany.

Kyriacos Riris has served as a Director since March 2015 and as a member of our Nominating Committee since May 2015. Commencing in 1998, Mr. Riris served in a series of positions in PricewaterhouseCoopers (PwC), Greece, including Senior Partner, Managing Partner of the Audit and the Advisory/Consulting Lines of Service. From 2009 to 2014, Mr. Riris served as Chairman of the Board of Directors of PricewaterhouseCoopers (PwC), Greece. Prior to its merger with PwC, Mr. Riris was employed at Grant Thornton, Greece, where in 1984 he became a Partner. From 1976 to 1982, Mr. Riris was employed at Arthur Young, Greece. Since November 2018, Mr. Riris has served as Chairman of Titan Cement International S.A., a Belgian corporation. Mr. Riris holds a degree from Birmingham Polytechnic (presently Birmingham City University) and completed his professional qualifications with the Association of Certified Chartered Accountants (ACCA) in the UK in 1975, becoming a Fellow of the Association of Certified Accountants in 1985.

Apostolos Kontoyannis has served as a Director and as the Chairperson of our Compensation Committee and a member of our Audit Committee since March 2005. Since March 2021, Mr. Kontoyannis also serves as the Chairperson of the Sustainability Committee of the Company. Mr. Kontoyannis has over 40 years of experience in shipping finance and currently serves as financial consultant to various shipping companies. He was employed by Chase Manhattan Bank N.A. in Frankfurt (Corporate Bank), London (Head of Shipping Finance South Western European Region) and Piraeus (Manager, Ship Finance Group) from 1975 to 1987. Mr. Kontoyannis holds a bachelor's degree in Finance and Marketing and a master's degree in Business Administration and Finance from Boston University.

Konstantinos Fotiadis has served as a Director since 2017. Mr. Fotiadis served as an independent Director and as the Chairman of the Audit Committee of Performance Shipping Inc. from the completion of Performance Shipping Inc.'s private offering until February 8, 2011. From 1990 until 1994 Mr. Fotiadis served as the President and Managing Director of Reckitt & Colman (Greece), part of the British multinational Reckitt & Colman plc, manufacturers of household, cosmetics and health care products. From 1981 until its acquisition in 1989 by Reckitt & Colman plc, Mr. Fotiadis was a General Manager at Dr. Michalis S.A., a Greek company manufacturing and marketing cosmetics and health care products. From 1978 until 1981 Mr. Fotiadis held positions with Esso Chemicals Ltd. and Avrassoglou S.A. Mr. Fotiadis has also been active as a business consultant and real estate developer. Mr. Fotiadis holds a degree in Economics from Technische Universitaet Berlin and in Business Administration from Freie Universitaet Berlin.

B. Compensation

Aggregate executive compensation (including amounts paid to Steamship) for 2021 was \$6.1 million. Since June 1, 2010, Steamship, a related party, as described in "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" has provided to us brokerage services. Under the Brokerage Services Agreements in effect during 2021, fees for 2021 amounted to \$3.3 million and we also paid commissions for vessel sales amounting to \$0.7 million. We consider fees under these agreements to be part of our executive compensation due to the affiliation with Steamship.

Non-employee directors receive annual compensation in the amount of \$52,000 plus reimbursement of out-of-pocket expenses. In addition, each director serving as chairman of a committee receives additional annual compensation of \$26,000, plus reimbursement for out-of-pocket expenses with the exception of the chairman of the audit and compensation committee who receive annual compensation of \$40,000. Each director serving as member of a committee receives additional annual compensation of \$13,000, plus reimbursement for out-of-pocket expenses with the exception of the member of the audit committee who receives annual compensation of \$26,000, plus reimbursement for out-of-pocket expenses. For 2021, 2020 and 2019 fees and expenses of our non-executive directors amounted to \$0.5 million, \$0.4 million and \$0.5 million, respectively.

Since 2008 and until the date of this annual report, our board of directors has awarded an aggregate amount of 25,605,241 shares of restricted common stock, of which 21,422,156 shares were awarded to senior management, and 4,183,085 shares were awarded to non-employee directors. All restricted shares vest ratably over three years, except for 600,000 shares awarded in 2008 which vested ratably over a period of six years until 2014, 1,314,000 shares awarded in 2014 which vested ratably over a period of six years until 2020 and 5,600,000 shares awarded in February 2021 which will vest ratably over a period of five years until 2026. The restricted shares are subject to forfeiture until they become vested. Unless they forfeit, grantees have the right to vote, to receive and retain all dividends paid and to exercise all other rights, powers and privileges of a holder of shares.

In 2021, compensation costs relating to the aggregate amount of restricted stock awards amounted to \$7.4 million.

We do not have a retirement plan for our officers or directors.

Equity Incentive Plan

In November 2014, our board of directors approved, and the Company adopted the 2014 Equity Incentive Plan for 5,000,000 common shares, amended on May 31, 2018 to increase the common shares to 13,000,000 and further amended on January 8, 2021, referred to as “the Plan”, to increase the number of common shares available for the issuance of equity awards by 20 million shares. Currently, 15,194,759 shares remain reserved for issuance under the Plan.

Under the Plan, the Company's employees, officers and directors are entitled to receive options to acquire the Company's common stock. The Plan is administered by the Compensation Committee of the Company's Board of Directors or such other committee of the Board as may be designated by the Board. Under the terms of the Plan, the Company's Board of Directors is able to grant (a) non-qualified stock options, (b) stock appreciation rights, (c) restricted stock, (d) restricted stock units, (e) unrestricted stock, (f) other equity-based or equity-related awards, (g) dividend equivalents and (h) cash awards. No options or stock appreciation rights can be exercisable subsequent to the tenth anniversary of the date on which such Award was granted. Under the Plan, the Administrator may waive or modify the application of forfeiture of awards of restricted stock and performance shares in connection with cessation of service with the Company. No Awards may be granted under the Plan following the tenth anniversary of the date on which the Plan was adopted by the Board (i.e., January 8, 2031).

C. Board Practices

We have established an Audit Committee, comprised of two board members, which is responsible for reviewing our accounting controls, recommending to the board of directors the engagement of our independent auditors, and pre-approving audit and audit-related services and fees. Each member has been determined by our board of directors to be “independent” under the rules of the NYSE and the rules and regulations of the SEC. As directed by its written charter, the Audit Committee is responsible for appointing, and overseeing the work of the independent auditors, including reviewing and approving their engagement letter and all fees paid to our auditors, reviewing the adequacy and effectiveness of the Company's accounting and internal control procedures and reading and discussing with management and the independent auditors the annual audited financial statements. The members of the Audit Committee are Mr. William Lawes (chairman and financial expert) and Mr. Apostolos Kontoyannis (member and financial expert).

We have established a Compensation Committee comprised of two members, which, as directed by its written charter, is responsible for setting the compensation of executive officers of the Company, reviewing the Company's incentive and equity-based compensation plans, and reviewing and approving employment and severance agreements. The members of the Compensation Committee are Mr. Apostolos Kontoyannis (chairman) and Mr. Konstantinos Psaltis (member).

We have established a Nominating Committee comprised of two members, which, as directed by its written charter, is responsible for identifying, evaluating and making recommendations to the board of directors concerning individuals for selections as director nominees for the next annual meeting of stockholders or to otherwise fill board of director vacancies. The members of the Nominating Committee are Mr. Konstantinos Psaltis (chairman) and Mr. Kyriacos Riris (member).

We have established a Sustainability Committee as of February 18, 2021, comprised of Mrs. Semiramis Paliou (member) and Mr. Apostolos Kontoyannis (Chairman) which, as directed by its written charter, is responsible for Identifying, evaluating and making recommendations to the Board with respect to significant policies and performance on matters relating to sustainability, including environmental risks and opportunities, social responsibility and impact and the health and safety of all of our stakeholders.

We have established an Executive Committee comprised of the three directors, Mrs. Semiramis Paliou (Chairperson), Mr. Anastasios Margaronis (member), Mr. Ioannis Zafirakis (member), and Mr. Eleftherios Papatrifon (participating on a non-voting basis). The Executive Committee has, to the extent permitted by law, the powers of the Board of Directors in the management of the business and affairs of the Company.

We also maintain directors' and officers' insurance, pursuant to which we provide insurance coverage against certain liabilities to which our directors and officers may be subject, including liability incurred under U.S. securities law. Our executive directors have employment agreements, which, if terminated without cause, entitle them to continue receiving their basic salary through the date of the agreement's expiration.

D. Employees

We crew our vessels primarily with Greek officers and Filipino officers and seamen and may also employ seamen from Poland, Romania and Ukraine. DSS and DWM are responsible for identifying the appropriate officers and seamen mainly through crewing agencies. The crewing agencies handle each seaman's training, travel and payroll. The management companies ensure that all our seamen have the qualifications and licenses required to comply with international regulations and shipping conventions. Additionally, our seafaring employees perform most commissioning work and supervise work at shipyards and drydock facilities. We typically man our vessels with more crew members than are required by the country of the vessel's flag in order to allow for the performance of routine maintenance duties.

The following table presents the number of shoreside personnel employed by DSS and the number of seafaring personnel employed by our vessel-owning subsidiaries as of December 31, 2021, 2020 and 2019. Since 2019, the number of seafaring personnel has been decreasing as a result of the sale of vessels in each year.

	Year Ended December 31,		
	2021	2020	2019
Shoreside	111	107	111
Seafaring	708	811	914
Total	819	918	1,025

E. Share Ownership

With respect to the total amount of common shares, Series B Preferred Shares and Series C Preferred Shares owned by our officers and directors, individually and as a group, see "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders."

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth information regarding ownership of our common stock of which we are aware as of April 27, 2022, for (i) beneficial owners of five percent or more of our common stock and (ii) our officers and directors, individually and as a group. All of our shareholders, including the shareholders listed in this table, are entitled to one vote for each share of common stock held.

Title of Class	Identity of Person or Group	Number of Shares Owned	Percent of Class *
Common Stock, par value \$0.01	Semiramis Paliou (1)	16,413,301	19.1 %
	Anastasios Margaronis (2)	8,124,751	9.4 %
	Hosking Partners LLP (4)	5,218,653	6.1 %
	All other officers and directors as a group	7,357,666	8.5 %

* Based on 86,142,258 common shares outstanding as of April 27, 2022.

- (1) Mrs. Semiramis Paliou indirectly may be deemed to beneficially own 19.1% beneficially owned through Tuscany Shipping Corp., or Tuscany, and through 4 Sweet Dreams S.A., as the result of her ability to control the vote and disposition of such entities. As of December 31, 2019, 2020 and 2021, Mrs. Semiramis Paliou owned indirectly 1.2%, 17.8% and 18.9%, respectively, of our outstanding common stock. Additionally, on January 31, 2019, we issued 10,675 shares of newly designated Series C Preferred Stock, par value \$0.01 per share, to Taracan Investments S.A., or Taracan, which in September 2020 were contributed to Tuscany and in June 2021, we issued 400 shares of newly designated Series D Preferred Stock, par value \$0.01 per share, to Tuscany. The Series C Preferred Stock will vote with our common shares and each share of the Series C Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the common stockholders of the Company. The Series D Preferred Stock will vote with the common shares and each share of the Series D Preferred Stock entitles the holder thereof to up to 100,000 votes on all matters submitted to a vote of the common stockholders of the Company, subject to a maximum number of votes eligible to be cast by such holder derived from the Series D Preferred Shares and any other voting security of the Company held by the holder to be equal to the lesser of (i) 36% of the total number of votes entitled to vote on any matter put to shareholders of the Company and (ii) the sum of the holder's aggregate voting power derived from securities other than the Series D Preferred Stock and 15% of the total number of votes entitled to be cast on matters put to shareholders of the Company. Through her beneficial ownership of common shares and shares of Series C Preferred Stock and shares of Series D Preferred Stock, Paliou currently controls 36.0% of the vote of any matter submitted to the vote of the common shareholders.
- (2) Mr. Anastasios Margaronis, our President and a member of our board of directors may be deemed to beneficially own Anamar Investments Inc. and Coronis Investments Inc. as the result of his ability to control the vote and disposition of such entities, for an aggregate of 8,124,751 shares.
- (3) This information is derived from a Schedule 13G/A filed with the SEC on February 1, 2022, adjusting the percentage figure based on the common shares issued and outstanding as of the date of this report.

As of April 26, 2022, we had 111 shareholders of record, 94 of which were located in the United States and held an aggregate of 74,857,351 of our common shares, representing 86.9% of our outstanding common shares. However, one of the U.S. shareholders of record is CEDE & CO., a nominee of The Depository Trust Company, which held 74,386,232 of our common shares as of that date. Accordingly, we believe that the shares held by CEDE & CO. include common shares beneficially owned by both holders in the United States and non-U.S. beneficial owners. We are not aware of any arrangements the operation of which may at a subsequent date result in our change of control.

Holders of the Series B Preferred Shares generally have no voting rights except (1) in respect of amendments to the Articles of Incorporation which would adversely alter the preferences, powers or rights of the Series B Preferred Shares or (2) in the event that we propose to issue any parity stock if the cumulative dividends payable on outstanding Preferred Stock are in arrears or any senior stock. However, if and whenever dividends payable on the Series B Preferred Shares are in arrears for six or more quarterly periods, whether or not consecutive, holders of Series B Preferred Shares (voting together as a class with all other classes or series of parity stock upon which like voting rights have been conferred and are exercisable) will be entitled to elect one additional director to serve on our board of directors until such time as all accumulated and unpaid dividends on the Series B Preferred Shares have been paid in full.

B. Related Party Transactions

OceanPal Inc. Spin-off

On April 15, 2021, we established OceanPal Inc., or OceanPal, with the intention to transfer to it a portion of our fleet and distribute OceanPal's common stock to the Company's shareholders as a dividend (the "Spin-off"). Pursuant to the Spin-off, we contributed to OceanPal \$1 million in cash as working capital and all of the vessel-owning shares of (i) Cypres Enterprises Corp., a company incorporated in the Republic of Panama on September 7, 2000, owner of the 2004 built Panamax dry bulk carrier *Protefs*, (ii) Darien Compania Armadora S.A., a company incorporated in the Republic of Panama on December 22, 1993, owner of the 2005 built Panamax dry bulk carrier *Calipso* and (iii) Marfort Navigation Company Limited, a company incorporated in the Republic of Cyprus on August 10, 2007, owner of the 2005 built Capesize dry bulk carrier *Salt Lake City*; in exchange for 500,000 of OceanPal's Series B Preferred Shares, 10,000 of OceanPal's Series C Convertible Preferred Shares and 100% of OceanPal's common shares issued and outstanding on the Spin-off. On November 29, 2021, we distributed 8,820,240 shares of OceanPal having a value of \$40.5 million or \$4.6 per share to our shareholders of record on November 3, 2021. OceanPal's shares commenced trading on November 30, 2021 on the Nasdaq Capital Market under the symbol "OP".

OceanPal Inc. Non-Competition Agreement

We have entered into a non-competition agreement with OceanPal Inc. ("OceanPal"), dated November 2, 2021, pursuant to which we granted to OceanPal (i) a right of first refusal over any opportunity available to us (or any of our subsidiaries) to acquire or charter-in any dry bulk vessel that is larger than 70,000 deadweight tons and that was built prior to 2006 and (ii) a right of first refusal over any employment opportunity for a dry bulk vessel pursuant to a spot market charter presented or available to us with respect to any vessel owned or chartered in, directly or indirectly, by us. The non-competition agreement also prohibits us and OceanPal from soliciting each other's employees. The terms of the non-competition agreement provide that it will terminate on the date that (i) our ownership of OceanPal's equity securities represents less than 10% of total outstanding voting power and (ii) we and OceanPal share no common executive officers.

OceanPal Inc. Right of First Refusal

On November 2, 2021 we entered into a right of first refusal agreement with OceanPal Inc. pursuant to which we granted OceanPal Inc. a right of first refusal over six drybulk carriers currently owned by us and identified in the agreement. Pursuant to this right of first refusal, OceanPal Inc. has the right, but not the obligation, to purchase one or all of the six identified vessels from us when and if we make a determination to sell one or more of the vessels at a price equal to the fair market value of each vessel at the time of sale, as determined by the average of two independent shipbroker valuations from brokers mutually agreeable to us and OceanPal Inc. If OceanPal Inc. does not exercise its right to purchase a vessel, we have the right to sell the vessel to any third party for a period of three months from the date notified OceanPal Inc. of our intent to sell the vessel.

Series D Preferred Stock

In June 2021, we issued 400 shares of its newly-designated Series D Preferred Stock, par value \$0.01 per share, to Tuscany Shipping Corp., an entity controlled by its Chief Executive Officer, Mrs. Semiramis Paliou, for an aggregate purchase price of \$360,000. The Series D Preferred Stock has no dividend or liquidation rights. The Series D Preferred Stock will vote with the common shares of the Company, and each share of the Series D Preferred Stock shall entitle the holder thereof to up to 100,000 votes, on all matters submitted to a vote of the stockholders of the Company, subject to a maximum number of votes eligible to be cast by such holder derived from the Series D Preferred Shares and any other voting security of the Company held by the holder to be equal to the lesser of (i) 36% of the total number of votes entitled to vote on any matter put to shareholders of the Company and (ii) the sum of the holder's aggregate voting power derived from securities other than the Series D Preferred Stock and 15% of the total number of votes entitled to be cast on matters put to shareholders of the Company. The Series D Preferred Stock is transferable only to the holder's immediate family members and to affiliated persons. The issuance of shares of Series D Preferred Stock to Tuscany Shipping Corp. was approved by an independent committee of the Board of Directors of the Company, which received a fairness opinion from an independent third party that the transaction was fair from a financial point of view to the Company.

Series C Preferred Stock

In January 2019, we issued 10,675 shares of newly-designated Series C Preferred Stock, par value \$0.01 per share, to an affiliate of our Chairman, Mr. Simeon Palios, for an aggregate purchase price of approximately \$1.07 million. The Series C Preferred Stock vote with the common shares of the Company, and each share entitles the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Company. The Series C Preferred Stock has no dividend or liquidation rights and cannot be transferred without the consent of the Company except to the holder's affiliates and immediate family members. The issuance of shares of Series C Preferred Stock was approved by an independent committee of the Board of Directors, which received a fairness opinion from an independent third party that the transaction was fair from a financial point of view to the Issuer. In September 2020, the Series C Preferred Shares were transferred from an affiliate of Mr. Simeon Palios to an affiliate of the Company's Chief Executive Officer, Mrs. Semiramis Paliou.

Steamship Shipbroking Enterprises Inc.

Steamship, an affiliated entity that is controlled by our Chairman of the Board, Mr. Simeon Palios, provides to us brokerage services for an annual fee pursuant to a Brokerage Services Agreement. In 2021, brokerage fees amounted to \$3.3 million and we paid an additional amount of \$0.7 million for commissions on the sale of vessels. The terms of this relationship are currently governed by a Brokerage Services Agreement dated July 1, 2020 due to expire on June 30, 2022.

Altair Travel Agency S.A.

Altair Travel Agency S.A., or Altair, an affiliated entity that is controlled by our Chairman of the Board, Mr. Simeon Palios, provides us with travel related services. Travel related expenses in 2021, amounted to \$2.2 million.

Diana Wilhelmsen Management Limited

Diana Wilhelmsen Management Limited, or DWM, is a 50/50 joint venture which provides management services to certain vessels in our fleet for a fixed monthly fee and commercial services charged as a percentage of the vessels' gross revenues. Management fees in 2021 amounted to \$1.4 million and commissions on revenues amounted to \$0.2 million.

Performance Shipping, Series C Preferred Stock

On May 30, 2017, we acquired 100 shares of newly-designated Series C Preferred Stock, par value \$0.01 per share, of Performance Shipping, in exchange for a reduction of \$3.0 million in the principal amount of a loan outstanding as of that date. The Series C Preferred Stock has no dividend or liquidation rights. The Series C Preferred Stock votes with the common shares of Performance Shipping and each share of the Series C Preferred Stock entitles the holder thereof to up to 250,000 votes, subject to a cap such that the aggregate voting power of any holder of Series C Preferred Stock together with its affiliates does not exceed 49.0%, on all matters submitted to a vote of the stockholders of Performance Shipping. The acquisition of shares of Series C Preferred Stock was approved by an Independent Committee of our Board of Directors. In February 2020, we received an offer from Performance Shipping to redeem the Series C Preferred Stock owned by the Company for an aggregate price of \$1.5 million. The Company's Board of Directors formed a special committee to evaluate the transaction with the assistance of an independent financial advisor. The transaction was recommended by the special committee to the Board of Directors, which resolved to accept the offer. The Series C Preferred Shares were transferred to Performance Shipping against the payment of the purchase price of \$1.5 million and the sale closed on March 27, 2020 with the receipt of the related funds by Performance Shipping.

Performance Shipping, Non-Competition Agreement

On March 1, 2013, we entered into an amended and restated non-competition agreement with Performance Shipping, where we have agreed that, as long as any of our current or continuing executive officers also serves as an executive for Performance Shipping, and for six months thereafter, we will not acquire or charter any vessel, or otherwise operate in, the containership sector and Performance Shipping will not acquire or charter any vessel, or otherwise operate in, the dry bulk sector.

Performance Shipping, Acquisition of plot

In November 2021, DSS acquired part of a land owned by Unitized Ocean Transport Limited, a subsidiary of Performance Shipping, for €1.1 million.

C. *Interests of Experts and Counsel*

Not Applicable.

Item 8. Financial information

A. *Consolidated statements and other financial information*

See "Item 18. Financial Statements."

Legal Proceedings

We have not been involved in any legal proceedings which may have, or have had, a significant effect on our business, financial position, results of operations or liquidity, nor are we aware of any proceedings that are pending or threatened which may have a significant effect on our business, financial position, results of operations or liquidity. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. We expect that these claims would be covered by insurance, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources. On July 9, 2020, DWM and the ship-owning company of the vessel *Protefs* placed a security bond in the amount of \$1.75 million for any potential fines or penalties for alleged violations of law concerning maintenance of books and records and the handling of oil wastes of the vessel *Protefs*. In February 2021, DWM, as managers of the vessel, entered into a plea agreement with the United States pursuant to which DWM, as defendant, agreed to waive indictment, plead guilty pursuant to the terms thereof, accepted a fine of \$2.0 million and the placement of DWM on probation for four years, subject to court approval. On September 23, 2021, in the sentencing hearing of the *Protefs* case, the judge accepted DWM's guilty pleas, adjudged DWM guilty and imposed the agreed upon sentence of a combined fine of \$2.0 million, which we paid on behalf of DWM and *Protefs*, a total special assessment and a four year term of probation.

Dividend Policy

Our board of directors reviews and amends our dividend policy from time to time in light of our business plans and other factors. In order to position us to take advantage of market opportunities in a then-deteriorating market, our board of directors, beginning with the fourth quarter of 2008, suspended our common stock dividend. As a result of improving market conditions in 2021, our board of directors elected to declare dividends with respect to the third and fourth quarters of 2021, as described in Item 4A. History and development of the Company. Our dividend policy going forward will be assessed by our board of directors from time to time, based on prevailing market conditions, available cash, uses of capital, contingent liabilities, the terms of our loan facilities, our growth strategy and other cash needs, the requirements of Marshall Islands law and other factors deemed relevant to our board of directors.

The declaration and payment of dividends, if any, will always be subject to the discretion of our board of directors. The timing and amount of any dividends declared will depend on, among other things, our earnings, financial condition and cash requirements and availability, our ability to obtain debt and equity financing on acceptable terms as contemplated by our growth strategy and provisions of Marshall Islands law affecting the payment of dividends. In addition, other external factors, such as our lenders imposing restrictions on our ability to pay dividends under the terms of our loan facilities, may limit our ability to pay dividends. Further, under the terms of our loan agreements, we may not be permitted to pay dividends that would result in an event of default or if an event of default has occurred and is continuing.

Marshall Islands law generally prohibits the payment of dividends other than from surplus or when a company is insolvent or if the payment of the dividend would render the company insolvent. Also, our loan facilities and Bond prohibit the payment of dividends should an event of default arise.

We believe that, under current law, any dividends that we have paid and may pay in the future from earnings and profits constitute “qualified dividend income” and as such are generally subject to a 20% United States federal income tax rate with respect to non-corporate United States shareholders. Distributions in excess of our earnings and profits will be treated first as a non-taxable return of capital to the extent of a United States shareholder’s tax basis in its common stock on a dollar-for-dollar basis and thereafter as capital gain. Please see the section of this annual report entitled “Taxation” under Item 10.E for additional information relating to the tax treatment of our dividend payments.

Cumulative dividends on our Series B Preferred Shares are payable on each January 15, April 15, July 15 and October 15, when, as and if declared by our board of directors or any authorized committee thereof out of legally available funds for such purpose. The dividend rate for our Series B Preferred Shares is 8.875% per annum per \$25.00 of liquidation preference per share (equal to \$2.21875 per annum per share) and is not subject to adjustment. Since February 14, 2019, we may redeem, in whole or from time to time in part, the Series B Preferred Shares at a redemption price of \$25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared.

Marshall Islands law provides that we may pay dividends on and redeem the Series B Preferred Shares only to the extent that assets are legally available for such purposes. Legally available assets generally are limited to our surplus, which essentially represents our retained earnings and the excess of consideration received by us for the sale of shares above the par value of the shares. In addition, under Marshall Islands law we may not pay dividends on or redeem Series B Preferred Shares if we are insolvent or would be rendered insolvent by the payment of such a dividend or the making of such redemption.

B. Significant Changes

There have been no significant changes since the date of the annual consolidated financial statements included in this annual report, other than those described in Note 15 “Subsequent events” of our annual consolidated financial statements.

Item 9. The Offer and Listing

A. Offer and Listing Details

The trading market for shares of our common stock is the NYSE, on which our shares trade under the symbol “DSX”.

Our Series B Preferred Stock has traded on the NYSE under the symbol “DSXPRB” since February 21, 2014.

B. Plan of distribution

Not Applicable.

C. Markets

Our common shares have traded on the NYSE since March 23, 2005 under the symbol “DSX,” our Series B Preferred Stock has traded on the NYSE under the symbol “DSXPRB” since February 21, 2014. Since February 1, 2022, our 8.375% Senior Unsecured Bond due 2026 commenced trading on the Oslo Stock Exchange, under the symbol “DIASH02.”

D. Selling Shareholders

Not Applicable.

E. Dilution

Not Applicable.

F. Expenses of the Issue

Not Applicable.

Item 10. Additional Information

A. Share capital

Not Applicable.

B. Memorandum and articles of association

Our current amended and restated articles of incorporation have been filed as exhibit 1 to our Form 6-K filed with the SEC on May 29, 2008 with file number 001-32458, and our current amended and restated bylaws have been filed as exhibit 3.2 to our Form F-3 filed with the SEC on May 6, 2009 with file number 333-159016. The information contained in these exhibits is incorporated by reference herein.

Information regarding the rights, preferences and restrictions attaching to each class of our shares is described in the section entitled "Description of Capital Stock" in the accompanying prospectus to our effective Registration Statement on Form F-3 filed with the SEC on June 6, 2018 with file number 333-225964, including any subsequent amendments or reports filed for the purpose of updating such description, provided that since the date of that Registration Statement, (i) the number of our outstanding shares of common stock has increased to 86,142,258 as of April 27, 2022, and (ii) the Stockholder Rights Plan described therein has been replaced by a Stockholders Rights Agreement dated as of January 15, 2016, as described below under "Stockholders Rights Agreement," (iii) in January 2019, we issued 10,675 shares of newly-designated Series C Preferred Stock, par value \$0.01 per share and (iv) in June 2021, we issued 400 shares of its newly-designated Series D Preferred Stock, par value \$0.01 per share. For additional information about our Series B Preferred Shares, please see the section entitled "Description of Registrant's Securities to be Registered" of our registration statement on Form 8-A filed with the SEC on February 13, 2014 and incorporated by reference herein. For additional information about our Series C Preferred Stock and Series D Preferred Stock, please see the Form 6-K filed with the SEC on February 6, 2019 and June 23, 2021, respectively, each incorporated by reference herein.

Stockholders Rights Agreement

On January 15, 2016, we entered into a Stockholders Rights Agreement with Computershare Trust Company, N.A., as Rights Agent, to replace the Amended and Restated Stockholders Rights Agreement, dated October 7, 2008.

Under the Stockholders Rights Agreement, we declared a dividend payable of one preferred stock purchase right, or Right, for each share of common stock outstanding at the close of business on January 26, 2016. Each Right entitles the registered holder to purchase from us one one-thousandth of a share of Series A participating preferred stock, par value \$0.01 per share, at an exercise price of \$40.00 per share. The Rights will separate from the common stock and become exercisable only if a person or group acquires beneficial ownership of 18.5% or more of our common stock (including through entry into certain derivative positions) in a transaction not approved by our Board of Directors. In that situation, each holder of a Right (other than the acquiring person, whose Rights will become void and will not be exercisable) will have the right to purchase, upon payment of the exercise price, a number of shares of our common stock having a then-current market value equal to twice the exercise price. In addition, if the Company is acquired in a merger or other business combination after an acquiring person acquires 18.5% or more of our common stock, each holder of the Right will thereafter have the right to purchase, upon payment of the exercise price, a number of shares of common stock of the acquiring person having a then-current market value equal to twice the exercise price. The acquiring person will not be entitled to exercise these Rights. Under the Stockholders Rights Agreement's terms, it will expire on January 14, 2026. A copy of the Stockholders Rights Agreement and a summary of its terms are contained in the Form 8-A12B filed with the SEC on January 15, 2016, with file number 001-32458.

C. Material contracts

Attached as exhibits to this annual report are the contracts we consider to be both material and not entered into in the ordinary course of business, which (i) are to be performed in whole or in part on or after the filing date of this annual report or (ii) were entered into not more than two years before the filing date of this annual report. Other than these agreements, we have no material contracts, other than contracts entered into in the ordinary course of business, to which the Company or any member of the group is a party. A description of these is included in our description of our agreements generally: we refer you to Item 5.B for a discussion of our loan facilities, and Item 7.B for a discussion of our agreements with companies controlled by our Chairman of the Board, Mr. Simeon Palios.

D. Exchange Controls

Under Marshall Islands, Panamanian, Cypriot and Greek law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to non-resident holders of our securities.

E. Taxation

The following is a discussion of the material Marshall Islands and U.S. federal income tax considerations of the ownership and disposition by a U.S. Holder and a Non-U.S. Holder, each as defined below, of the common stock. This discussion does not purport to deal with the tax consequences of owning common stock to all categories of investors, some of which, such as dealers in securities or commodities, financial institutions, insurance companies, tax-exempt organizations, U.S. expatriates, persons liable for the alternative minimum tax, persons who hold common stock as part of a straddle, hedge, conversion transaction or integrated investment, U.S. Holders whose functional currency is not the United States dollar, persons required to recognize income for U.S. federal income tax purposes no later than when such income is reported on an "applicable financial statement," investors subject to the "base erosion and anti-avoidance" tax and investors that own, actually or under applicable constructive ownership rules, 10% or more of the Company's common stock, may be subject to special rules. This discussion deals only with holders who hold the common stock as a capital asset. You are encouraged to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under U.S. federal, state, local or foreign law of the ownership of common stock.

Marshall Islands Tax Considerations

The Company is incorporated in the Marshall Islands. Under current Marshall Islands law, the company is not subject to tax on income or capital gains, and no Marshall Islands withholding tax will be imposed upon payments of dividends by us to our shareholders.

United States Federal Income Taxation

The following discussion is based upon the provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed U.S. Treasury Department regulations, (the "Treasury Regulations"), administrative rulings, pronouncements and judicial decisions, all as of the date of this Annual Report. This discussion assumes that we do not have an office or other fixed place of business in the United States. Unless the context otherwise requires, the reference to Company below shall be meant to refer to both the Company and its vessel-owning and operating subsidiaries.

Taxation of the Company's Shipping Income

In General

The Company anticipates that it will derive substantially all of its gross income from the use and operation of vessels in international commerce and that this income will principally consist of freights from the transportation of cargoes, hire or lease from time or voyage charters and the performance of services directly related thereto, which the Company refers to as "Shipping Income."

Shipping Income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States will be considered to be 50% derived from sources within the United States. Shipping Income attributable to transportation that both begins and ends in the United States will be considered to be 100% derived from sources within the United States. The Company is not permitted by law to engage in transportation that gives rise to 100% U.S. source Shipping Income. Shipping Income attributable to transportation exclusively between non-U.S. ports will be considered to be 100% derived from sources outside the United States. Shipping Income derived from sources outside the United States will not be subject to U.S. federal income tax.

Based upon the Company's anticipated shipping operations, the Company's vessels will operate in various parts of the world, including to or from U.S. ports. Unless exempt from U.S. federal income taxation under Section 883 of the Code, the Company will be subject to U.S. federal income taxation, in the manner discussed below, to the extent its Shipping Income is considered derived from sources within the United States.

In the year ended December 31, 2021, approximately 3.0% of the Company's shipping income was attributable to the transportation of cargoes either to or from a U.S. port. Accordingly, approximately 1.5% of the Company's shipping income would be treated as derived from U.S. sources for the year ended December 31, 2021. In the absence of exemption from U.S. federal income tax under Section 883 of the Code, the Company would have been subject to a 4% tax on its gross U.S. source Shipping Income, equal to \$0.1 for the year ended December 31, 2021.

Application of Exemption under Section 883 of the Code

Under the relevant provisions of Section 883 of the Code and the final Treasury Regulations promulgated thereunder, a foreign corporation will be exempt from U.S. federal income taxation on its U.S. source Shipping Income if:

- (1) It is organized in a qualified foreign country which, as defined, is one that grants an equivalent exemption from tax to corporations organized in the United States in respect of the Shipping Income for which exemption is being claimed under Section 883 of the Code, or the "Country of Organization Requirement"; and
- (2) It can satisfy any one of the following two stock ownership requirements:
 - more than 50% of its stock, in terms of value, is beneficially owned by qualified shareholders which, as defined, includes individuals who are residents of a qualified foreign country, or the "50% Ownership Test"; or
 - its stock is "primarily and regularly" traded on an established securities market located in the United States or a qualified foreign country, or the "Publicly Traded Test".

The U.S. Treasury Department has recognized the Marshall Islands, Panama and Cyprus the countries of incorporation of each of the Company and its subsidiaries that earns Shipping Income, as a qualified foreign country. Accordingly, the Company and each of the subsidiaries satisfy the Country of Organization Requirement.

For the 2021 taxable year, the Company believes that it is unlikely that the 50% Ownership Test was satisfied. Therefore, the eligibility of the Company and each subsidiary to qualify for exemption under Section 883 of the Code is wholly dependent upon the Company's ability to satisfy the Publicly Traded Test.

Under the Treasury Regulations, stock of a foreign corporation is considered "primarily traded" on an established securities market in a country if the number of shares of each class of stock that is traded during the taxable year on all established securities markets in that country exceeds the number of shares in each such class that is traded during that year on established securities markets in any other single country. The Company's common stock was "primarily traded" on the NYSE during the 2021 taxable year.

Under the Treasury Regulations, the Company's common stock will be considered to be "regularly traded" on the NYSE if: (1) more than 50% of its common stock, by voting power and total value, is listed on the NYSE, referred to as the "Listing Threshold"; (2) its common stock is traded on the NYSE, other than in minimal quantities, on at least 60 days during the taxable year (or one-sixth of the days during a short taxable year), which is referred to as the "Trading Frequency Test"; and (3) the aggregate number of shares of its common stock traded on the NYSE during the taxable year is at least 10% of the average number of shares of its common stock outstanding during such taxable year (as appropriately adjusted in the case of a short taxable year), which is referred to as the "Trading Volume Test". The Trading Frequency Test and Trading Volume Test are deemed to be satisfied under the Treasury Regulations if the Company's common stock is regularly quoted by dealers making a market in the common stock.

The Company believes that its common stock has satisfied the Listing Threshold, as well as the Trading Frequency Test and Trading Volume Tests, during the 2021 taxable year.

Notwithstanding the foregoing, the Treasury Regulations provide, in pertinent part, that stock of a foreign corporation will not be considered to be "regularly traded" on an established securities market for any taxable year during which 50% or more of such stock is owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons, or "5% Shareholders", who each own 5% or more of the value of such stock, or the "5% Override Rule." For purposes of determining the persons who are 5% Shareholders, a foreign corporation may rely on Schedules 13D and 13G filings with the SEC.

Based on Schedules 13D and 13G filings, during the 2021 taxable year, less than 50% of the Company's common stock was owned by 5% Shareholders. Therefore, the Company believes that it is not subject to the 5% Override Rule and thus has satisfied the Publicly Traded Test for the 2021 taxable year. However, there can be no assurance that the Company will continue to satisfy the Publicly Traded Test in future taxable years. For example, the Company could be subject to the 5% Override Rule if another 5% Shareholder in combination with the Company's existing 5% Shareholders were to own 50% or more of the Company's common stock. In such a case, the Company would be subject to the 5% Override Rule unless it could establish that, among the shares of the common stock owned by the 5% Shareholders, sufficient shares are owned by qualified shareholders, for purposes of Section 883 of the Code, to preclude non-qualified shareholders from owning 50% or more of the Company's common stock for more than half the number of days during the taxable year. The requirements of establishing this exception to the 5% Override Rule are onerous and there is no assurance the Company will be able to satisfy them.

Based on the foregoing, the Company believes that it satisfied the Publicly Traded Test and therefore believes that it was exempt from U.S. federal income tax under Section 883 of the Code, during the 2021 taxable year, and intends to take this position on its 2021 U.S. federal income tax returns.

Taxation in Absence of Exemption Under Section 883 of the Code

To the extent the benefits of Section 883 of the Code are unavailable with respect to any item of U.S. source Shipping Income, the Company and each of its subsidiaries would be subject to a 4% tax imposed on such income by Section 887 of the Code on a gross basis, without the benefit of deductions, which is referred to as the "4% Gross Basis Tax Regime". Since under the sourcing rules described above, no more than 50% of the Company's Shipping Income would be treated as being derived from U.S. sources, the maximum effective rate of U.S. federal income tax on the Company's Shipping Income would never exceed 2% under the 4% Gross Basis Tax Regime.

Based on its U.S. source Shipping Income for the 2021 taxable year and in the absence of exemption under Section 883 of the Code, the Company would be subject to \$0.1 of U.S. federal income tax under the 4% Gross Basis Tax Regime.

The 4% Gross Basis Tax Regime would not apply to U.S. source Shipping Income to the extent considered to be “effectively connected” with the conduct of a U.S. trade or business. In the absence of exemption under Section 883 of the Code, such “effectively connected” U.S. source Shipping Income, net of applicable deductions, would be subject to U.S. federal income tax currently imposed at a rate of 21%. In addition, earnings “effectively connected” with the conduct of such U.S. trade or business, as determined after allowance for certain adjustments, and certain interest paid or deemed paid attributable to the conduct of the U.S. trade or business may be subject to U.S. federal branch profits tax imposed at a rate of 30%. The Company’s U.S. source Shipping Income would be considered “effectively connected” with the conduct of a U.S. trade or business only if: (1) the Company has, or is considered to have, a fixed place or business in the United States involved in the earning of Shipping Income; and (2) substantially all of the Company’s U.S. source Shipping Income is attributable to regularly scheduled transportation, such as the operation of a vessel that followed a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States, or, in the case of income from the chartering of a vessel, is attributable to a fixed place of business in the United States. We do not intend to have, or permit circumstances that would result in having a vessel operating to the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of our shipping operations and other activities, we believe that none of our U.S. source Shipping Income will be effectively connected with the conduct of a U.S. trade or business.

Gain on Sale of Vessels

Regardless of whether we qualify for exemption under Section 883 of the Code, we will not be subject to U.S. federal income taxation with respect to gain realized on a sale of a vessel, provided the sale is considered to occur outside of the United States under U.S. federal income tax principles. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. It is expected that any sale of a vessel by us will be considered to occur outside of the United States.

United States Taxation of U.S. Holders

The following is a discussion of the material U.S. federal income tax considerations relevant to an investment decision by a U.S. Holder, as defined below, with respect to our common stock. This discussion does not purport to deal with the tax consequences of owning our common stock to all categories of investors, some of which may be subject to special rules. You are encouraged to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under U.S. federal, state, local or foreign law of the ownership of our common stock.

As used herein, the term “U.S. Holder” means a beneficial owner of our common stock that (i) is a U.S. citizen or resident, a U.S. corporation or other U.S. entity taxable as a corporation, an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if (a) a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) it has an election in place to be treated as a United States person; and (ii) owns the common stock as a capital asset, generally, for investment purposes.

If a partnership holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding our common stock, you are encouraged to consult your own tax advisor on this issue.

Distributions

Subject to the discussion of passive foreign investment companies below, any distributions made by the Company with respect to its common stock to a U.S. Holder will generally constitute dividends, which may be taxable as ordinary income or “qualified dividend income” as described in more detail below, to the extent of the Company’s current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of the Company’s earnings and profits will be treated first as a non-taxable return of capital to the extent of the U.S. Holder’s tax basis in his common stock on a dollar-for-dollar basis and thereafter as capital gain. Because the Company is not a U.S. corporation, U.S. Holders that are corporations will generally not be entitled to claim a dividends-received deduction with respect to any distributions they receive from the Company.

Dividends paid to a U.S. Holder which is an individual, trust, or estate, referred to herein as a “U.S. Non-Corporate Holder,” will generally be treated as “qualified dividend income” that is taxable to Holders at preferential U.S. federal income tax rates, provided that (1) the common stock is readily tradable on an established securities market in the United States (such as the NYSE on which the common stock is listed); (2) the Company is not a passive foreign investment company for the taxable year during which the dividend is paid or the immediately preceding taxable year (which the Company does not believe it is, has been or will be); (3) the U.S. Non-Corporate Holder has owned the common stock for more than 60 days in the 121-day period beginning 60 days before the date on which the common stock becomes ex-dividend; and (4) the U.S. Non-Corporate Holder is not under an obligation (whether pursuant to a short sale or otherwise) to make payments with respect to positions in substantially similar or related property. There is no assurance that any dividends paid on our common stock will be eligible for these preferential rates in the hands of a U.S. Non-Corporate Holder. Any dividends paid by the Company which are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Non-Corporate Holder. Special rules may apply to any “extraordinary dividend,” generally, a dividend paid by us in an amount which is equal to or in excess of ten percent of a U.S. Holder’s adjusted tax basis, or fair market value in certain circumstances, in a share of our common stock. If we pay an “extraordinary dividend” on our common stock that is treated as “qualified dividend income,” then any loss derived by a U.S. Individual Holder from the sale or exchange of such common stock will be treated as long-term capital loss to the extent of such dividend.

Sale, Exchange or other Disposition of Common Stock

Subject to the discussion of the PFIC rules below, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of the Company’s common stock in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder’s tax basis in such stock. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder’s holding period in the common stock is greater than one year at the time of the sale, exchange or other disposition. Long-term capital gain of a U.S. Non-Corporate Holder is taxable at preferential U.S. Federal income tax rates. A U.S. Holder’s ability to deduct capital losses is subject to certain limitations.

PFIC Status and Significant Tax Consequences

Special U.S. federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a passive foreign investment company, or a “PFIC”, for U.S. federal income tax purposes. In general, the Company will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which such Holder held the Company’s common stock, either:

- at least 75% of the Company’s gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business), or
- at least 50% of the average value of the assets held by the corporation during such taxable year produce, or are held for the production of, such passive income.

For purposes of determining whether the Company is a PFIC, the Company will be treated as earning and owning its proportionate share of the income and assets, respectively, of any of its subsidiary corporations in which it owns at least 25% of the value of the subsidiary’s stock. Income earned, or deemed earned, by the Company in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute passive income unless the Company is treated under specific rules as deriving its rental income in the active conduct of a trade or business.

Based on the Company’s current operations and future projections, the Company does not believe that it is, nor does it expect to become, a PFIC with respect to any taxable year. Although there is no legal authority directly on point, the Company’s belief is based principally on the position that, for purposes of determining whether the Company is a PFIC, the gross income the Company derives or is deemed to derive from the time chartering and voyage chartering activities of its wholly-owned subsidiaries should constitute services income, rather than rental income. Correspondingly, the Company believes that such income does not constitute passive income, and the assets that the Company or its wholly-owned subsidiaries own and operate in connection with the production of such income, in particular, the vessels, do not constitute assets that produce or are held for the production of passive income for purposes of determining whether the Company is

a PFIC. The Company believes there is substantial legal authority supporting its position consisting of case law and Internal Revenue Service, or the “IRS”, pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. It should be noted that in the absence of any legal authority specifically relating to the statutory provisions governing PFICs, the IRS or a court could disagree with this position. In addition, although the Company intends to conduct its affairs in a manner to avoid being classified as a PFIC with respect to any taxable year, there can be no assurance that the nature of its operations will not change in the future.

As discussed more fully below, if the Company were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different U.S. federal income taxation rules depending on whether the U.S. Holder makes an election to treat the Company as a “Qualified Electing Fund,” which election is referred to as a “QEF Election.” As discussed below, as an alternative to making a QEF Election, a U.S. Holder should be able to make a “mark-to-market” election with respect to the common stock, which election is referred to as a “Mark-to-Market Election”. If the Company were to be treated as a PFIC, a U.S. Holder would be required to file with respect to taxable years ending on or after December 31, 2013 IRS Form 8621 to report certain information regarding the Company.

Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF Election, which U.S. Holder is referred to as an “Electing Holder”, the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of the Company’s ordinary earnings and net capital gain, if any, for the Company’s taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received by the Electing Holder from the Company. The Electing Holder’s adjusted tax basis in the common stock will be increased to reflect amounts included in the Electing Holder’s income. Distributions received by an Electing Holder that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common stock and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of the common stock.

Taxation of U.S. Holders Making a Mark-to-Market Election

Alternatively, if the Company were to be treated as a PFIC for any taxable year and, as anticipated, the common stock is treated as “marketable stock,” a U.S. Holder would be allowed to make a Mark-to-Market Election with respect to the Company’s common stock. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common stock at the end of the taxable year over such Holder’s adjusted tax basis in the common stock. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder’s adjusted tax basis in the common stock over its fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the Mark-to-Market Election. A U.S. Holder’s tax basis in his common stock would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of the common stock would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common stock would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder.

Taxation of U.S. Holders Not Making a Timely QEF Election or Mark-to-Market Election

Finally, if the Company were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make either a QEF Election or a Mark-to-Market Election for that year, whom is referred to as a “Non-Electing Holder”, would be subject to special U.S. federal income tax rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on the common stock in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three (3) preceding taxable years, or, if shorter, the Non-Electing Holder’s holding period for the common stock), and (2) any gain realized on the sale, exchange or other disposition of the common stock. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holder’s aggregate holding period for the common stock;

- the amount allocated to the current taxable year and any taxable years before the Company became a PFIC would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed tax deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These penalties would not apply to a pension or profit sharing trust or other tax-exempt organization that did not borrow funds or otherwise utilize leverage in connection with its acquisition of the common stock. If a Non-Electing Holder who is an individual dies while owning the common stock, such Holder's successor generally would not receive a step-up in tax basis with respect to such stock.

U.S. Federal Income Taxation of "Non-U.S. Holders"

A beneficial owner of our common stock that is not a U.S. Holder (other than a partnership) is referred to herein as a "Non-U.S. Holder."

Dividends on Common Stock

Non-U.S. Holders generally will not be subject to U.S. federal income or withholding tax on dividends received from us with respect to our common stock, unless that income is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. If the Non-U.S. Holder is entitled to the benefits of a U.S. income tax treaty with respect to those dividends, that income is taxable in the United States only if attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States.

Sale, Exchange or Other Disposition of Common Stock

Non-U.S. Holders generally will not be subject to U.S. federal income or withholding tax on any gain realized upon the sale, exchange or other disposition of our common stock, unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. If the Non-U.S. Holder is entitled to the benefits of a U.S. income tax treaty with respect to that gain, the gain is taxable in the United States only if attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States; or
- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

If the Non-U.S. Holder is engaged in a U.S. trade or business for U.S. federal income tax purposes, the income from our common stock, including dividends and the gain from the sale, exchange or other disposition of the common stock, that is effectively connected with the conduct of that U.S. trade or business will generally be subject to U.S. federal income tax in the same manner as discussed in the previous section relating to the taxation of U.S. Holders. In addition, in the case of a corporate Non-U.S. Holder, such Holder's earnings and profits that are attributable to the effectively connected income, subject to certain adjustments, may be subject to an additional U.S. federal branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable U.S. income tax treaty.

Backup Withholding and Information Reporting

In general, dividend payments, or other taxable distributions, made within the United States to a holder will be subject to U.S. federal information reporting requirements. Such payments will also be subject to U.S. federal "backup withholding" if paid to a non-corporate U.S. holder who:

- fails to provide an accurate taxpayer identification number;

- is notified by the IRS that he has failed to report all interest or dividends required to be shown on his U.S. federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on an applicable IRS Form W-8.

If a holder sells his common stock to or through a U.S. office of a broker, the payment of the proceeds is subject to both backup withholding and information reporting unless the holder establishes an exemption. If a holder sells his common stock through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to the holder outside the United States, then information reporting and backup withholding generally will not apply to that payment. However, information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, including a payment made to a holder outside the United States, if the holder sells his common stock through a non-U.S. office of a broker that is a U.S. person or has some other contacts with the United States.

Backup withholding is not an additional tax. Rather, a taxpayer generally may obtain a refund of any amounts withheld under backup withholding rules that exceed the taxpayer's U.S. federal income tax liability by filing a refund claim with the IRS.

U.S. Holders who are individuals (and to the extent specified in applicable Treasury Regulations, certain U.S. entities) who hold "specified foreign financial assets" (as defined in Section 6038D of the Code) are required to file IRS Form 8938 with information relating to the asset for each taxable year in which the aggregate value of all such assets exceeds \$75,000 at any time during the taxable year or \$50,000 on the last day of the taxable year (or such higher dollar amount as prescribed by applicable Treasury Regulations). Specified foreign financial assets would include, among other assets, our common stock, unless the common stock is held through an account maintained with a U.S. financial institution. Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event a U.S. Holder who is an individual (and to the extent specified in applicable Treasury regulations, a U.S. entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three (3) years after the date that the required information is filed.

F. Dividends and paying agents

Not Applicable.

G. Statement by experts

Not Applicable.

H. Documents on display

We file reports and other information with the SEC. These materials, including this annual report and the accompanying exhibits are available from the SEC's website <http://www.sec.gov>.

I. Subsidiary information

Not Applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Interest Rates

We are exposed to market risks associated with changes in interest rates relating to our loan facilities, according to which we pay interest at LIBOR plus a margin; and as such increases in interest rates could affect our results of operations. An

increase of 1% in the interest rates of our loan facilities bearing a variable interest rate during 2021, could have increased our interest cost from \$18.1 million to \$21.3 million.

We will continue to have debt outstanding, which could impact our results of operations and financial condition. We expect to manage any exposure in interest rates through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. Global financial markets and economic conditions have been, and continue to be, volatile. Specially, due to the Covid19 outbreak, credit markets and the debt and equity capital markets have been distressed, and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide, particularly for the shipping industry. These issues, along with significant write-offs in the financial services sector, the repricing of credit risk and the current weak economic conditions, have made, and will likely continue to make, it difficult to obtain additional financing.

As of December 31, 2021, 2020 and 2019 and as of the date of this annual report, we did not and have not designated any financial instruments as accounting hedging instruments.

Currency and Exchange Rates

We generate all of our revenues in U.S. dollars but currently incur less than half of our operating expenses (around 33% in 2021 and around 33% in 2020) and about half of our general and administrative expenses (around 50% in 2021 and around 48% in 2020) in currencies other than the U.S. dollar, primarily the Euro. For accounting purposes, including throughout this annual report, expenses incurred in Euros are converted into U.S. dollars at the exchange rate prevailing on the date of each transaction. Because a significant portion of our expenses are incurred in currencies other than the U.S. dollar, our expenses may from time to time increase relative to our revenues as a result of fluctuations in exchange rates, particularly between the U.S. dollar and the Euro, which could affect our results of operations in future periods. Currently, we do not consider the risk from exchange rate fluctuations to be material for our results of operations, as during 2021 and 2020, these non-US dollar expenses represented 18% and 26%, respectively of our revenues and therefore, we are not engaged in extensive derivative instruments to hedge a considerable part of those expenses.

While we historically have not mitigated the risk associated with exchange rate fluctuations through the use of financial derivatives, we may determine to employ such instruments from time to time in the future in order to minimize this risk. Our use of financial derivatives would involve certain risks, including the risk that losses on a hedged position could exceed the nominal amount invested in the instrument and the risk that the counterparty to the derivative transaction may be unable or unwilling to satisfy its contractual obligations, which could have an adverse effect on our results.

Item 12. Description of Securities Other than Equity Securities

Not Applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

a) Disclosure Controls and Procedures

Management, including our Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this annual report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective to ensure that information

required to be disclosed by the Company in the reports that it files or submits to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

b) Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with U.S. GAAP. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Management has conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2021 is effective.

The registered public accounting firm that audited the financial statements included in this annual report containing the disclosure required by this Item 15 has issued an attestation report on management's assessment of our internal control over financial reporting.

c) Attestation Report of Independent Registered Public Accounting Firm

The attestation report on the Company's internal control over financial reporting issued by the registered public accounting firm that audited the Company's consolidated financial statements, Ernst Young (Hellas) Certified Auditors Accountants S.A., appears on page F-4 of the financial statements filed as part of this annual report.

d) Changes in Internal Control over Financial Reporting

None.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Item 16A. Audit Committee Financial Expert

Our Board of Directors has determined that both the members of our Audit Committee, Mr. William Lawes and Mr. Apostolos Kontoyannis, qualify as "Audit Committee financial experts" and that they are both considered to be "independent" according to SEC rules.

Item 16B. Code of Ethics

We have adopted a code of ethics that applies to officers, directors, employees and agents. Our code of ethics is posted on our website, <http://www.dianashippinginc.com>, under “About Us—Code of Ethics” and is filed as Exhibit 11.1 to this Annual Report. Copies of our code of ethics are available in print, free of charge, upon request to Diana Shipping Inc., Pendelis 16, 175 64 Palaio Faliro, Athens, Greece. We intend to satisfy any disclosure requirements regarding any amendment to, or waiver from, a provision of this code of ethics by posting such information on our website.

Item 16C. Principal Accountant Fees and Services

a) Audit Fees

Our principal accountants, Ernst and Young (Hellas), Certified Auditors Accountants S.A., have billed us for audit services. Audit fees in 2021 and 2020 amounted to € 372,750 and € 400,000, or approximately \$437,000 and \$440,000, respectively, and relate to audit services provided in connection with timely AS 4105 reviews, the audit of our consolidated financial statements and the audit of internal control over financial reporting.

b) Audit-Related Fees

Audit related fees amounted to \$112,000 and relate to audit services provided in connection with the Company’s filings with the SEC and OceanPal’s Spin-off. There were no such fees in 2020.

c) Tax Fees

During 2021 and 2020, we received services for which fees amounted to \$11,000 and \$18,000, respectively, for the calculation of Earnings and Profits of the Company.

d) All Other Fees

None.

e) Audit Committee’s Pre-Approval Policies and Procedures

Our Audit Committee is responsible for the appointment, replacement, compensation, evaluation and oversight of the work of our independent auditors. As part of this responsibility, the Audit Committee pre-approves the audit and non-audit services performed by the independent auditors in order to assure that they do not impair the auditor’s independence from the Company. The Audit Committee has adopted a policy which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the independent auditors may be pre-approved.

f) Audit Work Performed by Other than Principal Accountant if Greater than 50%

Not applicable.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Our Audit Committee consists of two independent members of our Board of Directors. Otherwise, our Audit Committee conforms to each other requirement applicable to audit committees as required by the applicable listing standards of the NYSE.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On May 23, 2014, we announced that our Board of Directors authorized a share repurchase plan for up to \$100 million of the Company’s common shares. The plan does not have an expiration date. As of December 31, 2021 and the date of this report, there is an outstanding value of about \$70 million of common shares that can be repurchased under the plan.

On November 21, 2018, we announced the commencement of a tender offer to purchase up to 4,166,666 shares, or about 3.86%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of \$3.60 per share ("Tender Offer No. 1"). On December 31, 2018, we announced that we purchased a total of 4,166,666 shares in connection with Tender Offer No. 1 for an aggregate purchase price of \$15 million.

On February 27, 2019, we announced the commencement of a tender offer to purchase up to 5,178,571 shares, or about 4.9%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of \$2.80 per share ("Tender Offer No. 2"). On April 2, 2019, we announced that we purchased a total of 3,889,386.6175 shares in connection with Tender Offer No. 2 for an aggregate purchase price of \$10.89 million.

On April 15, 2019, we announced the commencement of a tender offer to purchase up to 3,125,000 shares, or about 3.1%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of \$3.20 per share ("Tender Offer No. 3"). On May 14, 2019, we announced that we increased the purchase price to be paid in Tender Offer No. 3 to \$3.40 per share and extended Tender Offer No. 3 to allow additional time for stockholders to tender their shares. On June 5, 2019, we announced that we purchased a total of 3,125,000 shares in connection with Tender Offer No. 3 for an aggregate purchase price of \$10.625 million.

On June 14, 2019, we announced the commencement of a tender offer to purchase up to 2,000,000 shares, or about 2.0%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of \$3.25 per share ("Tender Offer No. 4"). On July 11, 2019, we announced that we increased the purchase price to be paid in Tender Offer No. 4 to \$3.75 per share and extended Tender Offer No. 4 to allow additional time for stockholders to tender their shares. On July 31, 2019, we announced that we purchased a total of 2,000,000 shares in connection with Tender Offer No. 4 for an aggregate purchase price of \$7.5 million.

On September 6, 2019, we announced the commencement of a tender offer to purchase up to 1,408,450 shares, or about 1.5%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of \$3.55 per share ("Tender Offer No. 5"). On September 30, 2019, we announced that we increased the number of shares we offered to purchase from 1,408,450 shares to 2,816,900 shares at the same price of \$3.55 per share and extended Tender Offer No. 5 to allow additional time for stockholders to tender their shares. On October 18, 2019, we announced that we purchased a total of 2,816,900 shares in connection with Tender Offer No. 5 for an aggregate purchase price of \$10 million.

On November 12, 2019, we announced the commencement of a tender offer to purchase up to 2,739,726 shares, or about 2.9%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of \$3.65 per share ("Tender Offer No. 6"). On December 18, 2019, we announced that we purchased a total of 2,739,726 shares in connection with Tender Offer No. 6 for an aggregate purchase price of \$10 million.

On January 3, 2020, we announced the commencement of a tender offer to purchase up to 3,030,303 shares, or about 3.3%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of \$3.30 per share ("Tender Offer No. 7"). On February 10, 2020, we announced that we purchased a total of 3,030,303 shares in connection with Tender Offer No. 6 for an aggregate purchase price of \$10 million.

In March 2020, we purchased through our share repurchase program 1,088,034 shares of our common stock, par value of \$0.01 per share at an average price of \$1.72 per share, or \$1.9 million.

On December 15, 2020, we announced the commencement of a tender offer to purchase up to 6,000,000 shares, or about 6.7%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of \$2.00 per share ("Tender Offer No. 8"). On January 13, 2021, we announced that we increased the price to \$2.50 per share and on January 21, 2021, we extended Tender Offer No. 8 to allow additional time for stockholders to tender their shares. On February 2, 2021, we announced that we purchased a total of 6,000,000 shares in connection with Tender Offer No. 8 for an aggregate purchase price of \$15 million.

In February 2021, the Company repurchased in the tender offer 6,000,000 shares of its outstanding common stock, par value of \$0.01 per share at an average price of \$2.5 per share ("Tender Offer No. 9"), for an aggregate purchase price of \$15 million.

In August 2021, the Company repurchased in the tender offer 3,333,333 shares of its common stock, par value of US\$0.01 per share (the “common stock”), at a price of US\$4.50 per share (“[Tender Offer No. 10](#)”), net to the seller in cash, less any applicable withholding taxes and without interest.

In December 2021, the Company repurchased 3,529,411 shares of its common stock, par value of US\$0.01 per share (“shares”), at a price of US\$4.25 per share (“[Tender Offer No. 11](#)”), net to the seller in cash, less any applicable withholding taxes and without interest.

Item 16F. Change in Registrant’s Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Overview

Pursuant to an exception for foreign private issuers, we, as a Marshall Islands company, are not required to comply with the corporate governance practices followed by U.S. companies under the NYSE listing standards. We believe that our established practices in the area of corporate governance are in line with the spirit of the NYSE standards and provide adequate protection to our shareholders. In fact, we have voluntarily adopted NYSE required practices, such as (a) having a majority of independent directors, (b) establishing audit, compensation, sustainability and nominating committees and (c) adopting a Code of Ethics. The significant differences between our corporate governance practices and the NYSE standards are set forth below.

Executive Sessions

The NYSE requires that non-management directors meet regularly in executive sessions without management. The NYSE also requires that all independent directors meet in an executive session at least once a year. As permitted under Marshall Islands law and our bylaws, our non-management directors do not regularly hold executive sessions without management and we do not expect them to do so in the future.

Audit Committee

The NYSE requires, among other things, that a company have an audit committee with a minimum of three members. Our Audit Committee consists of two independent members of our Board of Directors. Our Audit Committee conforms to every other requirement applicable to audit committees set forth in the listing standards of the NYSE.

Shareholder Approval of Equity Compensation Plans

The NYSE requires listed companies to obtain prior shareholder approval to adopt or materially revise any equity compensation plan. As permitted under Marshall Islands law and our amended and restated bylaws, we do not need prior shareholder approval to adopt or revise equity compensation plans, including our equity incentive plan.

Corporate Governance Guidelines

The NYSE requires companies to adopt and disclose corporate governance guidelines. The guidelines must address, among other things: director qualification standards, director responsibilities, director access to management and independent advisers, director compensation, director orientation and continuing education, management succession and an annual performance evaluation. We are not required to adopt such guidelines under Marshall Islands law and we have not adopted such guidelines.

Share Issuances

In lieu of obtaining shareholder approval prior to the issuance of designated securities, we will comply with provisions of the Marshall Islands Business Corporations Act, which allows the Board of Directors to approve share issuances. Additionally, the NYSE restricts the issuance of super voting stock such as our Series C Preferred Shares. However, pursuant to 313.00 of Section 3 of the NYSE Listed Company Manual, the NYSE will accept any action or issuance relating to the voting rights structure of a non-U.S. company that is in compliance with the NYSE's requirements for domestic companies or that is not prohibited by the company's home country law. We are not subject to such restrictions under our home country, Marshall Islands, law.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 17. Financial Statements

See Item 18.

Item 18. Financial Statements

The financial statements required by this Item 18 are filed as a part of this annual report beginning on page F-1.

Item 19. Exhibits

Exhibit Number	Description
1.1	Amended and Restated Articles of Incorporation of Diana Shipping Inc. (originally known as Diana Shipping Investment Corp.) (1)
1.2	Amended and Restated By-laws of the Company (2)
1.3	Equity Distribution Agreement between Diana Shipping Inc. and Maxim Group LLC, dated April 23, 2021 (21)
1.4	Amendment No. 1 to Equity Distribution Agreement between Diana Shipping Inc. and Maxim Group LLC, dated July 7, 2021 (23)
2.1	Form of Common Share Certificate (13)
2.2	Form of Series B Preferred Stock Certificate (16)
2.3	Statement of Designation of the 8.875% Series B Cumulative Redeemable Perpetual Preferred Shares of the Company (3)
2.4	Certificate of Designations of the Series A Participating Preferred Stock of the Company (4)
2.5	Base Indenture, dated May 28, 2015, by and between the Company and Deutsche Bank Trust Company Americas (5)
2.6	First Supplemental Indenture to the Base Indenture, dated May 28, 2015, by and between the Company and Deutsche Bank Trust Company Americas, as trustee, relating to the Company's 8.500% Senior Notes due 2020 (6)
2.7	Certificate of Designation of Rights, Preferences and Privileges of Series C Preferred Stock of the Company (18)
2.8	Description of Securities
2.9	Certificate of Designation of Rights, Preferences and Privileges of Series D Preferred Stock of the Company (22)
4.1	Stockholders Rights Agreement dated January 15, 2016 (7)
4.2	2014 Equity Incentive Plan (as amended and restated effective January 8, 2021) (24)

4.3	Form of Technical Manager Purchase Option Agreement (8)
4.4	Form of Management Agreement (9)
4.5	Loan Agreement with Bremer Landesbank dated October 22, 2009 (17)
4.6	Loan Agreement with the Export-Import Bank of China and DnB Nor Bank ASA dated October 2, 2010 (17)
4.7	Loan Agreement with Emporiki Bank of Greece S.A., dated September 13, 2011 (14)
4.8	First Supplemental Agreement, by and between Bikar Shipping Company Inc., Diana Shipping Inc., DSS and Emporiki Bank of Greece S.A., dated December 11, 2012 (13)
4.9	Second Supplemental Agreement, by and between Bikar Shipping Company Inc., Diana Shipping Inc., DSS and Credit Agricole Corporate and Investment Bank, dated December 13, 2012 (13)
4.10	Loan Agreement, dated May 24, 2013, by and among Erikub Shipping Company Inc., Wotho Shipping Company Inc., DNB Bank ASA, and Export-Import Bank of China (11)
4.11	Loan Agreement, dated January 9, 2014, by and among Taka Shipping Company Inc., Fayo Shipping Company Inc., and Commonwealth Bank of Australia (11)
4.12	Loan Agreement, dated December 18, 2014, by and among Weno Shipping Company Inc., Pulap Shipping Company Inc., the Banks and Financial Institutions listed therein and BNP Paribas (12)
4.13	Loan Agreement, dated March 17, 2015, by and among Knox Shipping Company Inc., Bokak Shipping Company Inc., Jemo Shipping Company Inc., Guam Shipping Company Inc., Palau Shipping Company Inc., Makur Shipping Company Inc., Mandaringina Inc., Vesta Commercial, S.A., the Banks and Financial Institutions listed therein, Nordea Bank Finland Plc and Nordea Bank AB, London Branch (12)
4.14	Administrative Services Agreement, dated October 1, 2013, by and between Diana Shipping Inc. and Diana Shipping Services S.A. (11)
4.15	Amended and Restated Non-Competition Agreement, dated as of March 1, 2013, by and between Diana Shipping Inc. and Diana Containerships Inc. (renamed to Performance Shipping Inc.), (11)
4.16	Loan Agreement with ABN AMRO Bank N.V., dated March 26, 2015 (13)
4.17	Loan Agreement with Danish Ship Finance, dated April 29, 2015 (13)
4.18	Joint Venture and Subscription Agreement with Wilhelmsen Ship Management, dated January 16, 2015 (13)
4.19	Loan Agreement with BNP Paribas, dated July 22, 2015 (13)
4.20	Loan Agreement with ING Bank N.V., dated September 30, 2015 (13)
4.21	Loan Agreement with The Export-Import Bank of China, dated January 7, 2016 (13)
4.22	Loan Agreement with ABN AMRO Bank N.V., dated March 29, 2016 (15)
4.23	Brokerage Services Agreement, dated April 1, 2016, by and between Diana Shipping Inc. and Diana Enterprises Inc. (15)
4.24	Loan Agreement with DNB Bank ASA and The Export-Import Bank of China, dated May 10, 2016 (15)
4.25	Fourth Amendment to Loan Agreement, dated May 20, 2013, by and between Diana Shipping Inc., Eluk Shipping Company Inc. and Diana Containerships Inc. (renamed to Performance Shipping Inc.), dated September 12, 2016 (15)
4.26	Waiver Letter from Commonwealth Bank of Australia dated January 13, 2017 (15)
4.27	Amendment to Loan Agreement dated October 2, 2010 with the Export-Import Bank of China and DnB Nor Bank ASA, dated February 15, 2017 (15)
4.28	Brokerage Services Agreement, dated April 1, 2019, by and between Diana Shipping Inc. and Steamship Shipbroking Enterprises Inc. (formerly Diana Enterprises Inc.) (20)
4.29	Fifth Amendment to Loan Agreement, dated May 20, 2013, by and between Diana Shipping Inc., Kapa Shipping Company Inc. and Diana Containerships Inc. (renamed to Performance Shipping Inc.), dated May 30, 2017 (19)
4.30	Intercreditor Agreement with Diana Containerships Inc. (renamed to Performance Shipping Inc.), dated June 30, 2017 (19)
4.31	Subordinated Facility Agreement by and between Diana Containerships Inc. (renamed to Performance Shipping Inc.) and Diana Shipping Inc., dated June 30, 2017 (19)
4.32	Amendment to Loan Agreement dated October 2, 2010 with the Export-Import Bank of China and DnB Nor Bank ASA, dated May 18, 2017 (19)

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4.33	Loan Agreement dated July 2018 with BNP Paribas (20)
4.34	Registration Document dated as of December 3, 2018, in respect of 9.50% USD 100,000,000 Senior Unsecured Callable Bond Issue 2018/2023 (20)
4.35	Securities Note dated as of December 3, 2018, in respect of 9.50% USD 100,000,000 Senior Unsecured Callable Bond Issue 2018/2023 (20)
4.36	Summary for Diana Shipping Inc. listing prospectus dated as of December 3, 2018, in respect of 9.50% USD 100,000,000 Senior Unsecured Callable Bond Issue 2018/2023 (20)
4.37	Loan Agreement dated March 2019 with DNB Bank ASA (20)
4.38	Loan Agreement dated June 2019 with ABN AMRO Bank N.V.(24)
4.39	Loan Agreement dated December 2020 with DNB Bank ASA (24)
4.40	Loan Agreement dated May 2020 with ABN AMRO Bank N.V. (24)
4.41	Loan Agreement dated May 2020 with Nordea Bank Abp, filial i Norge(24)
4.42	Loan Agreement dated June 2020 with BNP Paribas(24)
4.43	Brokerage Services Agreement, dated July 1, 2020, by and between Diana Shipping Inc. and Diana Enterprises Inc(24)
4.44	Loan Agreement dated May 2021 with ABN AMRO Bank N.V (25)
4.45	Nordea Supplemental agreement dated July, 29, 2021**
8.1	Subsidiaries of the Company**
11.1	Amended Code of Ethics (20)
12.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer**
12.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer**
13.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
13.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
15.1	Consent of Independent Registered Public Accounting Firm**
101	The following materials from the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2018, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets as of December 31, 2018 and 2019; (ii) Consolidated Statements of Operations for the years ended December 31, 2017, 2018 and 2019; (iii) Consolidated Statements of Comprehensive Income/(Loss) for the years ended December 31, 2017, 2018 and 2019; (iv) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2017, 2018 and 2019; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2018 and 2019; and (v) the Notes to Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

** Filed herewith.

- (1) Filed as Exhibit 1 to the Company's Form 6-K filed on May 29, 2008.
- (2) Filed as Exhibit 3.1 to the Company's Form 6-K filed on February 13, 2014.
- (3) Filed as Exhibit 3.3 to the Company's Form 8-A filed on February 13, 2014.
- (4) Filed as Exhibit 3.1 to the Company's Form 8-A12B/A filed on January 15, 2016.
- (5) Filed as Exhibit 4.1 to the Company's Form 6-K filed on May 28, 2015.
- (6) Filed as Exhibit 4.2 to the Company's Form 6-K filed on May 28, 2015.
- (7) Filed as Exhibit 4.1 to the Company's Form 8-A12B/A filed on January 15, 2016.
- (8) Filed as an Exhibit to the Company's Registration Statement (File No. 123052) on March 1, 2005.
- (9) Filed as an Exhibit to the Company's Amended Registration Statement (File No. 123052) on March 15, 2005.
- (10) Reserved.
- (11) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on March 27, 2014.
- (12) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on March 25, 2015.
- (13) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on March 28, 2016.
- (14) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on April 20, 2012.
- (15) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on February 17, 2017.
- (16) Filed as Exhibit 4.1 to the Company's Form 8-A12B filed on February 13, 2014.

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- (17) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on March 31, 2011.
- (18) Filed as an Exhibit to the Company's Form 6-K filed on February 6, 2019.
- (19) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on March 16, 2018.
- (20) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on March 12, 2019.
- (21) Filed as an Exhibit to the Company's Form 6-K filed on April 23, 2021.
- (22) Filed as an Exhibit to the Company's Form 6-K filed on June 23, 2021.
- (23) Filed as an Exhibit to the Company's Form 6-K filed on July 31, 2021.
- (24) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on March 12, 2021.
- (25) Filed as an Exhibit to the Company's Form F-3 filed on June 4, 2021.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and has duly caused and authorized the undersigned to sign this annual report on its behalf.

DIANA SHIPPING INC.

/s/ Ioannis Zafirakis
Ioannis Zafirakis
Chief Financial Officer
Dated: April 27, 2022

DIANA SHIPPING INC.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Diana Shipping Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Diana Shipping Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income/loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 27, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Recoverability assessment of vessels held and used

Description of the matter At December 31, 2021, the carrying value of the Company's vessels plus unamortized deferred costs was \$651,577 thousand, while the carrying value of the Company's vessels for which impairment indicators existed at December 31, 2021, plus unamortized deferred costs was \$75,059 thousand. As discussed in Note 2 (k) to the consolidated financial statements, the Company evaluates its vessels for impairment whenever events or changes in circumstances indicate that the carrying value of a vessel plus unamortized deferred costs may not be recoverable in accordance with the guidance in ASC 360 – Property, Plant and Equipment (“ASC 360”). If indicators of impairment exist, management analyzes the future undiscounted net operating cash flows expected to be generated throughout the remaining useful life of each vessel and compares it to the carrying value of the vessel plus unamortized deferred costs. Where a vessel's carrying value plus unamortized deferred costs exceeds the undiscounted net operating cash flows, management will recognize an impairment loss equal to the excess of the carrying value plus unamortized deferred costs over the fair value of the vessel.

Auditing management's recoverability assessment was complex given the judgement and estimation uncertainty involved in determining the future charter rates for non-contracted revenue days used in forecasting undiscounted net operating cash flows. These rates are subjective as they involve the development and use of assumptions about the dry-bulk shipping market through the end of the useful lives of the vessels. This assumption is forward looking and subject to the inherent unpredictability of future global economic and market conditions.

How we addressed the matter in our audit We obtained an understanding of the Company's impairment process, evaluated the design, and tested the operating effectiveness of the controls over the Company's recoverability assessment of vessels held and used, including the determination of future charter rates for non-contracted revenue days.

We evaluated management's recoverability assessment by comparing the methodology used for each vessel against the accounting guidance in ASC 360. To test management's undiscounted net operating cash flow forecasts, our procedures included, among others, comparing the future vessel charter rates for non-contracted revenue days with external data such as available market data from various analysts and recent economic and industry changes, and internal data such as historical charter rates for the vessels. In addition, we performed sensitivity analyses to assess the impact of changes to future charter rates for non-contracted revenue days in the determination of the future undiscounted net operating cash flows. We tested the completeness and accuracy of the data used within the forecasts. We assessed the adequacy of the Company's disclosures in Notes 2 (k) and 5 to the consolidated financial statements.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

We have served as the Company's auditor since 2004.

Athens, Greece
April 27, 2022

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Diana Shipping Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Diana Shipping Inc.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Diana Shipping Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income/loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and our report dated April 27, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

Athens, Greece
April 27, 2022

DIANA SHIPPING INC.
CONSOLIDATED BALANCE SHEETS

December 31, 2021 and 2020

(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2(e))	\$ 110,288	\$ 62,909
Accounts receivable, trade	2,832	5,235
Due from related parties, net of provision for credit losses (Notes 2(y), 4(d) and 8(b))	952	1,196
Inventories (Note 2(g))	6,089	4,717
Prepaid expenses and other assets	5,484	7,243
Vessel held for sale (Note 5)	—	23,361
Total current assets	125,645	104,661
FIXED ASSETS:		
Advances for vessel acquisitions (Note 5)	16,287	—
Vessels, net (Note 5)	643,450	716,178
Property and equipment, net (Note 6)	22,842	21,704
Total fixed assets	682,579	737,882
OTHER NON-CURRENT ASSETS:		
Restricted cash (Notes 2(e) and 7)	16,500	20,000
Investments in related parties (Note 4(h))	7,644	—
Other non-current assets	1,455	719
Deferred charges, net (Note 2(m))	8,127	9,148
Total assets	\$ 841,950	\$ 872,410
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt, net of deferred financing costs, current (Note 7)	\$ 41,148	\$ 39,217
Accounts payable, trade and other	9,777	8,558
Due to related parties (Note 4(a), (d) and (h))	596	484
Accrued liabilities	7,878	10,488
Deferred revenue (Note 2(p))	5,732	2,842
Total current liabilities	65,131	61,589
Long-term debt, net of current portion and deferred financing costs, non-current (Note 7)	382,527	381,097
Other non-current liabilities	1,097	1,154
Commitments and contingencies (Note 8)	—	—
STOCKHOLDERS' EQUITY:		
Preferred stock (Note 9(a))	26	26
Common stock, \$0.01 par value; 200,000,000 shares authorized and 84,672,258 and 89,275,002 issued and outstanding at December 31, 2021 and 2020, respectively (Notes 9(e) and (g))	847	893
Additional paid-in capital	982,537	1,020,164
Accumulated other comprehensive income	71	69
Accumulated deficit	(590,286)	(592,582)
Total stockholders' equity	393,195	428,570
Total liabilities and stockholders' equity	\$ 841,950	\$ 872,410

The accompanying notes are an integral part of these consolidated financial statements.

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31, 2021, 2020 and 2019

(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2021	2020	2019
REVENUES:			
Time charter revenues (Note 2(p))	\$ 214,203	\$ 169,733	\$ 220,728
OPERATING EXPENSES			
Voyage expenses (Notes 2(p) and 10)	5,570	13,525	13,542
Vessel operating expenses (Note 2(q))	74,756	85,847	90,600
Depreciation and amortization of deferred charges	40,492	42,991	48,904
General and administrative expenses	29,192	32,778	28,601
Management fees to related party (Note 4(d))	1,432	2,017	2,155
Vessel impairment charges (Note 5)	—	104,395	13,987
(Gain)/loss on sale of vessels (Note 5)	(1,360)	1,085	6,171
Other operating loss/(income), net	603	(230)	(854)
Operating income/(loss)	<u>\$ 63,518</u>	<u>\$ (112,675)</u>	<u>\$ 17,622</u>
OTHER INCOME / (EXPENSES):			
Interest expense and finance costs (Note 11)	(20,239)	(21,514)	(29,432)
Interest and other income	176	728	2,858
(Loss)/gain on extinguishment of debt (Note 7)	(980)	374	—
Gain on spin-off of OceanPal Inc. (Notes 2(aa), 3 and 4(h))	15,252	—	—
Loss on related party investments (Note 4(d))	(333)	(1,110)	(1,583)
Total other expenses, net	<u>\$ (6,124)</u>	<u>\$ (21,522)</u>	<u>\$ (28,157)</u>
Net income/(loss)	<u>\$ 57,394</u>	<u>\$ (134,197)</u>	<u>\$ (10,535)</u>
Dividends on series B preferred shares (Notes 9 and 12)	(5,769)	(5,769)	(5,769)
Net income/(loss) attributed to common stockholders	<u>\$ 51,625</u>	<u>\$ (139,966)</u>	<u>\$ (16,304)</u>
Earnings/(loss) per common share, basic (Note 12)	<u>\$ 0.64</u>	<u>\$ (1.62)</u>	<u>\$ (0.17)</u>
Earnings/(loss) per common share, diluted (Note 12)	<u>\$ 0.61</u>	<u>\$ (1.62)</u>	<u>\$ (0.17)</u>
Weighted average number of common shares, basic (Note 12)	<u>81,121,781</u>	<u>86,143,556</u>	<u>95,191,116</u>
Weighted average number of common shares, diluted (Note 12)	<u>84,856,840</u>	<u>86,143,556</u>	<u>95,191,116</u>

DIANA SHIPPING INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

For the years ended December 31, 2021, 2020 and 2019

(Expressed in thousands of U.S. Dollars)

	2021	2020	2019
Net income/(loss)	\$ 57,394	\$ (134,197)	\$ (10,535)
Other comprehensive income/(loss) (Actuarial income/(loss))	2	(40)	(178)
Comprehensive income/(loss)	<u>\$ 57,396</u>	<u>\$ (134,237)</u>	<u>\$ (10,713)</u>

The accompanying notes are an integral part of these consolidated financial statements.

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the years ended December 31, 2021, 2020 and 2019

(Expressed in thousands of U.S. Dollars – except for share data)

	Preferred Stock Series B		Preferred Stock Series C		Preferred Stock Series D		Common Stock		Additional Paid-in Capital	Other Comprehensive Income / (Loss)	Retained Earnings/ (Accumulated Deficit)	Total Equity
	# of Shares	Par Value	# of Shares	Par Value	# of Shares	Par Value	# of Shares	Par Value				
BALANCE, December 31, 2018	<u>2,600,000</u>	<u>\$ 26</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>103,764,351</u>	<u>\$ 1,038</u>	<u>\$ 1,062,645</u>	<u>\$ 287</u>	<u>\$ (436,312)</u>	<u>\$ 627,684</u>
Net loss	—	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ —	\$ —	\$ (10,535)	\$ (10,535)
Issuance of Series C Preferred Stock (Note 9(c))	—	—	10,675	—	—	—	—	—	960	—	—	960
Issuance of restricted stock and compensation cost (Note 9(g))	—	—	—	—	—	—	2,000,000	20	7,561	—	—	7,581
Stock repurchased and retired (Note 9(e))	—	—	—	—	—	—	(14,571,012)	(146)	(49,533)	—	—	(49,679)
Dividends on series B preferred stock (Note 9(b))	—	—	—	—	—	—	—	—	—	—	(5,769)	(5,769)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(178)	—	(178)
BALANCE, December 31, 2019	<u>2,600,000</u>	<u>\$ 26</u>	<u>10,675</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>91,193,339</u>	<u>\$ 912</u>	<u>\$ 1,021,633</u>	<u>\$ 109</u>	<u>\$ (452,616)</u>	<u>\$ 570,064</u>
Net loss	—	—	—	—	—	—	—	—	—	—	(134,197)	(134,197)
Issuance of restricted stock and compensation cost (Note 9(g))	—	—	—	—	—	—	2,200,000	22	10,489	—	—	10,511
Stock repurchased and retired (Note 9(e))	—	—	—	—	—	—	(4,118,337)	(41)	(11,958)	—	—	(11,999)
Dividends on series B preferred stock (Note 9(b))	—	—	—	—	—	—	—	—	—	—	(5,769)	(5,769)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(40)	—	(40)
BALANCE, December 31, 2020	<u>2,600,000</u>	<u>\$ 26</u>	<u>10,675</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>89,275,002</u>	<u>\$ 893</u>	<u>\$ 1,020,164</u>	<u>\$ 69</u>	<u>\$ (592,582)</u>	<u>\$ 428,570</u>
Net income	—	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ —	\$ —	\$ 57,394	\$ 57,394
Issuance of Series D Preferred Stock (Note 9(d))	—	—	—	—	400	—	—	—	254	—	—	254
Issuance of restricted stock and compensation cost (Note 9(g))	—	—	—	—	—	—	8,260,000	83	7,359	—	—	7,442
Stock repurchased and retired (Note 9(e))	—	—	—	—	—	—	(12,862,744)	(129)	(45,240)	—	—	(45,369)
Dividends on series B preferred stock (Note 9(b))	—	—	—	—	—	—	—	—	—	—	(5,769)	(5,769)
Dividends on common stock (Note 9(f))	—	—	—	—	—	—	—	—	—	—	(8,820)	(8,820)
OceanPal Inc. spin-off (Notes 2(aa), 3 and 9(f))	—	—	—	—	—	—	—	—	—	—	(40,509)	(40,509)
Other comprehensive income	—	—	—	—	—	—	—	—	—	2	—	2
BALANCE, December 31, 2021	<u>2,600,000</u>	<u>\$ 26</u>	<u>10,675</u>	<u>\$ —</u>	<u>400</u>	<u>\$ —</u>	<u>84,672,258</u>	<u>\$ 847</u>	<u>\$ 982,537</u>	<u>\$ 71</u>	<u>\$ (590,286)</u>	<u>\$ 393,195</u>

The accompanying notes are an integral part of these consolidated financial statements.

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021, 2020 and 2019

(Expressed in thousands of U.S. Dollars)

	2021	2020	2019
Cash Flows from Operating Activities:			
Net income/(loss)	\$ 57,394	\$ (134,197)	\$ (10,535)
Adjustments to reconcile net income/(loss) to net cash from operating activities:			
Depreciation and amortization of deferred charges	40,492	42,991	48,904
Asset Impairment loss (Note 5)	—	104,395	13,987
Amortization of financing costs (Note 11)	1,865	1,066	1,126
Compensation cost on restricted stock (Note 9(g))	7,442	10,511	7,581
Provision for credit loss (Notes 2(y) and 4(d))	300	—	—
Dividend income (Note 4(h))	(69)	—	—
Actuarial gain/(loss)	2	(40)	(178)
(Gain)/loss on sale of vessels (Note 5)	(1,360)	1,085	6,171
Loss/(gain) on extinguishment of debt (Note 7)	980	(374)	188
Gain on spin-off of OceanPal Inc. (Note 4(h))	(15,252)	—	—
Loss on equity method investments (Note 4(d))	333	1,110	1,583
(Increase) / Decrease in:			
Accounts receivable, trade	1,568	2,627	(4,914)
Due from related parties	(56)	(1,173)	(23)
Inventories	(1,581)	809	309
Prepaid expenses and other assets	1,759	1,967	(2,846)
Other non-current assets	(1,177)	(252)	(2,941)
Increase / (Decrease) in:			
Accounts payable, trade and other	1,219	(2,836)	321
Due to related parties	154	(31)	(97)
Accrued liabilities, net of accrued preferred dividends	(2,610)	(780)	(2,109)
Deferred revenue	2,890	310	(1,558)
Other non-current liabilities	(57)	168	143
Drydock costs	(4,531)	(10,122)	(5,230)
Net cash provided by Operating Activities	\$ 89,705	\$ 17,234	\$ 49,882
Cash Flows from Investing Activities:			
Payments for vessel improvements and vessel acquisitions (Note 5)	(17,393)	(6,001)	(2,804)
Proceeds from sale of vessels, net of expenses (Note 5)	33,731	15,623	41,326
Proceeds from sale of related party investment (Note 4)	—	1,500	—
Payments to joint venture (Note 4(d))	(375)	(500)	—
Investment in spin off subsidiary (Note 4(h))	(1,000)	—	—
Payments to acquire property and equipment (Note 6)	(1,600)	(138)	(125)
Net cash provided by Investing Activities	\$ 13,363	\$ 10,484	\$ 38,397
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt (Note 7)	101,279	—	44,000
Proceeds from issuance of preferred stock, net of expenses (Note 9(d))	254	—	960
Payments of dividends, preferred stock (Note 9(b))	(5,769)	(5,769)	(5,769)
Payments of dividends, common stock (Note 9(f))	(8,820)	—	—
Payments for repurchase of common stock (Note 9(e))	(45,369)	(11,999)	(49,679)
Payments of financing costs (Note 7)	(7,594)	(567)	(357)
Repayments of long-term debt (Note 7)	(93,170)	(54,762)	(100,553)
Net cash used in Financing Activities	\$ (59,189)	\$ (73,097)	\$ (111,398)
Net increase/(decrease) in cash, cash equivalents and restricted cash	43,879	(45,379)	(23,119)
Cash, cash equivalents and restricted cash at beginning of the year	82,909	128,288	151,407
Cash, cash equivalents and restricted cash at end of the year	\$ 126,788	\$ 82,909	\$ 128,288
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
Cash and cash equivalents	\$ 110,288	\$ 62,909	\$ 107,288
Restricted cash	16,500	20,000	21,000
Cash, cash equivalents and restricted cash	\$ 126,788	\$ 82,909	\$ 128,288
SUPPLEMENTAL CASH FLOW INFORMATION			
Non-cash investments (Note 5)	\$ 441	\$ 2,474	\$ —
Interest paid	\$ 19,608	\$ 21,397	\$ 28,554

The accompanying notes are an integral part of these consolidated financial statements.

DIANA SHIPPING INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

(Expressed in thousands of U.S. Dollars – except share, per share data, unless otherwise stated)

1. Basis of Presentation and General Information

The accompanying consolidated financial statements include the accounts of Diana Shipping Inc., or DSI, and its wholly-owned subsidiaries (collectively, the "Company"). DSI was formed on March 8, 1999 as Diana Shipping Investment Corp. under the laws of the Republic of Liberia. In February 2005, the Company's articles of incorporation were amended. Under the amended articles of incorporation, the Company was renamed Diana Shipping Inc. and was re-domiciled from the Republic of Liberia to the Republic of the Marshall Islands.

The Company is engaged in the ocean transportation of dry bulk cargoes worldwide through the ownership of dry bulk carrier vessels. The Company operates its own fleet through Diana Shipping Services S.A. (or "DSS"), a wholly-owned subsidiary and through Diana Wilhelmsen Management Limited, or DWM, a 50% owned joint venture (Note 4). The fees paid to DSS are eliminated in consolidation.

On April 15, 2021, the Company established OceanPal Inc., or OceanPal, with the intention to transfer to OceanPal a portion of its fleet, and distribute OceanPal's common stock to the Company's shareholders as a dividend (the "Spin-off"). In particular, the Company transferred to OceanPal the below subsidiaries:

- (i) Cypres Enterprises Corp., a company incorporated in the Republic of Panama on September 7, 2000, owner of the 2004 built Panamax dry bulk carrier *Protefs*,
- (ii) Darien Compania Armadora S.A., a company incorporated in the Republic of Panama on December 22, 1993, owner of the 2005 built Panamax dry bulk carrier *Calipso* and
- (iii) Marfort Navigation Company Limited, a company incorporated in the Republic of Cyprus on August 10, 2007, owner of the 2005 built Capesize dry bulk carrier *Salt Lake City*,

The Spin-off was concluded on November 29, 2021 and OceanPal's shares commenced trading on November 30, 2021 on the Nasdaq Capital Market under the symbol "OP" (Note 3).

In 2020, the outbreak of the COVID-19 virus had a negative effect on the global economy and adversely impacted the international dry-bulk shipping industry into which the Company operates. Although in 2021, the dry bulk market improved significantly compared to 2020, as the situation continues to evolve, it is difficult to predict the long-term impact of the pandemic on the industry. Volatility and downturn may continue which may adversely impact our business. The Company is constantly monitoring the developing situation, as well as its charterers' response to the market and continuously evaluates its estimates and assumptions mainly relating to the valuation of its assets.

2. Significant Accounting Policies

a) Principles of Consolidation: The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, and include the accounts of Diana Shipping Inc. and its wholly-owned subsidiaries. They also include the accounts of OceanPal until November 29, 2021 when OceanPal was deconsolidated following the Spin-off. All intercompany balances and transactions have been eliminated upon consolidation. Under Accounting Standards Codification ("ASC") 810 "Consolidation", the Company consolidates entities in which it has a controlling financial interest, by first considering if an entity meets the definition of a variable interest entity ("VIE") for which the Company is deemed to be the primary beneficiary under the VIE model, or if the Company controls an entity through a majority of voting interest based on the voting interest model. The Company evaluates financial instruments, service contracts, and other arrangements to determine if any variable interests relating to an entity exist. For entities in which the Company has a variable interest, the Company determines if the entity is a VIE by considering whether the entity's equity investment at risk is sufficient to finance its activities without additional subordinated financial support and whether the entity's at-risk equity holders have the characteristics of a controlling financial interest. In performing the analysis of whether the Company is the primary beneficiary of a VIE, the Company considers whether it individually has the power to direct the activities of the VIE that most significantly affect the entity's performance and also has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The Company has identified it has variable interests in Diana Wilhelmsen Management Limited, but is not the primary beneficiary. The Company reconsiders the initial determination of whether an entity is a VIE if certain types of events ("reconsideration events") occur. If the Company holds a variable interest in an entity that previously was not a VIE, it reconsiders whether the entity has become a VIE.

DIANA SHIPPING INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

(Expressed in thousands of U.S. Dollars – except share, per share data, unless otherwise stated)

b) Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c) Other Comprehensive Income / (Loss): The Company separately presents certain transactions, which are recorded directly as components of stockholders' equity. Other Comprehensive Income / (Loss) is presented in a separate statement.

d) Foreign Currency Translation: The functional currency of the Company is the U.S. dollar because the Company's vessels operate in international shipping markets, and therefore primarily transact business in U.S. dollars. The Company's accounting records are maintained in U.S. dollars. Transactions involving other currencies during the year are converted into U.S. dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities which are denominated in other currencies are translated into U.S. dollars at the year-end exchange rates. Resulting gains or losses are reflected separately in the accompanying consolidated statements of operations.

e) Cash and Cash Equivalents: The Company considers highly liquid investments such as time deposits, certificates of deposit and their equivalents with an original maturity of up to about three months to be cash equivalents. Restricted cash consists mainly of cash deposits required to be maintained at all times under the Company's loan facilities (Note 7).

f) Accounts Receivable, Trade: The amount shown as accounts receivable, trade, at each balance sheet date, includes receivables from charterers for hire from lease agreements, net of provisions for doubtful accounts, if any. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. The Company assessed its accounts receivable, trade and its credit risk relating to its charterers, following the outbreak of the COVID-19 and the effect that this could have on its accounts. No provision for doubtful accounts was established as of December 31, 2021 and 2020. The Company does not recognize interest income on trade receivables.

g) Inventories: Inventories consist of lubricants and victualling which are stated, on a consistent basis, at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in earnings in the period in which it occurs. Cost is determined by the first in, first out method. Amounts removed from inventory are also determined by the first in first out method. Inventories may also consist of bunkers when on the balance sheet date a vessel is without employment. Bunkers, if any, are also stated at the lower of cost or net realizable value and cost is determined by the first in, first out method.

h) Vessel Cost: Vessels are stated at cost which consists of the contract price and any material expenses incurred upon acquisition or during construction. Expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels; otherwise these amounts are charged to expense as incurred. Interest cost incurred during the assets' construction periods that theoretically could have been avoided if expenditure for the assets had not been made is also capitalized. The capitalization rate, applied on accumulated expenditures for the vessel, is based on interest rates applicable to outstanding borrowings of the period.

i) Vessels held for sale: The Company classifies assets as being held for sale when the respective criteria are met. Long-lived assets or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. These assets are not depreciated once they meet the criteria to be held for sale. The fair value less cost to sell of an asset held for sale is assessed at each reporting period it remains classified as held for sale. When the plan to sell an asset changes, the asset is reclassified as held and used, measured at the lower of its carrying amount before it was recorded as held for sale, adjusted for depreciation, and the asset's fair value at the date of the decision not to sell.

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j) Property and equipment: The Company owns the land and building where its offices are located. The Company also owns part of a plot acquired for office use (Note 6). Land is stated at cost and it is not subject to depreciation. The building has an estimated useful life of 55 years with no residual value. Depreciation is calculated on a straight-line basis. Equipment consists of office furniture and equipment, computer software and hardware and vehicles which consist of motor scooters and a car. The useful life of the car is 10 years, of the office furniture, equipment and the scooters is 5 years; and of the computer software and hardware is 3 years. Depreciation is calculated on a straight-line basis.

k) Impairment of Long-Lived Assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances (such as market conditions, obsolesce or damage to the asset, potential sales and other business plans) indicate that the carrying amount of an asset may not be recoverable. When the estimate of undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of an asset over its remaining useful life and its eventual disposition is less than its carrying amount, the Company evaluates the asset for impairment loss. Measurement of the impairment loss is based on the fair value of the asset, determined mainly by third party valuations.

For vessels, the Company calculates undiscounted projected net operating cash flows by considering the historical and estimated vessels' performance and utilization with the significant assumption being future charter rates for the unfixed days, using the most recent 10 year average of historical 1 year time charter rates available for each type of vessel over the remaining estimated life of each vessel, net of commissions. Historical ten-year blended average one-year time charter rates are in line with the Company's overall chartering strategy, they reflect the full operating history of vessels of the same type and particulars with the Company's operating fleet and they cover at least a full business cycle, where applicable. Other assumptions used in developing estimates of future undiscounted cash flow are charter rates calculated for the fixed days using the fixed charter rate of each vessel from existing time charters, the expected outflows for scheduled vessels' maintenance; vessel operating expenses; fleet utilization, and the vessels' residual value if sold for scrap. Assumptions are in line with the Company's historical performance and its expectations for future fleet utilization under its current fleet deployment strategy. This calculation is then compared with the vessels' net book value plus unamortized deferred costs. The difference between the carrying amount of the vessel plus unamortized deferred costs and their fair value is recognized in the Company's accounts as impairment loss.

During the last quarter of 2017, the Company's management considered various factors, including the recovery of the market, the worldwide demand for dry-bulk products, supply of tonnage and order book and concluded that the charter rates for the years 2008-2010 were exceptional. In this respect the Company's management decided to exclude from the 10-year average of 1 year time charters of these three years for which the rates were well above the average and which were not considered sustainable for the foreseeable future. Similarly, the Company performed the exercise discussed above, for 2019, by excluding the rates for the year 2010. The Company's impairment assessment resulted in the recognition of impairment on certain vessels' carrying value in 2019 and 2020 (Note 5). No impairment loss was identified or recorded in 2021, however, according to the Company's assessment, the carrying value of vessels for which impairment indicators existed as at December 31, 2021, plus unamortized deferred costs was \$75,059.

For property and equipment, the Company determines undiscounted projected net operating cash flows by considering an estimated monthly rent the Company would have to pay in order to lease a similar property, during the useful life of the building. No impairment loss was identified or recorded for 2021, 2020 and 2019 and the Company has not identified any other facts or circumstances that would require the write down of the value of its land or building in the near future.

l) Vessel Depreciation: Depreciation is computed using the straight-line method over the estimated useful life of the vessels, after considering the estimated salvage (scrap) value. Each vessel's salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Management estimates the useful life of the Company's vessels to be 25 years from the date of initial delivery from the shipyard. Second hand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. When regulations place limitations over the ability of a vessel to trade on a worldwide basis, its remaining useful life is adjusted at the date such regulations are adopted.

m) Deferred Costs: The Company follows the deferral method of accounting for dry-docking and special survey costs whereby actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next survey is scheduled to become due. Unamortized deferred costs of vessels that are sold or impaired are written off and included in the calculation of the resulting gain or loss in the year of the vessel's sale or impairment (Note 5).

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n) *Financing Costs:* Fees paid to lenders for obtaining new loans or refinancing existing ones accounted as loan modification are deferred and recorded as a contra to debt. Other fees paid for obtaining loan facilities not used at the balance sheet date are deferred. Fees relating to drawn loan facilities are amortized to interest and finance costs over the life of the related debt using the effective interest method and fees incurred for loan facilities not used at the balance sheet date are amortized using the straight line method according to their availability terms. Unamortized fees relating to loans or bonds repaid or repurchased or refinanced as debt extinguishment are written off in the period the repayment, prepayment, repurchase or extinguishment is made and included in the determination of gain/loss on debt extinguishment. Loan commitment fees are expensed in the period incurred, unless they relate to loans obtained to finance vessels under construction, in which case they are capitalized to the vessels' cost.

o) *Concentration of Credit Risk:* Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and trade accounts receivable. The Company places its temporary cash investments, consisting mostly of deposits, with various qualified financial institutions and performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company's investment strategy. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition and generally does not require collateral for its accounts receivable and does not have any agreements to mitigate credit risk.

p) *Accounting for Revenues and Expenses:* Revenues are generated from time charter agreements which contain a lease as they meet the criteria of a lease under ASC 842. Agreements with the same charterer are accounted for as separate agreements according to their specific terms and conditions. All agreements contain a minimum non-cancellable period and an extension period at the option of the charterer. Each lease term is assessed at the inception of that lease. Under a time charter agreement, the charterer pays a daily hire for the use of the vessel and reimburses the owner for hold cleanings, extra insurance premiums for navigating in restricted areas and damages caused by the charterers. Revenues from time charter agreements providing for varying annual rates are accounted for as operating leases and thus recognized on a straight-line basis over the non-cancellable rental periods of such agreements, as service is performed. The charterer pays to third parties port, canal and bunkers consumed during the term of the time charter agreement, unless they are for the account of the owner, in which case they are included in voyage expenses. In addition to these voyage expenses, the Company pays commissions on time charter revenue, to both the charterer and to brokers and may also record a gain or loss from bunkers which results mainly from the difference in the value of bunkers paid by the Company when the vessel is redelivered to the Company from the charterer under the vessel's previous time charter agreement and the value of bunkers sold by the Company when the vessel is delivered to a new charterer. This gain/loss that results from the re-purchase/sale of bunkers discussed above is included in voyage expenses (Note 10). Under a time charter agreement, the owner pays for the operation and the maintenance of the vessel, including crew, insurance, spares and repairs, which are recognized in operating expenses. The Company, as lessor, has elected not to allocate the consideration in the agreement to the separate lease and non-lease components (operation and maintenance of the vessel) as their timing and pattern of transfer to the charterer, as the lessee, are the same and the lease component, if accounted for separately, would be classified as an operating lease. Additionally, the lease component is considered the predominant component as the Company has assessed that more value is ascribed to the vessel rather than to the services provided under the time charter contracts. In time charter agreements apart from the agreed hire rate, the Company may be entitled to an additional income, such as ballast bonus. Ballast bonus is paid by charterers for repositioning of the vessels. The Company analyzes terms of each contract to assess whether income from ballast bonus is accounted together with the lease component over the duration of the charter or as service component under ASC 606. Deferred revenue includes cash received prior to the balance sheet date for which all criteria to recognize as revenue have not been met.

q) *Repairs and Maintenance:* All repair and maintenance expenses including underwater inspection expenses are expensed in the year incurred. Such costs are included in vessel operating expenses in the accompanying consolidated statements of operations.

r) *Earnings / (loss) per Common Share:* Basic earnings / (loss) per common share are computed by dividing net income / (loss) available to common stockholders by the weighted average number of common shares outstanding during the year. Diluted earnings per common share, reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised.

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s) Segmental Reporting: The Company engages in the operation of dry-bulk vessels which has been identified as one reportable segment. The operation of the vessels is the main source of revenue generation, the services provided by the vessels are similar and they all operate under the same economic environment. Additionally, the vessels do not operate in specific geographic areas, as they trade worldwide; they do not trade in specific trade routes, as their trading (route and cargo) is dictated by the charterers; and the Company does not evaluate the operating results for each type of dry bulk vessels (i.e. Panamax, Capesize etc.) for the purpose of making decisions about allocating resources and assessing performance.

t) Fair Value Measurements: The Company classifies and discloses its assets and liabilities carried at fair value in one of the following categories: Level 1: Quoted market prices in active markets for identical assets or liabilities; Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data; Level 3: Unobservable inputs that are not corroborated by market data.

u) Share Based Payments: The Company issues restricted share awards which are measured at their grant date fair value and are not subsequently re-measured. That cost is recognized over the period during which an employee is required to provide service in exchange for the award—the requisite service period (usually the vesting period). No compensation cost is recognized for equity instruments for which employees do not render the requisite service. Forfeitures of awards are accounted for when and if they occur. If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification.

v) Equity method investments: Investments in common stock in entities over which the Company exercises significant influence, but does not exercise control are accounted for by the equity method of accounting. Under this method, the Company records such an investment at cost and adjusts the carrying amount for its share of the earnings or losses of the entity subsequent to the date of investment and reports the recognized earnings or losses in income. Dividends received, if any, reduce the carrying amount of the investment. When the carrying value of an equity method investment is reduced to zero because of losses, the Company does not provide for additional losses unless it is committed to provide further financial support for the investee. As of December 31, 2021 and 2020, the Company's investment in DWM is classified as a liability because the Company absorbed such losses (Note 4(d)). The Company also evaluates whether a loss in value of an investment that is other than a temporary decline should be recognized. Evidence of a loss in value might include absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment.

w) Going concern: Management evaluates, at each reporting period, whether there are conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year from the date the financial statements are issued.

x) Shares repurchased and retired: The Company's shares repurchased for retirement, are immediately cancelled and the Company's share capital is accordingly reduced. Any excess of the cost of the shares over their par value is allocated in additional paid-in capital, in accordance with ASC 505-30-30, Treasury Stock.

y) Financial Instruments, credit losses: At each reporting date, the Company evaluates its financial assets individually for credit losses and presents such assets in the net amount expected to be collected on such financial asset. When financial assets present similar risk characteristics, these are evaluated on a collective basis. When developing an estimate of expected credit losses the Company considers available information relevant to assessing the collectability of cash flows such as internal information, past events, current conditions and reasonable and supportable forecasts. As of December 31, 2021, the Company assessed the financial condition of DWM, changed its estimate on the recoverability of its receivable due from DWM relating to the fine paid by the Company on behalf of DWM (Notes 4(d) and 8(b)) and determined that part of the amount may not be recoverable. As a result, the Company recorded an allowance for credit losses amounting to \$300, based on probability of default as there was no previous loss record. The amount is included in "Other expense/(income) in the accompanying 2021 statement of operations. No credit losses were recorded in 2020 and 2019.

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z) Financial Instruments, Recognition and Measurement: According to ASC 321-10-35-2, an entity may elect to measure equity securities without a readily determinable fair value, that do not qualify for the practical expedient in ASC 820 *Fair Value Measurement* to estimate fair value using the NAV per share (or its equivalent), at its cost minus impairment, if any. If an entity identifies observable price changes in orderly transactions for the identical or a similar investment of the same issuer, it shall measure the equity security at fair value as of the date that the observable transaction occurred. The entity shall continue to apply this measurement until the investment does not qualify to be measured in accordance with this paragraph. The entity shall reassess at each reporting period whether the equity investment without a readily determinable fair value qualifies to be measured in accordance with this paragraph. If an entity measures an equity security in accordance with this paragraph, the entity may subsequently elect to measure the equity security at fair value. The election to measure those securities at fair value shall be irrevocable. Any resulting gains or losses on the securities for which that election is made shall be recorded in earnings at the time of the election. The Company has initially measured its investments on OceanPal's equity securities at their fair value on the Spin-off date and has elected to subsequently measure such investments in accordance with the paragraph ASC 321-10-35-2 (Note 4(h)).

aa) Non-monetary transactions: Under ASC 845-10-30-10 Nonmonetary Transactions, Overall, Initial Measurement, Nonreciprocal Transfers with Owners and ASC 505-60 Spinoffs and Reverse Spinoffs, a pro-rata spinoff of a consolidated subsidiary or equity method investee that meets the definition of a business under ASC 805 Business Combinations (ASC 805) is recognized at the carrying amount (after reduction, if applicable of impairment) of the nonmonetary assets distributed within equity and no gain or loss is recognized. If the pro-rata spinoff of a consolidated subsidiary or equity method investee does not meet the definition of a business under ASC 805, the nonreciprocal transfer of nonmonetary assets is accounted for at fair value, if the fair value of the nonmonetary asset distributed is objectively measurable and would be clearly realizable to the distributing entity in an outright sale at or near the time of the distribution, and the spinnor recognizes a gain or loss for the difference between the fair value and book value of the spinnee. A transaction is considered pro rata if each owner receives an ownership interest in the transferee in proportion to its existing ownership interest in the transferor (even if the transferor retains an ownership interest in the transferee). In accordance with ASC 805 Business Combinations: Clarifying the Definition of a Business, if substantially all of the fair value of the gross assets distributed in a spinoff are concentrated in a single identifiable asset or group of similar identifiable assets, then the spinoff of a consolidated subsidiary does not meet the definition of a business. The Company evaluated the Spin-off (Note 3) and concluded that it was a pro rata distribution to the owners of the Company of shares of a consolidated subsidiary that does not meet the definition of a business under ASC 805 Business Combinations, as the fair value of the gross assets contributed to OceanPal was concentrated in a group of similar identifiable assets, the vessels. The Company also assessed that the fair value of the nonmonetary assets transferred to OceanPal was objectively measurable and clearly realizable to the transferor in an outright sale at or near the time of the distribution, and thus the Spin-off was measured at fair value and a gain for the difference between the fair value and book value of the OceanPal was recognized.

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New Accounting Pronouncements - Not Yet Adopted

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, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform. ASU 2020-04 applies to contracts that reference LIBOR or another reference rate expected to be terminated because of reference rate reform. The amendments in this Update are effective for all entities as of March 12, 2020 through December 31, 2022. An entity may elect to apply the amendments for contract modifications by Topic or Industry Subtopic as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. Once elected for a Topic or an Industry Subtopic, the amendments in this Update must be applied prospectively for all eligible contract modifications for that Topic or Industry Subtopic. An entity may elect to apply the amendments in this Update to eligible hedging relationships existing as of the beginning of the interim period that includes March 12, 2020 and to new eligible hedging relationships entered into after the beginning of the interim period that includes March 12, 2020. An entity may elect certain optional expedients for hedging relationships that exist as of December 31, 2022 and maintain those optional expedients through the end of the hedging relationship. The Company is exposed to LIBOR and LIBOR changes under its loan agreements with several banks. As of December 31, 2021, the Company used LIBOR and will continue to use LIBOR until it is discontinued, in which case it will be replaced by another rate to be agreed with the related banks. As the rate to be used is not known, the Company is not in a position to determine the effect on its results of operations and cash flows. The Company has not entered into any contract to limit any such exposure and does not currently have any contracts that have been changed to a new reference rate, but will continue to monitor and evaluate its contracts and the effects of this standard on its consolidated financial position, results of operations, and cash flows prior to adoption.

3. OceanPal Spin-off

On November 17, 2021, DSI and OceanPal entered into an amended and restated Contribution and Conveyance agreement whereas the mutual undertakings between the two parties in relation with the Spin-off transaction were finalized. More specifically, it was agreed that effective immediately prior to the Spin-off, DSI will contribute (i) all of three vessel-owning subsidiary shares to OceanPal as a capital contribution and (ii) an aggregate of \$1.0 million in cash as working capital in exchange for 500,000 of OceanPal's Series B Preferred Shares; 10,000 of OceanPal's Series C Convertible Preferred Shares; and 100% of the common shares of OceanPal to be issued and outstanding on the Spin-off with cancellation of the existing outstanding common shares. DSI would distribute all of the OceanPal common shares to its shareholders on a pro-rata basis as a special dividend.

As part of the Contribution and Conveyance agreement DSI agreed to indemnify OceanPal for any and all obligations and other liabilities arising from or relating to the operation, management or employment of any of the three vessels owned by the vessel owning entities to be contributed, prior to the effective date of the Spin-off, and agreed to indemnify each vessel-owning subsidiary for any and all obligations and other liabilities arising from or relating to the operation, management or employment of the vessels owned by such vessel-owning subsidiaries prior to the effective date of the Spin-off. In addition, the two parties came to a mutual understanding that certain receivables of the vessel owning entities will not be contributed from DSI to OceanPal.

In connection with the Spin-off, the Company also entered into the following agreements:

A non-competition agreement with OceanPal pursuant to which DSI granted i) a right of first refusal over any opportunity available to DSI (or any of its subsidiaries) to acquire or charter-in any dry bulk vessel that is larger than 70,000 deadweight tons and that was built prior to 2006 and ii) a right of first refusal over any employment opportunity for a dry bulk vessel pursuant to a spot market charter presented or available to DSI with respect to any vessel owned or chartered in, directly or indirectly, by DSI.

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A right of first refusal agreement with OceanPal pursuant to which DSI granted a right of first refusal over six drybulk carriers currently owned by DSI and identified in the agreement. Pursuant to this right of first refusal, OceanPal has the right, but not the obligation, to purchase one or all of the six identified vessels when and if DSI makes a determination to sell one or more of the vessels. OceanPal's right to purchase the vessel will be at a price equal to the fair market value of each vessel at the time of sale.

On November 29, 2021, the Company completed a pro rata distribution of the common stock of OceanPal to the Company's stockholders of record as of the close of business on November 3, 2021. Each of the Company's stockholders received one share of OceanPal Inc. common stock for each ten shares of the Company's common stock held as of the close of business on November 3, 2021.

As detailed in Note 2(aa), the Company evaluated the Spin-Off under ASC 505-60 Spinoffs and Reverse Spinoffs, ASC 805 Business Combinations, referring to the definition of a business, and ASC 845-10-30-10 Nonreciprocal Transfers with Owners and concluded that the transaction is a pro rata spin-off of a consolidated subsidiary that does not meet the definition of a business under ASC 805 Business Combinations, thus the transaction was accounted as a Nonreciprocal transfer with owners at fair value, since the criteria imposed by ASC 845 were met.

The distribution was recorded at fair values, as follows:

(amounts in thousands of US\$)	Fair value	Book value	Gain
	November 29, 2021		
Cash and cash equivalents	\$ 1,000	\$ 1,000	\$ —
Receivables	835	835	—
Inventories	209	209	—
Vessels, net (Note 5)	46,040	30,302	15,738
Unamortized deferred costs	—	486	(486)
Total assets contributed	\$ 48,084	\$ 32,832	\$ 15,252

The fair value of vessels was measured on the date of the Spin-off, on November 29, 2021, and was determined through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations which were based on the last done deals of sale of vessels, on a charter free basis, with similar characteristics, such as type, size and age at the specific dates. The carrying value of the remaining assets contributed approximated their fair value.

The fair value of the assets contributed, amounting to \$48,084, has been recorded as dividend in the Company's consolidated statement of stockholders' equity for the year ended December 31, 2021, and was partially offset by the fair value of 500,000 of OceanPal's Series B Preferred Shares and 10,000 of OceanPal's Series C Convertible Preferred Shares, issued by OceanPal to Diana in connection with the transaction, amounting to \$7,575 (Note 4(h)).

4. Transactions with related parties

a) Altair Travel Agency S.A. ("Altair"): The Company uses the services of an affiliated travel agent, Altair, which is controlled by the Company's Chairman of the Board. Travel expenses for 2021, 2020 and 2019 amounted to \$2,210, \$1,854 and \$2,032, respectively, and are mainly included in "Vessels, net book value", "Vessel operating expenses" and "General and administrative expenses" in the accompanying consolidated financial statements. At December 31, 2021 and 2020, an amount of \$138 and \$54, respectively, was payable to Altair and is included in "Due to related parties" in the accompanying consolidated balance sheets.

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b) Performance Shipping Inc., or Performance Shipping: On May 30, 2017, the Company acquired 100 shares of Series C Preferred Stock, par value \$0.01 per share, of Performance Shipping, for \$3,000 in exchange for a reduction of an equal amount in the principal amount of the Company's outstanding loan to Performance Shipping at that date. The acquisition of shares of Series C Preferred Stock was approved by an independent committee of the Board of Directors of the Company. In February 2020, the Company received an offer from Performance Shipping to redeem the Series C Preferred Stock for an aggregate price of \$1,500, at which price the investment was written down at December 31, 2019 resulting to a loss of \$1,500 which is included in the 2019 "Loss on related party investments". The Company's Board of Directors formed a special committee to evaluate the transaction with the assistance of an independent financial advisor. The transaction was recommended by the special committee to the Board of Directors, which resolved to accept the offer. The transaction was concluded on March 27, 2020 with the receipt of the related funds from Performance Shipping. The Series C Preferred Stock had no dividend or liquidation rights and voted with the common shares of Performance Shipping, if any. Each share of the Series C Preferred Stock entitled the holder thereof to up to 250,000 votes, subject to a cap such that the aggregate voting power of any holder of Series C Preferred Stock together with its affiliates would not exceed 49.0%, on all matters submitted to a vote of the stockholders of Performance Shipping.

In November 2021, DSS acquired part of a land owned by Unitized Ocean Transport Limited, a subsidiary of Performance Shipping, for €1.1 million (Note 6).

c) Steamship Shipbroking Enterprises Inc. or Steamship: Steamship is a company controlled by the Company's Chairman of the Board which provides brokerage services to DSI for a fixed monthly fee plus commission on the sale of vessels, pursuant to a Brokerage Services Agreement, amended annually on April 1st of each year with the exception of an amendment on November 21, 2018, to increase the fee from October 1, 2018 until expiration of the agreement in March 2019. A new agreement was signed on April 1, 2019 for the same fees until July 1, 2020, when the agreement was amended as a new monthly fee was agreed between the parties for a duration of two years, until June 30, 2022. For 2021, 2020 and 2019 brokerage fees amounted to \$3,309, \$2,653 and \$1,998, respectively, and are included in "General and administrative expenses" in the accompanying consolidated statements of operations. For 2021 and 2020, commissions on the sale of vessels amounted to \$712 and \$576, respectively and are included in the calculation of impairment charge when the vessels were recorded at fair value less cost to sell, or the gain/loss on the sale of vessels. As of December 31, 2021 and 2020, there was no amount due to Steamship.

d) Diana Wilhelmsen Management Limited, or DWM: DWM is a joint venture which was established on May 7, 2015 by Diana Ship Management Inc., a wholly owned subsidiary of DSI, and Wilhelmsen Ship Management Holding Limited, an unaffiliated third party, each holding 50% of DWM. The DWM office was located in Limassol, Cyprus and since March 2021 in Athens, Greece. Effective July 1, 2020 Wilhelmsen Ship Management Holding Limited, was replaced by Wilhelmsen Ship Management Holding AS, which assumed all the liabilities and obligations of the former company under the Joint venture agreement. During 2021 and 2020, each 50% shareholder of DWM contributed an amount of \$375 and \$500, respectively, as additional investment to DWM. In 2020, the equity method investment in DWM turned to a liability and as of December 31, 2021 and 2020 amounted to \$388 and \$430 and is included in "Due to related parties" in the accompanying consolidated balance sheets. In 2021, 2020 and 2019, the investment in DWM resulted in a loss of \$333, \$1,110 and \$83, respectively, and is included in "Loss on related party investments" in the accompanying consolidated statements of operations.

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Until October 8, 2019, DWM provided management services to certain vessels of the Company's fleet for a fixed monthly fee and commercial services charged as a percentage of the vessels' gross revenues pursuant to management agreements between the vessels and DWM. From October 8, 2019 until May 24, 2021, all of the fleet vessels were managed by DSS and DSS outsourced the management of certain vessels to DWM. For the management services outsourced to DWM, DSS paid a fixed monthly fee per vessel and a percentage of those vessels' gross revenues. On May 24, 2021, the management of certain vessels was transferred to DWM directly, whereas the vessel owning companies of these vessels entered into new management agreements with DWM under which they pay a fixed monthly fee and a percentage of their gross revenues (commissions). Management fees paid to DWM in 2021, 2020 and 2019 amounted to \$1,432, \$2,017 and \$2,155, respectively, and are separately presented as "Management fees to related party" in the accompanying consolidated statements of operations. Commissions during the period from May 24, 2021 to December 31, 2021 and 2019 amounted to \$200 and \$353, respectively, and are included in "Voyage expenses" (Note 10). As at December 31, 2021 and 2020, there was an amount of \$1,252 and \$1,196 due from DWM, included in "Due from related parties" in the accompanying consolidated balance sheets (Note 8(b)). As of December 31, 2021, the amount due from related parties includes a provision of \$300 for credit losses (Note 2 (y)).

e) Series C Preferred Stock: On January 31, 2019, DSI issued 10,675 shares of its newly-designated Series C Preferred Stock, par value \$0.01 per share, to an affiliate of its Chairman Mr. Simeon Palios, for an aggregate purchase price of \$1,066. In September 2020, the Series C Preferred Shares were transferred from an affiliate of Mr. Simeon Palios to an affiliate of the Company's Chief Executive Officer, Mrs. Semiramis Paliou (Note 9).

f) Series D Preferred Stock: On June 22, 2021, the Company issued 400 shares Series D Preferred Stock, to an affiliate of its Chief Executive Officer, Mrs. Semiramis Paliou for an aggregate purchase price of \$360, or \$254 net of expenses (Note 9).

g) Sale and purchase of Bond by executives: On June 22, 2021, entities affiliated with executive officers and directors of the Company sold their bonds of the Company's 9.5% Senior Unsecured Bond and participated in the 8.375% Senior Unsecured Bond with an aggregate principal amount of \$21,000 (Note 7).

h) OceanPal Inc., or OceanPal: The Company is the holder of all of the issued and outstanding shares of Series B Preferred Shares and Series C Convertible Preferred Shares of OceanPal, or together the "OceanPal Shares" (Note 3). Series B preferred shares entitle the holder to 2,000 votes on all matters submitted to vote of the stockholders of the Company, provided however, that the total number of votes shall not exceed 34% of the total number of votes, provided further, that the total number of votes entitled to vote, including common stock or any other voting security, would not exceed 49% of the total number of votes.

Series C preferred shares do not have voting rights unless related to amendments of the Articles of Incorporation that adversely alter the preference, powers or rights of the Series C Preferred Shares or to issue Parity Stock or create or issue Senior Stock. Series C preferred shares are convertible into common stock at the Company's option commencing upon the first anniversary of the issue date, at a conversion price equal to the lesser of \$6.5 and the 10-trading day trailing VWAP of OceanPal's common shares, subject to adjustments. Additionally, Series C preferred shares have a cumulative preferred dividend accruing at the rate of 8% per annum, payable in cash or, at OceanPal's election, in kind and has a liquidation preference equal to the stated value of \$10,000.

As there was no observable market for the OceanPal Shares, at the Spin-Off the Series B preferred shares were recorded at their par value, or \$5, which the Company assessed was the fair value, and Series C preferred shares were recorded at \$7,570 (Note 14), being the fair value of the shares determined through Level 2 inputs of the fair value hierarchy by taking into consideration a third party valuation based on the income approach, taking into account the present value of the future cash flows the Company expects to receive from holding the equity instrument (Note 2(z)). As of December 31, 2021, the aggregate value of investments in OceanPal amounted to \$7,644, including \$69 of accrued dividends and are separately presented as "Investments in related parties" in the 2021 accompanying consolidated balance sheet. As of December 31, 2021, the Company did not identify any indications for impairment or any observable prices for identical or similar investments of the same issuer. Additionally, as of December 31, 2021, an amount of \$70 was due to OceanPal, included in "Due to related parties", resulting from amounts paid or received on behalf of OceanPal as a result of the Spin-Off.

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5. Advances for vessel acquisitions and Vessels, net

Vessel Acquisitions

On July 15, 2021 the Company signed, through a separate wholly-owned subsidiary, a Memorandum of Agreement to acquire from an unaffiliated third party, a 2011 built Kamsarmax dry bulk vessel of 82,165 dwt, for a purchase price of \$22,000. The Company paid an amount of \$4,432, including 20% advance of the purchase price. The vessel was delivered on February 16, 2022 and the Company paid the balance of the purchase price together with bunkers and lubricants onboard the vessel (Notes 8(c) and 15).

On December 3, 2021, the Company signed, through a separate wholly-owned subsidiary, a Memorandum of Agreement to acquire from an unaffiliated third party, a Capesize dry bulk vessel of 181,500 dwt, being under construction, for a purchase price of \$59,275. The Company paid an amount of \$11,855, being 20% advance of the purchase price. The balance of the purchase price was paid on the vessel's delivery on March 29, 2022 (Notes 8(c) and 15).

Vessel Disposals

In December 2019, the Company through a separate wholly-owned subsidiary entered into a Memorandum of Agreement to sell to an unaffiliated third party the vessel *Calipso*, for a sale price of \$7,275 before commissions. On the date of the agreement the vessel, having a carrying value of \$10,168 and unamortized deferred costs of \$10, was classified as held for sale and measured at the lower of its carrying value and fair value (sale price) less costs to sell, which resulted in impairment of \$3,048 included in "Vessel impairment charges" in the 2019 accompanying consolidated statement of operations.

In February 2020, the buyers of *Calipso* elected to exercise their right to cancel the contract as a result of the vessel's missing the cancelling date due to unforeseen events, unrelated to the condition of the vessel. Following this cancellation of the memorandum of agreement, on March 8, 2020, the vessel was withdrawn from the market as per management's decision and was recorded at its fair value at that date as held and used, according to the provisions of ASC 360, amounting to \$7,330. The vessel's fair value was determined through Level 2 inputs of the fair value hierarchy by taking into consideration a third party valuation which was based on the last done deals of sale of vessels with similar characteristics, such as type, size and age. The valuation of the vessel at fair value resulted in a gain of \$201 included in "Vessel impairment charges" in the 2020 accompanying consolidated statement of operations (Note 14).

On January 29, 2020, the Company through a separate wholly-owned subsidiary entered into a Memorandum of Agreement to sell to an unaffiliated third party the vessel *Norfolk*, for a sale price of \$9,350 before commissions. In February 2020, the buyers of *Norfolk* elected to exercise their right to cancel the contract as a result of vessel's missing the cancelling date due to unforeseen events, unrelated to the condition of the vessel. On February 26, 2020, the Company signed a new Memorandum of Agreement to sell *Norfolk* to an unaffiliated third party for a sale price of \$8,750 before commissions, which resulted in a loss on sale of \$1,078 included in "Gain/(loss) on sale of vessels" in the 2020 accompanying consolidated statement of operations. The vessel was delivered to her new owners in March 2020.

Additionally in 2020, the Company through separate wholly-owned subsidiaries entered into Memoranda of Agreement to sell to unaffiliated third parties the vessel *Arethusa*, for a sale price of \$7,850 before commissions (Note 7), delivered to her new owners in August 2020; the vessel *Coronis*, for a sale price of \$7,100 before commissions, delivered to her new owners in January 2021; the vessel *Sideris G.S.*, for a sale price of \$11,500 before commissions; delivered to her new owners in January 2021; and the vessel *Oceanis*, for a sale price of \$5,750 before commissions, delivered to her new owners in March 2021.

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At the date the MOAs were signed, all four vessels having an aggregate carrying value of \$41,881 and \$128 of unamortized deferred costs were measured at the lower of their carrying amount or fair value (sale price - Level 1 inputs of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements) less costs to sell, at their fair value of \$30,752 and were classified in current assets as vessels held for sale, according to the provisions of ASC 360, as all criteria required for this classification were then met. This resulted in an aggregate impairment of \$11,257, included in "Vessel impairment charges" in the 2020 accompanying consolidated statement of operations. Additionally, the Company recorded an aggregate loss on the sale of *Arethusa*, amounting to \$7 included in "(Gain)/loss on sale of vessels" in the 2020 accompanying consolidated statement of operations. At December 31, 2020, the vessels *Coronis*, *Sideris G.S.*, and *Oceanis* were separately presented as held for sale in the 2020 accompanying balance sheet (Note 14). The delivery of the vessels to their new owners resulted in an aggregate loss of \$204, included in "(Gain)/loss on sale of vessels" in the 2021 consolidated statement of operations.

On March 16, 2021, the Company through a separate wholly-owned subsidiary entered into a Memorandum of Agreement to sell to an unaffiliated third party the vessel *Naias*, for a sale price of \$11,250 before commissions. At the date of the agreement to sell the vessel, the vessel was measured at the lower of its carrying amount or fair value (sale price) less costs to sell, which was the vessel's carrying value at \$9,010, and was classified in current assets as vessel held for sale, according to the provisions of ASC 360, as all criteria required for this classification were met. The vessel was delivered to the buyer on July 30, 2021 and the sale of the vessel resulted in gain amounting to \$1,564, included in "(Gain)/loss on sale of vessels" in the 2021 consolidated statement of operations.

Impairment Loss - other

At December 31, 2019, the Company's estimated undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of three vessels (including the *Norfolk* mentioned above) over their remaining useful lives and their eventual disposition were less than their carrying amount of \$48,966 and \$1,033 of deferred costs. This resulted in impairment loss, net loss and net loss attributed to common stock holders of \$3,419, or \$0.04 per share, included in "Vessel impairment charges" in the 2019 accompanying consolidated statement of operations. The fair value of these vessels amounted to an aggregate of \$46,580, and for the two vessels was determined through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations and for *Norfolk* which was subsequently sold, the fair value was determined through Level 1 inputs of the fair value hierarchy.

At March 31, 2020, the Company's estimated undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of nine vessels of the Company's fleet over their remaining useful lives and their eventual disposition were less than their carrying amount of \$258,425 and \$1,343 of unamortized deferred costs. The exercise resulted in impairment loss, net loss and net loss attributed to common stockholders of \$93,338, or \$1.08 per share, included in "Vessel impairment charges" in the 2020 accompanying consolidated statement of operations. The fair value of these vessels, amounting to an aggregate of \$166,430, was determined through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations which were based on the last done deals of sale of vessels with similar characteristics, such as type, size and age (Note 14).

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The amounts reflected in Vessels, net in the accompanying consolidated balance sheets are analyzed as follows:

	Vessel Cost	Accumulated Depreciation	Net Book Value
Balance, December 31, 2019	\$ 1,096,534	\$ (214,237)	\$ 882,297
- Additions for improvements	6,001	—	6,001
- Additions reclassified from other non-current assets	2,474	—	2,474
- Vessel transferred from held for sale	7,130	—	7,130
- Impairment	(199,605)	96,681	(102,924)
- Vessel disposals	(16,742)	34	(16,708)
- Vessel transferred to held for sale	(23,361)	—	(23,361)
- Depreciation for the year	—	(38,731)	(38,731)
Balance, December 31, 2020	\$ 872,431	\$ (156,253)	\$ 716,178
- Additions for improvements	1,106	—	1,106
- Additions reclassified from other non-current assets	441	—	441
- Vessel disposals	(16,120)	7,110	(9,010)
- Vessels contributed to OceanPal (Notes 1, 3 and 14)	(47,429)	17,127	(30,302)
- Depreciation for the year	—	(34,963)	(34,963)
Balance, December 31, 2021	\$ 810,429	\$ (166,979)	\$ 643,450

Vessel improvements mainly relate to the implementation of ballast water treatment and other works necessary for the vessels to comply with new regulations and be able to navigate to additional ports. As at December 31, 2021 and 2020, the additions to vessels' cost amounted to \$1,547 and \$8,475, respectively of which an amount of \$441 and \$2,474, respectively relates to equipment paid or pre-paid in the respective prior years but delivered on the vessels in the reported periods.

6. Property and equipment, net

In November 2021, DSS acquired the ownership interest of a land owned by Unitized Ocean Transport Limited by 1/3, to which DSS owned also 1/3, for the purchase price of €1.1 million. The total acquisition cost, including expenses and taxes amounted to \$1,358.

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The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	Property and Equipment	Accumulated Depreciation	Net Book Value
Balance, December 31, 2019	\$ 27,060	\$ (4,983)	\$ 22,077
- Additions in property and equipment	138	—	138
- Depreciation for the year	—	(511)	(511)
Balance, December 31, 2020	\$ 27,198	\$ (5,494)	\$ 21,704
- Additions in property and equipment	1,600	—	1,600
- Depreciation for the year	—	(462)	(462)
- Write-off of obsolete equipment	(529)	529	—
Balance, December 31, 2021	\$ 28,269	\$ (5,427)	\$ 22,842

7. Long-term debt, current and non-current

The amount of long-term debt shown in the accompanying consolidated balance sheets is analyzed as follows:

	2021	2020
Senior Unsecured Bond	125,000	92,000
Secured Term Loans	306,843	331,056
Total debt outstanding	\$ 431,843	\$ 423,056
Less related deferred financing costs	(8,168)	(2,742)
Total debt, net of deferred financing costs	\$ 423,675	\$ 420,314
Less: Current portion of long term debt, net of deferred financing costs current	(41,148)	(39,217)
Long-term debt, net of current portion and deferred financing costs, non-current	\$ 382,527	\$ 381,097

9.5% Senior Unsecured Bond: On September 27, 2018, the Company issued a \$100,000 senior unsecured bond (the "Bond") maturing in September 2023 of which entities affiliated with executive officers and directors of the Company purchased \$16,200 aggregate principal amount of the Bond. The Bond was fully repurchased and retired on September 27, 2021 upon the exercise of the Company's call option pursuant to the Bond terms discussed below. The Bond bore interest at a US Dollar fixed-rate coupon of 9.50% which was payable semi-annually in arrears in March and September of each year. The Bond was callable in whole or in parts in three years at a price equal to 103.8% of nominal value; in four years at a price equal to 101.9% of the nominal value and in four and a half years at a price equal to 100% of nominal value. The Bond included financial and other covenants and was trading on the Oslo Stock Exchange under the ticker symbol "DIASH01". On July 7, 2020, the Company repurchased \$8,000 of nominal value of the Bond. On June 22, 2021, the Company refinanced \$74,200 of nominal value of the Bond at a price equal to 106.25% of nominal value, or \$78,838, with the new bond discussed below. The Company applied the debt modification guidance for the part of the transaction refinanced by existing investors amounting to \$73,400 and the debt extinguishment for the remaining \$800. An amount of \$5,272 consisting of the costs paid to the investors who participated in the refinancing and unamortized deferred fees were deferred over the term of the new bond and an amount of \$57 was recorded as loss on debt extinguishment. On September 27, 2021, the Company exercised the call option and redeemed the balance of the Bond at the price of 103.8%. In 2021 and 2020, the repurchase of the Bond resulted in loss of \$880 and gain of \$374, respectively, which is included in "(Loss)/gain on extinguishment of debt" in the consolidated statements of operations.

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8.375% Senior Unsecured Bond: On June 22, 2021, the Company issued a \$125,000 senior unsecured bond (the “New Bond”) maturing in June 2026. The New Bond ranks ahead of subordinated capital and ranks the same with all other senior unsecured obligations of the Company other than obligations which are mandatorily preferred by law. The New Bond was offered to the investors of the 9.5% Senior Unsecured Bond, part of whom exchanged their bonds with the New Bond, including entities affiliated with executive officers and directors of the Company who exchanged their securities and participated in the New Bond with an aggregate principal amount of \$21,000. The New Bond bears interest from June 22, 2021 at a US Dollar fixed-rate coupon of 8.375% and is payable semi-annually in arrears in June and December of each year. The New Bond is callable in whole or in parts in June 2024 at a price equal to 103.35% of nominal value; between June 2025 to December 2025 at a price equal to 101.675% of the nominal value and after December 2025 at a price equal to 100% of nominal value. The New Bond includes financial and other covenants and is trading at Oslo Stock Exchange under the ticker symbol “DIASH02” effective February 1, 2022. Debt issuance costs amounted to \$2,080.

Secured Term Loans: The Company, through its subsidiaries, has entered into various long term loan agreements with bank institutions to partly finance or, as the case may be, refinance part of the acquisition cost of certain of its fleet vessels. The loan agreements are repayable in quarterly or semi-annual installments plus one balloon installment per loan agreement to be paid together with the last installment and bear interest at LIBOR plus margin ranging from 2.15% to 2.5%. Their maturities range from July 2023 to January 2032. For 2021 and 2020, the weighted average interest rate of the secured term loans was 2.45% and 3.02%, respectively.

Under the secured term loans outstanding as of December 31, 2021, 30 vessels of the Company’s fleet are mortgaged with first preferred or priority ship mortgages, having an aggregate carrying value of \$600,311. Additional securities required by the banks include first priority assignment of all earnings, insurances, first assignment of time charter contracts that exceed a certain period, pledge over the shares of the borrowers, manager’s undertaking and subordination and requisition compensation and either a corporate guarantee by DSI (the “Guarantor”) or a guarantee by the ship owning companies (where applicable), financial covenants, as well as operating account assignments. The lenders may also require additional security in the future in the event the borrowers breach certain covenants under the loan agreements. The secured term loans generally include restrictions as to changes in management and ownership of the vessels, additional indebtedness, as well as minimum requirements regarding hull cover ratio and minimum liquidity per vessel owned by the borrowers, or the Guarantor, maintained in the bank accounts of the borrowers, or the Guarantor.

As at December 31, 2021 and 2020, minimum cash deposits required to be maintained at all times under the Company’s loan facilities, amounted to \$16,500 and \$20,000, respectively and are included in “Restricted cash” in the accompanying consolidated balance sheets. Furthermore, the secured term loans contain cross default provisions and additionally the Company is not permitted to pay any dividends following the occurrence of an event of default.

As at December 31, 2021 and 2020, the Company had the following agreements with banks, either as a borrower or as a guarantor, to guarantee the loans of its subsidiaries:

Export-Import Bank of China and DnB NOR Bank ASA: On February 15, 2012, the Company drew down a first tranche of \$37,450, under a secured loan agreement, which is repayable in 40 quarterly installments of approximately \$628 each and a balloon of \$12,332 payable together with the last installment on February 15, 2022. On May 18, 2012, the Company drew down, under the same agreement, a second tranche of \$34,640, which is repayable in 40 quarterly installments of approximately \$581 each and a balloon of \$11,410 payable together with the last installment on May 18, 2022. The loan bears interest at LIBOR plus a margin of 2.50% per annum. The loan was prepaid in full on May 17, 2021 and unamortized costs were written off to “(Loss)/gain on extinguishment of debt” in the 2021 consolidated statement of operations.

Credit Agricole Corporate and Investment Bank (“Credit Agricole”): On September 15, 2011, the Company drew down \$15,000 under a secured loan agreement with Emporiki Bank of Greece S.A., transferred to Credit Agricole on December 13, 2012. The loan was repayable in 20 equal semiannual installments of \$500 each and a balloon payment of \$5,000 to be paid together with the last installment on September 15, 2021. The loan bore interest at LIBOR plus a margin of 2.5% per annum, or 1% for such loan amount that was equivalently secured by cash pledge in favour of the bank. Following the agreement to sell the vessel *Arethusa* (Note 4), on July 17, 2020, the Company prepaid the outstanding balance of the loan at that date, amounting to \$6,500. The loan was prepaid using the cash pledge maintained with the bank.

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Commonwealth Bank of Australia, London Branch: On January 13, 2014, the Company drew down \$9,500 under a secured loan agreement, which is repayable in 32 equal consecutive quarterly installments of \$156 each and a balloon of \$4,500 payable on January 13, 2022. The loan bears interest at LIBOR plus a margin of 2.25%. The loan was prepaid in full on May 18, 2021 and unamortized costs were written off to “(Loss)/gain on extinguishment of debt” in the 2021 consolidated statement of operations.

BNP Paribas (“BNP”): On December 19, 2014, the Company drew down \$53,500 under a secured loan agreement, which is repayable in 14 equal semi-annual installments of approximately \$1,574 and a balloon of \$31,466 payable on November 30, 2021. The loan bore interest at LIBOR plus a margin of 2%. On June 29, 2020, the Company entered into a loan agreement to refinance the existing loan, whereas the balloon of \$31,466 will be payable in five equal semi-annual installments of approximately \$1,574 and a balloon of \$23,596 payable together with the last installment on May 19, 2024. The refinanced loan bears interest at LIBOR plus a margin of 2.5%.

On July 16, 2018, the Company drew down \$75,000 under a secured loan agreement with BNP. The loan is repayable in 20 consecutive quarterly installments of \$1,562.5 and a balloon installment of \$43,750 payable together with the last installment on July 16, 2023. The loan bears interest at LIBOR plus a margin of 2.3%.

Nordea Bank AB, London Branch (“Nordea”): On March 19, 2015, the Company drew down \$93,080 under a secured loan agreement, which was repayable in 24 equal consecutive quarterly installments of about \$1,862 each and a balloon of about \$48,402 payable together with the last installment on March 19, 2021. The loan bore interest at LIBOR plus a margin of 2.1%. On May 7, 2020, the Company entered into a new loan agreement with Nordea, to refinance the balance of the existing loan, whereas the balance is payable in eight equal quarterly installments of about \$1,862 each and a balloon of \$40,955 payable together with the last installment on March 19, 2022. The borrowers had the option to request additional extensions until March 2023 and March 2024 subject to approval by the lender, both of which were exercised on July 30, 2021. The loan bears interest at LIBOR plus a margin of 2.25%. On July 29, 2021, the Company entered into a supplemental agreement with Nordea, pursuant to which the borrowers exercised their options to extend the loan maturity to March 2024 and to draw down an additional amount of \$460. The balance of the refinanced loan, including the additional \$460 drawn on July 30, 2021, is repayable in 11 equal consecutive quarterly installments of \$1,861.6 and a balloon installment of \$26,522 payable on March 19, 2024, all other terms of the loan remaining the same. Debt issuance costs amounted to \$141.

ABN AMRO Bank N.V., or ABN: On March 30, 2015, the Company drew down \$50,160 under a secured loan agreement, which was repayable in 24 equal consecutive quarterly installments of about \$994 each and a balloon of \$26,310 payable together with the last installment on March 30, 2021. The loan bore interest at LIBOR plus a margin of 2.0%.

On June 27, 2019, the Company drew down \$25,000 under a new loan agreement, which is repayable in 20 consecutive quarterly installments of \$800 each and a balloon installment of \$9,000 payable together with the last installment on June 30, 2024. The loan bears interest and LIBOR plus a margin of 2.25%.

On May 22, 2020, the Company signed a term loan facility with ABN, in the amount of \$52,885 million, divided into two tranches. The purpose of the loan facility was to combine the two loans outstanding with ABN and extend the maturity of the loan maturing on March 30, 2021 (tranche B) to the maturity of the other loan, maturing on June 30, 2024 (tranche A). The refinanced loan bears interest at LIBOR plus a margin of 2.25% for tranche A and LIBOR plus a margin of 2.4% for tranche B.

On May 20, 2021, the Company, drew down \$91,000 under a secured sustainability linked loan facility with ABN AMRO Bank N.V, dated May 14, 2021, which was used to refinance existing loans which were treated as extinguished. The loan is repayable in 20 consecutive quarterly installments of \$3,390 each and a balloon of \$23,200 payable together with the last installment, on May 20, 2026. The loan bears interest at LIBOR plus a margin of 2.15% per annum, which may be adjusted annually by maximum 10 basis points upwards or downwards, subject to the performance under certain sustainability KPIs. Debt issuance costs amounted to \$736.

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Danish Ship Finance A/S: On April 30, 2015, the Company drew down \$30,000 under a loan agreement, which is repayable in 28 equal consecutive quarterly installments of \$500 each and a balloon of \$16,000 payable together with the last installment on April 30, 2022. The loan bears interest at LIBOR plus a margin of 2.15%. The loan was prepaid in full on May 20, 2021 and unamortized costs were written off to Loss/(gain) on extinguishment of debt in the 2021 consolidated statement of operations.

ING Bank N.V.: On November 19, 2015, the Company drew down advance A of \$27,950 under a secured loan agreement, which is repayable in 28 consecutive quarterly installments of about \$466 each and a balloon installment of about \$14,907 payable together with the last installment on November 19, 2022. Advance B of \$11,733 was drawn on October 6, 2015 and is repayable in 28 consecutive quarterly installments of about \$293 each and a balloon installment of about \$3,520 payable together with the last installment on October 6, 2022. The loan bears interest at LIBOR plus a margin of 1.65%. The loan was prepaid in full on May 20, 2021 and unamortized costs were written off to “(Loss)/gain on extinguishment of debt” in the 2021 consolidated statement of operations.

Export-Import Bank of China: On January 4, 2017, the Company drew down \$57,240 under a secured loan agreement, which is repayable in 60 equal quarterly instalments of \$954 each by January 4, 2032 and bears interest at LIBOR plus a margin of 2.3%.

DNB Bank ASA.: On March 14, 2019, the Company drew down \$19,000 under a secured loan agreement, which is repayable in 20 consecutive quarterly instalments of \$477.3 and a balloon of \$9,454 payable together with the last installment on March 14, 2024. The loan bears interest at LIBOR plus a margin of 2.4%.

As at December 31, 2021 and 2020, the Company was in compliance with all of its loan covenants.

The maturities of the Company's debt facilities described above as at December 31, 2021, and throughout their term, are shown in the table below and do not include the related debt issuance costs.

Period	Principal Repayment
Year 1	\$ 43,304
Year 2	85,492
Year 3	106,841
Year 4	17,376
Year 5	158,796
Year 6 and thereafter	20,034
Total	\$ 431,843

8. Commitments and Contingencies

- a) Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Company's vessels. The Company accrues for the cost of environmental and other liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. The Company's vessels are covered for pollution in the amount of \$1 billion per vessel per incident, by the P&I Association in which the Company's vessels are entered.

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- b) On July 9, 2020, DWM and the ship-owning company of the vessel *Protefs* placed a security bond in the amount of \$1,750, paid by DSI, for any potential fines or penalties for alleged violations of law concerning maintenance of books and records and the handling of oil wastes of the vessel *Protefs*. As of December 31, 2020, the Company recorded a provision amounting to \$958 included in Vessel operating expenses in the 2020 accompanying statement of operations, representing the Company's best estimate of its share of the fine. In February 2021, DWM, as managers of the vessel, entered into a plea agreement with the United States pursuant to which DWM, as defendant, agreed to waive indictment, plead guilty pursuant to the terms thereof, accepted a fine of \$2,000 and the placement of DWM on probation for four years, subject to court approval. On September 23, 2021, in the sentencing hearing of the *Protefs* case, the judge accepted DWM's guilty pleas, adjudged DWM guilty and imposed the agreed upon sentence of a combined fine of \$2,000, a total special assessment and a four year term of probation. The Company paid the total amount of the fine, of which about \$1,000 is due from DWM (Note 4(d) and 2(y)).
- c) As of December 31, 2021, the Company had an aggregate amount of unrecognized unconditional purchase obligations amounting to \$65,020, excluding other acquisition costs, in connection with the agreements to acquire two vessels from unaffiliated third parties, under which the Company had paid an advance of such purchase prices (Note 5) and the balance was paid on the delivery of the vessels (Note 15).
- d) As at December 31, 2021, all of the Company's vessels, except for three, were fixed under time charter agreements, considered operating leases. The minimum contractual gross charter revenue expected to be generated from fixed and non-cancelable time charter contracts existing as at December 31, 2021 and until their expiration was as follows:

Period	Amount
Year 1	\$ 128,295
Year 2	11,413
Total	\$ 139,708

9. Capital Stock and Changes in Capital Accounts

a) Preferred stock: As at December 31, 2021 and December 31, 2020, the Company's authorized preferred stock consists of 25,000,000 shares (all in registered form) of preferred stock, par value \$0.01 per share, of which 1,000,000 are designated as Series A Participating Preferred Shares, 5,000,000 are designated as Series B Preferred Shares, 10,675 are designated as Series C Preferred Shares and 400 are designated as Series D Preferred Shares. As at December 31, 2021 and December 31, 2020, the Company had zero Series A Participating Preferred Shares issued and outstanding.

b) Series B Preferred Stock: As at December 31, 2021 and December 31, 2020, the Company had 2,600,000 Series B Preferred Shares issued and outstanding with par value \$0.01 per share, at \$25.00 per share and with liquidation preference at \$25.00 per share. Holders of series B preferred shares have no voting rights other than the ability, subject to certain exceptions, to elect one director if dividends for six quarterly dividend periods (whether or not consecutive) are in arrears and certain other limited protective voting rights. Also, holders of series B preferred shares, rank prior to the holders of common shares with respect to dividends, distributions and payments upon liquidation and are subordinated to all of the existing and future indebtedness.

Dividends on the Series B preferred shares are cumulative from the date of original issue and are payable on the 15th day of January, April, July and October of each year at the dividend rate of 8.875% per annum, or \$2.21875 per share per annum. In 2021, 2020 and 2019, dividends on Series B preferred shares amounted to \$5,769, \$5,769 and \$5,769, respectively. Since February 14, 2019, the Company may redeem, in whole or in part, the series B preferred shares at a redemption price of \$25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared.

DIANA SHIPPING INC.
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(Expressed in thousands of U.S. Dollars – except share, per share data, unless otherwise stated)

c) Series C Preferred Stock: As at December 31, 2021 and December 31, 2020, the Company had 10,675 Series C Preferred Shares issued and outstanding with par value \$0.01 per share, owned by an affiliate of its Chief Executive Officer, Mrs. Semiramis Paliou. The Series C Preferred Stock votes with the common shares of the Company, and each share entitles the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Company. The transaction was approved unanimously by a committee of the Board of Directors established for the purpose of considering the transaction and consisting of the Company's independent directors. The Series C Preferred Stock has no dividend or liquidation rights and cannot be transferred without the consent of the Company except to the holder's affiliates and immediate family members. In September 2020, the Series C Preferred Shares were transferred from an affiliate of Mr. Simeon Palios to an affiliate of the Company's Chief Executive Officer, Mrs. Semiramis Paliou.

d) Series D Preferred Stock: On June 22, 2021, the Company issued 400 shares of newly-designated Series D Preferred Stock, par value \$0.01 per share, to an affiliate of its Chief Executive Officer, Mrs. Semiramis Paliou, for an aggregate purchase price of \$360, or \$254 net of expenses. The Series D Preferred Stock is not redeemable and has no dividend or liquidation rights. The Series D Preferred Stock vote with the common shares of the Company, and each share of the Series D Preferred Stock entitles the holder thereof to up to 100,000 votes, on all matters submitted to a vote of the stockholders of the Company, subject to a maximum number of votes eligible to be cast by such holder derived from the Series D Preferred Shares and any other voting security of the Company held by the holder to be equal to the lesser of (i) 36% of the total number of votes entitled to vote on any matter put to shareholders of the Company and (ii) the sum of the holder's aggregate voting power derived from securities other than the Series D Preferred Stock and 15% of the total number of votes entitled to be cast on matters put to shareholders of the Company. The Series D Preferred Stock is transferable only to the holder's immediate family members and to affiliated persons or entities. The issuance of shares of Series D Preferred Stock to Tuscany Shipping Corp. was approved by an independent committee of the Board of Directors of the Company.

e) Repurchase of common shares: In 2019, the Company repurchased in tender offers 3,889,386 shares of its outstanding common stock at a price of \$2.80 per share; 3,125,000 shares at a price of \$3.40 per share; 2,000,000 shares at a price of \$3.75 per share; 2,816,900 shares at a price of \$3.55 per share; and 2,739,726 shares at a price of \$3.65. The aggregate cost of the shares repurchased amounted to \$49,679, including expenses. In February 2020, the Company repurchased, in a tender offer 3,030,303 shares of its common stock at a price of \$3.30 per share and in March 2020, repurchased 1,088,034 shares of common stock under its share repurchase plan authorized in May 2014, at an average price of \$1.72 per share. The aggregate cost of the shares repurchased amounted to \$11,999, including expenses. In February 2021, the Company repurchased in a tender offer 6,000,000 shares at the price of \$2.50 per share. In August 2021, the Company repurchased, in another tender offer, 3,333,333 shares, at a price of \$4.50 per share and in December 2021, repurchased 3,529,411 shares at a price of \$4.25 per share. The aggregate cost of the share repurchases was \$45,369, including expenses.

f) Dividend on Common stock: On November 10, 2021, the Company paid a cash dividend on its common stock, amounting to \$0.10 per common share, or \$8,820, to its stockholders of record as of November 3, 2021. On November 29, 2021, the Company distributed in the Spin-Off 8,820,240 shares of OceanPal having a value of \$40,509, or \$4.6 per share to its shareholders of record on November 3, 2021 (Note 1).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in thousands of U.S. Dollars – except share, per share data, unless otherwise stated)

g) Incentive plan: In November 2014, the Company adopted the 2014 Equity Incentive Plan, or the Plan, to issue awards to Key Persons in the form of (a) non-qualified stock, (b) stock appreciation rights, (c) restricted stock, (d) restricted stock units, (e) dividend equivalents, (f) unrestricted stock and (g) other equity-based or equity-related Awards for a maximum number of 5,000,000 shares of common stock. This number was increased to 13,000,000 on May 31, 2018, after an amendment of the Plan. On January 8, 2021, the Company further amended and restated the Plan to increase the number of common shares available for issuance under the Plan by 20 million shares. Restricted shares vest ratably over a specified period, and are subject to forfeiture until they vest. Unless they forfeit, grantees have the right to vote, to receive and retain all dividends paid and to exercise all other rights, powers and privileges of a holder of shares. On February 18, 2021 and February 24, 2021, the Company's Board of Directors approved the award of 260,000 and 2,400,000 shares of restricted common stock, respectively to executive management and non-executive directors, for a fair value of \$798 and \$6,816, respectively, to vest over a period of 3 years. Additionally, on February 24, 2021, the Company's Board of Directors approved the award of 5,600,000 shares of restricted common stock to executive management and non-executive directors, for a fair value of \$15,904, to vest over a period of 5 years. As at December 31, 2021, 16,664,759 shares remained reserved for issuance according to the Company's incentive plan.

Restricted stock during 2021, 2020 and 2019 is analyzed as follows:

	Number of Shares	Weighted Average Grant Date Price
Outstanding at December 31, 2018	3,761,633	\$ 4.04
Granted	2,000,000	2.99
Vested	(1,928,400)	3.75
Outstanding at December 31, 2019	3,833,233	\$ 3.63
Granted	2,200,000	2.72
Vested	(3,610,221)	3.52
Outstanding at December 31, 2020	2,423,012	\$ 2.95
Granted	8,260,000	2.85
Vested	(1,168,363)	3.20
Outstanding at December 31, 2021	9,514,649	\$ 2.83

The fair value of the restricted shares has been determined with reference to the closing price of the Company's stock on the date such awards were approved by the Company's board of directors. The aggregate compensation cost is being recognized ratably in the consolidated statement of operations over the respective vesting periods. During, 2021, 2020 and 2019, compensation cost amounted to \$7,442, \$10,511 and \$7,581, respectively, and is included in "General and administrative expenses" presented in the accompanying consolidated statements of operations.

At December 31, 2021 and December 31, 2020, the total unrecognized cost relating to restricted share awards was \$20,054 and \$3,978, respectively. At December 31, 2021, the weighted-average period over which the total compensation cost related to non-vested awards not yet recognized is expected to be recognized is 1.65 years.

10. Voyage expenses

The amounts in the accompanying consolidated statements of operations are analyzed as follows:

	2021	2020	2019
Commissions	\$ 10,794	\$ 8,310	\$ 11,108
(Gain)/loss from bunkers	(5,955)	3,708	1,537
Port expenses and other	731	1,507	897
Total	<u>\$ 5,570</u>	<u>\$ 13,525</u>	<u>\$ 13,542</u>

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11. Interest and Finance Costs

The amounts in the accompanying consolidated statements of operations are analyzed as follows:

	2021	2020	2019
Interest expense	\$ 20,502	\$ 20,742	\$ 27,963
Interest income from bond repurchase	(2,435)	(579)	—
Amortization of financing costs	1,865	1,066	1,126
Loan expenses and other	307	285	343
Total	\$ 20,239	\$ 21,514	\$ 29,432

12. Earnings/(loss) per Share

All common shares issued (including the restricted shares issued under the Company's incentive plans) are the Company's common stock and have equal rights to vote and participate in dividends. The calculation of basic earnings/(loss) per share does not treat the non-vested shares (not considered participating securities) as outstanding until the time/service-based vesting restriction has lapsed. Incremental shares are the number of shares assumed issued under the treasury stock method weighted for the periods the non-vested shares were outstanding. In 2021, the denominator of the diluted earnings per share calculation includes 3,735,059 incremental shares. In 2020 there were no incremental shares and in 2019, there were 598,014 incremental not included in the calculation as the Company incurred losses and the effect of such shares was anti-dilutive.

Profit or loss attributable to common equity holders is adjusted by the amount of dividends on Series B Preferred Stock as follows:

	2021	2020	2019
Net income/(loss)	\$ 57,394	\$ (134,197)	\$ (10,535)
Dividends on series B preferred shares	(5,769)	(5,769)	(5,769)
Net income/(loss) attributed to common stockholders	\$ 51,625	\$ (139,966)	\$ (16,304)
Weighted average number of common shares, basic	81,121,781	86,143,556	95,191,116
Incremental shares	3,735,059	—	—
Weighted average number of common shares, diluted	84,856,840	86,143,556	95,191,116
Earnings/(loss) per share, basic	\$ 0.64	\$ (1.62)	\$ (0.17)
Earnings/(loss) per share, diluted	\$ 0.61	\$ (1.62)	\$ (0.17)

13. Income Taxes

Under the laws of the countries of the companies' incorporation and / or vessels' registration, the companies are not subject to tax on international shipping income; however, they are subject to registration and tonnage taxes, which are included in vessel operating expenses in the accompanying consolidated statements of operations.

The vessel-owning companies with vessels that have called on the United States are obliged to file tax returns with the Internal Revenue Service. However, pursuant to the Internal Revenue Code of the United States, U.S. source income from the international operations of ships is generally exempt from U.S. tax. The applicable tax is 50% of 4% of U.S.-related gross transportation income unless an exemption applies. The Company and each of its subsidiaries expects it qualifies for this statutory tax exemption for the 2021, 2020 and 2019 taxable years, and the Company takes this position for United States federal income tax return reporting purposes.

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14. Financial Instruments and Fair Value Disclosures

Interest rate risk and concentration of credit risk: Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and trade accounts receivable. The ability and willingness of each of the Company's counterparties to perform their obligations under a contract depend upon a number of factors that are beyond the Company's control and may include, among other things, general economic conditions, the state of the capital markets, the condition of the shipping industry and charter hire rates. The Company's credit risk with financial institutions is limited as it has temporary cash investments, consisting mostly of deposits, placed with various qualified financial institutions and performs periodic evaluations of the relative credit standing of those financial institutions. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition and by receiving payments of hire in advance. The Company, generally, does not require collateral for its accounts receivable and does not have any agreements to mitigate credit risk.

During 2021, 2020 and 2019, charterers that individually accounted for 10% or more of the Company's time charter revenues were as follows:

Charterer	2021	2020	2019
Cargill International SA	10 %	18 %	16 %
Koch Shipping PTE LTD. Singapore	*	16 %	14 %
Swissmarine Pte. Ltd	*	*	18 %
Glencore Agriculture B.V., Rotterdam	*	*	12 %

*Less than 10%

The Company is exposed to interest rate fluctuations associated with its variable rate borrowings. Currently, the company does not have any derivative instruments to manage such fluctuations.

Fair value of assets and liabilities: The carrying values of financial assets reflected in the accompanying consolidated balance sheet, approximate their respective fair values due to the short-term nature of these financial instruments.

The fair value of long-term bank loans with variable interest rates approximates the recorded values, generally due to their variable interest rates.

Fair value measurements disclosed

As of December 31, 2021, the New Bond having a fixed interest rate and a carrying value of \$125,000 (Note 7) had a fair value of \$128,750 determined through the Level 1 input of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements.

Other Fair value measurements

Description (in thousands of US Dollars)	December 31, 2021	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Total gains/(loss)
Non-recurring fair value measurements				
Investments in related parties (1)	7,575		7,575	

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(Expressed in thousands of U.S. Dollars – except share, per share data, unless otherwise stated)

	December 31, 2020	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Total gains/(loss)
Non-recurring fair value measurements				
Long-lived assets held for use (2)	166,430		166,430	(93,338)
Long-lived assets held for use - Calipso (3)	7,330		7,330	201
Long-lived assets held for sale (4)	23,361	23,361		(8,700)
Total non-recurring fair value measurements	197,121	23,361	173,760	(101,837)

- (1) On November 29, 2021, Series B preferred shares and Series C preferred shares were recorded at \$5 and \$7,570, respectively, being the fair value of the shares on the date of issuance to the Company by OceanPal (Note 4).
- (2) At March 31, 2020, vessels held for use, having a carrying value of \$258,425 and \$1,343 of unamortized deferred costs, were written down to their fair value of \$166,430, resulting in an impairment charge of \$93,338 (Note 5).
- (3) On March 8, 2020, the vessel *Calipso*, having a carrying value of \$7,130, was recorded at fair value of \$7,330, resulting in gain of \$201 (Note 5).
- (4) In September 2020, the vessel *Coronis* and in December 2020, the vessels *Sideris G.S.* and *Oceanis* having an aggregate carrying value of \$31,933 and \$128 of unamortized deferred costs, were recorded at an aggregate fair value of \$23,361, resulting in impairment charge of \$8,700 (Note 5).

15. Subsequent Events

- a) **Series B Preferred Stock Dividends:** On January 18, 2022 and April 18, 2022, the Company paid quarterly dividends on its series B preferred stock, amounting to \$0.5546875 per share, or \$1,442, each, to its stockholders of record as of January 14, 2022 and April 14, 2022, respectively.
- b) **Acquisition of vessel:** On February 16, 2022, the Company acquired the vessel *Leonidas P.C.* (ex *Magnolia*) (Note 5).
- c) **Restricted share awards:** On February 25, 2022, the Company's Board of Directors approved the award of 1,470,000 shares of restricted common stock to executive management and non-executive directors, pursuant to the Company's amended plan, as annual bonus. The fair value of the restricted shares based on the closing price on the date of the Board of Directors' approval was \$6,105. The cost of these awards will be recognized in income ratably over the restricted shares vesting period which will be 3 years.
- d) **Common Stock Dividend:** On March 21, 2022, the Company paid a dividend on its common stock of \$0.20 per share, or \$17,227, to its stockholders of record as of March 9, 2022.
- e) **Vessel delivery and sale and leaseback transaction:** On March 29, 2022, the Company acquired *Florida*, the Capesize dry bulk vessel it had agreed to acquire from a third party company (Note 5). On the same date, the Company sold the vessel at the price of \$50,000 to a different third party company and entered into a bare boat charter with the new owner of the vessel, under a sale and leaseback transaction, pursuant to which the Company will act as charterer. The bare boat charter has a duration of ten years and the Company will have the option to acquire the vessel after a specific period at prices specified in the agreement.
- f) **The war in Ukraine:** The war in Ukraine has disrupted supply chains and caused instability in the energy markets and the global economy, which have experienced significant volatility. The United States and the European Union, among other countries, have announced sanctions against Russia, including sanctions targeting the Russian oil sector, among those a prohibition on the import of oil and coal from Russia to the United States. Currently, the Company's operations, or our counterparties, have not been significantly affected by the war in Ukraine and its implications, however, the ongoing conflict could result in uncertain impacts on the international shipping markets the world economy and consequently the Company's business and results of operations.

SUBSIDIARIES AS AT DECEMBER 31, 2021

Subsidiary	Country of Incorporation
Aerik Shipping Company Inc.	Marshall Islands
Ailuk Shipping Company Inc.	Marshall Islands
Aster Shipping Company Inc.	Marshall Islands
Bikati Shipping Company Inc.	Marshall Islands
Bikar Shipping Company Inc.	Marshall Islands
Bikini Shipping Company Inc.	Marshall Islands
Bokak Shipping Company Inc.	Marshall Islands
Ebadon Shipping Company Inc.	Marshall Islands
Erikub Shipping Company Inc.	Marshall Islands
Fayo Shipping Company Inc.	Marshall Islands
Gala Properties Inc.	Marshall Islands
Guam Shipping Company Inc.	Marshall Islands
Jabat Shipping Company Inc.	Marshall Islands
Jaluit Shipping Company Inc.	Marshall Islands
Jemo Shipping Company Inc.	Marshall Islands
Kaben Shipping Company Inc.	Marshall Islands
Kili Shipping Company Inc.	Marshall Islands
Kiribati Shipping Company Inc.	Marshall Islands
Knox Shipping Company Inc.	Marshall Islands
Lae Shipping Company Inc.	Marshall Islands
Lelu Shipping Company Inc.	Marshall Islands
Lib Shipping Company Inc.	Marshall Islands
Majuro Shipping Company Inc.	Marshall Islands
Makur Shipping Company Inc.	Marshall Islands
Mandaringina Inc.	Marshall Islands
Mejato Shipping Company Inc.	Marshall Islands
Namu Shipping Company Inc.	Marshall Islands
Palau Shipping Company Inc.	Marshall Islands
Pulap Shipping Company Inc.	Marshall Islands
Rairok Shipping Company Inc.	Marshall Islands
Rakaru Shipping Company Inc.	Marshall Islands
Taka Shipping Company Inc.	Marshall Islands
Taroa Shipping Company Inc.	Marshall Islands
Toku Shipping Company Inc.	Marshall Islands
Tuvalu Shipping Company Inc.	Marshall Islands
Ujae Shipping Company Inc.	Marshall Islands
Wake Shipping Company Inc.	Marshall Islands
Weno Shipping Company Inc.	Marshall Islands
Wotho Shipping Company Inc.	Marshall Islands
Cerada International S.A.	Panama
Diana Ship Management Inc.	Marshall Islands
Diana Shipping Services S.A.	Panama
Panama Compania Armadora S.A.	Panama
Vesta Commercial, S.A.	Panama
Silver Chandra Shipping Company Limited	Cyprus
Bulk Carriers (USA) LLC	United States (Delaware)

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Semiramis Paliou, certify that:

1. I have reviewed this annual report on Form 20-F of Diana Shipping Inc. for the year ended December 31, 2021;
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 company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company'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 company's internal control over financial reporting.

Date: April 27, 2022

/s/ Semiramis Paliou

Semiramis Paliou
Chief Executive Officer (Principal Executive Officer)

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Ioannis Zafirakis, certify that:

1. I have reviewed this annual report on Form 20-F of Diana Shipping Inc. for the year ended December 31, 2021;
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 company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company'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 company's internal control over financial reporting.

Date: April 27, 2022

/s/ Ioannis Zafirakis

Ioannis Zafirakis
Chief Financial Officer (Principal Financial Officer)

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

In connection with this Annual Report of Diana Shipping Inc. (the “Company”) on Form 20-F for the year ended December 31, 2021 as filed with the Securities and Exchange Commission (the “SEC”) on or about the date hereof (the “Report”), I, Semiramis Paliou, Chief 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: April 27, 2022

/s/ Semiramis Paliou

Semiramis Paliou
Chief Executive Officer (Principal Executive Officer)

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

In connection with this Annual Report of Diana Shipping Inc. (the "Company") on Form 20-F for the year ended December 31, 2021 as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Ioannis Zafirakis, Chief 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: April 27, 2022

/s/ Ioannis Zafirakis

Ioannis Zafirakis
Chief Financial Officer (Principal Financial Officer)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form F-3 No. 333– 256791) of Diana Shipping Inc. and in the related Prospectus of our reports dated April 27, 2022, with respect to the consolidated financial statements of Diana Shipping Inc., and the effectiveness of internal control over financial reporting of Diana Shipping Inc., included in this Annual Report (Form 20-F) for the year ended December 31, 2021.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

Athens, Greece
April 27, 2022
