

GENCO SHIPPING & TRADING LTD

Form 10-Q

November 07, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2018

OR

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

For the transition period from to

Commission File Number 001-33393

GENCO SHIPPING & TRADING LIMITED

(Exact name of registrant as specified in its charter)

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Republic of the Marshall Islands 98-043-9758
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

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

(Address of principal executive offices) (Zip Code)

(646) 443-8550

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
No

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

The number of shares outstanding of each of the issuer's classes of common stock, as of November 7, 2018: Common stock, \$0.01 per share — 41,644,470 shares.

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Website Information

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

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Genco Shipping & Trading Limited

Condensed Consolidated Balance Sheets as of September 30, 2018 and December 31, 2017

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

(Unaudited)

	September 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 165,724	\$ 174,479
Restricted cash	—	7,234
Due from charterers, net of a reserve of \$515 and \$246, respectively	18,536	12,855
Prepaid expenses and other current assets	10,072	7,338
Inventories	29,980	15,333
Vessels held for sale	12,996	—
Total current assets	237,308	217,239
Noncurrent assets:		
Vessels, net of accumulated depreciation of \$229,559 and \$213,431, respectively	1,382,428	1,265,577
Deferred drydock, net of accumulated amortization of \$12,366 and \$9,540 respectively	10,728	13,382
Fixed assets, net of accumulated depreciation and amortization of \$1,177 and \$1,003, respectively	1,495	1,014
Other noncurrent assets	—	514
Restricted cash	315	23,233
Total noncurrent assets	1,394,966	1,303,720
Total assets	\$ 1,632,274	\$ 1,520,959
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 33,084	\$ 23,230
Current portion of long-term debt	66,320	24,497
Deferred revenue	10,231	4,722
Total current liabilities:	109,635	52,449

Noncurrent liabilities:		
Long-term lease obligations	3,576	2,588
Long-term debt, net of deferred financing costs of \$17,200 and \$9,032, respectively	484,480	490,895
Total noncurrent liabilities	488,056	493,483
Total liabilities	597,691	545,932
Commitments and contingencies		
Equity:		
Common stock, par value \$0.01; 500,000,000 shares authorized; 41,547,004 and 34,532,004 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	415	345
Additional paid-in capital	1,739,724	1,628,355
Retained deficit	(705,556)	(653,673)
Total equity	1,034,583	975,027
Total liabilities and equity	\$ 1,632,274	\$ 1,520,959

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2018 and 2017

(U.S. Dollars in Thousands, Except for Earnings Per Share and Share Data)

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues:				
Voyage revenues	\$ 92,263	\$ 51,161	\$ 255,336	\$ 134,780
Total revenues	92,263	51,161	255,336	134,780
Operating expenses:				
Voyage expenses	31,475	5,550	78,551	9,743
Vessel operating expenses	25,155	25,131	72,642	73,867
Charter hire expenses	723	—	1,231	—
General and administrative expenses (inclusive of nonvested stock amortization expense of \$644, \$1,255, \$1,776 and \$3,536, respectively)	5,033	5,889	16,761	16,550
Technical management fees	2,028	1,883	5,926	5,735
Depreciation and amortization	17,269	17,836	50,605	54,194
Impairment of vessel assets	—	18,654	56,586	21,993
Gain on sale of vessels	(1,509)	—	(1,509)	(7,712)
Total operating expenses	80,174	74,943	280,793	174,370
Operating income (loss)	12,089	(23,782)	(25,457)	(39,590)
Other (expense) income:				
Other income (expense)	213	(37)	272	(152)
Interest income	1,062	494	2,743	1,006
Interest expense	(7,656)	(7,857)	(24,249)	(22,559)
Loss on debt extinguishment	—	—	(4,533)	—
Other expense	(6,381)	(7,400)	(25,767)	(21,705)
Income (loss) before income taxes	5,708	(31,182)	(51,224)	(61,295)
Income tax expense	—	—	—	—
Net income (loss)	\$ 5,708	\$ (31,182)	\$ (51,224)	\$ (61,295)

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Net earnings (loss) per share-basic	\$ 0.14	\$ (0.90)	\$ (1.37)	\$ (1.80)
Net earnings (loss) per share-diluted	\$ 0.14	\$ (0.90)	\$ (1.37)	\$ (1.80)
Weighted average common shares outstanding-basic	41,618,187	34,469,998	37,263,200	34,135,736
Weighted average common shares outstanding-diluted	41,821,008	34,469,998	37,263,200	34,135,736

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Comprehensive Income (Loss)

For the Three and Nine Months Ended September 30, 2018 and 2017

(U.S. Dollars in Thousands)

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss)	\$ 5,708	\$ (31,182)	\$ (51,224)	\$ (61,295)
Other comprehensive income	—	—	—	—
Comprehensive income (loss)	\$ 5,708	\$ (31,182)	\$ (51,224)	\$ (61,295)

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Equity

For the Nine Months Ended September 30, 2018 and 2017

(U.S. Dollars in Thousands)

(Unaudited)

	Series A Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Deficit	Total Equity
Balance — January 1, 2018	\$ —	\$ 345	\$ 1,628,355	\$ (654,332)	\$ 974,368
Net loss				(51,224)	(51,224)
Issuance of 7,015,000 shares of common stock		70	109,593		109,663
Nonvested stock amortization			1,776		1,776
Balance — September 30, 2018	\$ —	\$ 415	\$ 1,739,724	\$ (705,556)	\$ 1,034,583

	Series A Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Deficit	Total Equity
Balance — January 1, 2017	\$ 120,789	\$ 74	\$ 1,503,784	\$ (594,948)	\$ 1,029,699
Net loss				(61,295)	(61,295)
Conversion of 27,061,856 shares of Series A Preferred Stock	(120,789)	270	120,519		—
Issuance of 18,234 shares of vested RSUs		—	—		—
Nonvested stock amortization			3,536		3,536
Balance — September 30, 2017	\$ —	\$ 344	\$ 1,627,839	\$ (656,243)	\$ 971,940

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2018 and 2017

(U.S. Dollars in Thousands)

(Unaudited)

	For the Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (51,224)	\$ (61,295)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	50,605	54,194
Amortization of deferred financing costs	2,110	1,739
PIK interest, net	—	4,575
Payment of PIK interest	(5,341)	—
Amortization of nonvested stock compensation expense	1,776	3,536
Impairment of vessel assets	56,586	21,993
Gain on sale of vessels	(1,509)	(7,712)
Loss on debt extinguishment	4,533	—
Insurance proceeds for protection and indemnity claims	268	478
Insurance proceeds for loss of hire claims	58	1,781
Change in assets and liabilities:		
Increase in due from charterers	(6,329)	(495)
Increase in prepaid expenses and other current assets	(5,966)	(8,001)
Increase in inventories	(14,647)	(1,837)
Decrease in other noncurrent assets	514	—
Increase in accounts payable and accrued expenses	8,169	766
Increase in deferred revenue	5,017	1,144
Increase in lease obligations	988	540
Deferred drydock costs incurred	(2,233)	(7,685)
Net cash provided by operating activities	43,375	3,721
Cash flows from investing activities:		
Purchase of vessels, including deposits	(239,695)	(252)
Purchase of other fixed assets	(888)	(198)
Net proceeds from sale of vessels	10,626	15,513
Insurance proceeds for hull and machinery claims	3,466	718
Net cash (used in) provided by investing activities	(226,491)	15,781
Cash flows from financing activities:		
Proceeds from the \$108 Million Credit Facility	108,000	—
Proceeds from the \$460 Million Credit Facility	460,000	—
Repayments on the \$400 Million Credit Facility	(399,600)	(300)

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Repayments on the \$98 Million Credit Facility	(93,939)	—
Repayments on the 2014 Term Loan Facilities	(25,544)	(2,062)
Payment of debt extinguishment costs	(2,962)	—
Proceeds from issuance of common stock	110,249	—
Payment of common stock issuance costs	(496)	—
Payment of Series A Preferred Stock issuance costs	—	(1,103)
Payment of deferred financing costs	(11,499)	—
Net cash provided by (used in) financing activities	144,209	(3,465)
Net (decrease) increase in cash, cash equivalents and restricted cash	(38,907)	16,037
Cash, cash equivalents and restricted cash at beginning of period	204,946	169,068
Cash, cash equivalents and restricted cash at end of period	\$ 166,039	\$ 185,105

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

(U.S. Dollars in Thousands, Except Per Share and Share Data)

Notes to Condensed Consolidated Financial Statements (unaudited)

1 - GENERAL INFORMATION

The accompanying condensed consolidated financial statements include the accounts of Genco Shipping & Trading Limited (“GS&T”) and its direct and indirect wholly-owned subsidiaries (collectively, the “Company”). The Company is engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels. GS&T is incorporated under the laws of the Marshall Islands, and as of September 30, 2018, is the direct or indirect owner of all of the outstanding shares or limited liability company interests of the following subsidiaries: Genco Ship Management LLC; Genco Investments LLC; Genco RE Investments LLC; Genco Shipping Pte. Ltd.; Genco Shipping A/S; Baltic Trading Limited (“Baltic Trading”); and the ship-owning subsidiaries as set forth below under “Other General Information.”

On June 19, 2018, the Company closed an equity offering of 7,015,000 shares of common stock at an offering price of \$16.50 per share. The Company received net proceeds of \$109,663 after deducting underwriters’ discounts and commissions and other expenses.

On November 15, 2016, the Company entered into stock purchase agreements (the “Purchase Agreements”) effective as of October 4, 2016 with funds or related entities managed by Centerbridge Partners, L.P. or its affiliates (“Centerbridge”), Strategic Value Partners, LLC (“SVP”) and Apollo Global Management, LLC (“Apollo”). Pursuant to the Purchase Agreements, the Company completed the private placement of 27,061,856 shares of Series A Convertible Preferred Stock (“Series A Preferred Stock”) which included 25,773,196 shares at a price per share of \$4.85 and an additional 1,288,660 shares issued as a commitment fee on a pro rata basis. The Company received net proceeds of \$120,789 after deducting placement agents’ fees and expenses. On January 4, 2017, the Company’s shareholders approved at a Special Meeting of Shareholders the issuance of up to 27,061,856 shares of common stock of the Company upon the conversion of shares of the Series A Preferred Stock, par value \$0.01 per share, which were purchased by certain investors in a private placement (the “Conversion Proposal”). As a result of shareholder approval of the Conversion Proposal, all outstanding 27,061,856 shares of Series A Preferred Stock were automatically and mandatorily converted into 27,061,856 shares of common stock of the Company on January 4, 2017.

Other General Information

Below is the list of the Company’s wholly owned ship-owning subsidiaries as of September 30, 2018:

Wholly Owned Subsidiaries	Vessel Acquired	Dwt	Delivery Date	Year Built
Genco Vigour Limited	Genco Vigour	73,941	12/15/04	1999
Genco Explorer Limited	Genco Explorer	29,952	12/17/04	1999
Genco Beauty Limited	Genco Beauty	73,941	2/7/05	1999
Genco Knight Limited	Genco Knight	73,941	2/16/05	1999
Genco Muse Limited	Genco Muse	48,913	10/14/05	2001
Genco Augustus Limited	Genco Augustus	180,151	8/17/07	2007
Genco Tiberius Limited	Genco Tiberius	175,874	8/28/07	2007
Genco London Limited	Genco London	177,833	9/28/07	2007
Genco Titus Limited	Genco Titus	177,729	11/15/07	2007
Genco Challenger Limited	Genco Challenger	28,428	12/14/07	2003
Genco Charger Limited	Genco Charger	28,398	12/14/07	2005
Genco Warrior Limited	Genco Warrior	55,435	12/17/07	2005
Genco Predator Limited	Genco Predator	55,407	12/20/07	2005
Genco Hunter Limited	Genco Hunter	58,729	12/20/07	2007
Genco Champion Limited	Genco Champion	28,445	1/2/08	2006
Genco Constantine Limited	Genco Constantine	180,183	2/21/08	2008
Genco Raptor LLC	Genco Raptor	76,499	6/23/08	2007
Genco Cavalier LLC	Genco Cavalier	53,617	7/17/08	(3) 2007
Genco Thunder LLC	Genco Thunder	76,588	9/25/08	2007
Genco Hadrian Limited	Genco Hadrian	169,025	12/29/08	2008
Genco Commodus Limited	Genco Commodus	169,098	7/22/09	2009
Genco Maximus Limited	Genco Maximus	169,025	9/18/09	2009
Genco Claudius Limited	Genco Claudius	169,001	12/30/09	2010

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Wholly Owned Subsidiaries	Vessel Acquired	Dwt	Delivery Date	Year Built
Genco Bay Limited	Genco Bay	34,296	8/24/10	2010
Genco Ocean Limited	Genco Ocean	34,409	7/26/10	2010
Genco Avra Limited	Genco Avra	34,391	5/12/11	2011
Genco Mare Limited	Genco Mare	34,428	7/20/11	2011
Genco Spirit Limited	Genco Spirit	34,432	11/10/11	2011
Genco Aquitaine Limited	Genco Aquitaine	57,981	8/18/10	2009
Genco Ardennes Limited	Genco Ardennes	58,018	8/31/10	2009
Genco Auvergne Limited	Genco Auvergne	58,020	8/16/10	2009
Genco Bourgogne Limited	Genco Bourgogne	58,018	8/24/10	2010
Genco Brittany Limited	Genco Brittany	58,018	9/23/10	2010
Genco Languedoc Limited	Genco Languedoc	58,018	9/29/10	2010
Genco Loire Limited	Genco Loire	53,430	8/4/10	2009
Genco Lorraine Limited	Genco Lorraine	53,417	7/29/10	2009
Genco Normandy Limited	Genco Normandy	53,596	8/10/10	2007
Genco Picardy Limited	Genco Picardy	55,257	8/16/10	2005
Genco Provence Limited	Genco Provence	55,317	8/23/10	2004
Genco Pyrenees Limited	Genco Pyrenees	58,018	8/10/10	2010
Genco Rhone Limited	Genco Rhone	58,018	3/29/11	2011
Genco Weatherly Limited	Genco Weatherly	61,556	7/26/18	2014
Genco Columbia Limited	Genco Columbia	60,294	9/10/18	2016
Genco Endeavour Limited	Genco Endeavour	181,060	8/15/18	2015
Genco Resolute Limited	Genco Resolute	181,060	8/14/18	2015
Genco Defender Limited	Genco Defender	180,021	9/6/18	2016
Genco Liberty Limited	Genco Liberty	180,032	9/11/18	2016
Baltic Lion Limited	Baltic Lion	179,185	4/8/15	(1) 2012
Baltic Tiger Limited	Genco Tiger	179,185	4/8/15	(1) 2011
Baltic Leopard Limited	Baltic Leopard	53,446	4/8/10	(2) 2009
Baltic Panther Limited	Baltic Panther	53,350	4/29/10	(2) 2009
Baltic Cougar Limited	Baltic Cougar	53,432	5/28/10	(2) 2009
Baltic Jaguar Limited	Baltic Jaguar	53,473	5/14/10	(2) 2009
Baltic Bear Limited	Baltic Bear	177,717	5/14/10	(2) 2010
Baltic Wolf Limited	Baltic Wolf	177,752	10/14/10	(2) 2010
Baltic Wind Limited	Baltic Wind	34,408	8/4/10	(2) 2009
Baltic Cove Limited	Baltic Cove	34,403	8/23/10	(2) 2010
Baltic Breeze Limited	Baltic Breeze	34,386	10/12/10	(2) 2010
Baltic Fox Limited	Baltic Fox	31,883	9/6/13	(2) 2010
Baltic Hare Limited	Baltic Hare	31,887	9/5/13	(2) 2009
Baltic Hornet Limited	Baltic Hornet	63,574	10/29/14	(2) 2014
Baltic Wasp Limited	Baltic Wasp	63,389	1/2/15	(2) 2015
Baltic Scorpion Limited	Baltic Scorpion	63,462	8/6/15	2015
Baltic Mantis Limited	Baltic Mantis	63,470	10/9/15	2015

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- (1) The delivery date for these vessels represents the date that the vessel was purchased from Baltic Trading.
(2) The delivery date for these vessels represents the date that the vessel was delivered to Baltic Trading.
(3) The Genco Cavalier was sold on October 16, 2018. Refer to Note 16 — Subsequent Events.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

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

Basis of presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and the rules and regulations of the Securities and Exchange Commission (the “SEC”). In the opinion of management of the Company, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and operating results have been included in the statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP

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have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2017 (the "2017 10-K"). The results of operations for the three and nine months ended September 30, 2018 are not necessarily indicative of the operating results to be expected for the year ending December 31, 2018.

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

Segment reporting

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

Restricted cash

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

	September 30, 2018	December 31, 2017	September 30, 2017	December 31, 2016
Cash and cash equivalents	\$ 165,724	\$ 174,479	\$ 152,511	\$ 133,400
Restricted cash - current	—	7,234	8,593	8,242
Restricted cash - noncurrent	315	23,233	24,001	27,426
Cash, cash equivalents and restricted cash	\$ 166,039	\$ 204,946	\$ 185,105	\$ 169,068

Inventories

Inventories consists of consumable bunkers and lubricants, which are stated at the lower of cost and net realizable value, if required. During the three months ended March 31, 2018, the Company opted to break out these inventory assets that were previously classified as Prepaid expenses and other current assets into its own financial statement line item in the Condensed Consolidated Balance Sheets to provide a greater level of detail in the face of the financial statements. Inventories have been increasing as the result of the employment of vessels on spot market voyage charters, which result in higher bunker inventories. This change was made retrospectively for comparability purposes, and there was no effect on the Total current assets as of September 30, 2018 and December 31, 2017 in the Condensed Consolidated Balance Sheets and the Condensed Consolidated Statements of Cash Flows.

Vessels held for sale

On June 27, 2018 and August 30, 2018, the Company reached agreements to sell the Genco Explorer and the Genco Cavalier, respectively, and these vessel assets have been classified as held for sale in the Condensed Consolidated Balance Sheet as of September 30, 2018. Refer to Note 4 — Vessel Acquisitions and Dispositions for details of the agreements.

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Vessels, net

Vessels, net is stated at cost less accumulated depreciation. Included in vessel costs are acquisition costs directly attributable to the acquisition of a vessel and expenditures made to prepare the vessel for its initial voyage. The Company also capitalizes interest costs for a vessel under construction as a cost which is directly attributable to the acquisition of a vessel. Vessels are depreciated on a straight-line basis over their estimated useful lives, determined to be 25 years from the date of initial delivery from the shipyard. Depreciation expense for vessels for the three months ended September 30, 2018 and 2017 was \$16,013 and \$16,575, respectively. Depreciation expense for vessels for the nine months ended September 30, 2018 and 2017 was \$46,933 and \$50,173, respectively.

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

Deferred revenue

Deferred revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as income when earned. Additionally, deferred revenue includes estimated customer claims mainly due to time charter performance issues. As of September 30, 2018 and December 31, 2017, the Company had an accrual of \$409 and \$327, respectively, related to these estimated customer claims.

Revenue recognition

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

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

Under pool arrangements, the vessels operate under a time charter agreement whereby the cost of bunkers and port expenses are borne by the pool and operating costs including crews, maintenance and insurance are typically paid by the owner of the vessel. Since the members of the pool share in the revenue less voyage expenses generated by the entire group of vessels in the pool, and the pool operates in the spot market, the revenue earned by these vessels is subject to the fluctuations of the spot market. The Company recognizes revenue from these pool arrangements based on its portion of the net distributions reported by the relevant pool, which represents the net voyage revenue of the pool after voyage expenses and pool manager fees.

Pursuant to the new revenue recognition guidance as disclosed in Note 12 — Voyage Revenue, which was adopted during the first quarter of 2018, revenue for spot market voyage charters is now recognized ratably over the total transit time of each voyage, which commences at the time the vessel arrives at the loading port and ends at the time the discharge of cargo is completed at the discharge port.

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Voyage expense recognition

In time charters, spot market-related time charters and pool agreements, operating costs including crews, maintenance and insurance are typically paid by the owner of the vessel and specified voyage costs such as fuel and port charges are paid by the charterer. These expenses are borne by the Company during spot market voyage charters. As such, there are significantly higher voyage expenses for spot market voyage charters as compared to time charters, spot market-related time charters and pool agreements. Refer to Note 12 — Voyage Revenue for further discussion of the accounting for fuel expenses for spot market voyage charters as a result of the new revenue recognition guidance adopted during the first quarter of 2018. There are certain other non-specified voyage expenses, such as commissions, which are typically borne by the Company. At the inception of a time charter, the Company records the difference between the cost of bunker fuel delivered by the terminating charterer and the bunker fuel sold to the new charterer as a gain or loss within voyage expenses. Additionally, the Company records lower of cost and net realizable value adjustments to re-value the bunker fuel on a quarterly basis, as required. These differences in bunkers, including any lower of cost and net realizable value adjustments, resulted in a net gain of \$1,020 and \$269 during the three months ended September 30, 2018 and 2017, respectively, and \$2,909 and \$1,205 during the nine months ended September 30, 2018 and 2017, respectively. Additionally, voyage expenses include the cost of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement.

United States Gross Transportation Tax

The Company did not qualify for the Section 883 exemption for the year ended December 31, 2017 and believes that it will not qualify for the Section 883 exemption for the year ended December 31, 2018. In the absence of the exemption, 50% of the Company's gross shipping income attributable to transportation beginning or ending in the U.S. (but not both beginning and ending in the U.S.) will be subject to a 4% tax without allowance for deductions (the "U.S. gross transportation tax"). The Company has recorded estimated U.S. gross transportation tax of \$186 and \$149 during the three months ended September 30, 2018 and 2017, respectively, and \$566 and \$246 during the nine months ended September 30, 2018 and 2017, respectively. U.S. gross transportation tax has been recorded in Voyage expenses in the Condensed Consolidated Statements of Operation.

Charter hire expenses

During the second quarter of 2018, the Company began chartering-in third-party vessels. The costs to charter-in these vessels, which primarily include the daily charter hire rate net of commissions, are recorded as Charter hire expenses.

Impairment of vessel assets

During the three months ended September 30, 2018 and 2017, the Company recorded \$0 and \$18,654, respectively, related to the impairment of vessel assets in accordance with Accounting Standards Codification (“ASC”) 360 — “Property, Plant and Equipment” (“ASC 360”). Additionally, during the nine months ended September 30, 2018 and 2017, the Company recorded \$56,586 and \$21,993, respectively, related to the impairment of vessel assets in accordance with ASC 360.

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

On February 27, 2018, the Board of Directors determined to dispose of the Company’s following nine vessels: the Genco Cavalier, the Genco Loire, the Genco Lorraine, the Genco Muse, the Genco Normandy, the Baltic Cougar, the Baltic Jaguar, the Baltic Leopard and the Baltic Panther, at times and on terms to be determined in the future. Given this decision, and that the estimated future undiscounted cash flows for each of these older vessels did not exceed the net

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book value for each vessel, we adjusted the values of these older vessels to their respective fair market values during the three months ended March 31, 2018. This resulted in an impairment loss of \$56,402 during the nine months ended September 30, 2018.

On August 4, 2017, the Board of Directors determined to dispose of the Company's vessels built in 1999, namely the Genco Beauty, the Genco Explorer, the Genco Knight, the Genco Progress and the Genco Vigour, at times and on terms to be determined in the future. Given this decision, and that the estimated future undiscounted cash flows for each of these older vessels did not exceed the net book value for each vessel, we have adjusted the values of these older vessels to their respective fair market values during the three months ended September 30, 2017. This resulted in an impairment loss of \$18,654 during the three and nine months ended September 30, 2017.

At June 30, 2017, the Company determined that the sum of the estimated undiscounted future cash flows attributable to the Genco Surprise did not exceed the carrying value of the vessel at June 30, 2017 and reduced the carrying value of the Genco Surprise, a 1998-built Panamax vessel, to its fair market value as of June 30, 2017. This resulted in an impairment loss of \$3,339 during the nine months ended September 30, 2017.

Gain on sale of vessels

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

During the three and nine months ended September 30, 2017, the Company recorded a net gain of \$0 and \$7,712, respectively, related to the sale of vessels. The net gain of \$7,712 recorded during the nine months ended September 30, 2017 related primarily to the sale of the Genco Wisdom, the Genco Reliance, the Genco Carrier, the Genco Success and the Genco Prosperity.

Loss on debt extinguishment

During the three and nine months ended September 30, 2018, the Company recorded \$0 and \$4,533, respectively, related to the loss on the extinguishment of debt in accordance with ASC 470-50 — "Debt – Modifications and Extinguishments" ("ASC 470-50"). This loss was recognized as a result of the refinancing of the \$400 Million Credit Facility, the \$98 Million Credit Facility and the 2014 Term Loan Facilities with the \$460 Million Credit Facility on June 5, 2018 as described in Note 7 — Debt.

Recent accounting pronouncements

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

In May 2017, the FASB issued ASU No. 2017-09, “Compensation – Stock Compensation (Topic 718), Scope of Modification Account” (“ASU 2017-09”). This ASU provides guidance on determining which changes to the terms and conditions of share-based payment awards require an entity to apply modification accounting. This ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within that year and early adoption is permitted. ASU 2017-09 must be applied prospectively to an award modified on or after the adoption date. The Company adopted ASU 2017-09 during the first quarter of 2018 and there was no effect on its consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, “Statement of Cash Flows (Topic 230): Restricted Cash” (“ASU 2016-18”). This ASU adds or clarifies the guidance in ASC 230 – Statement of Cash Flows regarding the classification and presentation of restricted cash in the statement of cash flows. ASU 2016-18 requires entities to show

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the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flow. This ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within those years and early adoption is permitted. ASU 2016-18 must be adopted retrospectively. The Company early adopted ASU 2016-18 during the fourth quarter of 2017. The retrospective application of ASU 2016-18 resulted in restricted cash being reclassified as a component of cash, cash equivalents and restricted cash in the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2017.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments” (“ASU 2016-15”). This ASU adds or clarifies the guidance in ASC 230 – Statement of Cash Flows regarding the classification of certain cash receipts and payments in the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within those years and early adoption is permitted. This ASU shall be applied retrospectively to all periods presented, but may be applied prospectively from the earliest date practicable if retrospective application would be impracticable. The Company adopted ASU 2016-15 during the first quarter of 2018. The retrospective application of ASU 2016-15 resulted in insurance proceeds for protection and indemnity claims and loss of hire claims to be separately disclosed in the cash flows from operating activities and resulted in insurance proceeds for hull and machinery claims to be separately disclosed in the cash flows from investing activities. These amounts were previously recorded in the cash flows from operating activities as the change in prepaid expenses and other current assets. Additionally, as part of ASU 2016-15, any cash payments for debt prepayment or debt extinguishment costs (including third-party costs, premiums paid and other fees paid to lenders) must be classified as cash outflows for financing activities. Lastly, for any debt instruments that contain interest payable in-kind, any cash payments attributable to the payment of in-kind interest will be classified as cash outflows for operating activities. There were no cash payments for in-kind interest during the nine months ended September 30, 2017. Refer to the Condensed Consolidated Statements of Cash Flows.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842),” which replaces the existing guidance in ASC 840 – Leases. This ASU requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability for leases with lease terms of more than twelve months. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset and for operating leases, the lessee would recognize a straight-line total lease expense. Accounting by lessors will remain largely unchanged from current U.S. GAAP. The requirements of this standard include an increase in required disclosures. This ASU is effective for fiscal years beginning after December 15, 2018, and for interim periods within those fiscal years. Lessees and lessors will be required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. The requirements of this standard include a significant increase in required disclosures. The Company is currently evaluating the impact of this adoption on its consolidated financial statements and related disclosures.

In January 2016, the FASB issued ASU No. 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”). This ASU requires that equity investments be measured at fair value with changes in fair value recognized in net income (loss). ASU 2016-01 is effective for annual periods beginning after December 15, 2017, and interim periods within those years. The Company adopted ASU 2016-01 during the first quarter of 2018 and there was no impact on the Company’s consolidated financial statements as the Company currently

does not have any equity investments.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers” (“ASU 2014-09” or “ASC 606”), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle is that a company should recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASC 606 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2017, and interim periods therein, and shall be applied either retrospectively to each period presented or as a cumulative effect adjustment as of the date of adoption (the “modified retrospective transition method”). The Company adopted ASC 606 during the first quarter of 2018 using the modified retrospective transition method applied to all contracts and determined that the only impact was to spot market voyage charter contracts that

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were not completed as of January 1, 2018. Upon adoption, the Company recognized the cumulative effect of adopting this guidance as an adjustment to its opening balance of retained earnings as of January 1, 2018. Prior periods were not retrospectively adjusted. The adoption of ASC 606 did not have a financial impact on the recognition of revenue generated from time charter agreements, spot market-related time charters and pool agreements. Refer to Note 12 — Voyage Revenue for further discussion of the financial impact on the Company's consolidated financial statements.

3 - CASH FLOW INFORMATION

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

For the nine months ended September 30, 2017, the Company had non-cash investing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in Accounts payable and accrued expenses consisting of \$9 for the Purchase of vessels, including deposits, and \$56 for the Purchase of other fixed assets.

During the nine months ended September 30, 2018 and 2017, cash paid for interest was \$20,623 and \$17,837, respectively, excluding the PIK interest paid as a result of the refinancing of the \$400 Million Credit Facility. Refer to Note 7 — Debt.

During the nine months ended September 30, 2018 and 2017, there was no cash paid for estimated income taxes.

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

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

On May 17, 2017, the Company issued 25,197 restricted stock units to certain members of the Board of Directors. The aggregate fair value of these restricted stock units was \$255.

On March 23, 2017, the Company issued 292,398 restricted stock units and options to purchase 133,000 shares of the Company's stock at an exercise price of \$11.13 per share to John C. Wobensmith, Chief Executive Officer and President. The fair value of these restricted stock units and stock options were \$3,254 and \$853, respectively.

Refer to Note 14 — Stock-Based Compensation for further information regarding the aforementioned grants.

The Company adopted ASU 2016-15 during the first quarter of 2018 as noted in Note 2 — Summary of Significant Accounting Policies. The retrospective application of ASU 2016-15 resulted in insurance proceeds for protection and indemnity claims and loss of hire claims for the nine months ended September 30, 2017 to be separately disclosed in the cash flows from operating activities and resulted in insurance proceeds for hull and machinery claims to be separately disclosed in the cash flows from investing activities. These amounts were previously recorded in the cash flows from operating activities as the change in prepaid expense and other current assets. The cash flow information for the nine months ended September 30, 2017 has been updated to reflect the adoption of ASU 2016-15 as presented in the table below:

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	As Reported September 30, 2017	As Adjusted September 30, 2017	Effect of Change
Cash Flow Data:			
Net cash provided by operating activities (1)	\$ 4,439	\$ 3,721	\$ 718
Net cash provided by investing activities (1)	15,063	15,781	(718)

(1) Insurance proceeds reclassified from operating activities to investing activities as a result of the Company's adoption of ASU 2016-15 for the nine months ended September 30, 2017 was \$718.

4 - VESSEL ACQUISITIONS AND DISPOSITIONS

Vessel Acquisitions

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

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

Vessel Dispositions

On August 30, 2018, the Company entered into an agreement to sell the Genco Cavalier, a 2007-built Supramax vessel, to a third party for \$10,000 less a 2.5% broker commission payable to a third party. The sale was completed on October 16, 2018. The vessel assets have been classified as held for sale in the Condensed Consolidated Balance Sheet as of September 30, 2018. The Genco Cavalier served as collateral under the \$460 Million Credit

Facility. Refer to Note 16 — Subsequent Events for further information.

On July 24, 2018, the Company entered into an agreement to sell the Genco Surprise, a 1998-built Panamax vessel, to a third party. On August 7, 2018, the Company completed the sale of the Genco Surprise. Refer to Note 2 — Summary of Significant Accounting Policies regarding the impairment recorded for this vessel during the nine months ended September 30, 2018.

On June 27, 2018, the Company reached agreements to sell the Genco Explorer and the Genco Progress, both 1999-built Handysize vessels, to a third party for \$5,600 each less a 3.0% broker commission payable to a third party. The sale of the Genco Progress was completed on September 13, 2018 and the sale of the Genco Explorer is expected to be completed during the fourth quarter of 2018. The sale of the Genco Explorer is subject to completion of definitive documentation and customary conditions. The vessel assets for the Genco Explorer have been classified as held for sale in the Condensed Consolidated Balance Sheet as of September 30, 2018.

The Genco Surprise, the Genco Explorer and the Genco Progress do not serve as collateral under any of the Company's credit facilities; therefore the Company is not required to pay down any indebtedness with the proceeds from the sales.

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On December 19, 2016, the Board of Directors unanimously approved selling the Genco Prosperity, a 1997-built Handymax vessel, and on December 21, 2016, the Company reached an agreement to sell the Genco Prosperity to a third party for \$3,050 less a 3.5% broker commission payable to a third party. The sale was completed on May 16, 2017.

On December 5, 2016, the Board of Directors unanimously approved selling the Genco Success, a 1997-built Handymax vessel, and on December 15, 2016, the Company reached an agreement to sell the Genco Success to a third party for \$2,800 less a 3.0% broker commission payable to a third party. The sale was completed on March 19, 2017.

During January 2017, the Board of Directors unanimously approved selling the Genco Carrier, a 1998-built Handymax vessel, and on January 25, 2017, the Company reached an agreement to sell the Genco Carrier to a third party for \$3,560 less a \$92 broker commission payable to a third party. The sale was completed on February 16, 2017.

During January 2017, the Board of Directors unanimously approved selling the Genco Reliance, a 1999-built Handysize vessel, and on January 12, 2017, the Company reached an agreement to sell the Genco Reliance to a third party for \$3,500 less a 3.5% broker commission payable to a third party. The sale was completed on February 9, 2017.

On December 19, 2016, the Board of Directors unanimously approved selling the Genco Wisdom, a 1997-built Handymax vessel. On December 21, 2016, the Company reached an agreement to sell the Genco Wisdom to a third party for \$3,250 less a 3.5% broker commission payable to a third party. The sale was completed on January 9, 2017.

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

5 - NET EARNINGS (LOSS) PER SHARE

The computation of basic net earnings (loss) per share is based on the weighted-average number of common shares outstanding during the reporting period. The computation of diluted net loss per share assumes the vesting of nonvested stock awards and the exercise of stock options (refer to Note 14 — Stock-Based Compensation), for which the assumed proceeds upon vesting are deemed to be the amount of compensation cost attributable to future services and are not yet recognized using the treasury stock method, to the extent dilutive. There were no anti-dilutive stock options, restricted stock or restricted stock units excluded from the computation of diluted net earnings per share during the three months ended September 30, 2018. There were 253,438 shares of restricted stock and restricted stock units and 255,608 stock options excluded from the computation of diluted net loss per share during the nine months

ended September 30, 2018 because they were anti-dilutive. There were 331,200 shares of restricted stock and restricted stock units and 133,000 stock options excluded from the computation of diluted net loss per share during the three and nine months ended September 30, 2017. (refer to Note 14 — Stock-Based Compensation) The Company's diluted net earnings (loss) per share will also reflect the assumed conversion of the equity warrants issued when the Company emerged from bankruptcy on July 9, 2014 (the "Effective Date") and MIP Warrants issued by the Company (refer to Note 14 — Stock-Based Compensation) if the impact is dilutive under the treasury stock method. The equity warrants have a 7-year term which commenced on the day following the Effective Date and are exercisable for one tenth of a share of the Company's common stock. There were 0 unvested MIP Warrants and 3,936,761 of equity warrants excluded from the computation of diluted net earnings (loss) per share during the three and nine months ended September 30, 2018 and 2017 because they were anti-dilutive.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Common shares outstanding, basic:				
Weighted-average common shares outstanding, basic	41,618,187	34,469,998	37,263,200	34,135,736
Common shares outstanding, diluted:				
Weighted-average common shares outstanding, basic	41,618,187	34,469,998	37,263,200	34,135,736
Dilutive effect of warrants	—	—	—	—
Dilutive effect of stock options	31,965	—	—	—
Dilutive effect of restricted stock awards	170,856	—	—	—
Weighted-average common shares outstanding, diluted	41,821,008	34,469,998	37,263,200	34,135,736

6 - RELATED PARTY TRANSACTIONS

During the three and nine months ended September 30, 2018 and 2017, the Company did not identify any related party transactions.

7 – DEBT

Long-term debt, net consists of the following:

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	September 30, 2018	December 31, 2017
Principal amount	\$ 568,000	\$ 519,083
PIK interest	—	5,341
Less: Unamortized debt financing costs	(17,200)	(9,032)
Less: Current portion	(66,320)	(24,497)
Long-term debt, net	\$ 484,480	\$ 490,895

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	September 30, 2018		December 31, 2017	
	Principal	Unamortized Debt Financing Cost	Principal	Unamortized Debt Financing Cost
\$460 Million Credit Facility	\$ 460,000	\$ 15,248	\$ —	\$ —
\$108 Million Credit Facility	108,000	1,952	—	—
\$400 Million Credit Facility	—	—	399,600	6,332
\$98 Million Credit Facility	—	—	93,939	1,370
2014 Term Loan Facilities	—	—	25,544	1,330
PIK interest	—	—	5,341	—
Total debt	\$ 568,000	\$ 17,200	\$ 524,424	\$ 9,032

As of September 30, 2018 and December 31, 2017, \$17,200 and \$9,032 of deferred financing costs, respectively, were presented as a direct deduction within the outstanding debt balance in the Company's Condensed Consolidated Balance Sheet. Amortization expense for deferred financing costs was \$871 and \$586 for the three months ended September 30, 2018 and 2017, respectively, and \$2,110 and \$1,739 for the nine months ended September 30, 2018 and 2017, respectively. This amortization expense is recorded as a component of Interest expense in the Condensed Consolidated Statements of Operations.

Effective June 5, 2018, the portion of the unamortized deferred financing costs for the \$400 Million Credit Facility and 2014 Term Loan Facilities that was identified as a debt modification, rather than an extinguishment of debt, is being amortized over the life of the \$460 Million Credit Facility in accordance with ASC 470-50.

\$108 Million Credit Facility

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

As of September 30, 2018, there was no availability under the \$108 Million Credit Facility. Total debt repayments of \$0 were made during the three and nine months ended September 30, 2018 under the \$108 Million Credit Facility. As of September 30, 2018 and December 31, 2017, the total outstanding net debt balance was \$106,048 and \$0, respectively.

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

- The final maturity date of the \$108 Million Credit Facility is August 14, 2023.
- Borrowings under the \$108 Million Credit Facility bear interest at London Interbank Offered Rate (“LIBOR”) plus 2.50% through September 30, 2019 and LIBOR plus a range of 2.25% to 2.75% thereafter, dependent upon the Company’s ratio of total net indebtedness to the last twelve months EBITDA.
- Scheduled amortization payments under the \$108 Million Credit Facility reflect a repayment profile whereby the facility shall have been repaid to nil when the average vessel aged of the collateral vessels reaches 20 years. Based on this, the required repayments are \$1,580 per quarter commencing on December 31, 2018, with a final balloon payment on the maturity date.

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- Mandatory prepayments are to be applied to remaining amortization payments pro rata, while voluntary prepayments are to be applied to remaining amortization payments in order of maturity.
- Dividends may be paid subject to customary conditions and a limitation of 50% of consolidated net income for the quarter preceding such dividend payment if the collateral maintenance test ratio is 200% or less for such quarter.
- Acquisitions and additional indebtedness are allowed subject to compliance with financial covenants (including a collateral maintenance test) and other customary conditions.
- Key financial covenants are substantially similar to those under the Company's \$460 Million Credit Facility and include:
 - minimum liquidity, with unrestricted cash and cash equivalents to equal or exceed the greater of \$30,000 and 7.5% of total indebtedness;
 - minimum working capital, with consolidated current assets (excluding restricted cash) minus consolidated current liabilities (excluding the current portion of long-term indebtedness) to be not less than zero;
 - debt to capitalization, with the ratio of total indebtedness to total capitalization to be not more than 70%; and
 - collateral maintenance, with the aggregate appraised value of collateral vessels to be at least 135% of the principal amount of the loan outstanding under the \$108 Million Credit Facility.

As of September 30, 2018, the Company believed it was in compliance with all of the financial covenants under the \$108 Million Credit Facility.

\$460 Million Credit Facility

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

vessels, which have been identified for sale.

As of September 30, 2018, there was no availability under the \$460 Million Credit Facility. Total debt repayments of \$0 were made during the three and nine months ended September 30, 2018 and 2017, respectively, under the \$460 Million Credit Facility. As of September 30, 2018 and December 31, 2017, the total outstanding net debt balance was \$444,752 and \$0, respectively.

The \$460 Million Credit Facility provides for the following key terms:

- The final maturity date of the \$460 Million Credit Facility is May 31, 2023.
- Borrowings under the \$460 Million Credit Facility bear interest at LIBOR plus 3.25% through December 31, 2018 and LIBOR plus a range of 3.00% and 3.50% thereafter, dependent upon the Company's ratio of total net

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indebtedness to the last twelve months EBITDA. Scheduled amortization payments are \$15,000 per quarter commencing on December 31, 2018, with a final payment of \$190,000 due on the maturity date.

- Scheduled amortization payments may be recalculated upon the Company's request based on changes in collateral vessels, prepayments of the loan made as a result of a collateral vessel disposition as part of the Company's fleet renewal program, or voluntary prepayments, subject in each case to a minimum repayment profile under which the loan will be repaid to nil when the average age of the vessels serving as collateral from time to time reaches 17 years. Mandatory prepayments are applied to remaining amortization payments pro rata, while voluntary prepayments are applied to remaining amortization payments in order of maturity.

- Acquisitions and additional indebtedness are allowed subject to compliance with financial covenants, a collateral maintenance test, and other customary conditions.

- Dividends may be paid after December 31, 2018 (or potentially earlier if the Company elects to change the date of its first amortization payment due December 31, 2018 to an earlier date) subject to customary conditions and a limitation of 50% of consolidated net income for the quarter preceding such dividend payment if the collateral maintenance test ratio is 200% or less for such quarter.

- Collateral vessels can be sold or disposed of without prepayment of the loan if a replacement vessel or vessels meeting certain requirements are included as collateral within 120 days of such sale or disposition. In addition:
 - we must be in compliance with the collateral maintenance test;

 - the replacement vessels must become collateral for the loan;
and either

 - the replacement vessels must have an equal or greater appraised value than the collateral vessels for which they are substituted, or

 - ratio of the aggregate appraised value of the collateral vessels (including replacement vessels) to the outstanding loan amount after the collateral disposition (accounting for any prepayments of the loan by the time the replacement vessels become collateral vessels) must equal or exceed the aggregate appraised value of the collateral vessels to the outstanding loan before the collateral disposition.

- Key financial covenants include:
 - minimum liquidity, with unrestricted cash and cash equivalents to equal or exceed the greater of \$30,000 and 7.5% of total indebtedness (no restricted cash is required);

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- minimum working capital, with consolidated current assets (excluding restricted cash) minus consolidated current liabilities (excluding the current portion of long-term indebtedness) to be not less than zero;
- debt to capitalization, with the ratio of total indebtedness to total capitalization to be not more than 70%; and
- collateral maintenance, with the aggregate appraised value of collateral vessels to be at least 135% of the principal amount of the loan outstanding under the \$460 Million Credit Facility.
- Collateral includes the current vessels in the Company's fleet other than the seven oldest vessels in the fleet which have been identified for sale, collateral vessel earnings and insurance, and time charters in excess of 24 months in respect of the collateral vessels.

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As of September 30, 2018, the Company believed it was in compliance with all of the financial covenants under the \$460 Million Credit Facility.

\$400 Million Credit Facility

On November 10, 2016, the Company entered into a senior secured term loan facility, the \$400 Million Credit Facility, in an aggregate principal amount of up to \$400,000 with Nordea Bank Finland plc, New York Branch, Skandinaviska Enskilda Banken AB (publ), DVB Bank SE, ABN AMRO Capital USA LLC, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG Filiale Deutschlandgeschäft, Crédit Industriel et Commercial and BNP Paribas. On November 15, 2016, the proceeds under the \$400 Million Credit Facility were used to refinance six of the Company's prior credit facilities. The \$400 Million Credit Facility was collateralized by 45 of the Company's vessels and at December 31, 2016, required the Company to sell five remaining unencumbered vessels, which were sold during the year ended December 31, 2017. Refer to Note 4 — Vessel Acquisitions and Dispositions. On November 14, 2016, the Company borrowed the maximum available amount of \$400,000.

The \$400 Million Credit Facility had a maturity date of November 15, 2021, and the principal borrowed under the facility bore interest at the LIBOR for an interest period of three months plus a margin of 3.75%. The Company had the option to pay 1.50% of such rate in-kind ("PIK interest") through December 31, 2018, of which was payable on the maturity date of the facility. The Company opted to make the PIK interest election through September 29, 2017 and as of September 30, 2018 and December 31, 2017, had recorded \$0 and \$5,341 of PIK interest which was recorded in Long-term debt in the Condensed Consolidated Balance Sheet as of December 31, 2017. The \$400 Million Credit Facility originally had scheduled amortization payments of (i) \$100 per quarter through December 31, 2018, (ii) \$7,610 per quarter from March 31, 2019 through December 31, 2020, (iii) \$18,571 per quarter from March 31, 2021 through September 30, 2021 and (iv) \$282,605 upon final maturity on November 15, 2021, which did not include PIK interest. Pursuant to the credit facility agreement, upon the payment of any excess cash flow to the lenders (see below), the scheduled repayments were adjusted to reflect the reduction of future amortization amounts.

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

The \$400 Million Credit Facility required the Company to comply with a number of covenants substantially similar to those in the Company's other credit facilities, including financial covenants related to debt to total book capitalization, minimum working capital, minimum liquidity, and dividends; collateral maintenance requirements (as described above); and other customary covenants. The Company was required to maintain a ratio of total indebtedness to total capitalization of not greater than 0.70 to 1.00 at all times. Minimum working capital as defined in the \$400 Million Credit Facility was not to be less than \$0 at all times. The \$400 Million Credit Facility had minimum liquidity requirements at all times for all vessels in its fleet of (i) \$250 per vessel to and including December 31, 2018, (ii) \$400 per vessel from January 1, 2019 to and including December 31, 2019 and (iii) \$700 per vessel from January 1, 2020 and thereafter. The Company was prohibited from paying dividends without lender consent through December 31,

2020. The Company was able establish non-recourse subsidiaries to incur indebtedness or make investments, but it was restricted from incurring indebtedness or making investments (other than through non-recourse subsidiaries). Excess cash from the collateralized vessels under the \$400 Million Credit Facility was subject to a cash sweep. The cash flow sweep was 100% of excess cash flow through December 31, 2018, 75% through December 31, 2020 and the lesser of 50% of excess cash flow or an amount that would reflect a 15-year average vessel age repayment profile thereafter; provided no prepayment under the cash sweep was required from the first \$10,000 in aggregate of the prepayments otherwise required under the cash sweep. During the three and nine months ended September 30, 2018, the Company repaid \$0 and \$15,428, respectively, for the excess cash flow sweep.

At September 30, 2018 and December 31, 2017, the Company had deposited \$0 and \$11,180, respectively, that has been reflected as noncurrent restricted cash which represents restricted pledged liquidity amounts pursuant to the \$400 Million Credit Facility.

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Total debt repayments of \$0 and \$100 were made during the three months ended September 30, 2018 and 2017, respectively, and total debt repayments of \$404,941 (which includes \$5,341 of PIK interest) and \$300 were made during the nine months ended September 30, 2018 and 2017, respectively, under the \$400 Million Credit Facility.

On June 5, 2018, the \$400 Million Credit Facility was refinanced with the \$460 Million Credit Facility; refer to the “\$460 Million Credit Facility” section above. As of September 30, 2018 and December 31, 2017, the total outstanding net debt balance, including PIK interest as defined below, was \$0 and \$398,609, respectively.

\$98 Million Credit Facility

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

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

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

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

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

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As of September 30, 2018 and December 31, 2017, the Company had deposited \$0 and \$7,234, respectively, that was reflected as current restricted cash. As of September 30, 2018 and December 31, 2017, the Company had deposited \$0 and \$11,738, respectively, that was reflected as noncurrent restricted cash. These amounts included certain restricted deposits associated with the Debt Service Account, Capex Account and minimum liquidity amount as defined in the \$98 Million Credit Facility.

There were no debt repayments during the three months ended September 30, 2018 and 2017, respectively, and total debt repayments of \$93,939 and \$0 during the nine months ended September 30, 2018 and 2017, respectively, under the \$98 Million Credit Facility.

On June 5, 2018, the \$98 Million Credit Facility was refinanced with the \$460 Million Credit Facility; refer to the “\$460 Million Credit Facility” section above. As of September 30, 2018 and December 31, 2017, the total outstanding net debt balance under the \$98 Million Credit Facility was \$0 and \$92,569, respectively.

2014 Term Loan Facilities

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

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

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

Total debt repayments of \$0 and \$681 were made during the three months ended September 30, 2018 and 2017, respectively, and total debt repayments of \$25,544 and \$2,062 were made during the nine months ended September 30, 2018 and 2017, respectively, under the 2014 Term Loan Facilities.

On June 5, 2018, the 2014 Term Loan Facilities were refinanced with the \$460 Million Credit Facility; refer to the "\$460 Million Credit Facility" section above. At September 30, 2018 and December 31, 2017, the total outstanding net debt balance was \$0 and \$24,214, respectively.

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Interest rates

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

	For the Three Months Ended				For the Nine Months Ended			
	September 30, 2018		2017		September 30, 2018		2017	
Effective Interest Rate	5.32	%	5.42	%	5.80	%	5.24	%
Range of Interest Rates (excluding unused commitment fees)	4.56 % to		3.65 % to		3.83 % to		3.36 % to	
	5.38	%	7.46	%	8.43	%	7.46	%

8 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values and carrying values of the Company's financial instruments at September 30, 2018 and December 31, 2017 which are required to be disclosed at fair value, but not recorded at fair value, are noted below.

	September 30, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	\$ 165,724	\$ 165,724	\$ 174,479	\$ 174,479
Restricted cash	315	315	30,467	30,467
Floating rate debt	568,000	568,000	524,424	524,424

The carrying value of the borrowings under the \$460 Million Credit Facility and the \$108 Million Credit Facility as of September 30, 2018 and the \$400 Million Credit Facility, \$98 Million Credit Facility and the 2014 Term Loan

Facilities as of December 31, 2017 approximate their fair value due to the variable interest nature thereof as each of these credit facilities represent floating rate loans. Refer to Note 7 — Debt for further information regarding the Company’s credit facilities. The \$460 Million Credit Facility was utilized to refinance the \$400 Million Credit Facility, \$98 Million Credit Facility and 2014 Term Loan Facilities on June 5, 2018. The carrying amounts of the Company’s other financial instruments at September 30, 2018 and December 31, 2017 (principally Due from charterers and Accounts payable and accrued expenses) approximate fair values because of the relatively short maturity of these instruments.

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

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

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Cash and cash equivalents and restricted cash are considered Level 1 items as they represent liquid assets with short-term maturities. Floating rate debt is considered to be a Level 2 item as the Company considers the estimate of rates it could obtain for similar debt or based upon transactions amongst third parties. Nonrecurring fair value measurements include vessel impairment assessments completed during the interim period and at year-end as determined based on third-party quotes which are based off of various data points, including comparable sales of similar vessels, which are Level 2 inputs. During the nine months ended September 30, 2018, the vessels assets for ten of the Company's vessels were written down as part of the impairment recorded during the nine months ended September 30, 2018. As of June 30, 2017, the vessel asset for the Genco Surprise was written down as part of the impairment recorded during the nine months ended September 30, 2017. During the three months ended September 30, 2017, the vessel assets for the five 1999-built vessels were written down as part of the impairment recorded during the three and nine months ended September 30, 2017. Refer to "Impairment of vessel assets" section in Note 2 — Summary of Significant Accounting Policies. The Company did not have any Level 3 financial assets or liabilities as of September 30, 2018 and December 31, 2017.

9 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	September 30, 2018	December 31, 2017
Vessel stores	\$ 666	\$ 642
Capitalized contract costs	1,676	—
Prepaid items	2,057	1,452
Insurance receivable	1,021	3,498
Other	4,652	1,746
Total prepaid expenses and other current assets	\$ 10,072	\$ 7,338

10 - FIXED ASSETS

Fixed assets, net consists of the following:

	September 30, 2018	December 31, 2017
Fixed assets, at cost:		

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Vessel equipment	\$ 2,000	\$ 1,375
Furniture and fixtures	462	462
Computer equipment	210	180
Total costs	2,672	2,017
Less: accumulated depreciation and amortization	(1,177)	(1,003)
Total fixed assets, net	\$ 1,495	\$ 1,014

Depreciation and amortization expense for fixed assets for the three months ended September 30, 2018 and 2017 was \$86 and \$67, respectively. Depreciation and amortization expense for fixed assets for the nine months ended September 30, 2018 and 2017 was \$230 and \$203, respectively.

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11 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	September 30, 2018	December 31, 2017
Accounts payable	\$ 17,661	\$ 9,863
Accrued general and administrative expenses	4,460	2,978
Accrued vessel operating expenses	10,963	10,389
Total accounts payable and accrued expenses	\$ 33,084	\$ 23,230

12 – VOYAGE REVENUE

Total voyage revenue includes revenue earned on fixed rate time charters, spot market voyage charters, spot market-related time charters and vessel pools, as well as the sale of bunkers consumed during short-term time charters. For the three months ended September 30, 2018 and 2017, the Company earned \$92,263 and \$51,161 of voyage revenue, respectively. Included in voyage revenue for the three months ended September 30, 2018 and 2017 was \$0 and \$1 of net profit sharing revenue, respectively. For the nine months ended September 30, 2018 and 2017, the Company earned \$255,336 and \$134,780 of voyage revenue, respectively. Included in voyage revenue for the nine months ended September 30, 2018 and 2017, the Company earned \$0 and \$2,325 of net profit sharing revenue, respectively.

On January 1, 2018 the Company adopted the revenue recognition guidance under ASC 606 (refer to Note 2 — Summary of Significant Accounting Policies) using the modified retrospective method applied to contracts that were not completed as of January 1, 2018. The financial results for reporting periods beginning after January 1, 2018 are presented under the new guidance, while prior period amounts are not adjusted and will be continued to be reported under previous guidance.

As a result of the adoption of the new revenue recognition guidance on January 1, 2018, the Company recorded a net increase to the opening retained deficit of \$659 for the cumulative impact of adopting the new guidance. The impact related primarily to the change in accounting for spot market voyage charters. Prior to the adoption of the new guidance, revenue for spot market voyage charters was recognized ratably over the total transit time of the voyage, which previously commenced the latter of when the vessel departed from its last discharge port and when an agreement was entered into with the charterer, and ended at the time the discharge of cargo was completed at the discharge port. As a result of the adoption of the new guidance, revenue for spot market voyage charters is now being

recognized ratably over the total transit time of the voyage which now begins when the vessel arrives at the loading port and ends at the time the discharge of cargo is completed at the discharge port. Additionally, the Company has identified that the contract fulfillment costs of spot market voyage charters consist primarily of the fuel consumption that is incurred by the Company from the latter of the end of the previous vessel employment and the contract date until the arrival at the loading port in addition to any port expenses incurred prior to arrival at the load port, as well as any charter hire expenses for third-party vessels that are chartered-in. The fuel consumption during this period is capitalized and recorded in Prepaid expenses and other current assets in the Condensed Consolidated Balance Sheet and is amortized ratably over the total transit time of the voyage from arrival at the loading port until the vessel departs from the discharge port and expensed as part of Voyage Expenses. Refer also to Note 9 — Prepaid Expenses and Other Current Assets.

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The following table illustrates the impact of the adoption of the new revenue recognition guidance on the Condensed Consolidated Balance Sheet:

	As of September 30, 2018		
	As Reported	Balance without Adoption of New Revenue Standard	Effect of Change
Assets			
Current assets:			
Due from charterers	\$ 18,536	\$ 20,974	\$ (2,438)
Prepaid expenses and other current assets	10,072	8,396	1,676
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 33,084	\$ 33,123	\$ (39)
Deferred revenue	10,231	8,402	1,829
Equity:			
Retained deficit	\$ (705,556)	\$ (703,004)	\$ (2,552)

The following table illustrates the impact of the adoption of the new revenue recognition guidance on the Condensed Consolidated Statement of Operations:

	For the Three Months Ended September 30, 2018		
	As Reported	Balance without Adoption of New Revenue Standard	Effect of Change
Voyage revenues	\$ 92,263	\$ 95,123	\$ (2,860)
Voyage expenses	31,475	32,512	(1,037)
Net income	5,708	7,531	(1,823)
Net earnings per share-basic	\$ 0.14	\$ 0.18	\$ (0.04)
Net earnings per share-diluted	\$ 0.14	\$ 0.18	\$ (0.04)

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	For the Nine Months Ended September 30, 2018		
	As Reported	Balance without Adoption of New Revenue Standard	Effect of Change
Voyage revenues	\$ 255,336	\$ 258,450	\$ (3,114)
Voyage expenses	78,551	79,772	(1,221)
Net loss	(51,224)	(49,331)	(1,893)
Net loss per share-basic	\$ (1.37)	\$ (1.32)	\$ (0.05)
Net loss per share-diluted	\$ (1.37)	\$ (1.32)	\$ (0.05)

The following table illustrates the impact of the adoption of the new revenue recognition guidance on the Condensed Consolidated Statement of Cash Flows:

	For the Nine Months Ended September 30, 2018		
	As Reported	Balance without Adoption of New Revenue Standard	Effect of Change
Cash flows from operating activities:			
Change in assets and liabilities:			
Increase in due from charterers	\$ (6,329)	\$ (8,119)	\$ 1,790
Increase in prepaid expenses and other current assets	(5,966)	(4,765)	(1,201)
Increase in accounts payable and accrued expenses	8,169	8,202	(33)
Increase in deferred revenue	5,017	3,680	1,337

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The following table illustrates the cumulative effect of the adoption of the new revenue recognition guidance on the opening Condensed Consolidated Balance Sheet:

	Balance at December 31, 2017	New Revenue Standard Adjustment	Balance at January 1, 2018
Assets			
Current assets:			
Due from charterers	\$ 12,855	\$ (647)	\$ 12,208
Prepaid expenses and other current assets	7,338	475	7,813
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 23,230	\$ (6)	\$ 23,224
Deferred revenue	4,722	493	5,215
Equity:			
Retained deficit	\$ (653,673)	\$ (659)	\$ (654,332)

13 - COMMITMENTS AND CONTINGENCIES

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

September 30, 2025. For accounting purposes, the sub-sublease agreement and direct lease agreement with the landlord constitutes one lease agreement. As a result of the straight-line rent calculation generated by the free rent period and the tenant work credit, the monthly straight-line rental expense for the term from the Effective Date to September 30, 2025 is \$150. The Company had a long-term lease obligation at September 30, 2018 and December 31, 2017 of \$3,576 and \$2,588, respectively. Rent expense pertaining to this lease for the three months ended September 30, 2018 and 2017 was \$452 during both periods and \$1,356 during the nine months ended September 30, 2018 and 2017.

Future minimum rental payments on the above lease for the next five years and thereafter are as follows: \$557 for the remainder of 2018, \$2,230 annually for 2019, 2020, 2021 and 2022, and a total of \$6,671 for the remaining term of the lease.

14 - STOCK-BASED COMPENSATION

2014 Management Incentive Plan

On the Effective Date, pursuant to the Chapter 11 Plan, the Company adopted the Genco Shipping & Trading Limited 2014 Management Incentive Plan (the "MIP"). An aggregate of 966,806 shares of Common Stock were available for award under the MIP. Awards under the MIP took the form of restricted stock grants and three tiers of MIP Warrants with staggered strike prices based on increasing equity values. The number of shares of common stock available under the Plan represented approximately 1.8% of the shares of post-emergence Common Stock outstanding as

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of the Effective Date on a fully-diluted basis. Awards under the MIP were available to eligible employees, non-employee directors and/or officers of the Company and its subsidiaries (collectively, “Eligible Individuals”). Under the MIP, a committee appointed by the Board from time to time (or, in the absence of such a committee, the Board) (in either case, the “Plan Committee”) could grant a variety of stock-based incentive awards, as the Plan Committee deems appropriate, to Eligible Individuals. The MIP Warrants are exercisable on a cashless basis and contain customary anti-dilution protection in the event of any stock split, reverse stock split, stock dividend, reclassification, dividend or other distributions (including, but not limited to, cash dividends), or business combination transaction.

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

For the three and nine months ended September 30, 2018 and 2017, the Company recognized amortization expense of the fair value of these warrants, which is included in General and administrative expenses, as follows:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
General and administrative expenses	\$ —	\$ 153	\$ —	\$ 902

As of September 30, 2018, there was no unamortized stock-based compensation for the warrants and all warrants were vested.

The following table summarizes certain information about the warrants outstanding as of September 30, 2018:

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Weighted Average Exercise Price of Outstanding Warrants	Warrants Outstanding and Unvested, September 30, 2018			Warrants Outstanding and Exercisable, September 30, 2018		
	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
\$ 303.12	—	\$ —	—	8,557,461	\$ 303.12	1.86

As of September 30, 2018 and December 31, 2017, a total of 8,557,461 of warrants were outstanding.

The nonvested stock awards granted under the MIP vested ratably on each of the three anniversaries of August 7, 2014. As of September 30, 2018, all stock awards granted under the MIP were vested.

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The total fair value of MIP restricted shares that vested during the nine months ended September 30, 2018 and 2017 was \$0 and \$106, respectively. The total fair value is calculated as the number of shares vested during the period multiplied by the fair value on the vesting date.

For the three and nine months ended September 30, 2018 and 2017, the Company recognized nonvested stock amortization expense for the MIP restricted shares, which is included in General and administrative expenses, as follows:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
General and administrative expenses	\$ —	\$ 62	\$ —	\$ 368

The Company amortized these grants over the applicable vesting periods, net of anticipated forfeitures. As of September 30, 2018, there was \$0 of unrecognized compensation cost.

2015 Equity Incentive Plan

On June 26, 2015, the Company's Board of Directors approved the 2015 Equity Incentive Plan for awards with respect to an aggregate of 400,000 shares of common stock (the "2015 Plan"). Under the 2015 Plan, the Company's Board of Directors, the compensation committee, or another designated committee of the Board of Directors may grant a variety of stock-based incentive awards to the Company's officers, directors, employees, and consultants. Awards may consist of stock options, stock appreciation rights, dividend equivalent rights, restricted (nonvested) stock, restricted stock units, and unrestricted stock. As of September 30, 2018, the Company has awarded restricted stock units, restricted stock and stock options under the 2015 Plan.

On March 23, 2017, the Board of Directors approved an amendment and restatement of the 2015 Plan. This amendment and restatement increased the number of shares available for awards under the plan from 400,000 to 2,750,000, subject to shareholder approval; set the annual limit for awards to non-employee directors and other individuals as 500,000 and 1,000,000 shares, respectively; and modified the change in control definition. The Company's shareholder's approved the increase in the number of shares at the Company's 2017 Annual Meeting of Shareholders on May 17, 2017.

Stock Options

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

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

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For the three and nine months ended September 30, 2018 and 2017, the Company recognized amortization expense of the fair value of these options, which is included in General and administrative expenses, as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
General and administrative expenses	\$ 216	\$ 201	\$ 553	\$ 419

Amortization of the unamortized stock-based compensation balance of \$713 as of September 30, 2018 is expected to be expensed \$178, \$392, \$127 and \$16 during the remainder of 2018 and during the years ended December 31, 2019, 2020 and 2021, respectively. The following table summarizes the unvested option activity for the nine months ended September 30, 2018:

	Number of Options	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding at January 1, 2018 - Unvested	88,667	\$ 11.13	\$ 6.41
Granted	122,608	13.69	7.55
Exercisable	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Outstanding at September 30, 2018 - Unvested	211,275	\$ 12.62	\$ 7.07

The following table summarizes certain information about the options outstanding as of September 30, 2018:

Weighted Average Exercise Price of Outstanding Options	Options Outstanding and Unvested, September 30, 2018			Options Outstanding and Exercisable, September 30, 2018		
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
\$ 12.36	211,275	\$ 12.62	5.02	44,333	\$ 11.13	4.48

As of September 30, 2018 and December 31, 2017, a total of 255,608 and 133,000 stock options were outstanding, respectively.

Restricted Stock Units

The Company has issued restricted stock units (“RSUs”) under the 2015 Plan to certain members of the Board of Directors and certain executives and employees of the Company, which represent the right to receive a share of common stock, or in the sole discretion of the Company’s Compensation Committee, the value of a share of common stock on the date that the RSU vests. As of September 30, 2018 and December 31, 2017, 118,838 and 118,838 shares of the Company’s common stock were outstanding in respect of the RSUs, respectively. Such shares of common stock will only be issued in respect of vested RSUs issued to directors when the director’s service with the Company as a director terminates. Such shares of common stock will only be issued to executives and employees when their RSUs vest under the terms of their grant agreements and the amended 2015 Plan described above. On May 17, 2017, 18,234 shares of common stock were issued to Eugene Davis, the former Chairman of the Audit Committee, in respect of vested RSUs following his departure from the Board.

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The RSUs that have been issued to certain members of the Board of Directors generally vest on the date of the annual shareholders meeting of the Company following the date of the grant. The RSUs that have been issued to other individuals vest ratably on each of the three anniversaries of the determined vesting date. The table below summarizes the Company's unvested RSUs for the nine months ended September 30, 2018:

	Number of RSUs	Weighted Average Grant Date Price
Outstanding at January 1, 2018	220,129	\$ 11.01
Granted	51,704	14.84
Vested	(25,197)	10.12
Forfeited	—	—
Outstanding at September 30, 2018	246,636	\$ 11.91

The total fair value of the RSUs that vested during the nine months ended September 30, 2018 and 2017 was \$450 and \$675, respectively. The total fair value is calculated as the number of shares vested during the period multiplied by the fair value on the vesting date.

The following table summarizes certain information of the RSUs unvested and vested as of September 30, 2018:

Unvested RSUs September 30, 2018			Vested RSUs September 30, 2018	
Number of RSUs	Weighted Average Grant Date Price	Weighted Average Remaining Contractual Life	Number of RSUs	Weighted Average Grant Date Price
246,636	\$ 11.91	1.23	196,769	\$ 11.23

The Company is amortizing these grants over the applicable vesting periods, net of anticipated forfeitures. As of September 30, 2018, unrecognized compensation cost of \$951 related to RSUs will be recognized over a weighted-average period of 1.23 years.

For the three and nine months ended September 30, 2018 and 2017, the Company recognized nonvested stock amortization expense for the RSUs, which is included in General and administrative expenses as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
General and administrative expenses	\$ 425	\$ 830	\$ 1,213	\$ 1,822

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Restricted Stock

Under the 2015 Plan, grants of restricted common stock issued to executives ordinarily vest ratably on each of the three anniversaries of the determined vesting date. The table below summarizes the Company's nonvested stock awards for the nine months ended September 30, 2018 which were issued under the 2015 Plan:

	Number of Shares	Weighted Average Grant Date Price
Outstanding at January 1, 2018	6,802	\$ 5.20
Granted	—	—
Vested	—	—
Forfeited	—	—
Outstanding at September 30, 2018	6,802	\$ 5.20

There were no shares that vested under the 2015 Plan during the nine months ended September 30, 2018 and 2017. The total fair value is calculated as the number of shares vested during the period multiplied by the fair value on the vesting date.

For the three and nine months ended September 30, 2018 and 2017, the Company recognized nonvested stock amortization expense for the 2015 Plan restricted shares, which is included in General and administrative expenses, as follows:

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
General and administrative expenses	\$ 3	\$ 9	\$ 10	\$ 25

The Company is amortizing these grants over the applicable vesting periods, net of anticipated forfeitures. As of September 30, 2018, unrecognized compensation cost of \$2 related to nonvested stock will be recognized over a weighted-average period of 0.13 years.

15 - LEGAL PROCEEDINGS

In April 2015, six class action complaints were filed in the Supreme Court of the State of New York, County of New York. On May 26, 2015, the six actions were consolidated under the caption In Re Baltic Trading Ltd. Stockholder Litigation, Index No. 651241/2015, and a consolidated class action complaint was filed on June 10, 2015 (the “Consolidated Complaint”). The Consolidated Complaint is purported to be brought by and on behalf of Baltic Trading’s shareholders and alleges that the then-proposed July 2015 merger did not fairly compensate Baltic Trading’s shareholders and undervalued Baltic Trading. The Consolidated Complaint names as defendants the Company, Baltic Trading, the individual members of Baltic Trading’s board, and the Company’s merger subsidiary. The claims generally allege (i) breaches of fiduciary duties of good faith, due care, disclosure to shareholders, and loyalty, including for failing to maximize shareholder value, and (ii) aiding and abetting those breaches. Among other relief, the complaints seek an injunction against the merger, declaratory judgments that the individual defendants breached fiduciary duties, rescission of the merger agreement, and unspecified damages.

On July 9, 2015, plaintiffs in that action moved to enjoin the merger vote, scheduled to take place on July 17, 2015. The motion to enjoin the vote was denied on July 15, 2015. Plaintiffs sought an emergency injunction and temporary restraining order from the New York State Appellate Division, First Department the following day, on July 16, 2015. The Appellate Division denied the request, and the vote, and subsequent merger, proceeded as scheduled on July 17, 2015. Plaintiffs thereafter withdrew that appeal.

On June 30, 2015, defendants had moved to dismiss the Consolidated Complaint in its entirety. Plaintiffs subsequently served an Amended Consolidated Complaint, and defendants directed their motion to dismiss to that amended complaint. The motion to dismiss was granted and the Amended Consolidated Complaint was dismissed with

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prejudice on August 29, 2016. By a Decision and Order dated April 26, 2018, the New York State Appellate Division, First Department affirmed the dismissal of the amended complaint. The time for plaintiffs to file a motion for leave to appeal to the New York State Court of Appeals has expired.

From time to time, the Company may be subject to legal proceedings and claims in the ordinary course of its business, principally personal injury and property casualty claims. Such claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources. The Company is not aware of any legal proceedings or claims that it believes will have, individually or in the aggregate, a material effect on the Company, its financial condition, results of operations or cash flows besides those noted above.

16 – SUBSEQUENT EVENTS

On October 24, 2018, the Company entered into an agreement to sell the Genco Muse, a 2001-built Handymax vessel, to a third party. The sale of the vessel is expected to be completed during the fourth quarter of 2018. This vessel does not serve as collateral under any of the Company's credit facilities; therefore the Company will not be required to pay down any indebtedness with the proceeds from the sale.

On October 16, 2018, the Company completed the sale of the Genco Cavalier, a 2007-built Supramax vessel, to a third party for \$10,000 less a 2.5% broker commission payable to a third party. The vessel assets have been classified as held for sale in the Condensed Consolidated Balance Sheet as of September 30, 2018. Refer also to Note 4 — Vessel Acquisitions and Dispositions. This vessel served as collateral under the \$460 Million Credit Facility; therefore, \$4,947 of the net proceeds received from the sale will remain classified as restricted cash for 120 days following the sale date. That amount can be used towards the financing of a replacement vessel or vessels meeting certain requirements and added as collateral under the facility. If such a replacement vessel is not added as collateral within such 120 day period, the Company will be required to use the proceeds as a loan prepayment.

Based on vessel sales committed to date, the Company expects to record a net gain on the sale of Genco Explorer (see Note 4 — Vessel Acquisitions and Dispositions), Genco Muse and Genco Cavalier during the fourth quarter of 2018 of approximately \$1.2 million, excluding any expenses incurred as part of the sales.

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

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

This report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning in connection with a discussion of potential future events, circumstances or future operating or financial performance. These forward-looking statements are based on our management's current expectations and observations. Included among the factors that, in our view, could cause actual results to differ materially from the forward looking statements contained in this report are the following: (i) declines or sustained weakness in demand in the drybulk shipping industry; (ii) continuation of weakness or declines in drybulk shipping rates; (iii) changes in the supply of or demand for drybulk products, generally or in particular regions; (iv) changes in the supply of drybulk carriers including newbuilding of vessels or lower than anticipated scrapping of older vessels; (v) changes in rules and regulations applicable to the cargo industry, including, without limitation, legislation adopted by international organizations or by individual countries and actions taken by regulatory authorities; (vi) increases in costs and expenses including but not limited to: crew wages, insurance, provisions, lube oil, bunkers, repairs, maintenance, general and administrative expenses, and management fee expenses; (vii) whether our insurance arrangements are adequate; (viii) changes in general domestic and international political conditions; (ix) acts of war, terrorism, or piracy; (x) changes in the condition of the Company's vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking or maintenance and repair costs) and unanticipated drydock expenditures; (xi) the Company's acquisition or disposition of vessels; (xii) the amount of offhire time needed to complete repairs on vessels and the timing and amount of any reimbursement by our insurance carriers for insurance claims, including offhire days; (xiii) the completion of definitive documentation with respect to charters; (xiv) charterers' compliance with the terms of their charters in the current market environment; (xv) the extent to which our operating results continue to be affected by weakness in market conditions and freight and charter rates; (xvi) our ability to maintain contracts that are critical to our operation, to obtain and maintain acceptable terms with our vendors, customers and service providers and to retain key executives, managers and employees; (xvii) completion of documentation for vessel transactions and the performance of the terms thereof by buyers or sellers of vessels and us; (xviii) the terms of definitive documentation for the purchase and installation of exhaust gas cleaning systems, or scrubbers, for our vessels and our ability to have scrubbers installed within the price range and time frame anticipated; (xix) our ability to obtain financing for scrubbers on acceptable terms; (xx) the relative cost and availability of low sulfur and high sulfur fuel; (xxi) worldwide compliance with sulfur emissions regulations due to take effect on January 1, 2020; and other factors listed from time to time in our filings with the Securities and Exchange Commission, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent reports on Form 8-K and Form 10-Q.

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

General

We are a Marshall Islands company that transports iron ore, coal, grain, steel products and other drybulk cargoes along worldwide shipping routes through the ownership and operation of drybulk carrier vessels. After giving effect to the sale of one Handymax and one Handysize vessel as described below, our fleet will consist of 61 drybulk vessels, including 17 Capesize drybulk carriers, five Panamax drybulk carriers, six Ultramax drybulk carriers, 20 Supramax drybulk carriers and 13 Handysize drybulk carriers, with an aggregate carrying capacity of approximately 5,297,000 dwt and an average age of approximately 9.3 years. We seek to deploy our vessels on time charters, spot market voyage charters, spot market-related time charters or in vessel pools trading in the spot market, to reputable charterers. The majority of the vessels in our current fleet are presently engaged under time charter, spot market voyage charters and spot market-related time charter contracts that expire (assuming the option periods in the time charters are not exercised) between November 2018 and June 2019.

See pages 47 - 51 for a table of all vessels in our fleet.

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

On July 12, 2018, we entered into agreements to purchase two modern, high specification Capesize drybulk vessels for an aggregate purchase price of \$98.0 million. These vessels were renamed the Genco Defender and the Genco Liberty (both 2016-built Capesize vessels) and were delivered during the third quarter of 2018. We utilized a combination of cash on hand and proceeds from the \$108 Million Credit Facility as described in Note 7 — Debt in our Condensed Consolidated Financial Statements.

On June 6, 2018, we entered into an agreement for the en bloc purchase of four drybulk vessels including two Capesize drybulk vessels and two Ultramax drybulk vessels for approximately \$141.0 million. Each vessel was built with a fuel-saving "eco" engine. These vessels were renamed the Genco Weatherly (2014-built Ultramax vessel), Genco Columbia (2016-built Ultramax vessel), Genco Endeavour (2015-built Capesize vessel) and Genco Resolute (2015-built Capesize vessel) and were delivered during the third quarter of 2018. The Company utilized a combination of cash on hand and proceeds from the \$108 Million Credit Facility as described in Note 7 — Debt in our Condensed Consolidated Financial Statements.

On August 30, 2018, we entered into an agreement to sell the Genco Cavalier, a 2007-built Supramax vessel, and the vessel assets have been classified as held for sale in our Condensed Consolidated Balance Sheet as of September 30, 2018. The sale was completed on October 16, 2018. The Genco Cavalier served as collateral under the \$460 Million Credit Facility; therefore, \$4.9 million of the net proceeds received from the sale will remain classified as restricted cash for 120 days following the sale date. That amount can be used towards the financing of a replacement vessel or vessels meeting certain requirements and added as collateral under the facility. If such a replacement vessel is not added as collateral, we will be required to use the proceeds as a loan prepayment.

On July 24, 2018, we entered into an agreement to sell the Genco Surprise, a 1998-built Panamax vessel. On August 7, 2018, the Company completed the sale of the Genco Surprise. This vessel does not serve as collateral under any of our credit facilities; therefore, we are not required to pay down any indebtedness with the proceeds from the sale.

On June 27, 2018, we reached agreements to sell the Genco Explorer and Genco Progress, both 1999-built Handysize vessels. The sale of the Genco Progress was completed on September 13, 2018, and the sale of the Genco Explorer is

expected to be completed during the fourth quarter of 2018. The vessel assets for the Genco Explorer have been classified as held for sale in the Condensed Consolidated Balance Sheet as of September 30, 2018. These vessels do not serve as collateral under any of our credit facilities; therefore, we are not required to pay down any indebtedness with the proceeds from the sales. The sales are subject to completion of definitive documentation and customary conditions.

The Genco Cavalier, the Genco Surprise, the Genco Explorer and Genco Progress are part of our previously announced fleet renewal program. We therefore intend to redeploy the net proceeds from the sales of these vessels towards the acquisition of replacement vessels.

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

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

Over the course of 2018, the United States has imposed a series of tariffs on several goods imported from various countries. Certain of these countries, including China, have undertaken retaliatory actions with the implementation of tariffs on select U.S. products. Most notably in terms of drybulk trade volumes, is China's tariff placed upon U.S. soybean exports. To date, our observation of trade flows has been that China has increased its market share of Brazilian soybeans, while U.S. shipments have been re-directed to other destinations such as Latin America and Europe.

On October 27, 2016, at the 70th session of the Marine Environment Protection Committee ("MEPC"), the MEPC announced the results from a vote to ratify and formalize regulations mandating a reduction in sulfur emissions from 3.5% currently to 0.5% as of the beginning of 2020 rather than pushing the deadline back to 2025. By 2020, ships will now have to reduce sulfur emissions, for which the principal solutions are the use of exhaust gas cleaning systems ("scrubbers") or buying fuel with low sulfur content. If a vessel is not retrofitted with a scrubber, it will need to use low sulfur fuel, which is currently more expensive than standard marine fuel containing 3.5% sulfur content. This increased demand for low sulfur fuel may result in an increase in prices for such fuel.

We plan to install scrubbers on our 17 Capesize vessels with options for installation on an additional 15 minor bulk vessels. We expect the balance of our fleet will consume compliant, low sulfur fuel beginning in 2020 but will continue to evaluate other options. We also plan to continue to sell older, less fuel-efficient vessels and redeploy sale proceeds towards modern, fuel-efficient vessels to further reduce emissions.

Factors Affecting Our Results of Operations

We believe that the following table reflects important measures for analyzing trends in our results of operations. The table reflects our ownership days, chartered-in days, available days, operating days, fleet utilization, TCE rates and daily vessel operating expenses for the three and nine months ended September 30, 2018 and 2017 on a consolidated basis.

	For the Three Months		Increase (Decrease)	% Change	
	Ended September 30, 2018	2017			
Fleet Data:					
Ownership days (1)					
Capesize	1,334.5	1,196.0	138.5	11.6	%
Panamax	497.1	552.0	(54.9)	(9.9)	%
Ultramax	455.2	368.0	87.2	23.7	%
Supramax	1,932.0	1,932.0	—	—	%
Handymax	92.0	92.0	—	—	%
Handysize	1,362.1	1,380.0	(17.9)	(1.3)	%
Total	5,673.0	5,520.0	153.0	2.8	%

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	For the Three Months Ended		Increase (Decrease)	% Change				
	September 30, 2018	2017						
Chartered-in days (2)								
Capesize	—	—	—	—	%			
Panamax	—	—	—	—	%			
Ultramax	—	—	—	—	%			
Supramax	—	—	—	—	%			
Handymax	37.0	—	37.0	100.0	%			
Handysize	27.6	—	27.6	100.0	%			
Total	64.5	—	64.5	100.0	%			
Available days (owned & chartered-in fleet) (3)								
Capesize	1,288.0	1,195.7	92.3	7.7	%			
Panamax	496.1	501.9	(5.8)	(1.1)	%			
Ultramax	448.8	365.9	82.9	22.6	%			
Supramax	1,928.6	1,864.2	64.4	3.5	%			
Handymax	129.0	91.2	37.8	41.4	%			
Handysize	1,389.5	1,380.0	9.5	0.7	%			
Total	5,680.0	5,399.0	281.0	5.2	%			
Available days (owned fleet) (4)								
Capesize	1,288.0	1,195.7	92.3	7.7	%			
Panamax	496.1	501.9	(5.8)	(1.1)	%			
Ultramax	448.8	365.9	82.9	22.6	%			
Supramax	1,928.6	1,864.2	64.4	3.5	%			
Handymax	92.0	91.2	0.8	0.9	%			
Handysize	1,361.9	1,380.0	(18.1)	(1.3)	%			
Total	5,615.4	5,399.0	216.5	4.0	%			
Operating days (5)								
Capesize	1,286.1	1,162.4	123.7	10.6	%			
Panamax	472.0	501.5	(29.5)	(5.9)	%			
Ultramax	445.4	365.9	79.4	21.7	%			
Supramax	1,911.5	1,841.9	69.6	3.8	%			
Handymax	124.0	87.4	36.7	41.9	%			
Handysize	1,383.9	1,349.1	34.8	2.6	%			
Total	5,622.8	5,308.1	314.7	5.9	%			
Fleet utilization (6)								
Capesize	98.5	%	97.2	%	1.3	%	1.3	%
Panamax	94.9	%	99.8	%	(4.9)	%	(4.9)	%

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Ultramax	97.8	%	99.4	%	(1.6)	%	(1.6)	%
Supramax	98.9	%	97.8	%	1.1	%	1.1	%
Handymax	96.2	%	95.0	%	1.2	%	1.3	%
Handysize	99.6	%	97.8	%	1.8	%	1.8	%
Fleet average	98.5	%	97.9	%	0.6	%	0.6	%

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	For the Three Months Ended		Increase (Decrease)	% Change	
	September 30, 2018	2017			
Average Daily Results:					
Time Charter Equivalent (7)					
Capesize	\$ 15,168	\$ 12,180	\$ 2,988	24.5	%
Panamax	9,319	9,329	(10)	(0.1)	%
Ultramax	8,063	8,509	(446)	(5.2)	%
Supramax	10,014	7,461	2,553	34.2	%
Handymax	11,948	7,665	4,283	55.9	%
Handysize	8,719	6,262	2,457	39.2	%
Fleet average	10,696	8,448	2,248	26.6	%
Daily vessel operating expenses (8)					
Capesize	\$ 5,172	\$ 5,019	\$ 153	3.0	%
Panamax	4,039	4,391	(352)	(8.0)	%
Ultramax	4,879	4,592	287	6.3	%
Supramax	4,246	4,729	(483)	(10.2)	%
Handymax	3,928	4,102	(174)	(4.2)	%
Handysize	4,008	3,986	22	0.6	%
Fleet average	4,434	4,553	(119)	(2.6)	%

	For the Nine Months Ended		Increase (Decrease)	% Change	
	September 30, 2018	2017			
Fleet Data:					
Ownership days (1)					
Capesize	3,687.5	3,549.0	138.5	3.9	%
Panamax	1,583.1	1,638.0	(54.9)	(3.4)	%
Ultramax	1,179.2	1,092.0	87.2	8.0	%
Supramax	5,733.0	5,733.0	—	—	%
Handymax	273.0	540.8	(267.8)	(49.5)	%

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Handysize	4,077.1	4,134.6	(57.5)	(1.4)	%
Total	16,532.9	16,687.4	(154.5)	(0.9)	%
Chartered-in days (2)					
Capesize	—	—	—	—	%
Panamax	—	—	—	—	%
Ultramax	—	—	—	—	%
Supramax	49.4	—	49.4	100.0	%
Handymax	37.0	—	37.0	100.0	%
Handysize	27.6	—	27.6	100.0	%
Total	114.0	—	114.0	100.0	%
Available days (owned & chartered-in fleet) (3)					
Capesize	3,608.0	3,456.3	151.7	4.4	%
Panamax	1,582.1	1,468.6	113.5	7.7	%
Ultramax	1,172.5	1,087.7	84.8	7.8	%
Supramax	5,775.4	5,623.4	152.0	2.7	%
Handymax	299.9	518.3	(218.4)	(42.1)	%
Handysize	4,067.5	4,087.6	(20.1)	(0.5)	%
Total	16,505.4	16,241.9	263.5	1.6	%

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	For the Nine Months Ended		Increase (Decrease)	% Change				
	September 30, 2018	2017						
Available days (owned fleet) (4)								
Capesize	3,608.0	3,456.3	151.7	4.4	%			
Panamax	1,582.1	1,468.6	113.5	7.7	%			
Ultramax	1,172.5	1,087.7	84.8	7.8	%			
Supramax	5,726.0	5,623.4	102.6	1.8	%			
Handymax	262.9	518.3	(255.4)	(49.3)	%			
Handysize	4,039.9	4,087.6	(47.7)	(1.2)	%			
Total	16,391.4	16,241.9	149.5	0.9	%			
Operating days (5)								
Capesize	3,606.0	3,327.3	278.7	8.4	%			
Panamax	1,547.9	1,461.8	86.1	5.9	%			
Ultramax	1,152.3	1,083.7	68.6	6.3	%			
Supramax	5,707.3	5,584.7	122.6	2.2	%			
Handymax	292.9	494.2	(201.3)	(40.7)	%			
Handysize	4,011.8	4,051.1	(39.3)	(1.0)	%			
Total	16,318.2	16,002.8	315.4	2.0	%			
Fleet utilization (6)								
Capesize	99.2	%	95.3	%	3.9	%	4.1	%
Panamax	97.8	%	98.4	%	(0.6)	%	(0.6)	%
Ultramax	97.7	%	99.2	%	(1.5)	%	(1.5)	%
Supramax	98.7	%	98.7	%	—	%	—	%
Handymax	94.5	%	91.4	%	3.1	%	3.4	%
Handysize	98.3	%	99.0	%	(0.7)	%	(0.7)	%
Fleet average	98.5	%	97.8	%	0.7	%	0.7	%

	For the Nine Months Ended		Increase (Decrease)	% Change	
	September 30, 2018	2017			
Average Daily Results:					
Time Charter Equivalent (7)					
Capesize	\$ 14,716	\$ 10,381	\$ 4,335	41.8	%
Panamax	9,513	7,410	2,103	28.4	%
Ultramax	9,930	8,172	1,758	21.5	%
Supramax	10,115	6,936	3,179	45.8	%
Handymax	10,965	7,309	3,656	50.0	%

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Handysize	8,655	6,505	2,150	33.1	%
Fleet average	10,710	7,698	3,012	39.1	%
Daily vessel operating expenses (8)					
Capesize	\$ 4,849	\$ 4,789	\$ 60	1.3	%
Panamax	4,149	4,493	(344)	(7.7)	%
Ultramax	4,518	4,462	56	1.3	%
Supramax	4,338	4,521	(183)	(4.0)	%
Handymax	5,012	4,240	772	18.2	%
Handysize	4,078	3,973	105	2.6	%
Fleet average	4,394	4,427	(33)	(0.7)	%

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Definitions

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

(1) Ownership days. We define ownership days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.

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

(3) Available days (owned and chartered-in fleet). We define available days, which we have recently updated and incorporated in the table above to better demonstrate the manner in which we evaluate our business, as the number of our ownership days and chartered-in days less the aggregate number of days that our vessels are off-hire due to familiarization upon acquisition, repairs or repairs under guarantee, vessel upgrades or special surveys. Amounts for available days in the table above for the periods ended September 30, 2017 have been adjusted for our updated method of calculating available days. Companies in the shipping industry generally use available days to measure the number of days in a period during which vessels should be capable of generating revenues.

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

(5) Operating days. We define operating days as the number of our total available days in a period less the aggregate number of days that our vessels are off-hire due to unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues. Amounts for operating days in the table above for the periods ended September 30, 2017 have been adjusted for our updated method of calculating available days.

(6) Fleet utilization. We calculate fleet utilization, which we have recently updated and incorporated in the table above to better demonstrate the manner in which we evaluate our business, as the number of our operating days during a period divided by the number of ownership days plus chartered-in days less drydocking days. Amounts for fleet utilization in the table above for the period ended September 30, 2017 have been adjusted for our updated method of calculating fleet utilization.

(7) TCE rates. We define TCE rates as our voyage revenues less voyage expenses and charter-hire expenses, divided by the number of the available days of our owned fleet during the period, which is consistent with industry standards. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charterhire rates for vessels on voyage charters are generally not expressed in per-day amounts while charterhire rates for vessels on time charters generally are expressed in such amounts.

	For the Three Months		For the Nine Months Ended	
	Ended		September 30,	
	September 30,		September 30,	
	2018	2017	2018	2017
Voyage revenues (in thousands)	\$ 92,263	\$ 51,161	\$ 255,336	\$ 134,780
Voyage expenses (in thousands)	31,475	5,550	78,551	9,743
Charter hire expenses (in thousands)	723	—	1,231	—
	60,065	45,611	175,554	125,037
Total available days for owned fleet	5,615.4	5,399.0	16,391.4	16,241.9
Total TCE rate	\$ 10,696	\$ 8,448	\$ 10,710	\$ 7,698

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

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Operating Data

The following tables represent the operating data for the three and nine months ended September 30, 2018 and 2017 on a consolidated basis.

	For the Three Months Ended September 30,				
	2018	2017	Change	% Change	
	(U.S. dollars in thousands, except for per share amounts)				
Revenue:					
Voyage revenues	\$ 92,263	\$ 51,161	\$ 41,102	80.3	%
Total revenues	92,263	51,161	41,102	80.3	%
Operating Expenses:					
Voyage expenses	31,475	5,550	25,925	467.1	%
Vessel operating expenses	25,155	25,131	24	0.1	%
Charter hire expenses	723	—	723	100.0	%
General and administrative expenses (inclusive of nonvested stock amortization expense of \$644 and \$1,255, respectively)	5,033	5,889	(856)	(14.5)	%
Technical management fees	2,028	1,883	145	7.7	%
Depreciation and amortization	17,269	17,836	(567)	(3.2)	%
Impairment of vessel assets	—	18,654	(18,654)	(100.0)	%
Gain on sale of vessels	(1,509)	—	(1,509)	100.0	%
Total operating expenses	80,174	74,943	5,231	7.0	%
Operating income (loss)	12,089	(23,782)	35,871	(150.8)	%
Other expense	(6,381)	(7,400)	1,019	(13.8)	%
Income (loss) before income taxes	5,708	(31,182)	36,890	(118.3)	%
Income tax expense	—	—	—	—	
Net income (loss)	\$ 5,708	\$ (31,182)	\$ 36,890	(118.3)	%
Net earnings (loss) per share - basic	\$ 0.14	\$ (0.90)	\$ 1.04	(115.6)	%
Net earnings (loss) per share - diluted	\$ 0.14	\$ (0.90)	\$ 1.04	(115.6)	%
Weighted average common shares outstanding - basic	41,618,187	34,469,998	7,148,189	20.7	%
Weighted average common shares outstanding - diluted	41,821,008	34,469,998	7,351,010	21.3	%
EBITDA (1)	\$ 29,571	\$ (5,983)	\$ 35,554	(594.3)	%

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	For the Nine Months Ended September 30,				
	2018	2017	Change	% Change	
	(U.S. dollars in thousands, except for per share amounts)				
Revenue:					
Voyage revenues	\$ 255,336	\$ 134,780	\$ 120,556	89.4	%
Total revenues	255,336	134,780	120,556	89.4	%
Operating Expenses:					
Voyage expenses	78,551	9,743	68,808	706.2	%
Vessel operating expenses	72,642	73,867	(1,225)	(1.7)	%
Charter hire expenses	1,231	—	1,231	100.0	%
General and administrative expenses (inclusive of nonvested stock amortization expense of \$1,776 and \$3,536, respectively)	16,761	16,550	211	1.3	%
Technical management fees	5,926	5,735	191	3.3	%
Depreciation and amortization	50,605	54,194	(3,589)	(6.6)	%
Impairment of vessel assets	56,586	21,993	34,593	157.3	%
Gain on sale of vessels	(1,509)	(7,712)	6,203	(80.4)	%
Total operating expenses	280,793	174,370	106,423	61.0	%
Operating loss	(25,457)	(39,590)	14,133	(35.7)	%
Other expense	(25,767)	(21,705)	(4,062)	18.7	%
Loss before income taxes	(51,224)	(61,295)	10,071	(16.4)	%
Income tax expense	—	—	—	—	%
Net loss	\$ (51,224)	\$ (61,295)	\$ 10,071	(16.4)	%
Net loss per share - basic	\$ (1.37)	\$ (1.80)	0.43	(23.9)	%
Net loss per share - diluted	\$ (1.37)	\$ (1.80)	0.43	(23.9)	%
Weighted average common shares outstanding - basic	37,263,200	34,135,736	3,127,464	9.2	%
Weighted average common shares outstanding - diluted	37,263,200	34,135,736	3,127,464	9.2	%
EBITDA (1)	\$ 20,887	\$ 14,452	\$ 6,435	44.5	%

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

For the
Three
Months
Ended