

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**FORM 20-F**  
(Mark One)

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

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2025

OR

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

OR

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

Date of event requiring this shell company report \_\_\_\_\_

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-35025

## PERFORMANCE SHIPPING INC.

(Exact name of Registrant as specified in its charter)

**Not applicable**

(Translation of Registrant's name into English)

**Republic of the Marshall Islands**

(Jurisdiction of incorporation or organization)

373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, Greece

(Address of principal executive offices)

Mr. Andreas Michalopoulos, 373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, GR  
Tel: + 30-216-600-2400, Fax: + 30-216-600-2599, E-mail: amichalopoulos@pshipping.com

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, \$0.01 par value, including the Preferred stock purchase rights	"PSHG"	The Nasdaq Stock Market LLC

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

None

(Title of Class)

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

None

(Title of Class)

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

As of December 31, 2025, there were 12,432,158 of the registrant's common shares, par value \$0.01, outstanding, 50,726 shares of the registrant's Series B Convertible Cumulative Perpetual Preferred Stock outstanding and 1,423,912 shares of the registrant's Series C Convertible Cumulative Redeemable Perpetual Preferred Stock outstanding.

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

Yes  No

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

Yes  No

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

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

Yes  No

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

Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

U.S. GAAP

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

Other

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

Item 17  Item 18

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

Yes  No

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

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

Yes  No

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## FORWARD-LOOKING STATEMENTS

Matters discussed in this annual report on Form 20-F and the documents incorporated by reference may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include, but are not limited to, statements concerning plans, objectives, goals, strategies, future events or performance, underlying assumptions, and other statements, which are other than statements of historical facts.

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

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

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

In addition to these important factors and matters discussed elsewhere herein, including under the heading “Item 3. Key Information—D. Risk Factors,” and in the documents incorporated by reference herein, important factors that, in its view, could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to: the strength of world economies; fluctuations in currencies and interest rates; inflation general market conditions, including fluctuations in charter rates and vessel values; changes in demand in the tanker shipping industry; changes in the supply of vessels; changes in worldwide or regional oil production, demand, consumption, and storage; changes in our operating expenses, including bunker prices, crew costs, drydocking, and insurance costs; our future operating or financial results; availability of financing and refinancing; changes to our financial condition and liquidity, including our ability to pay amounts that we owe and obtain additional financing to fund capital expenditures, acquisitions, and other general corporate activities; our ability to take delivery of, integrate into our fleet, and employ any newbuilding vessels we may acquire or order in the future and the ability of shipyards to deliver vessels on a timely basis; our ability to obtain financing and comply with the restrictions and other covenants in our financing arrangements; our ability to continue as a going concern; our ability to pay dividends to holders of our preferred shares and common shares; our ability to comply with additional costs, expenses and risks related to our environmental, social and governance policies; potential liability from pending or future litigation and potential costs due to environmental damage and vessel collisions; changes in the market for our vessels; availability of skilled workers and the related labor costs; compliance with governmental, tax, environmental, and safety regulations; any non-compliance with the U.S. Foreign Corrupt Practices Act of 1977, or FCPA, or other applicable regulations relating to bribery; the impact of the Secured Overnight Financing Rate, or SOFR, on interest rates of our debt; general economic conditions and conditions in the oil industry; effects of new products and new technology in our industry; the failure of counterparties to fully perform their contracts with us; our dependence on key personnel; adequacy of insurance coverage; our ability to obtain indemnities from customers; changes in laws, treaties, or regulations; volatility of the price of our common shares; our incorporation under the laws of the Republic of the Marshall Islands and the different rights to relief that may be available compared to other countries, such as the United States; changes in governmental rules and regulations or actions taken by regulatory authorities and the expected costs thereof; general domestic and international political conditions or events, including “trade wars,” acts by terrorists, acts of piracy on ocean-going vessels, or other hostilities, including the war between Russia and Ukraine, the war between Israel and Hamas, the war between the U.S. and Iran and between Israel and Iran, the U.S. and China, the Houthis crisis in and around the Red Sea, current instability in Venezuela and Iran and potential tensions between the U.S. and Greenland, Denmark, the European Union (“EU”), or Venezuela; the outbreak, length, and severity of public health threats, epidemics and pandemics and other disease outbreaks and governmental responses thereto and any resultant impact on the demand for seaborne transportation of petroleum and other types of products and the condition of the financial markets thereafter; potential disruption of shipping routes due to accidents, labor disputes, or political events; and other important factors described from time to time in the reports filed by the Company with the U.S. Securities and Exchange Commission, or the SEC.

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

## PART I

### Item 1. Identity of Directors, Senior Management, and Advisers

Not Applicable.

### Item 2. Offer Statistics and Expected Timetable

Not Applicable.

### Item 3. Key Information

In this annual report, “we,” “us,” “our,” and “the Company” all refer to Performance Shipping Inc. and its subsidiaries, unless the context requires otherwise.

#### A. *[Reserved]*

#### B. *Capitalization and Indebtedness*

Not Applicable.

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

Not Applicable.

#### D. *Risk Factors*

Some of the following risks relate principally to the industry in which we operate and our business in general. Other risks relate principally to the securities market and ownership of our shares. The occurrence of any of the risks and events described in this section could significantly and negatively affect our business, financial condition, operating results, or the trading price of our common shares.

### Summary of Risk Factors

Below is a summary of the principal factors that make an investment in our common shares speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the headings “Industry Specific Risk Factors,” “Company Specific Risk Factors,” and “Risks Relating to our Common Shares and Preferred Shares” and should be carefully considered, together with other information in this annual report and our other filings with the SEC before making an investment decision regarding our common shares.

#### *Industry Specific Risk Factors*

- The international tanker industry has historically been both cyclical and volatile.
- An over-supply of tanker capacity may lead to a reduction in charter rates, vessel values, and profitability.
- Our results of operations are subject to seasonal fluctuations, which may adversely affect our financial condition.
- If economic conditions throughout the world continue to deteriorate or become more volatile, it could have an adverse impact on our operations and financial results.
- Tanker vessel values may fluctuate due to economic and technological factors, which may adversely affect our financial condition, or result in the incurrence of a loss upon disposal of a tanker vessel, impairment losses, or increases in the cost of acquiring additional tanker vessels.
- An increase in operating costs could adversely affect our cash flows and financial condition.

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- Increases in fuel prices may adversely affect our profits.
- Compliance with safety and other vessel requirements imposed by classification societies may be very costly and may adversely affect our business.
- We are subject to regulation and liability under environmental laws that could require significant expenditures and affect our cash flows and net income.
- We, or our in-house managers, may be unable to attract and retain qualified, skilled employees or crew necessary to operate our business. In addition, labor interruptions could disrupt our business.
- We operate our vessels worldwide and, as a result, our vessels are exposed to international risks and inherent operational risks of the tanker vessel industry, which may adversely affect our business and financial condition.
- Political instability, terrorist or other attacks, war, and international hostilities could affect our results of operations and financial condition.
- Our financial results may be adversely affected by the outbreaks of epidemic and pandemic diseases and the related governmental responses thereto.
- Increasing growth of electric vehicles could lead to a decrease in trading and the movement of crude oil and petroleum products worldwide.
- Acts of piracy on ocean-going vessels could adversely affect our business.
- Our operations may be adversely impacted by severe weather, including as a result of climate change.
- If our vessels call on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government or other governmental authorities, it could lead to monetary fines or adversely affect our business, reputation, and the market for our common shares.
- We conduct business in China, where the legal system is unpredictable and has inherent uncertainties that could limit the legal protections available to us.
- Governments could requisition our vessels during a period of war or emergency, resulting in loss of earnings.
- Failure to comply with the FCPA could result in fines, criminal penalties, and an adverse effect on our business.
- The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.
- Maritime claimants could arrest or attach one or more of our vessels, which would interrupt our business or have a negative effect on our cash flows.
- Changing laws and evolving reporting requirements could have an adverse effect on our business.
- We are a “foreign private issuer,” which could make our common shares less attractive to some investors or otherwise harm our stock price
- Recent actions by the U.S. and China imposing new port fees could have a material adverse effect on our operations and financial results.

## *Company Specific Risk Factors*

- The market values of our vessels are highly volatile and may decline, which could limit the amount of funds that we can borrow and trigger breaches of certain financial covenants under our bonds or loan facilities.
- Our business, operating results, financial condition, and growth will depend on our ability to successfully charter our vessels, for which we will face substantial competition.
- The failure of our counterparties to meet their obligations to us under any vessel purchase agreements or charter agreements could cause us to suffer losses or otherwise adversely affect our business.
- Delays or defaults by the shipyards in the construction of newbuildings could increase our expenses and diminish our net income and cash flows.
- We may be unable to locate suitable vessels or dispose of vessels at reasonable prices, which would adversely affect our ability to operate our business.
- Our purchasing and operating secondhand vessels, and the aging of our fleet may result in increased operating costs and vessels off-hire, which could adversely affect our earnings.
- There is a lack of historical operating history provided with our secondhand vessel acquisitions, and profitable operation of the vessels will depend on our skill and expertise.
- Technical innovation and technical quality and efficiency requirements from our customers could reduce our charter hire income and the value of our vessels.

- The Public Company Accounting Oversight Board inspection of our independent accounting firm could lead to findings in our auditor’s reports and challenge the accuracy of our published audited consolidated financial statements.
- Our ability to obtain debt financing in the future may be dependent on the performance of our then-existing charters and the creditworthiness of our charterers.
- We may be unable to attract and retain key management personnel and other employees in the shipping industry, which may negatively impact the effectiveness of our management and results of operations.
- Aliko Paliou, the Chairperson of the Board, controls a majority of voting power over matters on which our shareholders are entitled to vote and, accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders.
- Our Chief Financial Officer participates in business activities not associated with us and does not devote all of his time to our business, which may create conflicts of interest and hinder our ability to operate successfully.
- We have been subject to litigation and we may be subject to similar or other litigation in the future.
- We expect to continue to operate substantially outside the United States, which will expose us to political and governmental instability, which could harm our operations.
- We generate all of our revenues in U.S. dollars and incur a portion of our expenses in other currencies and, therefore, exchange rate fluctuations could have an adverse impact on our results of operations.
- Volatility of SOFR could affect our profitability, earnings, and cash flow.
- We may have to pay tax on United States source income, which would reduce our earnings.
- We may be classified as a “passive foreign investment company,” which could result in adverse U.S. federal income tax consequences to U.S. holders.
- We may be subject to increased premium payments, or calls, because we obtain some of our insurance through protection and indemnity associations.
- The international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict.
- A cyber-attack could materially disrupt our business.
- If we do not identify suitable vessels for acquisition or successfully integrate any acquired vessels, we may not be able to grow or effectively manage our growth.
- Inflation could adversely affect our operating results and financial condition.
- The IMO 2020 regulations may cause us to incur substantial costs and procure low-sulfur fuel oil directly on the wholesale market for storage at sea and onward consumption on our vessels.
- Climate change and greenhouse gas restrictions may adversely impact our operations and markets.
- Increasing regulation as well as scrutiny and changing expectations from investors, lenders, and other market participants with respect to our Environmental, Social, and Governance (“ESG”) policies may impose additional costs on us or expose us to additional risks.
- If we are unable to operate our vessels profitably, we may be unsuccessful in competing in the highly competitive international tanker vessel market, which would negatively affect our financial condition and our ability to expand our business.
- Regulations relating to ballast water discharge may adversely affect our revenues and profitability.
- Insurance may be difficult to obtain or, if obtained, may not be adequate to cover our losses that may result from our operations due to the inherent operational risks of the shipping industry.
- Adverse market conditions could cause us to breach covenants in our credit facilities and adversely affect our operating results.
- A shift in consumer demand from crude oil towards other energy sources or changes to trade patterns for crude oil and refined petroleum products may have a material adverse effect on our business.

*Risks Relating to our Common and Preferred Shares*

- The market price of our common shares is subject to significant fluctuations.
- Future sales of our common shares, including through the exercise of conversion rights under our outstanding convertible preferred shares, could cause the market price of our common shares to decline.
- We might issue additional common shares or other securities to finance our growth as market conditions warrant. These issuances, which would generally not be subject to shareholder approval, may lower your ownership interests and may depress the market price of our common shares.
- There is no guarantee of a continuing public market for you to resell our common shares.

- The issuance of common shares in future offerings may trigger anti-dilution provisions in our outstanding convertible securities and warrants and affect the interests of our common shareholders.
- We cannot assure you that our board of directors will declare dividend payments on our common shares in the future or when such payment might occur.
- Future offerings of debt securities and amounts outstanding under any future credit facilities or other borrowings, which would rank senior to our common shares upon our liquidation, may adversely affect the market value of our common shares.
- We may not have sufficient cash from our operations to enable us to pay dividends on or redeem our Series B Preferred Shares and Series C Preferred Shares following the payment of expenses and the establishment of any reserves.
- Our ability to pay dividends on and redeem our Series B Preferred Shares and Series C Preferred Shares, and, therefore, your ability to receive payments on the Series B Preferred Shares and Series C Preferred Shares, is limited by the requirements of Marshall Islands law and our contractual obligations.
- Our Series B Preferred Shares and Series C Preferred Shares are subordinated to our debt obligations, and the interests of the holders of Series B Preferred Shares and Series C Preferred Shares could be diluted by the issuance of additional shares, including other preferred shares, or by other transactions.
- The Series B Preferred Shares and Series C Preferred Shares represent perpetual equity interests in us.
- There is no established trading market for the Series B Preferred Shares or Series C Preferred Shares, which may negatively affect the market value of the Series B Preferred Shares and Series C Preferred Shares and your ability to transfer or sell them.
- The Series B Preferred Shares and Series C Preferred Shares are only redeemable at our option and investors should not expect us to redeem the Series B Preferred Shares or Series C Preferred Shares in the future.
- We are a holding company, and we depend on the ability of our current and future subsidiaries to distribute funds to us in order to satisfy our financial obligations and make dividend payments.
- Because we are a foreign corporation you may not have the same rights or protections that a shareholder in a U.S. corporation may have.
- As a Marshall Islands corporation with principal executive offices in Greece, and also having subsidiaries in the Republic of the Marshall Islands, our operations may be subject to economic substance requirements.
- It may not be possible for our investors to enforce judgments of U.S. courts against us.
- Anti-takeover provisions in our organizational documents could make it difficult for our shareholders to replace or remove our current board of directors or have the effect of discouraging, delaying, or preventing a merger or acquisition, which could adversely affect the value of our securities.

## **Industry Specific Risk Factors**

### ***The international tanker industry has historically been both cyclical and volatile.***

The international tanker industry in which we operate is cyclical, with attendant volatility in charter hire rates, vessel values and industry profitability. For tanker vessels, the degree of charter rate volatility has varied widely. The Baltic Dirty Tanker Index, or the BDTI, a U.S. dollar daily average of charter rates issued by the Baltic Exchange that takes into account input from brokers around the world regarding crude oil fixtures for various routes and oil tanker vessel sizes, has been volatile. In 2025, the BDTI reached a high of 1,468 and a low of 799. The Baltic Clean Tanker Index, or BCTI, a comparable index to the BDTI but for petroleum product fixtures, has similarly been volatile. In 2025, the BCTI reached a high of 885 and a low of 534. Although the BDTI and BCTI were 3,705 and 1,966, respectively, as of March 31, 2026, there can be no assurance that the crude oil and petroleum products charter market will continue to increase, and the market could again decline. Recent heightened volatility in charter prices has resulted primarily from the war in Ukraine and sanctions on Russian exports of crude oil and petroleum products, and the current instability in Venezuela and Iran, and there is great uncertainty about the future impact of those events. Additionally, the war between Israel and Hamas and the war between Israel and Iran and between the United States and Iran have resulted in increased tensions in the Middle East region, including missile attacks by the Houthis on vessels in the Red Sea and Gulf of Aden and potentially prolonged disruption of shipping through the Strait of Hormuz, a waterway essential to the shipment of crude oil and refined petroleum. Political, economic, and social instability in Venezuela and the resultant sanctions or other measures imposed in response, including the on-going U.S. campaign of seizing Venezuela-linked oil tankers and potential further U.S. military and political intervention, may disrupt the global tanker industry. Such circumstances have had and could in the future result in adverse consequences for the tanker industry. In general, volatility in charter rates depends, among other factors, on (i) supply and demand for tankers, (ii) the demand for crude oil and petroleum products, (iii) the inventories of crude oil and petroleum products in the United States and in other industrialized nations, (iv) oil refining volumes, (v) oil prices, and (vi) any restrictions on crude oil production imposed by the Organization of the Petroleum Exporting Countries, or OPEC, and non-OPEC oil producing countries.

Currently, all our vessels are employed on short- and medium-term time charters. Changes in spot rates and time charter rates can affect the revenues we receive from operations in the event our charterers default or seek to renegotiate the charter hire, as well as the value of our vessels, even if our vessels are employed under long-term time charters. Our ability to re-charter our vessels on the expiration or termination of their time or bareboat charters and the charter rates payable under any renewal or replacement charters will depend upon, among other things, economic conditions in the tanker markets and several other factors outside of our control and we cannot guarantee that any renewal or replacement charters we enter into will be sufficient to allow us to operate our vessels profitably. If we are not able to obtain new contracts in direct continuation with existing charters or for newly acquired vessels, or if new contracts are entered into at charter rates substantially below the existing charter rates or on terms otherwise less favorable compared to existing contract terms, our revenues and profitability could be adversely affected, we may have to record impairment adjustments to the carrying values of our fleet and we may not be able to comply with the financial covenants in our bonds or loan agreements. A decline in charter hire rates will also likely cause the value of our vessels to decline.

Fluctuations in charter rates and vessel values result from changes in the supply and demand for vessels and changes in the supply and demand for oil, chemicals and other liquids our vessels carry. Factors affecting the supply and demand for our vessels are outside of our control and are unpredictable. The nature, timing, direction and degree of changes in the tanker industry conditions are also unpredictable.

The factors that influence demand for tanker vessel capacity include, without limitation:

- supply of, and demand for, energy resources and oil and petroleum products;
- oil prices;
- competition from, and supply of, and demand for, alternative sources of energy, other shipping companies and other modes of transportation;
- regional availability of refining capacity and inventories;
- global and regional economic and political conditions and developments in international trade, including, “trade wars”, national oil reserve policies, fluctuations in industrial and agricultural production, wars or other armed conflicts and work stoppages;
- currency exchange rates;
- changes in seaborne and other transportation patterns, including shifts in transportation demand between crude oil and refined oil products and the distance they are transported by sea and changes in the price of crude oil and changes to the West Texas Intermediate and Brent Crude Oil pricing benchmarks, and changes in trade patterns;
- changes in governmental or maritime self-regulatory organizations’ rules and regulations or actions taken by regulatory authorities;
- environmental and other legal and regulatory developments;
- government subsidies of shipbuilding;

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- increases in the production of oil in areas linked by pipelines to consuming areas, the construction or expansion of new or existing pipelines or railways or conversion of existing non-oil pipelines to oil pipelines;
- increases in the production of oil Venezuela and other oil producing countries or areas;
- weather, natural disasters, and other acts of God;
- economic slowdowns caused by public health events or inflationary pressures and resultant governmental responses;
- developments in international trade, including those relating to the imposition of tariffs;
- worldwide and regional availability of refining capacity and inventories;
- changes in the production levels of crude oil (including in particular production by OPEC, the United States, and other key producers); and
- international sanctions, embargoes, import and export restrictions, nationalizations, and wars or other conflicts, including the wars between Russia and Ukraine and between Israel and Hamas; the war between Israel and Iran and between the U.S. and Iran; the Houthi crisis in and around the Red Sea, on-going political, economic, and social instability in Venezuela and Iran and potential tensions between the U.S. and Greenland, Denmark, or Venezuela.

The factors that influence the supply of tanker vessel capacity include:

- demand for alternative sources of energy;
- the number of newbuilding orders and deliveries;
- the number of shipyards and availability of shipyards to deliver vessels;
- the scrapping rate of older vessels;
- vessel casualties;
- the recycling of older vessels, depending, among other things, on recycling rates and international recycling regulations;
- conversion of tanker vessels to other uses;
- the number of vessels that are out of service, namely those that are laid up, dry-docked, awaiting repairs, or otherwise not available for hire;
- availability of financing for new or secondhand vessels;
- the price of steel;
- speed of vessel operation;
- vessel freight rates, which are affected by factors that may affect the rate of newbuilding, swapping, and laying up of vessels;
- the price of steel and vessel equipment;
- technological advances in the design, capacity, propulsion technology and fuel consumption efficiency of vessels;

- changes in national or international regulations that may effectively cause reductions in the carrying capacity of vessels or early obsolescence of tonnage;
- changes in environmental and other regulations that may limit the useful lives of vessels;
- port or canal congestion and weather delays;
- environmental concerns and regulations, including ballast water management, low sulfur fuel consumption regulations, and reductions in CO<sub>2</sub> emissions; and
- sanctions (in particular, sanctions on Russia, Iran, and Venezuela, among others).

Declines in crude oil and natural gas prices for an extended period of time, or market expectations of potential decreases in these prices, could negatively affect our future growth in the tanker vessel sector. Sustained periods of low oil and natural gas prices typically result in reduced exploration and extraction because oil and natural gas companies' capital expenditure budgets are subject to cash flow from such activities and are, therefore, sensitive to changes in energy prices. These changes in commodity prices can have a material effect on demand for our services, and periods of low demand can cause excess vessel supply and intensify the competition in the industry, which often results in vessels, particularly older and less technologically advanced vessels, being idle for long periods of time. We cannot predict the future level of demand for our services or future conditions of the oil and natural gas industry. Any decrease in exploration, development, or production expenditures by oil and natural gas companies could reduce our revenues and materially harm our business, results of operations, and cash available for distribution.

***An over-supply of tanker capacity may lead to a reduction in charter rates, vessel values, and profitability.***

The market supply of tanker vessels is affected by a number of factors, such as the supply of and demand for energy resources, including oil and petroleum products, the supply of and demand for seaborne transportation of such energy resources, the current and expected price for newbuildings, and the number of vessels being recycled for scrap steel, as well as strong overall economic growth of the world economy. In recent years, shipyards have produced a large number of new tankers. As of April 2026, newbuilding orders have been placed for an aggregate of approximately 21.0% of the existing global tanker fleet, with the deliveries weighted towards 2028 and beyond. If the capacity of new tanker vessels delivered exceeds the capacity of tanker vessels being recycled for scrap steel or converted to non-trading tanker vessels, tanker vessel capacity will increase. If the supply of tanker vessel capacity increases and the demand for tanker vessel capacity decreases or does not increase correspondingly, charter rates could materially decline, resulting in a decrease in the value of our vessels and the charter rates that we can obtain. A reduction in charter rates and the value of our tanker vessels may have a material adverse effect on our results of operations, earnings, and available cash, our ability to pay dividends and our ability to comply with the covenants in our bonds or loan agreements.

The impact of the sanctions on Russian exports of crude oil and petroleum products is uncertain and has generated increased volatility in the supply of tanker vessels available for worldwide trade. If this volatility persists, we may not be able to find profitable charters for our vessels, or other vessels we may acquire, which could have a material adverse effect on our business, results of operations, cash flows, financial condition, ability to pay dividends, and compliance with current or future covenants with respect to any of our financing arrangements.

***Our results of operations are subject to seasonal fluctuations, which may adversely affect our financial condition.***

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, charter rates. Peaks in tanker vessel demand quite often precede seasonal oil consumption peaks, as refiners and suppliers anticipate consumer demand. Seasonal peaks in oil demand can broadly be classified into two main categories: (1) increased demand prior to Northern Hemisphere winters as heating oil consumption increases and (2) increased demand for gasoline prior to the summer driving season in the United States. Unpredictable weather patterns and variations in oil reserves disrupt tanker scheduling. This seasonality may result in quarter-to-quarter volatility in our operating results, as many of our vessels trade in the spot market. Seasonal variations in tanker vessel demand will affect any spot market-related rates that we may receive.

***If economic conditions throughout the world continue to deteriorate or become more volatile, it could have an adverse impact on our operations and financial results.***

Various macroeconomic factors, including rising inflation, higher interest rates, global supply chain constraints, and the effects of overall economic conditions and uncertainties, such as those resulting from the current and future conditions in the global financial markets, could adversely affect our results of operations, financial condition and ability to pay dividends. Inflation and rising interest rates may negatively impact us by increasing our operating costs and our cost of borrowing. Interest rates, the liquidity of the credit markets and the volatility of the capital markets could also affect the operation of our business and our ability to raise capital on favorable terms, or at all. Adverse economic conditions also affect demand for goods and oil. Reduced demand for these or other products could result in significant decreases in rates we obtain for chartering our vessels. In addition, the cost for crew members, oils and bunkers, and other supplies may increase. Furthermore, we may experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Difficult economic conditions may also result in a higher rate of losses on our accounts receivable due to credit defaults. As a result, downturns in the worldwide economy could have a material adverse effect on our business, results of operations, financial condition, and ability to pay dividends.

The world economy continues to face a number of challenges, including the wars between Ukraine and Russia and Israel and Hamas, political, economic, and social instability in Venezuela and the U.S. responses thereto—including vessel seizures and military and political intervention, war between the U.S. and Israel and Iran and tensions in and around the Red Sea, and Russia and North Atlantic Treaty Organization (“NATO”) country tensions, China and Taiwan disputes, United States and China trade relations, instability between Iran and the West, hostilities between the United States and North Korea, Venezuela, Greenland and Denmark, political unrest and conflict in the Middle East, the South China Sea region, and other geographic countries and areas, terrorist or other attacks (including threats thereof) around the world, war (or threatened war) or international hostilities, epidemics or pandemics and banking crises or failures. See also “—Our financial results may be adversely affected by the outbreaks of epidemic and pandemic diseases and the related governmental responses thereto.” In addition, the continuing war in Ukraine, the length and breadth of which remains highly unpredictable, has led to increased economic uncertainty amidst fears of a more generalized military conflict or significant inflationary pressures, due to the increases in fuel and grain prices following the sanctions imposed on Russia. Furthermore, it is difficult to predict the intensity and duration of the war between Israel and Hamas or the Houthi rebel attacks on shipping in and around the Red Sea or the disruption of shipping through the Strait of Hormuz. The impact of these events on the world economy is uncertain. Such events may have unpredictable consequences and contribute to instability in the global economy or cause a decrease in worldwide demand for certain goods and, thus, shipping.

Whether the present dislocation in the markets and resultant inflationary pressures will transition to a long-term inflationary environment is uncertain, and the effects of such a development on charter rates, vessel demand and operating expenses in the sector in which we operate are uncertain. On the tanker market, the sanctions imposed by the EU on Russia affected imports of crude oil and petroleum products. This had a positive effect on the tankers’ charter market, as Europe had to import these amounts of crude oil and petroleum products from other sources of greater distance, increasing the overall ton-mile demand. Furthermore, it is difficult to predict the intensity and duration of the war between Israel and Hamas or the Houthi rebel attacks on shipping in the Red Sea and their impact on the world economy is uncertain. If such conditions are sustained, the longer-term net impact on the tanker freight market and our business would be difficult to predict with any degree of accuracy. Such events may have unpredictable consequences and contribute to instability in the global economy or cause a decrease in worldwide demand for certain goods and, thus, shipping. See also “—Political instability, terrorist or other attacks, war, and international hostilities could affect our results of operations and financial condition.”

In Europe, concerns regarding the possibility of sovereign debt defaults by the EU member countries, although generally alleviated, have in the past disrupted financial markets throughout the world, and may lead to weaker consumer demand in the European Union, the U.S. and other parts of the world. The withdrawal of the UK from the EU (“Brexit”), further increased the risk of additional trade protectionism. Brexit or similar events in other jurisdictions, could impact global markets, including foreign exchange and securities markets; any resulting changes in currency exchange rates, tariffs, treaties and other regulatory matters could in turn adversely impact our business, operating results, cash flows and financial condition.

In addition, the recent economic slowdown in the Asia Pacific region, particularly in China, may exacerbate the effect of the weak economic trends in the rest of the world. Before the global economic financial crisis that began in 2008, China had one of the world's fastest growing economies in terms of gross domestic product, or GDP, which had a significant impact on shipping demand. China's GDP growth rate for the year ended December 31, 2022, was approximately 3.0%, one of its lowest rates in 50 years, thought to be mainly caused by the country's zero-COVID policy and strict lockdowns. For the year ended December 31, 2025, China reported that its GDP growth rate recovered to 5.0%. Looking ahead, China's economic growth is expected to remain steady, with forecasts projecting a GDP growth rate of around 5.0% for 2026. Although the Chinese government has implemented economic stimulus measures, it is possible that China and other countries in the Asia Pacific region will continue to experience volatile, slowed or even negative economic growth in the near future. Changes in the economic conditions of China, and changes in laws or policies adopted by its government or the implementation of these laws and policies by local authorities, including with regards to tax matters and environmental concerns (such as achieving carbon neutrality), could affect vessels that are either chartered to Chinese customers or that call to Chinese ports, vessels that undergo drydocking at Chinese shipyards and Chinese financial institutions that are generally active in ship financing, and could have a material adverse effect on our business, operating results, cash flows and financial condition.

Furthermore, governments have, and may continue to, turn to trade barriers to protect their domestic industries against foreign imports, thereby depressing shipping demand. In April 2025, the U.S. government announced a baseline tariff of 10% on products imported from all countries and an additional individualized reciprocal tariff on the countries with which the United States has the largest trade deficits. Many of these reciprocal tariffs went into effect in August 2025. Some of these tariffs, including the 10% baseline tariff, were imposed under the International Emergency Economic Powers Act (the "IEEPA"). In February 2026, the Supreme Court of the United States struck down the tariffs imposed under the IEEPA. Although the IEEPA tariffs were ruled illegal, tariffs imposed through other measures still remain in effect. Further, President Trump, using the Trade Act of 1974, has implemented a temporary, 150-day, 10% tariff on all imports. The tariff imposed under the Trade Act of 1974 is set to expire on July 24, 2026, and the Trump administration may increase the tariff to 15%. The scope and durability of current and future tariff measures are uncertain. Increased tariffs by the United States have led and may continue to lead to the imposition of retaliatory tariffs by foreign jurisdictions. Additionally, the U.S. government has announced and rescinded multiple tariffs on several foreign jurisdictions, which has increased uncertainty regarding the ultimate effect of the tariffs on economic conditions. Although we are continuing to monitor the economic effects of such announcements, as well as opportunities to mitigate their related impacts, costs and other effects associated with the tariffs remain uncertain.

Protectionist developments, or the perception that they may occur, may have a material adverse effect on global economic conditions, and may significantly reduce global trade.

Moreover, increasing trade protectionism may cause an increase in (i) the cost of goods exported from regions globally, particularly from the Asia-Pacific region, (ii) the length of time required to transport goods and (iii) the risks associated with exporting goods. Such increases may further reduce the quantity of goods to be shipped, shipping time schedules, voyage costs and other associated costs, which could have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to employ our vessels. This could have a material adverse effect on our business, operating results, cash flows and financial condition. See also "—Recent actions by the U.S. and China imposing new port fees could have a material adverse effect on our operations and financial results."

Credit markets in the United States and Europe have in the past experienced significant contraction, deleveraging and reduced liquidity, and there is a risk that the U.S. federal government and state governments and European authorities may continue to implement a broad variety of governmental action and/or introduce new financial market regulations. Global financial markets and economic conditions have been, and continue to be, volatile and we face risks associated with the trends in the global economy, such as changes in interest rates, instability in the banking and securities markets around the world, the risk of sovereign defaults, and reduced levels of growth, among other factors. Major market disruptions and the current adverse changes in market conditions and regulatory climate worldwide may adversely affect our business, results or operations or impair our ability to borrow under any future financial arrangements we may enter into contemplating borrowing from the public and/or private equity and debt markets. Many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt, reduced (or in some cases ceased to provide) funding to borrowers and other market participants, including equity and debt investors and, in some cases, have been unwilling to provide financing on attractive terms or even at all. Due to these factors, we cannot be certain that financing will be available if needed and to the extent required, on acceptable terms or at all. In the absence of available financing or financing in favorable terms, we may be unable to complete vessel acquisitions, deliveries of any newbuilding vessels, take advantage of business opportunities or respond to competitive pressures.

***Tanker vessel values may fluctuate due to economic and technological factors, which may adversely affect our financial condition, or result in the incurrence of a loss upon disposal of a tanker vessel, impairment losses, or increases in the cost of acquiring additional tanker vessels.***

Tanker vessel values may fluctuate due to a number of different factors, including: general economic and market conditions affecting the shipping industry; competition from other shipping companies; the types and sizes of available tanker vessels; the availability of other modes of transportation; increases in the supply of tanker vessel capacity; the cost of newbuildings; governmental or other regulations; and the need to upgrade secondhand and previously owned tanker vessels as a result of charterer requirements, technological advances in vessel design or equipment or otherwise, including as a result of compliance with more stringent emissions regulations. In addition, as tanker vessels grow older, they generally decline in value. Due to the cyclical nature of the shipping market, if we sell any of our owned tanker vessels at a time when prices are depressed, we could incur a loss and our business, results of operations, cash flow, and financial condition could be adversely affected. Moreover, if the book value of a tanker vessel is impaired due to unfavorable market conditions, we may incur a loss that could adversely affect our operating results. In 2025, 2024, and 2023 we did not recognize any impairment losses.

Conversely, if tanker vessel values are elevated at a time when we wish to acquire additional tanker vessels, the cost of acquisition may increase, and this could adversely affect our business, results of operations, cash flows, financial condition, and ability to pay dividends to our shareholders. Over the past ten years, the value of a ten-year-old Aframax tanker has fluctuated widely within a range of \$18 million to \$60 million, and the value of a ten-year-old Suezmax tanker has fluctuated widely within a range of \$24 million to \$68 million.

***An increase in operating costs could adversely affect our cash flows and financial condition.***

Vessel operating expenses include, among others, the costs of crew, provisions, deck and engine stores, lube oil, bunkers, insurance, and maintenance and repairs, which depend on a variety of factors, many of which are beyond our control. Some of these costs, primarily relating to insurance and enhanced security measures implemented after September 11, 2001 and increases in the frequency of acts of piracy, have been increasing. If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. Increases in any of these costs could have a material adverse effect on our business, results of operations, cash flows, financial condition, and ability to pay dividends to our shareholders.

***Increases in fuel prices may adversely affect our profits.***

Fuel is a significant, if not the largest, expense in our shipping operations when vessels are operated on the spot market under voyage charters. While we do not directly bear the cost of fuel or bunkers under our time charters, fuel is also a significant factor in negotiating charter rates. As a result, an increase in the price of fuel beyond our expectations may adversely affect our profitability at the time of charter negotiation. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply of and demand for crude oil and natural gas, actions by OPEC, and other oil and natural gas producers, the imposition of new regulations adopted by the International Maritime Organization, or IMO, war and unrest in oil producing countries and regions, regional production patterns, and environmental concerns and regulations. While fuel prices remained generally lower in 2025 as compared to 2024, fuel has been and may again become much more expensive, including as a result of reductions of carbon emissions due to new regulations adopted by the IMO, which may reduce the profitability and competitiveness of our business. Other future regulations may have a similar impact.

***Compliance with safety and other vessel requirements imposed by classification societies may be very costly and may adversely affect our business.***

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the IMO's International Convention for the Safety of Life at Sea of 1974, or SOLAS.

A vessel must undergo annual surveys, intermediate surveys, and special surveys. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle under which the machinery would be surveyed periodically over a five-year period. If any vessel does not maintain its class and/or fails any annual survey, intermediate survey, or special survey, the vessel will be unable to trade between ports and will be unemployable. If this were to happen to one or more of our vessels, it could negatively impact our results of operations and financial condition.

***We are subject to regulation and liability under environmental laws that could require significant expenditures and affect our cash flows and net income.***

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

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

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

***We, or our in-house managers, may be unable to attract and retain qualified, skilled employees or crew necessary to operate our business. In addition, labor interruptions could disrupt our business.***

Our success will depend largely on our ability and on the ability of Performance Shipping Management Inc. (previously known as Unitized Ocean Transport Limited, or UOT), our wholly-owned subsidiary, which acts as our in-house manager, to attract and retain highly skilled and qualified personnel. In crewing our vessels, we require technically skilled employees with specialized training who can perform physically demanding work. Competition to attract and retain qualified crew members is intense. If we are not able to increase our charter rates to compensate for any crew cost increases, it could have a material adverse effect on our business, results of operations, cash flows, and financial condition. Any inability we or our in-house manager experience in the future to hire, train, and retain a sufficient number of qualified employees could impair our ability to manage, maintain, and grow our business, which could have a material adverse effect on our financial condition, results of operations, and cash flows.

Our vessels are manned by masters, officers, and crews that are employed by our vessel-owning subsidiaries. If not resolved in a timely and cost-effective manner, industrial action or other labor unrest could prevent or hinder our operations from being carried out normally and could have a material adverse effect on our financial condition, results of operations, and cash flows.

***We operate our vessels worldwide and, as a result, our vessels are exposed to international risks and inherent operational risks of the tanker vessel industry, which may adversely affect our business and financial condition.***

The operation of an ocean-going vessel carries inherent risks. Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, and acts of God, business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy, epidemic or pandemics, and other circumstances or events. In addition, changing economic, regulatory, and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes, and boycotts. These events may result in death or injury to persons, loss of revenues or property, the payment of ransoms, environmental damage, higher insurance rates, damage to our customer relationships, and market disruptions, delay, or rerouting, which may also subject us to litigation. Epidemics and other public health incidents may also lead to crew member illness, which can disrupt the operations of our vessels, or result in the imposition of public health measures, which may prevent our vessels from calling on ports or discharging cargo in the affected areas or in other locations after having visited the affected areas. In addition, the operation of tanker vessels has unique operational risks associated with the transportation of oil. An oil spill may cause significant environmental damage and the associated costs could exceed the insurance coverage available to us. Compared to other types of vessels, tanker vessels are exposed to a higher risk of damage and loss by fire, whether ignited by a terrorist attack, collision, or other cause, due to the high flammability and high volume of the oil transported in tanker vessels.

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

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

***Political instability, terrorist or other attacks, war, international hostilities and public health threats can affect the tanker industry, which may adversely affect our results of operations and financial condition.***

We conduct most of our operations outside of the United States and our business, operating results, cash flows, financial condition and available cash may be adversely affected by changing economic, political, and governmental conditions in the countries and regions in which our vessels or other vessels we may acquire are employed or registered. Moreover, we operate in a sector of the economy that is likely to be adversely impacted by the effects of political uncertainty and armed conflicts, including the wars between Ukraine and Russia, between Israel and Hamas, Hezbollah and Iran, the war between the U.S. and Iran and Israel and between Russia and NATO, China and Taiwan disputes, U.S. and China trade relations, instability between Iran and the West, hostilities between the U.S. and North Korea, Greenland, Denmark or Venezuela, political unrest and conflicts in the Middle East, the South China Sea region, the Red Sea region (including missile attacks controlled by the Houthis on vessels transiting the Red Sea or Gulf of Aden), and other countries and geographic areas, geopolitical events, such as Brexit or another withdrawal from the European Union, terrorist or other attacks (or threats thereof) around the world, and war (or threatened war) or international hostilities. Such events may contribute to further economic instability in the global financial markets and international commerce and could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all.

The war between Russia and Ukraine may lead to further regional and international conflicts or armed action. This war has disrupted supply chains and caused instability in the energy markets and the global economy, with effects on the tanker market, which has experienced volatility. The United States, the United Kingdom, and the European Union, among other countries, have implemented unprecedented economic sanctions and other penalties against certain persons, entities, and activities connected to Russia, including removing Russian-based financial institutions from the Society for Worldwide Interbank Financial Telecommunication payment system and restricting imports of Russian oil, liquefied natural gas, and coal. These sanctions have caused supply disruptions in the oil and gas markets and could continue to cause significant volatility in energy prices, which could result in increased inflation and may trigger a recession in the U.S. and China, among other regions. While much uncertainty remains regarding the global impact of the war in Ukraine, it is possible that such tensions could adversely affect our business, financial condition, operating results, and cash flows. Moreover, we will be subject to additional insurance premiums in case we transit through or call to any port or area designated as listed areas by the Joint War Committee or other organizations. These factors may also result in the weakening of the financial condition of our charterers, suppliers, counterparties, and other agents in the shipping industry. As a result, our business, operating results, cash flows, and financial condition may be negatively affected since our operations are dependent on the success and economic viability of our counterparties.

On January 3, 2026, the U.S. military captured Venezuelan president Nicolás Maduro in a special military operation and replaced him with Venezuela's vice president, Delcy Rodríguez. Under interim president Rodríguez's administration, new sweeping legislation has granted foreign oil companies greater operational control over oil production ventures, reduced the royalties and taxes that they pay to Venezuela's government, and allowed companies to resolve disputes in international venues rather than in Venezuela's legal system. Additionally, beginning in December 2025, the U.S. has carried out an on-going campaign of seizing and taking control of Venezuelan-linked oil tankers. It remains uncertain what the geopolitical and economic impacts of U.S. measures to control the production, refining, and global distribution of Venezuela's oil products will be. Further, the future extent of the U.S. involvement in Venezuela's government and oil industry is unclear. While we are monitoring these developments closely, these circumstances lead to increased uncertainties, the effects of which on our operations and financial conditions, as well as global oil supply and demand, are difficult if not impossible to predict.

The ongoing war between Russia and Ukraine could result in the imposition of further economic sanctions by the United States, the United Kingdom, the European Union, or other countries against Russia, trade tariffs, or embargoes with uncertain impacts on the markets in which we operate. In addition, the U.S. and certain other NATO countries have been supplying Ukraine with military aid. U.S. officials have also warned of the increased possibility of Russian cyberattacks, which could disrupt the operations of businesses involved in the shipping industry, including ours, and could create economic uncertainty particularly if such attacks spread to a broad array of countries and networks. While much uncertainty remains regarding the global impact of the war in Ukraine, it is possible that such tensions could adversely affect our business, financial condition, operating results, and cash flows.

The Russian Foreign Harmful Activities Sanctions program includes prohibitions on the import of certain Russian energy products into the United States, including crude oil, petroleum, petroleum fuels, oils, liquefied natural gas and coal, as well as prohibitions on all new investments in Russia by U.S. persons, among other restrictions. Furthermore, the United States, the EU and other countries have also prohibited a variety of specified services related to the maritime transport of Russian Federation origin crude oil and petroleum products, including trading/commodities brokering, financing, shipping, insurance (including reinsurance and protection and indemnity), flagging, and customs brokering. These prohibitions took effect on December 5, 2022, with respect to the maritime transport of crude oil and took effect on February 5, 2023, with respect to the maritime transport of other petroleum products. An exception exists to permit such services when the price of the seaborne Russian oil into non-EU countries does not exceed the relevant price cap; but implementation of this price exception relies on a recordkeeping and attestation process that allows each party in the supply chain of seaborne Russian oil to demonstrate or confirm that oil has been purchased at or below the price cap. Violations of the price cap policy or the risk that information, documentation, or attestations provided by parties in the supply chain are later determined to be false may pose additional risks adversely affecting our business.

Furthermore, the intensity and duration of the war between Israel and Hamas is difficult to predict and its impact on the world economy and our industry is uncertain. Beginning in late 2023, vessels in the Red Sea and Gulf of Aden have been subject to attempted hijackings and attacks by drones and projectiles characterized by Houthi groups in Yemen as a response to the war between Israel and Hamas. An increasing number of companies have rerouted their vessels to avoid transiting the Red Sea, incurring greater shipping costs and delays. For vessels transiting the region, war risk premia have increased substantially, and should these attacks continue, we could similarly experience a significant increase in our insurance costs and we may not be adequately insured to cover losses from these incidents, however since all our vessels are currently on time charters or pool arrangements any such increase in war premiums should be paid by our current time charterers. While much uncertainty remains regarding the global impact of the war between Israel and Hamas, it is possible that such tensions could result in the eruption of further hostilities in other regions, including in and around the Red Sea, and could adversely affect our business, financial conditions, operating results, and cash flows.

On February 28, 2026, the United States and Israel launched strikes against Iran, killing Iran's supreme leader Ayatollah Khamenei. In retaliation, Iranian missiles and drones targeted Israel and a number of countries that host US military bases-including Bahrain, the United Arab Emirates, Kuwait, Qatar and Saudi Arabia-and Hezbollah fired projectiles at Israel. While there is significant uncertainty about the duration of the war in Iran, the White House has stated that it may be a protracted engagement. These events have destabilized the region and may lead to significant disruptions across all sectors of the shipping industry. Further, shipping through the Strait of Hormuz, a waterway essential to the shipment of crude oil and refined petroleum, may experience prolonged disruption. Iran's Islamic Revolutionary Guard Corps has warned vessels to avoid the passage. Increased electronic interference may affect navigational and tracking systems, which would heighten the risk of vessel collisions. A two-week ceasefire was announced on April 7, 2026, although it remains uncertain when and at what levels transit through the Strait of Hormuz will resume. While it is impossible to predict exactly how this conflict will affect the tanker industry, it is very likely that a prolonged war will have significant impacts across the sector. One of our vessels, the *P. Alike*, chartered to Pakistan National Shipping Corporation, was operating within the Persian Gulf and its passage out of the Persian Gulf and the completion of its voyage was delayed but completed in March 2026.

In the past, other political conflicts have also resulted in attacks on vessels, mining of waterways, and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. The ongoing war in Ukraine has previously resulted in missile attacks on commercial vessels in the Black Sea. The recent outbreak of conflict in and around the Red Sea has also resulted in missile attacks on vessels. Acts of terrorism and piracy have also affected vessels trading in regions such as the Gulf of Guinea, the Red Sea, the Gulf of Aden off the coast of Somalia, and the Indian Ocean. Any of these occurrences could have a material adverse impact on our future performance, operating results, cash flows, financial condition and our ability to pay cash distributions to our shareholders.

***Our financial results may be adversely affected by the outbreaks of epidemic and pandemic diseases and the related governmental responses thereto.***

Global public health threats, such as outbreaks of highly communicable diseases or viruses, outbreaks which have from time to time occurred in various parts of the world in which we operate, including China, could disrupt global financial markets and economic conditions and adversely impact our operations, the timing of completion of any future newbuilding projects, as well as the operations of our charterers and other customers.

For example, the outbreak of the novel coronavirus, or COVID-19, and its variants caused severe global disruptions, with governments in affected countries imposing travel bans, quarantines, and other emergency public health measures. Although the incidence and severity of COVID-19 and its variants have diminished over time, similar restrictions, and future prevention and mitigation measures against outbreaks of epidemic and pandemic diseases, are likely to have an adverse impact on global economic conditions, which could materially and adversely affect our future operations. As a result of such measures, our vessels may not be able to call on, or disembark from ports located in regions affected by the outbreak. In addition, we may experience severe operational disruptions and delays, unavailability of normal port infrastructure and services including limited access to equipment, critical goods and personnel, disruptions to crew changes, quarantine of ships and/or crew, counterparty solidity, closure of ports and custom offices, as well as disruptions in the supply chain and industrial production, which may lead to reduced cargo demand, among other potential consequences attendant to epidemic and pandemic diseases.

The extent to which our business, operating results, cash flows, financial condition, financings, value of our vessel or vessels we may acquire, and ability to pay dividends may be negatively affected by future pandemics, epidemics, or other outbreaks of infectious diseases is highly uncertain and will depend on numerous evolving factors that we cannot predict, including, but not limited to, (i) the duration and severity of the infectious disease outbreak; (ii) the imposition of restrictive measures to combat the outbreak and slow disease transmission; (iii) the introduction of financial support measures to reduce the impact of the outbreak on the economy; (iv) shortages or reductions in the supply of essential goods, services, or labor; and (v) fluctuations in general economic or financial conditions tied to the outbreak, such as a sharp increase in interest rates or reduction in the availability of credit. We cannot predict the effect that an outbreak of any future infectious disease outbreak, pandemic, or epidemic may have on our business, operating results, cash flows, and financial condition, which could be material and adverse.

***Increasing growth of electric vehicles could lead to a decrease in trading and the movement of crude oil and petroleum products worldwide.***

The IEA noted in its Global EV Outlook 2025 that total electric car sales exceeded 17 million globally in 2024, bringing the total number of electric cars to approximately 58 million at the end of 2024, corresponding to about 4% of the total passenger car fleet and more than triple the total electric car fleet in 2021. Electric car sales in the first quarter of 2025 were more than 4 million, up 35% from the same quarter of 2024. Over 1 million more electric cars were sold in the first three months of 2025 compared to the same period in 2024 and about 60% of these were sold in China. IEA forecasts are for electric vehicles (“EVs”) to reach 250 million by 2030, which the IEA forecasts would reduce worldwide demand for oil products by 5 million barrels per day in 2030. Notably, IEA estimates that the global stock of electric cars displaced over 1 million barrels per day of oil consumption in 2024. Growth in EVs or a slowdown in imports or exports of crude or petroleum products worldwide may result in decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our business, results of operations, cash flows, financial condition, and ability to make cash distributions.

***Acts of piracy on ocean-going vessels could adversely affect our business.***

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the Red Sea, the Gulf of Aden off the coast of Somalia, the Indian Ocean, and the Gulf of Guinea region off the coast of Nigeria, which has experienced increased incidents of piracy in recent years. Sea piracy incidents continue to occur, particularly in the South China Sea, the Indian Ocean, the Gulf of Guinea, and the Strait of Malacca, and there has been a recent resurgence of such incidents in the Gulf of Aden. Acts of piracy could result in harm or danger to the crews that man our vessels and other vessels we may acquire. Additionally, if piracy attacks occur in regions in which our vessels and other vessels we may acquire are deployed that are characterized by insurers as “war risk” zones or if our vessels and other vessels we may acquire are deployed in Joint War Committee “war and strikes” listed areas, premiums payable for insurance coverage could increase significantly, and such insurance coverage may be more difficult to obtain, if available at all. In addition, crew and security equipment costs, including costs that may be incurred to employ onboard security armed guards, could increase in such circumstances. Furthermore, while we believe the charterer remains liable for charter payments when a vessel is seized by pirates, the charterer may dispute this and withhold charter hire until the vessel is released. A charterer may also claim that a vessel seized by pirates was not “on-hire” for a certain number of days and is, therefore, entitled to cancel the charterparty, a claim that we would dispute. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, any detention hijacking, involving the hostile detention of a vessel, as a result of an act of piracy against our vessels or other vessels we may acquire, or an increase in cost or unavailability of insurance for our vessels and other vessels we may acquire could have a material adverse impact on our business, financial condition, and operating results.

***Our operations may be adversely impacted by severe weather, including as a result of climate change.***

Tropical storms, hurricanes, typhoons, and other severe marine weather events could result in the suspension of operations at the planned ports of call for our vessels and require significant deviations from our vessels’ planned routes. In addition, climate change could result in an increase in the frequency and severity of these extreme weather events. The closure of ports, rerouting of vessels, damage of production facilities, as well as other delays caused by increasing frequency of severe weather, could stop operations or shipments for indeterminate periods and have a material adverse effect on our business, results of operations, and financial condition.

***If our vessels call on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government or other governmental authorities, it could lead to monetary fines or adversely affect our business, reputation, and the market for our common shares.***

Our business could be adversely impacted if we are found to have violated economic sanctions under the applicable laws of the European Union, the United States or another applicable jurisdiction against countries such as Iran, North Korea and Cuba. U.S. economic sanctions, for example, prohibit a wide scope of conduct, target numerous countries and individuals, and are frequently updated or changed.

Many economic sanctions relate to our business, including prohibitions on certain kinds of trade with countries, such as exportation or re-exportation of commodities, or prohibitions against certain transactions with designated nationals who may be operating under aliases or through non-designated companies.

Additionally, the U.S. Iran Threat Reduction Act amended the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, to require issuers that file annual or quarterly reports under Section 13(a) of the Exchange Act to include disclosure in their annual and quarterly reports as to whether the issuer or its affiliates have knowingly engaged in certain activities prohibited by sanctions against Iran or transactions or dealings with certain identified persons. We are subject to this disclosure requirement.

While none of our vessels have called on ports located in countries or territories that are the subject of country-wide or territory-wide sanctions or embargoes imposed by the U.S. government or other governmental authorities (“Sanctioned Jurisdictions”) in 2025 and through the date of this report, and although we intend to maintain compliance with all applicable sanctions and embargo laws, and we endeavor to take precautions reasonably designed to ensure compliance with such laws, it is possible that, in the future, our vessels may call on ports in Sanctioned Jurisdictions on charterers’ instructions. If such activities result in a violation of sanctions or embargo laws, we could be subject to monetary fines, penalties, or other sanctions, and our reputation and the market for our common shares could be adversely affected.

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

Although we believe that we have been in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, any such violation could result in fines, penalties or other sanctions that could severely impact our ability to access U.S. capital markets and conduct our business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in, or to divest from, our common shares may adversely affect the price at which our common shares trade. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could, in turn, negatively affect our reputation. If a charterer violates sanctions, it is possible that our ship or the ship owner may become sanctioned, in which case it would be difficult or impossible for us to trade it or utilize international banking systems, which would adversely affect our business, financial condition, and ability to continue our business and pay dividends. Investor perception of the value of our common shares may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in countries or territories that we operate in.

***We conduct business in China, where the legal system is unpredictable and has inherent uncertainties that could limit the legal protections available to us.***

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

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

A government of a vessel's registry could requisition for title or hire or seize one or more of our vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. A government could also requisition one or more of our vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Although we would be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of payment of such compensation is uncertain. Government requisition of one or more of our vessels could have a material adverse effect on our business, results of operations, cash flows, and financial condition.

***Failure to comply with the FCPA could result in fines, criminal penalties, and an adverse effect on our business.***

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

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

Our vessels may call in ports in areas where smugglers attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessel and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims and our vessels may be detained for a prolonged period of time, which could have an adverse effect on our business, results of operations, cash flows, and financial condition. Under some jurisdictions, vessels used for the conveyance of illegal drugs could result in forfeiture of the subject vessel to the government of such jurisdiction.

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

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

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

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

Changing laws, regulations, and standards relating to reporting requirements, including the EU General Data Protection Regulation, or GDPR, may create additional compliance requirements for us. To maintain high standards of corporate governance and public disclosure, we have invested in, and continue to invest in, reasonably necessary resources to comply with evolving standards.

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

***We are a “foreign private issuer,” which could make our common shares less attractive to some investors or otherwise harm our stock price.***

We are a “foreign private issuer,” as such term is defined in Rule 405 under the Securities Act. As a “foreign private issuer” the rules governing the information that we disclose differ from those governing U.S. corporations pursuant to the Exchange Act. We are not required to file quarterly reports on Form 10-Q or provide current reports on Form 8-K disclosing significant events within four days of their occurrence. On December 18, 2025, the Holding Foreign Insiders Accountable Act was enacted as part of the National Defense Authorization Act for Fiscal Year 2026, mandating directors and officers of foreign private issuers to file Section 16(a) reports (Forms 3, 4, and 5) with the SEC to report beneficial ownership interests in companies, effective March 18, 2026. In addition, our officers, directors and principal shareholders are exempt from the “short-swing” profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchase and sales of our securities. Our exemption from certain provisions of the rules of Section 16 of the Exchange Act regarding sales of Common Shares by insiders means that you may have less data in this regard than shareholders of U.S. companies that are subject to the Exchange Act. Moreover, we are exempt from the proxy rules, and proxy statements that we distribute will not be subject to review by the SEC.

Accordingly, there may be less publicly available information concerning us than there is for other U.S. public companies that are not foreign private issuers. These exemptions and scaled disclosure requirements are not related to our status as an emerging growth company and will continue to be available to us even if we no longer qualify as an emerging growth company but remain a foreign private issuer. These factors could make our Common Shares less attractive to some investors or otherwise harm our stock price.

On June 4, 2025, the SEC issued a concept release seeking public comment on whether to amend the current eligibility criteria for foreign private issuer status under the U.S. securities laws to better balance investor protection and capital formation. This marks the first comprehensive review of the FPI regulatory framework since 2008 and signals a potential material shift in the FPI regulatory framework. While no rule changes have been proposed yet, any future amendments could impact our eligibility to qualify as a foreign private issuer.

We could lose our foreign private issuer status under U.S. securities laws. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher. We would then also be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. We may then also be required to modify certain of our policies to comply with good or required governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve additional costs.

***Recent actions by the U.S. and China imposing new port fees could have a material adverse effect on our operations and financial results.***

In 2025, the United States Trade Representative (the “USTR”) put forward significant trade actions under Section 301 of the Trade Act of 1974 with the aim of addressing China’s dominance in the maritime, logistics, and shipbuilding industries. These actions have the potential to dramatically increase the port fees and therefore the overall operating expenses for ships calling at U.S. ports. Specifically, the USTR has enacted a series of fees that would function as direct increases to port-related costs.

The action generally includes a fee targeting Chinese owners and operators for each instance a vessel owned or operated by a Chinese entity enters a U.S. port. The fee would be calculated at a rate of \$50 per net ton of the vessel for each port entrance beginning October 14, 2025 and increasing over time, plateauing at \$140 per net ton in 2028.

Another fee focuses on operators with fleets comprised of Chinese-built vessels. Under the action, in the case of a vessel not subject to the fees on Chinese owners and operators described above, fees generally would be imposed each time a Chinese-built vessel enters a U.S. port. The fee relevant to our vessels generally would be calculated at a rate of \$18 per net ton of the vessel for each port entrance beginning October 14, 2025 and increasing over time, plateauing at \$33 per net ton in 2028. There are several exceptions to this fee, including for vessels with capacity of 55,000 dwt or less, vessels arriving to the US empty or in ballast, and vessels entering a port in the continental United States from a voyage of less than 2,000 nautical miles from a foreign port or point.

The actual implementation of this action remains uncertain. Specifics, such as applicability to sale and leaseback (“SLB”) arrangements with Chinese leasing financiers, have not been clarified. Of the 11 vessels we operate, three were constructed in China. In addition, we currently have three newbuilding vessels under construction at Chinese shipyards. Further, we have already entered into, and we may enter in the future into additional sale and leaseback transactions with Chinese financial institutions. In an SLB, the lessor is the registered owner of the vessel. It is currently unclear whether the vessels would be subject to fees on Chinese owners due to the SLB arrangements. Additionally, we may enter into further contracts for the purchase of secondhand vessels constructed in China or shipbuilding contracts for vessels to be constructed at Chinese shipyards.

In response to the USTR action, on October 10, 2025, China announced retaliatory port fees, effective October 14, 2025, applicable to vessels calling at Chinese ports which are built or flagged in the U.S. or owned or operated by certain U.S.-linked persons. There is significant uncertainty as to the scope of applicability of these new port fees and how they will be implemented. On November 10, 2025, U.S. and Chinese authorities suspended the application of each respective set of port fees for one year. Substantial uncertainty remains as to how the port fees will be assessed after the end of the suspension period, scheduled for November 10, 2026.

Further retaliatory measures from China or other nations could further compound disruptions and cost increases within the global shipping industry. In addition to direct port fee increases, other retaliatory actions by China or other countries could indirectly impact port-related costs, disrupt global shipping patterns and potentially increase congestion and costs at ports worldwide, including U.S. ports.

Given the potential magnitude of these port-related fees and the many uncertainties surrounding their implementation, it is not possible at this time to fully predict the ultimate financial impact. However, if the action or similar measures are implemented, port fees for our vessels or vessels we charter and our operating costs for voyages calling at U.S. or Chinese ports could materially increase.

Even though port fees are typically borne by the charterer, if port fees are assessed due to our or the lessor's ownership of the relevant vessel, it is possible that charterers may demand that we bear these costs or otherwise reduce the applicable charter rate. This, in turn, could significantly reduce our profitability, negatively impact our ability to compete effectively, and materially and adversely affect our operations and financial results.

## **Company Specific Risk Factors**

***The market values of our vessels are highly volatile and may decline, which could limit the amount of funds that we can borrow and trigger breaches of certain financial covenants under our bonds or loan facilities.***

The market values of our vessels are related to prevailing charter rates. While the market values of vessels and the charter market have a very close relationship as the charter market moves from trough to peak, the time lag between the effects of charter rates on market values of ships can vary. The market values of our vessels have generally experienced high volatility, and you should expect the market value of our vessels to fluctuate depending on a number of factors, including:

- the prevailing level of charter rates;
- general economic and market conditions affecting the shipping industry;
- competition from other shipping companies and other modes of transportation;
- the types, sizes, and ages of vessels;
- the supply of and demand for vessels;
- applicable governmental or other regulations;
- exchange rate levels;
- the price of steel;
- number of tankers scrapped;
- the need to upgrade secondhand and previously owned vessels as a result of charterer requirements;
- technological advances in vessel design or equipment or otherwise;
- fuel efficiency and level of air emissions;
- the cost of newbuildings; and

- shipyard capacity and slot availability.

Dislocations in the supply of and demand for tankers as a result of the war in Ukraine and sanctions on Russian exports have resulted in greatly increased volatility in tanker asset prices. Furthermore, the ongoing war between Israel and Hamas, the Houthi rebel attacks on shipping in the Red Sea and the sharp reduction in vessel transits through the Strait of Hormuz will have an uncertain impact on the supply and demand for tankers. At times when we have loans outstanding with covenants based on vessels' market values, if the market values of our vessels decline further, we may not be in compliance with certain covenants contained in such loan facilities, and we may not be able to refinance our debt or obtain additional financing or incur debt on terms that are acceptable to us or at all. As of December 31, 2025, we had \$128.7 million outstanding under our bank loan facilities and sale-leaseback agreements, and \$100.0 million outstanding under our bond, and we were in compliance with all our loan covenants. In the future, if we are not in compliance with the covenants in our loan facilities or are unable to obtain waivers or amendments or otherwise remedy the relevant breaches, our lenders under the facilities could accelerate our debt and foreclose on our fleet. We may not be successful in obtaining any such waiver or amendment, and we may not be able to refinance our debt or obtain additional financing. Moreover, our loan facilities, as amended or pursuant to any waiver, and any refinancing or additional financing, may be more expensive and carry more onerous terms than those in our existing debt agreements.

In addition, if the book value of a vessel is impaired due to unfavorable market conditions, or if a vessel is sold at a price below its book value, we would incur a loss that could adversely affect our operating results.

***Our business, operating results, financial condition, and growth will depend on our ability to successfully charter our vessels, for which we will face substantial competition.***

The process of obtaining new charters is highly competitive and generally involves an intensive screening process and competitive bids, and often extends for several months. Charters are awarded based upon a variety of factors relating to the vessel operator, including:

- shipping industry relationships and reputation for customer service and safety;
- the experience and quality of ship operations, including cost-effectiveness;
- quality and experience of the seafaring crew;
- the ability to finance vessels at competitive rates and financial stability generally;
- relationships with shipyards and the ability to get suitable berths;
- the technical specifications of the vessel;
- construction management experience, including the ability to obtain on-time delivery of new ships according to customer specifications;
- willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and
- competitiveness of the bid in terms of overall price.

We expect substantial competition for providing tanker vessel transportation services from a number of experienced companies, including state-sponsored entities and major shipping companies. Many of these competitors have significantly greater financial resources than we do and can therefore operate larger fleets and may be able to offer better charter rates. As a result of these factors, we may be unable to attract new customers or secure charters at profitable charter rates, if at all, which will impede our operating results, financial condition, and growth.

Furthermore, if our vessels become available for employment under new charters during periods when charter rates are at depressed levels, we may have to employ our tanker vessels at depressed charter rates, if we are able to secure employment for our vessels at all, which would lead to reduced or volatile earnings. Future charter rates may not be at a level that will enable us to operate our vessels profitably.

***The failure of our counterparties to meet their obligations to us under any vessel purchase agreements or charter agreements could cause us to suffer losses or otherwise adversely affect our business.***

Generally, we intend to selectively employ our vessels in the spot market under short- to medium-term time charters or voyage charters and pool arrangements, which exposes us to counterparty risks. The ability and willingness of each of our counterparties to perform its obligations under a vessel purchase agreement or charter agreement with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the shipping market, and the overall financial condition of the counterparty, charter rates received for specific types of vessels, work stoppages or other labor disturbances and various expenses. From time to time, we may enter into agreements to acquire vessels, and if the seller of a vessel fails to deliver a vessel to us as agreed, or if we cancel a purchase agreement because a seller has not met its obligations, this may have a material adverse effect on our business.

The combination of a reduction of cash flow resulting from declines in world trade, a reduction in borrowing bases under reserve-based credit facilities, and the lack of availability of debt or equity financing may result in a significant reduction in the ability of charterers to make charter payments to us. In addition, in depressed market conditions, there have been reports of charterers renegotiating their charters or defaulting on their obligations under charters, and our future customers may fail to pay charter hire or attempt to renegotiate charter rates. Furthermore, it is possible that third parties with whom we have charter contracts may be impacted by the war between Russia and Ukraine or the resulting sanctions, which could adversely affect their ability to perform. If our future charterers fail to meet their obligations to us or attempt to renegotiate our future charter agreements, it may be difficult to secure substitute employment for such vessels, and any new charter arrangements we secure may be at lower rates. As a result, we could sustain significant losses, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

***Delays or defaults by the shipyards in the construction of newbuilding vessels could increase our expenses and diminish our net income and cash flows.***

We currently have contracts for three newbuilding vessels and we may enter into contracts for newbuilding vessels in the future. Vessel construction projects are generally subject to risks of delay that are inherent in any large construction project, which may be caused by numerous factors, including shortages of equipment, materials or skilled labor, unscheduled delays in the delivery of ordered materials and equipment or shipyard construction, failure of equipment to meet quality and/or performance standards, financial or operating difficulties experienced by equipment vendors or the shipyard, unanticipated actual or purported change orders, inability to obtain required permits or approvals, design or engineering changes and work stoppages and other labor disputes, adverse weather conditions or any other events of force majeure. Significant delays could adversely affect our financial position, results of operations and cash flows. Additionally, failure to complete a project on time may result in the delay of revenue from that vessel, and we may continue to incur costs and expenses related to delayed vessels, such as supervision expenses.

***We may be unable to locate suitable vessels or dispose of vessels at reasonable prices, which would adversely affect our ability to operate our business.***

There are periods when we may be interested in further growing our fleet through selective acquisitions. Our business strategy is dependent on identifying and purchasing suitable vessels. Changing market and regulatory conditions may limit the availability of suitable vessels because of customer preferences or because they are not or will not be compliant with existing or future rules, regulations, and conventions. Additional vessels of the age and quality we desire may not be available for purchase at prices we are prepared to pay or at delivery times acceptable to us, and we may not be able to dispose of vessels at reasonable prices, if at all. If we are unable to purchase and dispose of vessels at reasonable prices in accordance with our business strategy or in response to changing market and regulatory conditions, our business would be adversely affected.

***Our purchasing and operating secondhand vessels, and the aging of our fleet may result in increased operating costs and vessels off-hire, which could adversely affect our earnings.***

While we will typically inspect secondhand vessels before purchase, this does not provide us with the same knowledge about their condition that we would have had if these vessels had been built for and operated exclusively by us. Accordingly, we may not discover defects or other problems with such vessels before purchase. Any such hidden defects or problems, when detected, may be expensive to repair, and if not detected, may result in accidents or other incidents for which we may become liable to third parties. In addition, when purchasing secondhand vessels, we do not receive the benefit of any builder warranties if the vessels we buy are older than one year.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Older vessels are typically less fuel efficient than more recently constructed vessels due to improvements in engine technology. Potential charterers may also choose not to charter older vessels. Governmental regulations and safety and other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment to some of our vessels and may restrict the type of activities in which these vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. As a result, regulations and standards could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

***There is a lack of historical operating history provided with our secondhand vessel acquisitions, and profitable operation of the vessels will depend on our skill and expertise.***

Consistent with shipping industry practice, other than inspection of the physical condition of the vessels and examinations of classification society records, neither we, nor our in-house manager, will conduct any historical financial due diligence process at times when we acquire vessels. Accordingly, neither we, nor our in-house manager, will obtain the historical operating data for any secondhand vessels we may acquire in the future from the sellers because that information is not material to our decision to make acquisitions, nor do we believe it would be helpful to potential investors in assessing our business or profitability. Most vessels are sold under a standardized agreement, which, among other things, provides the buyer with the right to inspect the vessel and the vessel's classification society records. The standard agreement does not give the buyer the right to inspect, or receive copies of, the historical operating data of the vessel. Prior to the delivery of a purchased vessel, the seller typically removes from the vessel all records, including past financial records and accounts related to the vessel. In addition, the technical management agreement between the seller's technical manager and the seller is automatically terminated and the vessel's trading certificates are revoked by its flag state following a change in ownership.

Consistent with shipping industry practice, we treat the acquisition of a vessel (whether acquired with or without charter) as the acquisition of an asset rather than a business. Although vessels are generally acquired free of charter, we have acquired and may also in the future acquire some vessels with time charters. Where a vessel has been under a voyage charter, the vessel is delivered to the buyer free of charter, and it is rare in the shipping industry for the last charterer of the vessel in the hands of the seller to continue as the first charterer of the vessel in the hands of the buyer. In most cases, when a vessel is under time charter, and the buyer wishes to assume that charter, the vessel cannot be acquired without the charterer's consent and the buyer's entering into a separate direct agreement with the charterer to assume the charter. The purchase of a vessel itself does not transfer the charter because it is a separate service agreement between the vessel owner and the charterer.

Due to the differences between the prior owners of these vessels and the Company with respect to the routes we expect to operate, our future customers, the cargoes we expect to carry, the freight rates and charter rates we will charge in the future, and the costs we expect to incur in operating our vessels, we believe that our operating results will be significantly different from the operating results of the vessels while owned by the prior owners. The profitable operation of the vessels will depend on our skill and expertise. If we are unable to operate the vessels profitably, it may have an adverse effect on our financial condition, results of operations, and cash flows.

***Technical innovation and technical quality and efficiency requirements from our customers could reduce our charter hire income and the value of our vessels.***

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

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

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

***Our ability to obtain debt financing in the future may be dependent on the performance of our then-existing charters and the creditworthiness of our charterers.***

The actual or perceived credit quality of our charterers, and any defaults by them, may materially affect our ability to obtain the additional capital resources that we will require to purchase additional vessels in the future or may significantly increase our costs of obtaining such capital. Our inability to obtain financing at all or at a higher than anticipated cost may materially affect our results of operation and our ability to implement our business strategy.

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

Our success depends to a significant extent upon the abilities and efforts of our management team, the Chairperson of the Board, Aliko Paliou, and our Chief Executive Officer, Director and Secretary, Andreas Michalopoulos. Our success will depend upon our ability to retain key members of our management team and to hire new members as may be necessary. The loss of any of these individuals could adversely affect our business prospects and financial condition. Difficulty in hiring and retaining replacement personnel could adversely affect our business, results of operations, and ability to pay dividends. We do not intend to maintain "key man" life insurance on any of our officers or other members of our management team.

***Aliko Paliou, the Chairperson of the Board, controls a majority of voting power over matters on which our shareholders are entitled to vote and, accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders.***

Aliko Paliou may be deemed to beneficially own 1,314,792 Series C Preferred Shares, and through the beneficial ownership of such Series C Preferred Shares currently controls approximately 88% of the voting power of our capital stock. As a result, Ms. Paliou has the power to exert considerable influence over our actions through her ability to control the outcome of any matter submitted to a vote of our shareholders, including the election of our directors and other significant corporate actions. The Series C Preferred Shares bear superior voting rights to our common shares, are entitled to vote on all matters on which our shareholders are entitled to vote, and are convertible into our common shares. The superior voting rights of our Series C Preferred Shares may limit our common shareholders' ability to influence corporate matters. The interests of the holders of the Series C Preferred Shares may conflict with the interests of our common shareholders and, as a result, the holders of our capital stock may approve actions that our common shareholders do not view as beneficial. Any such conflicts of interest could adversely affect our business, financial condition, and results of operations, and the trading price of our common shares. For additional information

regarding the terms of our Series C Preferred Shares, please see “Description of Securities,” attached hereto as Exhibit 2.5 and incorporated by reference herein.

***Our Chief Financial Officer participates in business activities not associated with us and does not devote all of his time to our business, which may create conflicts of interest and hinder our ability to operate successfully.***

Anthony Argyropoulos, our Chief Financial Officer, participates in business activities not associated with us and, as a result, may devote less time to us than if he was not engaged in other business activities. This may create conflicts of interest in matters involving or affecting us and our customers, and it is not certain that any of these conflicts of interest will be resolved in our favor. This could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

***We have been subject to litigation and we may be subject to similar or other litigation in the future.***

We, and our former Chief Executive Officer, were defendants in a purported class action lawsuit brought in 2017 which was voluntarily dismissed in November 2024. The lawsuit alleged violations of the Exchange Act. In addition, we, our Chief Executive Officer, the Chairperson of the Board, five former directors of the Board, and two entities affiliated with our Chief Executive Officer and Chairperson of the Board were named as defendants in a lawsuit commenced on October 27, 2023 in New York State Supreme Court, County of New York, alleging, among other things, violations of fiduciary duties by the named defendants in connection with the exchange offer commenced in December 2021. In August 2024, that lawsuit was dismissed by the court for lack of personal jurisdiction. The plaintiff then filed a substantially similar complaint in the High Court of the Republic of the Marshall Islands against the same defendants that had been named in the New York lawsuit. On March 27, 2026, the plaintiff voluntarily dismissed the lawsuit. For more information see “Item 8. Financial information—Legal Proceedings.”

Costs associated with litigation are unpredictable, and could increase our general administrative expenses above their current levels. Furthermore, we may, from time to time, be a party to litigation in the normal course of business. Monitoring and defending against legal actions, whether or not meritorious, is time-consuming for our management and detracts from our ability to fully focus our internal resources on our business activities. Uncertainty regarding such pending legal actions, even if eventually resolved in our favor, could have an adverse effect on our ability to obtain financing, raise capital, or otherwise execute our business strategy. In addition, legal fees and costs incurred in connection with such activities may be significant, and we could in the future be subject to judgments or enter into settlements of claims for significant monetary damages. A decision adverse to our interests could result in the payment of substantial damages and could have a material adverse effect on our cash flow, results of operations, and financial position.

With respect to any litigation, our insurance may not reimburse us or may not be sufficient to reimburse us for the expenses or losses we may suffer in contesting and concluding such a lawsuit. Substantial litigation costs, including the substantial self-insured retention that we are required to satisfy before any insurance is applied to the claim, or an adverse result in any litigation may adversely impact our business, operating results, or financial condition.

***We expect to continue to operate substantially outside the United States, which will expose us to political and governmental instability, which could harm our operations.***

We expect that our operations will continue to be primarily conducted outside the United States and may be adversely affected by changing or adverse political and governmental conditions in the countries where our vessels are flagged or registered and in the regions where we otherwise engage in business. Any disruption caused by these factors may interfere with the operation of our vessels, which could harm our business, financial condition, and results of operations. Past political efforts to disrupt shipping in these regions, particularly in the Arabian Gulf, have included attacks on ships and mining of waterways. In addition, terrorist attacks outside this region and continuing hostilities in the Middle East and globally may lead to additional armed conflicts or to further acts of terrorism and civil disturbance in the United States and elsewhere. Any such attacks or disturbances may disrupt our business, increase vessel operating costs, including insurance costs, and adversely affect our financial condition and results of operations. Our operations may also be adversely affected by expropriation of vessels, taxes, regulation, tariffs, trade embargoes, economic sanctions, disruption of or limit to trading activities, or other adverse events or circumstances affecting the countries and regions in which we operate or may operate in the future.

***We generate all of our revenues in U.S. dollars and incur a portion of our expenses in other currencies and, therefore, exchange rate fluctuations could have an adverse impact on our results of operations.***

We generate all of our revenues in U.S. dollars and incur a portion of our expenses in currencies other than the dollar. This difference could lead to fluctuations in net income due to changes in the value of the U.S. dollar relative to the other currencies, in particular the Euro. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase, decreasing our revenues. Further declines in the value of the dollar could lead to higher expenses payable by us.

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

***Volatility of SOFR could affect our profitability, earnings, and cash flow.***

The majority of our facility agreements and sale and leaseback agreements bear floating rate interest linked either to SOFR or Term SOFR. An increase in SOFR would affect the amount of interest payable under our existing debt agreements, which, in turn, could have an adverse effect on our profitability, earnings, cash flow, and ability to pay dividends. Furthermore, as a secured rate backed by government securities, SOFR may be less likely to correlate with the funding costs of financial institutions. As a result, parties may seek to adjust spreads relative to SOFR in underlying contractual arrangements. If SOFR performs differently than expected or if our lenders insist on a different reference rate to replace SOFR, that could increase our borrowing costs (and administrative costs to reflect the transaction), which would have an adverse effect on our profitability, earnings, and cash flows. Alternative reference rates may behave in a similar manner or have other disadvantages or advantages in relation to our future indebtedness and the transition to other alternative reference rates in the future could have a material adverse effect on us.

In order to manage our exposure to interest rate fluctuations, we may, from time to time, use interest rate derivatives to effectively fix some of our floating rate debt obligations. No assurance can be given, however, that the use of these derivative instruments, if any, may effectively protect us from adverse interest rate movements. The use of interest rate derivatives may affect our results through mark to market valuation of these derivatives. Also, adverse movements in interest rate derivatives may require us to post cash as collateral, which may impact our free cash position, and have the potential to cause us to breach covenants in our bonds or loan agreements that require maintenance of certain financial positions and ratios.

***We may have to pay tax on United States source income, which would reduce our earnings.***

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

We intend to take the position that we qualified for this statutory tax exemption for U.S. federal income tax return reporting purposes for our 2025 taxable year. However, there are factual circumstances that could cause us to lose the benefit of this tax exemption for any future taxable year and thereby become subject to U.S. federal income tax on our U.S.-source shipping income. Due to the factual nature of the issues involved, there can be no assurances on our tax-exempt status.

If we are not entitled to exemption under Section 883 for any taxable year, we would be subject for those years to an effective 2% U.S. federal income tax on the shipping income we derive during the year, which is attributable to the transport of cargoes to or from the United States. The imposition of this taxation would have a negative effect on our business and would result in decreased earnings available for distribution to our shareholders.

***We may be classified as a “passive foreign investment company,” which could result in adverse U.S. federal income tax consequences to U.S. holders.***

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

Whether we will be treated as a PFIC will depend upon our method of operation. In this regard, we intend to treat the gross income we derive or are deemed to derive from time or voyage chartering activities as services income rather than rental income. Accordingly, we believe that any income from time or voyage chartering activities will not constitute “passive income,” and any assets that we may own and operate in connection with the production of that income will not constitute passive assets. However, any gross income that we may be deemed to have derived from bareboat chartering activities will be treated as rental income and thus will constitute “passive income,” and any assets that we may own and operate in connection with the production of that income will constitute passive assets. There is substantial legal authority supporting this position consisting of case law and Internal Revenue Service, or IRS, pronouncements concerning the characterization of income derived from time charters and voyage charters as services income. However, it should be noted that there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept our position with regard to our status from time to time as a PFIC, and there is a risk that the IRS or a court of law could determine that we are or have been a PFIC for a particular taxable year.

If we are or have been a PFIC for any taxable year, U.S. holders of our common shares will face certain adverse U.S. federal income tax consequences and information reporting obligations. Under the PFIC rules, unless such U.S. holders make certain elections available under the Code (which elections could themselves have certain adverse consequences for such U.S. holders), such U.S. holders would be liable to pay U.S. federal income tax at the then-prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common shares, as if the excess distribution or gain had been recognized ratably over such U.S. holder’s holding period for such common shares. See “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—United States Federal Income Taxation of U.S. Holders—PFIC Status and Significant Tax Consequences” for a more comprehensive discussion of the U.S. federal income tax consequences to U.S. holders of our common shares if we are or were to be treated as a PFIC.

***We may be subject to increased premium payments, or calls, because we obtain some of our insurance through protection and indemnity associations.***

We may be subject to increased premium payments, or calls, in amounts based on our claim records as well as the claim records of other members of the protection and indemnity associations in the International Group of P&I Clubs, or the International Group, which is comprised of 13 mutual protection and indemnity associations and insures approximately 90% of the world’s commercial tonnage and through which we receive insurance coverage for tort liability, including pollution-related liability, as well as actual claims. Amounts we may be required to pay as a result of such calls will be unavailable for other purposes.

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

We are incorporated under the laws of the Republic of the Marshall Islands and we conduct operations in countries around the world. The Marshall Islands has passed an act, or the Implementation Act, implementing the U.N. Commission on Internal Trade Law (UNCITRAL) Model Law on Cross-Border Insolvency, or the Model Law. The adoption of the Model Law is intended to implement effective mechanisms for dealing with issues related to cross-border insolvency proceedings and encourages cooperation and coordination between jurisdictions. Notably, the Model Law does not alter the substantive insolvency laws of any jurisdiction and does not create a bankruptcy code in the Marshall Islands. Instead, the Implementation Act allows for the recognition by the Marshall Islands of foreign insolvency proceedings, the provision of foreign creditors with access to courts in the Marshall Islands, and the cooperation with foreign courts. Consequently, in the event of any bankruptcy, insolvency, liquidation, dissolution, reorganization, or similar proceeding involving us or any of our subsidiaries, bankruptcy laws other than those of the United States could apply. If we become a debtor under U.S. bankruptcy law, bankruptcy courts in the United States may seek to assert jurisdiction over all of our assets, wherever located, including property situated in other countries. There can be no assurance, however, that we would become a debtor in the United States, or that a U.S. bankruptcy court would be entitled to, or accept, jurisdiction over such a bankruptcy case, or that courts in other countries that have jurisdiction over us and our operations would recognize a U.S. bankruptcy court's jurisdiction if any other bankruptcy court would determine it had jurisdiction.

***A cyber-attack could materially disrupt our business.***

We rely on information technology systems and networks in our operations and administration of our business. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. The safety and security of our vessels as well as our business operations could be targeted by individuals or groups seeking to sabotage or disrupt our information technology systems and networks or to steal data. Despite our cybersecurity measures, a successful cyber-attack, including as a result of spam, targeted phishing-type emails, and ransomware attacks, or other breaches of or significant interruption or failure of or significant interruption or failure of our information technology systems, could materially disrupt our operations, including the safety of our operations, or lead to the unauthorized release of information or alteration of information in our systems. The evolution of artificial intelligence capabilities may lead to new or more effective cyber-attack methods, including fraud, phishing or information theft enabled by "deep-fake" technology using generative artificial intelligence tools. Any such attack or other breach of our information technology systems could have a material adverse effect on our business and results of operations. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased operating costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect or disrupt our business and could result in decreased performance and increased operating costs, causing our business and operating results to suffer.

Additionally, recent action by the IMO's Maritime Safety Committee and United States agencies indicates that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. For example, effective January 2021, cyber-risk management systems must be incorporated by shipowners and managers. Any changes in the nature of cyber threats might require us to adopt additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. The war between Russia and Ukraine has been accompanied by cyber-attacks against the Ukrainian government and other countries in the region. It is possible that these attacks could have collateral effects on additional critical infrastructure and financial institutions globally, which could adversely affect our operations. We rely on industry-accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches and, therefore, it is difficult to assess the likelihood of such threat and any potential impact at this time.

In July 2023, the SEC adopted rules requiring the mandatory disclosure of material cybersecurity incidents, as well as cybersecurity governance and risk management practices. A failure to disclose could result in the imposition of injunctions, fines and other penalties by the SEC. Complying with these obligations could cause us to incur substantial costs and could increase negative publicity surrounding any cybersecurity incident.

***If we do not identify suitable vessels for acquisition or successfully integrate any acquired vessels, we may not be able to grow or effectively manage our growth.***

One of our strategies is to continue to grow by expanding our operations and adding tanker vessels to our fleet. Our future growth will depend upon a number of factors, some of which may not be within our control. These factors include our ability to:

- identify suitable vessels for acquisitions at attractive prices, which may not be possible if asset prices rise too quickly;
- raise equity and obtain financing for our existing and new operations;
- manage relationships with customers and suppliers;
- identify businesses engaged in managing, operating, or owning tanker vessels for acquisitions or joint ventures;
- integrate any acquired vessels successfully with our then-existing operations;
- attract, hire, train, integrate, and retain qualified, highly trained personnel and crew to manage and operate our growing business and fleet;
- identify additional new markets;
- enhance our customer base;
- improve our operating, financial, and accounting systems and controls; and
- obtain required financing for our existing and new operations.

Our failure to effectively identify, purchase, develop, and integrate any new vessels could adversely affect our business, financial condition, and results of operations. The number of employees that perform services for us and our current operating and financial systems may not be adequate as we implement our plan to expand the size of our fleet, and we may not be able to effectively hire more employees, or adequately improve those systems. We may incur unanticipated expenses as an operating company. Our current operating and financial systems may not be adequate as we implement our plan to expand the size of our fleet. Finally, additional acquisitions may require additional equity issuances, which may dilute our common shareholders if issued at lower prices than the price they acquired their shares or debt issuances (with amortization payments), both of which could reduce our cash flow. If we are unable to execute the points noted above, our financial condition may be adversely affected.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. The expansion of our fleet may impose significant additional responsibilities on our management and staff, and the management and staff of our commercial and technical managers, and may necessitate that we, and they, increase the number of personnel. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with our future growth.

***Inflation could adversely affect our operating results and financial condition.***

Inflation could have an adverse impact on our operating results and, subsequently, on our financial condition both directly through the increase of various costs necessary for the operation of our vessels such as crew, repairs, and materials, and indirectly through its adverse impact on the world economy in terms of increasing interest rates and slowing global growth. If inflationary pressures intensify further, we may be unable to raise our charter rates enough to offset the increasing costs of our operations, which would decrease our profit margins. Inflation may also raise our costs of capital, which would result in the deterioration of our financial condition.

***The IMO 2020 regulations may cause us to incur substantial costs and procure low-sulfur fuel oil directly on the wholesale market for storage at sea and onward consumption on our vessels.***

Effective January 1, 2020, the IMO implemented a regulation requiring ships to reduce sulfur emissions to 0.50% m/m globally (the “IMO 2020 Regulations”). Under this global cap, vessels are required to use marine fuels with a sulfur content of no more than 0.50% (as compared to the former regulations specifying a maximum of 3.50% sulfur content) in an effort to reduce the emission of sulfur oxide into the atmosphere.

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

As of January 1, 2020, our fleet has been burning IMO compliant fuels except for our vessel P. Alike that was acquired with an approved exhaust gas cleaning system for the compliance with the existing sulfur emission regulations. Low sulfur fuel is more expensive than standard marine fuel containing 3.5% sulfur content and may become more expensive or difficult to obtain as a result of increased demand. If the cost differential between low sulfur fuel and high sulfur fuel is significantly higher than anticipated, or if low sulfur fuel is not available at ports on certain trading routes, it may not be feasible or competitive to operate our vessels on certain trading routes without installing scrubbers or without incurring deviation time to obtain compliant fuel. Scrubbers may not be available to be installed on such vessels at a favorable cost or at all if we seek them at a later date.

Furthermore, although as of the date of this annual report, over two years has passed since the IMO 2020 Regulations became effective, it is uncertain how the availability of high-sulfur fuel around the world will be affected by the implementation of the IMO 2020 Regulations, and both the price of high-sulfur fuel generally and the difference between the cost of high-sulfur fuel and that of low-sulfur fuel are also uncertain. Scarcity in the supply of high-sulfur fuel, or a lower-than-anticipated difference in the costs between the two types of fuel, may cause us to fail to recognize anticipated benefits from installing scrubbers.

Fuel is a significant, if not the largest, expense in our shipping operations when vessels are under voyage charter and is an important factor in negotiating charter rates. Our operations and the performance of our vessels, and as a result, our results of operations, face a host of challenges. These include concerns over higher costs, international compliance, and the availability of low-sulfur fuel at key international bunkering hubs such as Rotterdam and Singapore. In addition, we take seriously concerns raised in Europe that certain blends of low-sulfur fuels can emit greater amounts of harmful black carbon than the high-sulfur fuels they are meant to replace. Costs of compliance with these and other related regulatory changes may be significant and may have a material adverse effect on our future performance, results of operations, cash flows, and financial position. As a result, an increase in the price of fuel beyond our expectations may adversely affect our profitability at the time of charter negotiation.

While we carry cargo insurance to protect us against certain risks of loss of or damage to the procured commodities, we may not be adequately insured to cover any losses from such operational risks, which could have a material adverse effect on us. Any significant uninsured or under-insured loss or liability could have a material adverse effect on our business, results of operations, cash flows and financial condition, and our available cash.

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

Due to concern over the risk of climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These regulatory measures may include, among others, the adoption of cap and trade regimes (of which there are around forty five in the world thus far), carbon taxes, increased efficiency standards, and incentives, or mandates for renewable energy. In July 2023, the IMO adopted a strategy to reduce greenhouse gas emissions from ships. The initial strategy identifies levels of ambition to reducing greenhouse gas emissions, including (1) decreasing the carbon intensity from ships through the implementation of further phases of the EEDI for new ships; (2) reducing carbon dioxide emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008 emission levels; and (3) reducing the total annual greenhouse emissions by at least 50% by 2050 compared to 2008 while pursuing efforts towards phasing them out entirely. At the conclusion of MEPC 82, a draft legal text was used as a basis for ongoing talks about mid-term Green House Gas, or GHG, reduction measures, which were approved in 2025, including a goal-based marine fuel standard, phasing in the mandatory use of fuels with less GHG intensity, and a global GHG emission pricing mechanism. The regulations were approved as amendments and submitted for adoption, the MEPC adjourned the meeting on adoption until October 2026.

Since January 1, 2020, ships have been required to either remove sulfur from emissions or buy fuel with low sulfur content, which may lead to increased costs and supplementary investments for ship owners. The interpretation of “fuel oil used on board” includes use in main engines, auxiliary engines, and boilers. Shipowners may comply with this regulation by (i) using 0.5% sulfur fuels on board, which are available around the world but at a higher cost; (ii) installing scrubbers for cleaning of the exhaust gas; or (iii) by retrofitting vessels to be powered by liquefied natural gas, which may not be a viable option due to the lack of supply network and high costs involved in this process. Costs of compliance with these regulatory changes may be significant and may have a material adverse effect on our future performance, results of operations, cash flows, and financial position.

In addition, although the emissions of greenhouse gases from international shipping currently are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and required adopting countries to implement national programs to reduce emissions of certain gases (this task was delegated under the Kyoto Protocol to the IMO for action), a new treaty may be adopted in the future that includes restrictions on shipping emissions.

Furthermore, on January 1, 2024 the EU Emissions Trading Scheme, or the ETS, for ships sailing into and out of EU ports came into effect, and the FuelEU Maritime Regulation came into effect on January 1, 2025. The ETS applies gradually over the period from 2024 to 2026: 40% of allowances had to be surrendered in 2025 for the year 2024; 70% of allowances would have to be surrendered in 2026 for the year 2025; and 100% of allowances would have to be surrendered in 2027 for the year 2026. Compliance is on a companywide (rather than per ship) basis and “shipping company” is defined widely to capture both the ship owner and any contractually appointed commercial operator/ship manager/bareboat charterer who assumes all duties and responsibilities for the ship under the ISM Code, as well as the responsibility for full compliance under the ETS and the ISM Code. If the latter contractual arrangement is entered into this needs to be reflected in a certified mandate signed by both parties and presented to the administrator of the scheme. The cap under the ETS would be set by taking into account EU MRV system emissions data for the years 2018 and 2019, adjusted, from year 2021 and is to capture 100% of the emissions from intra-EU maritime voyages; 100% of emissions from ships at berth in EU ports and 50% of emissions from voyages which start or end at EU ports (but the other destination is outside the EU). Furthermore, the newly passed EU Emissions Trading Directive 2023/959/EC makes clear that all maritime allowances would be auctioned and there will be no free allocation. Maritime is to be allocated 78.4 million emissions allowances. If we do not have allowances, we will be forced to purchase allowances from the market, which can be costly. To prepare for and manage the administrative aspects of EU ETS compliance, we have made significant investments in new systems, including personnel, data management, cost recovery mechanisms, revised service agreement terms and transparent emissions reporting procedures. However, the cost of future compliance and of our future EU emissions and costs to purchase an allowance for emissions (if we must purchase in order to comply) are unknown and difficult to predict, and are based on a number of factors, including the size of our fleet, our trips within and to and from the EU, and the prevailing cost of allowances. We have registered under the EU ETS regime and maintain a Maritime Operator Holding Account. We have calculated the allowances required for the year 2025, but anticipate that our vessels will continue to make calls in European ports during 2026. The voyages for which we will be required to surrender allowances are primarily undertaken by our charterers, and as such we are currently unable to determine our liability under EU ETS beyond 2025.

Additionally, on July 25, 2023, the European Council of the European Union adopted the Fuel EU Maritime Regulation 2023/1805 (“FuelEU”) under the FuelEU Initiative of its “Fit-for-55” package which sets limitations on the acceptable yearly greenhouse gas intensity of the energy used by covered vessels. Among other things, FuelEU requires that greenhouse gas intensity of fuel used by covered vessels is reduced by 2%, with additional reductions contemplated every five years (up to 80% by 2050). Shipping companies may enter into pooling mechanisms with other shipping companies in order to achieve compliance, bank surplus emissions and borrow compliance balances from future years. A FuelEU Document of Compliance is required to be kept on board a vessel to show compliance by June 30, 2026. Both the ETS and FuelEU schemes have significant impacts on the management of the vessels calling to EU ports, by increasing the complexity and monitoring of, and costs associated with the operation of vessels and affecting the relationships with our time charterers.

Compliance with changes in laws, regulations, and obligations relating to climate change affects the propulsion options in subsequent vessel designs and could increase our costs related to acquiring new vessels, operating and maintaining our existing tanker vessels and require us to install new emission controls, acquire allowances or pay taxes related to our greenhouse gas emissions or administer and manage a greenhouse gas emissions program. Revenue generation and strategic growth opportunities may also be adversely affected.

Adverse effects upon the crude oil and natural gas industry relating to climate change, including growing public concern about the environmental impact of climate change, may also adversely affect demand for our services. For example, increased regulation of greenhouse gases or other concerns relating to climate change may reduce the demand for crude oil and natural gas in the future or create greater incentives for the use of alternative energy sources. In addition, the physical effects of climate change, including changes in weather patterns, extreme weather events, rising sea levels, and scarcity of water resources, may negatively impact our operations. Any long-term material adverse effect on the crude oil and natural gas industry could have a significant financial and operational adverse impact on our business that we cannot predict with certainty at this time.

***Increasing regulation as well as scrutiny and changing expectations from investors, lenders, and other market participants with respect to our Environmental, Social, and Governance (“ESG”) policies may impose additional costs on us or expose us to additional risks.***

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

We may face increasing pressures from investors, lenders, and other market participants who are increasingly focused on climate change to prioritize sustainable energy practices, reduce our carbon footprint, and promote sustainability. As a result, we may be required to implement more stringent ESG procedures or standards so that our existing and future investors and lenders remain invested in us and make further investments in us, especially given the highly focused and specific trade of crude oil transportation in which we are engaged. If we do not meet these standards, our business and/or our ability to access capital could be harmed.

On March 6, 2024, the SEC had adopted final rules to enhance and standardize climate-related and ESG-related disclosures by public companies and in public offerings. The final rules would have added extensive and prescriptive disclosure items requiring companies, including foreign private issuers, to disclose climate-related risks and certain emissions. The rules were challenged in federal court before they became effective. In March 2025, the SEC withdrew its legal defense of the rules and in June 2025, the SEC withdrew the rules entirely. If the SEC were to again adopt climate disclosure rules, then the costs of compliance with such new rules could be significant and may have a material adverse effect on our future performance, operating results, cash flows and financial position.

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

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

Additionally, different stakeholder groups have divergent views on ESG matters, which increases the risk that any action or lack thereof with respect to ESG matters may be perceived negatively by at least some stakeholders and adversely impact our reputation and business.

***If we are unable to operate our vessels profitably, we may be unsuccessful in competing in the highly competitive international tanker vessel market, which would negatively affect our financial condition and our ability to expand our business.***

The operation of tanker vessels and transportation of crude oil and refined petroleum products is extremely competitive, and reduced demand for transportation of crude oil and refined petroleum products could lead to increased competition. Competition arises primarily from other tanker vessel owners, including major oil companies and national oil companies or companies linked to authorities of oil producing or importing countries, as well as independent tanker companies, some of whom have substantially greater resources than we do. Competition for the transportation of oil and oil products can be intense and depends on price, location, size, age, condition, and acceptability of the tanker and its operator to the charterers. Our ability to operate our vessels profitably depends on a variety of factors, including, but not limited to, the (i) loss or reduction in business from significant customers, (ii) unanticipated changes in demand for transportation of crude oil and petroleum products, (iii) changes in the production of, or demand for, oil and petroleum products, generally or in particular regions, (iv) greater than anticipated levels of tanker vessel newbuilding orders or lower than anticipated levels of tanker vessel recyclings, and (v) changes in rules and regulations applicable to the tanker vessel industry, including legislation adopted by international organizations, such as IMO, and the EU or by individual countries.

If we expand our business or provide new services in new geographic regions, we may not be able to compete profitably. New markets may require different skills, knowledge, or strategies than we use in our current markets, and the competitors in those new markets may have greater financial strength and capital resources than we do.

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

The IMO has imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Depending on the date of the International Oil Pollution Prevention (IOPP) renewal survey, existing vessels constructed before September 8, 2017, are required to comply with the updated D-2 standard on or after September 8, 2019. For most vessels, compliance with the D-2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Vessels constructed on or after September 8, 2017, are required to comply with the D-2 standards on or after September 8, 2017. The IMO has imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Depending on the date of the International Oil Pollution Prevention (IOPP) renewal survey, existing vessels constructed before September 8, 2017, are required to comply with the updated D-2 standard on or after September 8, 2019. Vessels are required to meet the D-2 standard by installing an approved Ballast Water Management System, or BWMS. BWMSs installed on or after October 28, 2020 shall be approved in accordance with BWMS Code, while BWMSs installed before October 23, 2020 must be approved taking into account guidelines developed by the IMO or the BWMS Code. Amendments to the International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, entered into force in June 2022 concerning commissioning testing of BWMS and the form of the International Ballast Water Management Certificate. Additional amendments to the BWM Convention, concerning the form of the Ballast Water Record Book, entered into force on February 1, 2025. All of our vessels have installed approved ballast water management systems.

Furthermore, United States regulations are currently changing. Although the 2013 Vessel General Permit (VGP) program and U.S. National Invasive Species Act, or NISA, are currently in effect to regulate ballast discharge, exchange, and installation, the Vessel Incidental Discharge Act or VIDA, which was signed into law on December 4, 2018, requires that the EPA develop national standards of performance for approximately 30 discharges, similar to those found in the VGP within two years. On October 26, 2020, the EPA published a Notice of Proposed Rulemaking for Vessel Incidental Discharge National Standards of Performance under VIDA, and in November 2020, held virtual public meetings. On October 18, 2023, the EPA published a Supplemental Notice to the Vessel Incidental Discharge National Standards of Performance, which shares new ballast water information that the EPA received from the USCG. On October 9, 2024, the Vessel Incidental Discharge National Standards of Performance were published. Within two years of publication, the USCG is required to develop corresponding implementation regulations. Within two years of publication, the USCG is required to develop corresponding implementation regulations. Until such regulations are final, effective, and enforceable, vessels will continue to be subject to the VGP 2013 requirements and USCG ballast water regulations. The new regulations could require the installation of new equipment, which may cause us to incur substantial costs, which may adversely affect our profitability.

***Insurance may be difficult to obtain or, if obtained, may not be adequate to cover our losses that may result from our operations due to the inherent operational risks of the shipping industry.***

There are a number of risks associated with the operation of ocean-going vessels, including mechanical failure, collision, fire, human error, war, terrorism, piracy, loss of life, contact with floating objects, property loss, cargo loss or damage, and business interruptions due to political circumstances in foreign countries, hostilities, and labor strikes. Any of these events may result in loss of revenues, increased costs, and decreased cash flows. In addition, the operation of any vessel is subject to the inherent possibility of marine disaster, including oil spills and other environmental mishaps.

We carry insurance to protect us against most of the accident-related risks involved in the conduct of our business, including marine hull and machinery insurance, protection and indemnity insurance, which include pollution risks, crew insurance, and war risk insurance. However, we may not be adequately insured to cover losses from our operational risks, which could have a material adverse effect on us. Additionally, our insurers may refuse to pay particular claims, and our insurance may be voidable by the insurers if we take, or fail to take, certain actions, such as failing to maintain certification of our vessels with applicable maritime regulatory organizations. Any significant uninsured or under-insured loss or liability could have a material adverse effect on our business, results of operations, cash flows, financial condition, and available cash. In addition, we may not be able to obtain adequate insurance coverage at reasonable rates in the future during adverse insurance market conditions.

Under our vessel management agreements with Performance Shipping Management Inc., our in-house manager, is responsible for procuring and paying for insurance for our vessels. Our insurance policies contain standard limitations, exclusions, and deductibles. The policies insure against those risks that the shipping industry commonly insures against, which are hull and machinery, protection and indemnity, and war risk. Our in-house manager currently maintains hull and machinery coverage in an amount at least equal to the vessels' market value. Our in-house manager maintains an amount of protection and indemnity insurance that is at least equal to the standard industry level of coverage. We cannot assure you that Performance Shipping Management Inc. will be able to procure adequate insurance coverage for our fleet in the future or that our insurers will pay any particular claim.

In addition, changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain due to increased premiums, or reduced or restricted coverage for losses caused by terrorist acts generally.

Since we obtain some of our insurance through protection and indemnity associations, which result in significant expenses to us, we may be required to make additional premium payments. We may be subject to increased premium payments, or calls, in amounts based on our claim records, the claim records of our managers, as well as the claim records of other members of the protection and indemnity associations through which we receive insurance coverage for tort liability, including pollution-related liability. In addition, our protection and indemnity associations may not have enough resources to cover claims made against them. Our payment of these calls could result in significant expense to us, which could have a material adverse effect on our business, results of operations, cash flows, financial condition, and available cash.

***Adverse market conditions could cause us to breach covenants in our credit facilities and adversely affect our operating results.***

The market values of tanker vessels are subject to significant volatility. Indicatively, market prices for ten-year-old Aframax tankers over the past ten years have fluctuated significantly from a high level of \$60 million in 2024 to a low level of \$18 million in 2016, and market prices for ten-year-old Suezmax tankers over the past ten years have fluctuated significantly from a high level of \$68 million in 2024 to a low level of \$24 million in 2017. You should expect the market value of our vessels to fluctuate depending on general economic and market conditions affecting the shipping industry and prevailing charter rates, competition from other tanker companies and other modes of transportation, types, sizes, and ages of vessels, applicable governmental regulations, and the cost of newbuildings. We believe that our vessels' current aggregate market value will be in excess of loan to value amounts required under our credit facilities. Our credit facilities generally require that the fair market value of the vessels pledged as collateral never be less than 125% or 135% of the aggregate principal amount outstanding under the loans. We were in compliance with these requirements as of December 31, 2025, and as of the date of this annual report.

A decrease in vessel values could cause us to breach certain covenants in our existing bonds or credit facilities and future financing agreements that we may enter into from time to time. If we breach such covenants and are unable to remedy the relevant breach or obtain a waiver, our lenders could accelerate our debt and foreclose on our owned vessels. Additionally, if we sell one or more of our vessels at a time when vessel prices have fallen, the sale price may be less than the vessel's carrying value on our consolidated financial statements, resulting in a loss on sale or an impairment loss being recognized, ultimately leading to a reduction in earnings.

***A shift in consumer demand from crude oil towards other energy sources or changes to trade patterns for crude oil and refined petroleum products may have a material adverse effect on our business.***

A significant portion of our earnings are related to the crude oil industry. A shift in the consumer demand from crude oil towards other energy resources, such as wind energy, solar energy, hydrogen energy, or nuclear energy, will potentially affect the demand for our vessels. This could have a material adverse effect on our future performance, results of operations, cash flows, and financial position.

Seaborne trading and distribution patterns are primarily influenced by the relative advantage of the various sources of production, locations of consumption, pricing differentials, and seasonality. Changes to the trade patterns of crude oil and oil products may have a significant negative or positive impact on the ton-mile and, therefore, the demand for our tanker vessels. This could have a material adverse effect on our future performance, results of operations, cash flows, and financial position.

**Risks Relating to our Common and Preferred Shares**

***The market price of our common shares is subject to significant fluctuations.***

The market price of our common shares has been and may in the future be subject to significant fluctuations as a result of many factors, some of which are beyond our control.

During the period from January 1, 2025 to April 22, 2026, the trading price of our common shares has ranged from an intra-day high of \$2.58 on December 5, 2025 to an intra-day low of \$1.31 on April 8, 2025, on April 9, 2025 and April 29, 2025.

Among the factors that have in the past and could in the future affect our share price are:

- the failure of securities analysts to publish research about us or make appropriate changes in their financial estimates;
- announcements by us or our competitors of significant contracts, acquisitions, or capital commitments;
- variations in quarterly operating results;

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- general economic conditions, including inflationary pressures;
- terrorist or piracy acts;
- unforeseen events, such as natural disasters or pandemics;
- international sanctions, embargoes, import and export restrictions, nationalizations, piracy, and wars or other conflicts, including the ongoing war between Ukraine and Russia and the war between Israel and Hamas;
- actual or anticipated fluctuations in our operating results from period to period;
- fluctuations in interest rates;
- fluctuations in the availability or the price of oil and chemicals;
- fluctuations in foreign currency exchange rates;
- the loss of any of our key management personnel;
- our failure to successfully implement our business plan;
- future sales of our common shares or other securities;
- stock splits or reverse stock splits;
- shareholder activism; and
- investors' perception of us and the international tanker sector.

These broad market and industry factors may materially reduce the market price of our common shares, regardless of our operating performance. The seaborne transportation industry has been highly unpredictable and volatile. The market for common shares of companies in this industry may be volatile as a consequence. Therefore, we cannot assure you that you will be able to sell any of our common shares you may have purchased at a price greater than or equal to its original purchase price, or that you will be able to sell them at all.

In addition, over the last few years, the stock market has experienced price and volume fluctuations, including due to factors relating to the outbreak of COVID-19, the war in Ukraine, the war between Israel and Hamas, and general economic, market, or political conditions, and this volatility has sometimes been unrelated to the operating performance of particular companies. As a result, there is a potential for rapid and substantial decreases in the price of our common shares, including decreases unrelated to our operating performance or prospects. This market and share price volatility has and could further reduce the market price of our common shares in spite of our operating performance and could also increase our cost of capital, which could prevent us from accessing debt and equity capital on terms acceptable to us or at all.

In addition, the market price and trading volume of our common shares have at certain times in the past exhibited, and may continue to exhibit, extreme volatility, including within a single trading day. Such volatility could cause purchasers of our common shares to incur substantial losses. We are thus unable to predict when such instances of trading volatility will occur or how long such dynamics may last. Under these circumstances, we would caution you against investing in our common shares unless you are prepared to incur the risk of incurring substantial losses.

Extreme fluctuations in the market price of our common shares may occur in response to strong and atypical retail investor interest, including on social media and online forums, the direct access by retail investors to broadly available trading platforms, the amount and status of short interest in our common shares and our other securities, access to margin debt, trading in options and other derivatives on our common shares, and any related hedging and other trading factors. In particular, a proportion of our common shares may be traded by short sellers which may put pressure on the supply and demand for our common shares, creating further price volatility. A possible “short squeeze” due to a sudden increase in demand of our common shares that largely exceeds supply may lead to sudden extreme price volatility in our common shares. Investors may purchase our common shares to hedge existing exposure in our common shares or to speculate on the price of our common shares. Speculation on the price of our common shares may involve long and short exposures. To the extent aggregate short exposure exceeds the number of common shares available for purchase in the open market, investors with short exposure may have to pay a premium to repurchase our common shares for delivery to lenders of our common shares. Those repurchases may in turn, dramatically increase the price of our common shares until investors with short exposure are able to purchase additional common shares to cover their short position. This is often referred to as a “short squeeze.” Following such a short squeeze, once investors purchase the shares necessary to cover their short position, the price of our common shares may rapidly decline. A short squeeze could lead to volatile price movements in our shares that are not directly correlated to the performance or prospects of our company and could cause purchasers of our common shares to incur substantial losses.

Further, shareholders may institute securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources and the attention of management could be diverted from our business.

***Future sales of our common shares, including through the exercise of conversion rights under our outstanding convertible preferred shares, could cause the market price of our common shares to decline.***

Our amended and restated articles of incorporation authorize us to issue up to 500,000,000 common shares, of which 12,432,158 shares were issued and outstanding as of April 24, 2026.

As of the date of this Annual Report, 1,423,912 of our Series C Preferred Shares were issued and outstanding. Each Series C Preferred Share will be convertible, at the option of the holder at any time and from time to time after six months from the date of original issuance of such Series C Preferred Share, into a number of common shares equal to the Series C Preferred Share liquidation preference of \$25.00 divided by a conversion price equal to \$1.3576 (subject to adjustment from time to time). The conversion price is subject to customary adjustments, including for any stock splits, reverse stock splits or stock dividends, and will also be adjusted to equal the lowest price at which common shares are sold by us in any registered offering, provided that such adjusted conversion price shall not be less than \$0.50. For additional information regarding the terms of our issued and outstanding Series C Preferred Shares, please see “Item 10. Additional Information—B. Memorandum and Articles of Association” and “Item 3. Key Information—D. Risk Factors” entitled “Aliko Paliou, the Chairperson of the Board, controls a majority of voting power over matters on which our shareholders are entitled to vote, and accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders.” We may offer and sell our common shares or securities convertible into our common shares from time to time, through one or more methods of distribution, subject to market conditions and our capital needs. The market price of our common shares could decline from its current levels due to sales of a large number of shares in the market, including sales of shares by our large shareholders, our issuance of additional shares, or securities convertible into our common shares or the perception that these sales could occur. These sales could also make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate to raise funds through future offerings of shares of our common shares. The issuance of such additional common shares would also result in the dilution of the ownership interests of our existing shareholders.

***We might issue additional common shares or other securities to finance our growth as market conditions warrant. These issuances, which would generally not be subject to shareholder approval, may lower your ownership interests and may depress the market price of our common shares.***

We have in the past conducted significant offerings of our common shares and securities convertible into common shares pursuant to previous public and private offerings of our equity and equity-linked securities. We may finance potential future expansions of our fleet in large part through equity and debt financing. Pursuant to our amended and restated articles of incorporation, we are authorized to issue up to 500,000,000 common shares and 25,000,000 preferred shares, each with a par value of \$0.01 per share. Therefore, subject to Nasdaq rules that are applicable to us, we may issue additional common shares and other equity securities of equal or senior rank, without shareholder approval, in a number of circumstances from time to time.

On April 21, 2023, we filed a registration statement on Form F-3, which was declared effective on May 4, 2023, and is available for the registered sale of up to \$250.0 million of our securities.

In addition, we may be obligated to issue pursuant to the terms of outstanding convertible securities, options, or warrants, as of April 24, 2026:

- any common shares issuable pursuant to the exercise of conversion rights under our Series C Preferred Shares, of which 1,423,912 shares are currently outstanding;
- up to 567,366 common shares issuable upon the exercise of our Class A Warrants (at an exercise price of \$15.75 per share as of the date of this Annual Report) which expire in January 2028;
- up to 1,033,333 common shares that may be issued upon the exercise of warrants (the “July 2022 Warrants”) issued pursuant to a registered direct offering on July 19, 2022 (at an exercise price of \$1.65 per share as of the date of this Annual Report) which expire in January 2028;
- up to 2,122,222 common shares that may be issued upon the exercise of warrants (the “August 2022 Warrants”) issued pursuant to a registered direct offering on August 12, 2022 (at an exercise price of \$1.65 per share as of the date of this Annual Report) which expire in August 2027;
- up to 14,300 common shares that may be issued upon the exercise (at an exercise price of \$2.25 per share as of the date of this Annual Report) or exchange (for no additional cash consideration) of the Series A warrants (the “Series A Warrants”), which expire in March 2028; and
- up to 4,097,000 common shares that may be issued upon the exercise of the Series B Warrants (at an exercise price of \$2.25 per share as of the date of this Annual Report) which expire in March 2028.

Our existing common shareholders will experience significant dilution if we sell shares at prices significantly below the price at which they invested. We may issue additional common shares or other equity securities of equal or senior rank in the future to raise additional capital in connection with, among other things, debt prepayments, future vessel acquisitions, payment of dividends on our Series B or Series C Preferred Shares, redemptions of our Series C Preferred Shares, or any future equity incentive plan, without shareholder approval, in a number of circumstances. Holders of our common shares have no preemptive rights that entitle such holders to purchase their pro rata share of any offering of shares of any class or series of shares and, therefore, are at risk of dilution.

Our issuance of additional common shares or other equity securities of equal or senior rank will have the following effects:

- our existing shareholders’ proportionate ownership interest in us may decrease;
- the relative voting strength of each previously outstanding share may be diminished;
- the market price of our common shares may decline; and
- the amount of cash available for dividends payable on our common shares, if any, may decrease.

The market price of our common shares could decline due to sales, or the announcements of proposed sales, of a large number of common shares in the market, including sales of common shares by our large shareholders or by holders of securities convertible into common shares, or the perception that these sales could occur. These sales or the perception that these sales could occur could also depress the market price of our common shares and impair our ability to raise capital through the sale of additional equity securities or make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate. We cannot predict the effect that future sales of common shares or other equity-related securities would have on the market price of our common shares.

***There is no guarantee of a continuing public market for you to resell our common shares.***

Our common shares commenced trading on the Nasdaq Global Market on January 19, 2011. Since January 2, 2013, our common shares have traded on the Nasdaq Global Select Market, and since March 6, 2020, our common shares have traded on the Nasdaq Capital Market. We cannot assure you that an active and liquid public market for our common shares will continue. The Nasdaq Capital Market and each national securities exchange have certain corporate governance requirements that must be met in order for us to maintain our listing. If we fail to maintain the relevant corporate governance requirements, our common shares could be delisted, which would make it harder for you to monetize your investment in our common shares and would cause the value of your investment to decline.

We are required to meet certain qualitative and financial tests (including a minimum bid price for our common shares of \$1.00 per share, at least 500,000 publicly held shares, at least 300 public holders, a market value of publicly held securities of \$1 million, and net income of \$500,000), as well as other corporate governance standards, to maintain the listing of our common shares on the Nasdaq Capital Market, or Nasdaq. It is possible that we could fail to satisfy one or more of these requirements. There can be no assurance that we will be able to maintain compliance with the minimum bid price, shareholders' equity, number of publicly held shares, net income requirements, or other listing standards in the future. A decline in the closing price of our common shares could result in a breach of the requirements for listing on the Nasdaq Capital Market. Although we would have an opportunity to take action to cure such a breach, if we do not succeed, Nasdaq could commence suspension or delisting procedures in respect of our common shares. We may receive notices from Nasdaq that we have failed to meet its requirements, and proceedings to delist our stock could commence. We have received in the past, and most recently received on April 18, 2023, a written notification from The Nasdaq Stock Market LLC, indicating that because the closing bid price of our common shares for the previous 30 consecutive business days was below \$1.00 per share, we no longer met the minimum bid price requirement under Nasdaq rules. With respect to the most recent such notification, we regained compliance on August 15, 2023 as a result of the closing price of our common shares being \$1.00 or greater for ten consecutive trading days.

With respect to prior such notifications, we have regained compliance through by means of a reverse stock split. For more information, please see "Item 4. Information on the Company—A. History and Development of the Company." Since June 2016, we have effected eight reverse stock splits of our common shares, each of which was approved by our board of directors and by our shareholders at an annual or special meeting of such shareholders. There were no changes to the trading symbol, number of authorized shares, or par value of our common shares in connection with any of the reverse stock splits. All share amounts in this report, not including amounts incorporated by reference, have been retroactively adjusted to reflect these reverse stock splits. If we are required to conduct a reverse stock split in the future to maintain compliance with the continued listing requirements of the Nasdaq Capital Market, the market price of our common shares may be negatively affected.

***The issuance of common shares in future offerings may trigger anti-dilution provisions in our outstanding convertible securities and warrants and affect the interests of our common shareholders.***

The July 2022 Warrants, August 2022 Warrants, and Series C Preferred Shares contain anti-dilution provisions that have been triggered by our subsequent issuance of securities, and those of the Series C Preferred Shares, our Series A Warrants and Series B Warrants and any other securities we issue in the future containing similar anti-dilution provisions could be further triggered by future issuances of common shares or securities convertible into common shares, depending on the offering price of equity issuances, the conversion price or formula of convertible shares, or the exercise price or formula of warrants. Pursuant to the anti-dilution provisions of the July 2022 Warrants and the August 2022 Warrants, the exercise price was adjusted and currently is equal to the minimum exercise price under such warrants of \$1.65 per common share. Any future issuance or deemed issuance of common shares below the applicable conversion price of the Series C Preferred Shares may result in a further adjustment downward of the conversion price of the Series C Preferred Shares and would result in a corresponding increase in the number of common shares issuable upon conversion of such securities. The current conversion price of the Series C Preferred Shares is \$1.3576 per common share, subject to anti-dilution adjustments to a minimum conversion price of \$0.50. Generally, the anti-dilution provisions of the Series C Preferred Shares will operate to adjust the conversion price to the lowest price at which we sell shares in any future offering, if such price is below the then-applicable conversion price and equal to or greater than the minimum conversion price. If the holders of such securities elect to convert or exercise following an adjustment of the exercise or conversion price of such securities, the interests of the holders of our common shares may be diluted.

***We cannot assure you that our board of directors will declare dividend payments on our common shares in the future or when such payment might occur.***

While we have declared and paid cash dividends on our common shares in the past, there can be no assurance that our board of directors will declare dividend payments in the future. If declared, our variable quarterly dividend is expected to be paid each February, May, August, and November and will be subject to reserves for the replacement of our vessels, scheduled drydocking of our vessels, intermediate and special surveys, dividends to holders of our preferred shares, if paid in cash, and other purposes as our board of directors may from time to time determine are required, after taking into account contingent liabilities, the terms of any credit facility, our growth strategy and other cash needs, as well as the requirements of Marshall Islands law, among other factors. In addition, any credit facility that we may enter into in the future may include restrictions on our ability to pay dividends.

The declaration and payment of dividends, even during times when we have sufficient funds and are not restricted from declaring and paying dividends by our lenders or any other party, will always be subject to the discretion of our board of directors. Our board of directors may review and amend our dividend policy from time to time, taking into consideration our plans for future growth and other factors. The actual timing and amount of dividend payments, if any, will be determined by our board of directors and will be affected by various factors, including our cash earnings, financial condition and cash requirements, the loss of a vessel, the acquisition of one or more vessels, required capital expenditures, reserves established by our board of directors, increased or unanticipated expenses, a change in our dividend policy, additional borrowings, and future issuances of securities, among other factors, many of which will be beyond our control.

We may incur expenses or liabilities or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution as dividends, including as a result of the risks described in this report. Our growth strategy contemplates that we will finance the acquisition of additional tanker vessels through a combination of primarily equity capital and, to a lesser extent, cash on hand and debt financing on terms acceptable to us. If external sources of funds on terms acceptable to us are limited, our board of directors may determine to finance acquisitions with cash from operations, which would reduce or even eliminate the amount of cash available for the payment of dividends.

We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us to satisfy our financial obligations and make dividend payments. In addition, our existing or future credit facilities may include restrictions on our ability to pay dividends.

The shipping sector is highly cyclical and volatile. We cannot predict with accuracy the amount of cash flows our operations will generate in any given period. Our quarterly dividends, if any, will vary significantly from quarter to quarter as a result of variations in our operating performance, cash flow, and other contingencies, and we cannot assure you that we will generate available cash for distribution in any quarter, and so we may not declare and pay any dividends in certain quarters, or at all. Our ability to resume payment of dividends will be subject to the limitations set forth in this report.

In times when we have debt outstanding, we intend to limit our dividends per share, if dividend payment is reinstated, to the amount that we would have been able to pay if we were financed entirely with equity. In addition, any credit facilities that we may enter into in the future may include restrictions on our ability to pay dividends. Marshall Islands law generally prohibits the payment of dividends other than from surplus or while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

***Future offerings of debt securities and amounts outstanding under any future credit facilities or other borrowings, which would rank senior to our common shares upon our liquidation, may adversely affect the market value of our common shares.***

In the future, we may attempt to increase our capital resources with further borrowing under credit facilities, making offerings of debt or additional offerings of equity securities, including commercial paper, medium-term notes, senior or subordinated notes, and classes of preferred stock. Upon liquidation, holders of our debt securities and certain series of our preferred stock and lenders with respect to our credit facilities and other borrowings will receive a distribution of our available assets prior to the holders of our common shares. Any preferred stock could, and our Series B Preferred Shares and Series C Preferred Shares do, have a preference on liquidating distributions or a preference on dividend payments that would limit amounts available for distribution to holders of our common shares. As our decision to borrow additional amounts under credit facilities or issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future indebtedness or offering of securities. Therefore, holders of our common shares bear the risk of our future offerings reducing the market value of our common shares and diluting their shareholdings in us or that, in the event of bankruptcy, liquidation, dissolution, or winding-up of the Company, all or substantially all of our assets will be distributed to holders of our debt securities or preferred stock or lenders with respect to our credit facilities and other borrowings.

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

We will pay quarterly dividends on the Series B Preferred Shares and Series C Preferred Shares only from funds legally available for such purpose when, as, and if declared by our board of directors or, at our option, through the issuance of additional common shares, valued at the volume-weighted average price of the common shares for the 10 trading days prior to the dividend payment date. We may not have sufficient cash available each quarter to pay dividends. In addition, we may have insufficient cash available to redeem the Series B Preferred Shares or Series C Preferred Shares. The amount of cash we can use to pay dividends or redeem our Series B Preferred Shares or Series C Preferred Shares depends on the amount of cash we generate from our operations, which may fluctuate significantly, and other factors, including the following:

- changes in our operating cash flow, capital expenditure requirements, working capital requirements, and other cash needs;
- the amount of any cash reserves established by our board of directors;
- restrictions under Marshall Islands law, which generally prohibits the payment of dividends other than from surplus and while a company is insolvent or would be rendered insolvent by the payment of such a dividend;
- restrictions under our credit facilities and other instruments and agreements governing our existing and future indebtedness; and
- our overall financial and operating performance, which, in turn, is subject to prevailing economic and competitive conditions, the risks associated with the shipping industry, and other factors, many of which are beyond our control.

The amount of cash we generate from our operations may differ materially from our net income or loss for the period, and our board of directors, at its discretion, may elect not to declare any dividends. We may incur other expenses or liabilities that could reduce or eliminate the cash available for distribution as dividends. As a result of these and the other factors mentioned above, we may pay dividends during periods when we record losses and may not pay dividends during periods when we record net income.

***Our ability to pay dividends on and redeem our Series B Preferred Shares and Series C Preferred Shares, and, therefore, your ability to receive payments on the Series B Preferred Shares and Series C Preferred Shares, is limited by the requirements of Marshall Islands law and our contractual obligations.***

Marshall Islands law provides that we may pay dividends on and redeem the Series B Preferred Shares and Series C Preferred Shares only to the extent that assets are legally available for such purposes. Legally available assets generally are limited to our surplus. In addition, under Marshall Islands law, we may not pay dividends on or redeem the Series B Preferred Shares or Series C Preferred Shares if we are insolvent or would be rendered insolvent by the payment of such a dividend or the making of such redemption.

Further, the terms of some of our outstanding or future credit facilities may prohibit us from declaring or paying any dividends or distributions on preferred stock, including the Series B Preferred Shares and Series C Preferred Shares, or redeeming, purchasing, acquiring, or making a liquidation payment on preferred stock in certain circumstances.

***Our Series B Preferred Shares and Series C Preferred Shares are subordinated to our debt obligations, and the interests of the holders of Series B Preferred Shares and Series C Preferred Shares could be diluted by the issuance of additional shares, including other preferred shares, or by other transactions.***

Our Series B Preferred Shares and Series C Preferred Shares are subordinated to all of our existing and future indebtedness. We may incur additional indebtedness under our existing or future credit facilities or other debt agreements. The payment of principal and interest on our debt reduces cash available for distribution to us and on our shares, including the Series B Preferred Shares and Series C Preferred Shares.

Our Series B Preferred Shares and Series C Preferred Shares rank pari passu as to the payment of dividends and amounts payable upon liquidation or reorganization. If less than all dividends payable with respect to the Series C Preferred Shares and Series B Preferred Shares are paid, any partial payment shall be made pro rata with respect to the Series C Preferred Shares and any Series B Preferred Shares entitled to a dividend payment at such time in proportion to the aggregate amounts remaining due in respect of such shares at such time.

The issuance of additional preferred shares on a parity with or senior to our Series B Preferred Shares and Series C Preferred Shares would dilute the interests of the holders of our Series B Preferred Shares and Series C Preferred Shares, and any issuance of such additional preferred shares or additional indebtedness could affect our ability to pay dividends on, redeem, or pay the liquidation preference on our Series B Preferred Shares and Series C Preferred Shares.

***The Series B Preferred Shares and Series C Preferred Shares represent perpetual equity interests in us.***

The Series B Preferred Shares and Series C Preferred Shares represent perpetual equity interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. As a result, holders of the Series B Preferred Shares and Series C Preferred Shares may be required to bear the financial risks of an investment in the Series B Preferred Shares and Series C Preferred Shares for an indefinite period of time.

***There is no established trading market for the Series B Preferred Shares or Series C Preferred Shares, which may negatively affect the market value of the Series B Preferred Shares and Series C Preferred Shares and your ability to transfer or sell them.***

There is no established trading market for the Series B Preferred Shares or Series C Preferred Shares. We do not intend to apply to list the Series B Preferred Shares or Series C Preferred Shares on any stock exchange or in any trading market.

Since the Series B Preferred Shares and Series C Preferred Shares will have no stated maturity date, holders of Series B Preferred Shares and Series C Preferred Shares may be forced to hold such shares indefinitely, with no guarantee as to ever receiving the liquidation preference. No trading market for the Series B Preferred Shares or Series C Preferred Shares is expected to develop, and holders of the Series B Preferred Shares or Series C Preferred Shares may not be able to transfer or sell such shares and, if they do, the price received may be substantially less than the stated liquidation preference.

***The Series B Preferred Shares and Series C Preferred Shares are only redeemable at our option and investors should not expect us to redeem the Series B Preferred Shares or Series C Preferred Shares in the future.***

At our option, we may redeem all or, from time to time, part of the Series C Preferred Shares at any time on or after the date that is the date immediately following the 15-month anniversary of the first date of issuance of the Series C Preferred Shares, subject to any applicable restrictions in agreements governing our current or future indebtedness and Marshall Islands law. If we redeem the Series C Preferred Shares, holders of the Series C Preferred Shares will be entitled to receive a redemption price equal to \$25.00 plus any accumulated and unpaid dividends thereon to and including the date of redemption (or, if less than 25% of the authorized number of Series C Preferred Shares are outstanding, we may pay the redemption price in common shares). Additionally, at our option, we may redeem all or, from time to time, part of the Series B Preferred Shares at any time on or after the date that is the date immediately following the 15-month anniversary of the first date of issuance of the Series B Preferred Shares, subject to any applicable restrictions in agreements governing our current or future indebtedness and Marshall Islands law. Any decision we may make at any time to propose a redemption of the Series B Preferred Shares or Series C Preferred Shares will depend upon, among other things, our evaluation of our capital position, the composition of our shareholders' equity, and general market conditions at that time, and investors should not expect us to redeem the Series B Preferred Shares or Series C Preferred Shares on any particular date in the future, or at all. If the Series B Preferred Shares or Series C Preferred Shares are redeemed, such redemption generally will be a taxable event for you. In addition, you might not be able to reinvest the money you receive upon redemption of the Series B Preferred Shares or Series C Preferred Shares in a similar security or at similar rates. We may elect to exercise our redemption right on multiple occasions. Any such optional redemption for cash would be effected only out of funds legally available for such purpose.

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

We are a holding company, and our subsidiaries, which are directly or indirectly wholly owned by us, conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our wholly-owned subsidiaries. As a result, our ability to satisfy our financial obligations and pay dividends, if any, to our shareholders will depend on the ability of our subsidiaries to distribute funds to us. In turn, the ability of our subsidiaries to make dividend payments to us will depend on them having profits available for distribution. If we are unable to obtain dividends from our subsidiaries, the discretion of our board of directors to pay or recommend the payment of dividends will be limited. Also, our subsidiaries are limited by Marshall Islands law, which generally prohibits the payment of dividends other than from surplus and while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

***Because we are a foreign corporation, you may not have the same rights or protections that a shareholder in a U.S. corporation may have.***

We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law and may make it more difficult for our shareholders to protect their interests. Our corporate affairs are governed by our amended and restated articles of incorporation, our amended and restated bylaws, and the Marshall Islands Business Corporations Act, or BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Republic of the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the laws of the Republic of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain U.S. jurisdictions. Shareholder rights may differ as well. While the BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, shareholders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction.

Additionally, the Republic of the Marshall Islands does not have a legal provision for bankruptcy or a general statutory mechanism for insolvency proceedings. As such, in the event of a future insolvency or bankruptcy, our shareholders and creditors may experience delays in their ability to recover for their claims after any such insolvency or bankruptcy. Further, in the event of any bankruptcy, insolvency, liquidation, dissolution, reorganization, or similar proceeding involving us or any of our subsidiaries, bankruptcy laws other than those of the United States could apply. If we become a debtor under U.S. bankruptcy law, bankruptcy courts in the United States may seek to assert jurisdiction over all of our assets, wherever located, including property situated in other countries. There can be no assurance, however, that we would become a debtor in the United States, or that a U.S. bankruptcy court would be entitled to, or accept, jurisdiction over such a bankruptcy case, or that courts in other countries that have jurisdiction over us and our operations would recognize a U.S. bankruptcy court's jurisdiction if any other bankruptcy court would determine it had jurisdiction.

***As a Marshall Islands corporation with principal executive offices in Greece, and also having subsidiaries in the Republic of the Marshall Islands, our operations may be subject to economic substance requirements.***

The Council of the European Union, or the Council, routinely publishes a list of “non-cooperative jurisdictions” for tax purposes which includes countries that the Council believes need to improve their legal framework and to work towards compliance with international standards in taxation. In 2019, the Republic of the Marshall Islands, among others, was placed by the EU on the list of non-cooperative jurisdictions for failing to implement certain commitments previously made to the EU by the agreed deadline. However, it was removed from the list of non-cooperative jurisdictions that same year. In February 2023, the Republic of the Marshall Islands was added again to the list of non-cooperative jurisdictions for lacking in the enforcement of economic substance requirement, and was subsequently removed again from the list in October 2023. EU member states have agreed upon a set of measures, which they can choose to apply against the listed countries, including increased monitoring and audits, withholding taxes and non-deductibility of costs. Although we are not currently aware of any such measures being adopted, they can be adopted by one or more EU members states in the future. The European Commission has stated it will continue to support member states’ efforts to develop a more coordinated approach to sanctions for the listed countries. EU legislation prohibits certain EU funds from being channeled or transited through entities in non-cooperative jurisdictions.

We are a Marshall Islands corporation with principal executive offices in Greece. Several of our subsidiaries are organized in the Republic of the Marshall Islands. The Marshall Islands has enacted economic substance regulations relating to, inter alia, shipping business activities, with which we could be obligated to comply. The Marshall Islands economic substance regulations require certain entities that carry out particular activities to comply with a three-part economic substance test whereby the entity must show that it (i) is directed and managed in the Marshall Islands in relation to that relevant activity, (ii) carries out core income-generating activity in relation to that relevant activity in the Marshall Islands (although it is being understood and acknowledged by the regulators that income-generating activities for shipping companies will generally occur in international waters) and (iii) having regard to the level of relevant activity carried out in the Marshall Islands has (a) an adequate amount of expenditures in the Marshall Islands, (b) adequate physical presence in the Marshall Islands and (c) an adequate number of qualified employees in the Marshall Islands.

If we fail to comply with our obligations under these regulations or any similar law applicable to us in any other jurisdictions, we could be subject to financial penalties and spontaneous disclosure of information to foreign tax officials, revocation of the formation documents and dissolution of the applicable non-compliant Marshall Islands entity or being struck from the register of companies, in related jurisdictions. Any of the foregoing could be disruptive to our business and could have a material adverse effect on our business, financial conditions and operating results. Accordingly, any implementation of, or changes to, any of the economic substance regulations that impact us could increase the complexity and costs of carrying on business in these jurisdictions, and thus could adversely affect our business, financial condition or results of operations.

We do not know (i) if the EU will once again add the Republic of the Marshall Islands to the list of non-cooperative jurisdictions, (ii) what actions the Republic of the Marshall Islands may take, if any, to remove itself from such list if it should be placed back on the list of non-cooperative jurisdictions, (iii) how quickly the EU would react to any changes in legislation of the Marshall Islands, or (iv) how EU banks or other counterparties will react while we, or any of our subsidiaries, remain as entities organized and existing under the laws of the Republic of the Marshall Islands. The effect of the EU list of non-cooperative jurisdictions, and any noncompliance by us with any legislation or regulations adopted by applicable countries to achieve removal from the list, including economic substance regulations, could have a material adverse effect on our business, financial conditions and operating results.

***It may not be possible for our investors to enforce judgments of U.S. courts against us.***

We are incorporated in the Republic of the Marshall Islands. Substantially all of our assets are located outside of the United States. All of our directors and officers are non-residents of the U.S., and all or a substantial portion of the assets of these non-residents are located outside of the U.S. As a result, it may be difficult or impossible for U.S. shareholders to serve process within the United States upon us or to enforce a judgment upon us for civil liabilities in U.S. courts. In addition, you should not assume that courts in the countries in which we are incorporated or where our assets are located (1) would enforce judgments of U.S. courts obtained in actions against us based upon the civil liability provisions of applicable U.S. federal and state securities laws or (2) would enforce, in original actions, liabilities against us based upon these laws.

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

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

These provisions include:

- authorizing our board of directors to issue “blank check” preferred stock without shareholder approval;
- providing for a classified board of directors with staggered, three-year terms;
- prohibiting cumulative voting in the election of directors;
- authorizing the removal of directors only for cause and only upon the affirmative vote of the holders of two-thirds of the outstanding common shares entitled to vote generally in the election of directors;
- limiting the persons who may call special meetings of shareholders; and
- establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by shareholders at shareholder meetings.

In addition, we have entered into a stockholders’ rights agreement, dated December 20, 2021, or the Stockholders’ Rights Agreement, pursuant to which our board of directors may cause the substantial dilution of any person that attempts to acquire us without the approval of our board of directors.

These anti-takeover provisions, including provisions of our Stockholders’ Rights Agreement, could substantially impede the ability of our shareholders to benefit from a change in control and, as a result, may adversely affect the value of our securities, if any, and the ability of our shareholders to realize any potential change of control premium.

#### **Item 4. Information on the Company**

##### ***A. History and Development of the Company***

Performance Shipping Inc. (formerly Diana Containerships Inc.) is a corporation incorporated under the laws of the Republic of the Marshall Islands on January 7, 2010. Each of our vessels is owned by a separate wholly owned subsidiary. Performance Shipping Inc. is the owner of all the issued and outstanding shares of the subsidiaries listed in Exhibit 8.1 to this annual report. We maintain our principal executive offices at 373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, Greece. Our telephone number at that address is +30 216 600 2400. Our agent and authorized representative in the United States is our wholly owned subsidiary, established in the State of Delaware in July 2014 under the name Container Carriers (USA) LLC and amended to change the name of the company to Performance Shipping USA LLC as of November 20, 2020, which is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808. Our website is <http://www.pshipping.com/>. The SEC maintains a website that contains reports, proxy and information statements, and other information that we file electronically with the SEC at <http://www.sec.gov>. The information contained on, or that can be accessed through, these websites is not incorporated by reference herein and does not form part of this annual report.

## ***Business Development, Capital Expenditures and Divestitures and Share History***

On February 13, 2023, we notified our Series B preferred stockholders that pursuant to the effective registration statement on Form F-3 that we filed with the SEC on January 27, 2023, the holders of the Company's issued and outstanding Series B Preferred Shares may at any time through and including March 15, 2023, convert, at the option of the holder, one Series B Preferred Share, for additional cash consideration of \$7.50 per converted Series B Preferred Share, into two shares of Series C Convertible Cumulative Perpetual Preferred Stock. Upon the closing of the conversion period on March 15, 2023, 85,535 Series B preferred shares were converted to 171,070 Series C preferred shares, and we collected gross proceeds of \$0.6 million.

On February 22, 2023, the re-election of Andreas Michalopoulos and Loïsa Ranunkel, each as a Class I director was approved by the requisite vote at our 2023 Annual Meeting.

On February 28, 2023, we entered into a securities purchase agreement with certain unaffiliated institutional investors to purchase (i) 5,556,000 of our common shares, (ii) the Series A Warrants to purchase 3,611,400 Common Shares and (iii) Series B warrants (the "Series B Warrants") to purchase 4,167,000 Common Shares, at a purchase price of \$2.25 per common share together with the accompanying Series A and Series B Warrants in a registered direct offering. The terms of the Series A Warrants provided that, as an alternative to exercise, they could be exchanged for common shares for no additional cash consideration under certain circumstances. The gross proceeds to us were approximately \$12.5 million before deducting the placement agent's fees and other offering expenses. Subsequent to the closing, we issued 3,597,100 common shares in exchange for 3,597,100 Series A Warrants for no additional cash consideration, according to the terms of the Series A Warrants.

On March 7, 2023, we entered into a shipbuilding contract with China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited for the construction of a 114,000 DWT LNG ready LR2 Aframax product/crude oil tanker for a gross contract price of \$63.3 million. We took delivery of the vessel (Hull 1515), which was named *P. Massport*, in July 2025.

In April 2023, our board of directors authorized a share repurchase plan (the "April 2023 Repurchase Plan") to purchase up to an aggregate of \$2.0 million of our common shares. Under the April 2023 Repurchase Plan, we repurchased a total of 2,222,936 common shares for a total amount of approximately \$2.0 million, successfully completing the April 2023 Repurchase Plan in the third quarter of 2023.

On April 18, 2023, we received written notification from NASDAQ, indicating that because the closing bid price of our common stock for 30 consecutive business days was below the minimum \$1.00 per share bid price requirement for continued listing on The NASDAQ Capital Market, we were not in compliance with Nasdaq Listing Rule 5550(a)(2).

On August 7, 2023, we refinanced our existing loan facility with Nordea Bank Abp, filial i Norge ("Nordea") by entering into a new revolving credit facility with Nordea of up to \$20.0 million. For more information regarding the new revolving credit facility, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Loan Facilities—Nordea Bank Abp, Filial i Norge (Nordea)."

On August 15, 2023, we regained compliance with the minimum bid price requirements for continued listing on the Nasdaq Capital Market, as a result of the closing bid price of the Company's common shares having been at \$1.00 per share or greater for at least ten consecutive business days, from August 1, 2023 through August 14, 2023. We regained such compliance as a result of an organic increase in the market price of our shares, without the need to effect a reverse stock split.

In August 2023, our board of directors authorized a new share repurchase plan (the "August 2023 Repurchase Plan") to repurchase up to \$2.0 million of our outstanding common shares. As of its expiration on August 31, 2024, 327,100 common shares were repurchased for a total amount of approximately \$0.7 million under the August 2023 Repurchase Plan.

On September 29, 2023, 100,000 of the July 2022 Warrants and 100,000 of the August 2022 Warrants were exercised by their holders, generating net proceeds of \$0.3 million for us.

On October 11, 2023, Sphinx Investment Corp., a corporation incorporated under the laws of the Republic of the Marshall Islands (the “Offeror”), launched a cash tender offer to purchase all of our outstanding common shares at a price of \$3.00 per common share, subject to the conditions set forth in the Amended and Restated Offer to Purchase, dated October 30, 2023, as further amended and supplemented (the “Offer”). On March 16, 2026, the Offeror terminated the Offer and no common shares were purchased pursuant to the Offer.

In December 2023, we sold the 2007-built Aframax tanker vessel *P. Kikuma* for \$39.3 million and delivered the vessel to her new owners.

On December 18, 2023, we completed the approximately \$44.6 million voluntary prepayment of all of our existing loans with Piraeus Bank S.A. and released the security over our vessels *P. Monterey*, *P. Yanbu* and *P. Sophia*. The prepayment was completed through the deployment of our excess liquidity.

On December 18, 2023, we entered into two shipbuilding contracts with China Shipbuilding Trading Co. Ltd. and Shanghai Waigaoqiao Shipbuilding Co. Ltd. for the construction of two 114,000 DWT LNG-ready LR2 Aframax product/crude oil tanker vessels, for a purchase price of \$64.845 million per vessel, payable in instalments, net of third-party commission. The vessels (Hulls 1596 and 1597), named *P. Tokyo* and *P. Marseille*, were delivered in the third quarter of 2025 and in the first quarter of 2026, respectively.

During 2023, 57,490 Series C Preferred Shares were converted at the option of their holders into 1,064,207 common shares, calculated with an adjusted conversion price of \$1.3576.

On March 8, 2024, we entered into time charter contracts with Clearlake Shipping Pte Ltd for our three newbuilding Aframax tanker vessels, the *P. Massport*, the *P. Tokyo* and the *P. Marseille*. Each employment is for a firm period of five years with the charterer’s option to extend for a sixth and seventh year. The gross charter rate is \$31,000 per vessel per day for the firm period and a base rate plus profit share for the optional periods, if declared. Employment commenced upon delivery of the vessels.

On April 30, 2024, we entered into a shipbuilding contract with Jiangsu Yangzijiang Shipbuilding Group Co., Ltd., Jiangsu New Yangzi Shipbuilding Co., Ltd., and Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd. for the construction of a scrubber fitted 75,000 DWT LR1 chemical/product oil tanker for a gross contract price of \$56.5 million, with an option for the final purchase price to be reduced to \$54.1 million, should certain technical conditions exist at delivery. We expect to take delivery of the vessel, to be named *P. San Francisco*, in the first quarter of 2027.

On July 16, 2024, we entered into a sale and leaseback financing agreement with an unaffiliated Japanese third party for our newbuild LR2 Aframax tanker vessel *P. Massport*. The bareboat financing amount totals \$44.3 million and, as part of this agreement, the vessel was sold and chartered back on a bareboat basis for an eight-year period from delivery at bareboat charter rates equivalent to 96 monthly installments of \$7,132 per day and a balloon payment of approximately \$23.7 million payable together with the last installment, with an implied interest rate of Term SOFR plus 2.425% per annum. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

On October 24, 2024, we entered into a sale and leaseback financing agreement with an unaffiliated third party for our newbuild LR2 Aframax tanker vessel *P. Tokyo*. The bareboat financing amount totals approximately \$45.39 million. As part of this agreement, the vessel was sold and then chartered back on a bareboat basis for a ten-year period starting from delivery from the shipyard. The bareboat charter includes 120 monthly installments at a fixed rate of \$211,500 plus a variable rate calculated monthly at an implied interest rate of SOFR plus 2.1% per annum. Additionally, a balloon payment of approximately \$20 million payable together with the last installment for the repurchase of the vessel. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

On December 17, 2024, the re-election of Aliko Paliou as a Class II Director was approved by the requisite vote at our 2024 Annual Meeting.

During 2024, 4,460 Series C Preferred Shares were converted at the option of their holders into 82,482 common shares, calculated with an adjusted conversion price of \$1.3576.

During 2024, 70,000 of the Series B Warrants were exercised by their holders, generating net proceeds of \$0.2 million for us.

Effective January 2025, our fleet manager, Unitized Ocean Transport Limited has been renamed to Performance Shipping Management Inc.

On March 5, 2025, we entered into a sale and leaseback financing agreement with an unaffiliated third party for our newbuild LR2 Aframax tanker vessel *P. Marseille*. The bareboat financing amount totals \$45 million and, as part of this agreement, the vessel was sold and chartered back on a bareboat basis for an eight-year period from delivery from the shipyard at bareboat charter rates equivalent to 96 monthly installments of \$6,850 per day and a balloon payment of approximately \$25 million payable together with the last installment, with an implied interest rate of Term SOFR plus 2.05% per annum. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

On March 13, 2025, we entered into a Memorandum of Agreement to sell the 2011-built, 105,400 dwt Aframax tanker vessel, *P. Yanbu*, to an unaffiliated third party for a gross sale price of \$39 million. The vessel was delivered to her new owner on March 24, 2025.

On April 7, 2025, we announced that we entered into a forward sale and exclusivity agreement with an unaffiliated third party, based on which the buyers are granted exclusive rights to submit a bid for the conversion of the vessel *P. Sophia*, in an auction for the provision of a Floating Production Storage and Offloading (FPSO) vessel for charter to a national oil company (the "Offshore Project"). If the buyer were awarded the Offshore Project by the expiration of the auction on April 5, 2026, the buyer would purchase the *P. Sophia*, for a gross sale price of \$36.05 million. Additionally, if the vessel was delivered to the buyer on or before September 30, 2025, the gross sale price would be increased by \$1.0 million. In September 2025, the buyer informed us that the *P. Sophia* was not selected for the Offshore Project. As a result, the potential forward sale and exclusivity agreement automatically lapsed, no sale will be completed under its terms, and the vessel will continue to operate in the Company's fleet.

On July 2, 2025, we announced that we successfully placed \$100.0 million of bonds in the Nordic bond market. The new bonds are due to mature in July 2029 and will pay a fixed coupon of 9.875% per annum, payable semi-annually in arrears and were priced at 97% of par. The bonds are secured in part by first priority mortgages over our two oldest tanker vessels, the *P. Monterey* and the *P. Sophia*. The offering closed on July 17, 2025, and we received net proceeds of \$94.7 million which shall be used for tanker acquisitions or bond repurchases.

On July 23, 2025, we, through the vessel-owning subsidiaries of the vessels *P. Alike* and *P. Long Beach*, signed a new loan agreement with Alpha Bank for an aggregate amount of \$29.75 million with the purpose of refinancing their existing indebtedness with the lenders. The new loan agreement extends the maturity of the loan to five years from drawing, reduces the applicable margin to 1.90% and includes financial and informational covenants similar to the two previously existing loan agreements with Alpha Bank. On July 24, 2025, we drew down in full the amount of \$29.75 million and repaid an equal amount in respect of the indebtedness of the old loan agreements with Alpha Bank, which were consequently terminated.

In July 2025, we took delivery of our newbuilding vessel Hull 1515, which was named *P. Massport*, and in September 2025, we took delivery of our newbuilding vessel Hull 1596, which was named *P. Tokyo*. At the time of the vessels' delivery from the shipyard, as part of two previously signed sale and lease back agreements with unaffiliated third parties, we delivered the vessels to the new buyers collecting the financing amount of \$44.25 million and \$45.39 million, respectively, and chartered back the vessels for eight and ten years, respectively, on a bareboat basis. The agreements are repayable in monthly installments plus one balloon installment per agreement to be paid together with the last installment, and bear variable interest at SOFR plus a fixed margin. We have continuous options to repurchase the vessels at predetermined rates following the second anniversary of the bareboat charter.

On October 9, 2025, we announced that, through separate wholly-owned subsidiaries, we entered into Memoranda of Agreement with an unaffiliated third party for the purchase of the M/T Eco Bel Air and the M/T Eco Beverly Hills, both 157,286 dwt Suezmax tankers built in 2019 by Hyundai Samho Heavy Industries in South Korea. The vessels feature devices for wake optimization such as rudder bulbs and pre-swirl ducts for energy efficiency, eco-design featuring lower consumption electronic engines, and are scrubber-fitted. The purchase price was \$75.4 million per vessel, net of brokerage commissions, and we took delivery of both vessels in December 2026. The vessels were renamed *P. Bel Air* and *P. Beverly Hills*, respectively.

On December 3, 2025, the re-election of Alex Papageorgiou and Mihalis Boutaris as Class III directors was approved by the requisite vote at our 2025 Annual Meeting.

### ***Recent Developments***

In January 2026, we took delivery of our newbuilding vessel Hull 1597, which was named *P. Marseille*. At the time of the vessel's delivery from the shipyard, as part of a previously signed sale and lease back agreement with unaffiliated third parties, we delivered the vessel to the new buyers collecting the financing amount of \$45.0 million and chartered it back for eight years on a bareboat basis. The agreement is repayable in monthly installments plus one balloon installment to be paid together with the last installment, and bears variable interest at SOFR plus a fixed margin. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

On January 26, 2026, we closed a \$50.0 million tap issue, priced at 103.00% of par value, of our outstanding senior secured bond due July 17, 2029, paying a fixed coupon of 9.875% per annum, payable semi-annually in arrears. Following the tap issue, the total outstanding amount under the bonds is \$150.0 million. Net proceeds from the tap issue will be used for general corporate purposes according to the terms of the bonds. On April 1, 2026, we completed the listing of the Bonds in the Oslo Stock Exchange.

On February 17, 2026, we announced that we signed a Memorandum of Agreement to sell the *P. Sophia* through a separate wholly-owned subsidiary to an unaffiliated third party for a gross sale price of \$35.65 million. The vessel is expected to be delivered to her new owners in mid-2026, subject to customary closing conditions.

On March 2, 2026, we announced that, through two separate wholly-owned subsidiaries, we have signed two shipbuilding contracts for the construction of two 158,000 DWT newbuilding Suezmax tanker vessels. The vessels are expected to be delivered in October 2028 and May 2029, respectively, at a contract price of \$81.5 million per vessel. The Company paid \$12.23 million (or 15% of the purchase price) for each vessel on April 16, 2026, and will further pay 10% of the purchase price at each of the milestones of steel cutting, keel laying, and launching of the vessels; and the remaining 55% of the purchase price is payable upon the delivery of the vessels.

On March 17, 2026, we announced that we entered into a sale and leaseback financing agreement with an unaffiliated third party for our newbuild LR1 tanker newbuilding vessel, to be named *P. San Francisco*. The bareboat financing amount totals \$37.8 million. As part of this agreement, the vessel will be sold and then chartered back on a bareboat basis for a ten-year period starting from delivery from the shipyard. The bareboat charter includes 120 monthly installments equivalent to \$5,451 per day, with an implied interest rate of Term SOFR plus 2.00% per annum. Additionally, a balloon payment of approximately \$18.1 million will be due together with the last installment. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

On April 14, 2026, we announced that we signed a Memorandum of Agreement to sell the *P. Alike* through a separate wholly-owned subsidiary to an unaffiliated third party for a gross sale price of \$42.65 million. The vessel is expected to be delivered to her new owners by the end of the third quarter 2026, subject to customary closing conditions.

### **B. *Business Overview***

We provide global shipping transportation services through the ownership of tanker vessels. As of the date of this annual report, our operating fleet consists of 9 Aframax tanker vessels and 2 Suezmax tanker vessels with a combined carrying capacity of 1,287,118 dwt and a weighted average age of approximately 9.2 years. Additionally, we expect to take delivery of one newbuild eco-design LR1 tanker in the first quarter of 2027 and two newbuilding Suezmax tanker vessels in October 2028 and May 2029. Founded in January 2010, our business initially focused on the ownership of container vessels. Over time, we have transitioned to a purely tanker fleet, successfully exiting the containership sector in August 2020.

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During 2025, 2024 and 2023, we had a fleet utilization of 98.6%, 99.2% and 98.7% respectively, our vessels achieved a daily time charter equivalent rate of \$31,246, \$32,954 and \$36,954, respectively, and we generated revenues from our vessels of \$84.2 million, \$87.5 million and \$108.9 million, respectively.

Set forth below is summary information concerning our fleet as of the date of this annual report.

Vessel	Year of Build	Capacity	Builder	Charter Type	Notes
<b>Operating Aframax Tanker Vessels</b>					
1 BLUE MOON	2011	104,623 DWT	Sumitomo Heavy Industries Marine & Engineering Co., LTD.	Time-Charter	
2 BRIOLETTE	2011	104,588 DWT	Sumitomo Heavy Industries Marine & Engineering Co., LTD.	Time-Charter	
3 P. SOPHIA	2009	105,071 DWT	Hyundai Heavy Industries Co., LTD	Time-Charter	3
4 P. ALIKI	2010	105,304 DWT	Hyundai Heavy Industries Co., LTD	Time-Charter	3
5 P. MONTEREY	2011	105,525 DWT	Hyundai Heavy Industries Co., LTD	Time-Charter	
6 P. LONG BEACH	2013	105,408 DWT	Hyundai Heavy Industries Co., LTD	Time-Charter	
7 P. MASSPORT	2025	114,036 DWT	China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited	Time-Charter	
8 P. TOKYO	2025	114,014 DWT	China Shipbuilding Trading Co. Ltd. ("CSTC") and Shanghai Waigaoqiao Shipbuilding Co. Ltd.	Time-Charter	
9 P. MARSEILLE	2026	113,977 DWT	China Shipbuilding Trading Co. Ltd. ("CSTC") and Shanghai Waigaoqiao Shipbuilding Co. Ltd.	Time-Charter	
<b>Operating Suezmax Tanker Vessels</b>					
10 P. BEVERLY HILLS	2019	157,286 DWT	Hyundai Samho Heavy Industries Co., Ltd	Time-Charter	
11 P. BEL AIR	2019	157,286 DWT	Hyundai Samho Heavy Industries Co., Ltd	Time-Charter	
<b>Newbuilding Suezmax Tanker Vessels</b>					
11 HULL 1627	-	158,000 DWT	China Shipbuilding Trading Co. Ltd. and Shanghai Waigaoqiao Shipbuilding Co. Ltd.	Time-Charter	1, 2
12 HULL 1628	-	158,000 DWT	China Shipbuilding Trading Co. Ltd. and Shanghai Waigaoqiao Shipbuilding Co. Ltd.	Time-Charter	1, 2
<b>Newbuilding LR1 Tanker Vessel</b>					
13 HULL 1624	-	75,000 DWT	Jiangsu Yangzijiang Shipbuilding Group Co., Ltd.	Time-Charter	1, 2

1 As per management's current estimate, expected delivery dates for Hull 1624, to be named *P. San Francisco*, is January 2027, for Hull 1627 is October 2028, and for Hull 1628 is May 2029.

2 We have secured time charter contracts for Hulls 1624, Hull 1627 and Hull 1628, with employment to commence upon delivery of the vessels to the Company.

3 We have entered into two memoranda of agreements for the sale of vessels *P. Sophia* and *P. Alik*. The vessels are expected to be delivered to their new owners by the end of the third quarter 2026.

## Management of Our Fleet

The business of Performance Shipping Inc. is the ownership of vessels. Performance Shipping Inc. wholly owns, directly or indirectly, the subsidiaries which own the vessels that comprise our fleet. The holding company sets the general overall direction for the company and interfaces with various financial markets. The day-to-day commercial and technical management of our fleet, as well as the provision of administrative services relating to our fleet's operations, have been carried out since March 1, 2013, by Performance Shipping Management Inc. (ex Unitized Ocean Transport Limited), our in-house fleet manager. Pursuant to an Administrative Services Agreement, we pay our in-house fleet manager a fixed monthly administrative fee of \$10,000 in exchange for providing us with accounting, administrative, financial reporting, and other services necessary for the operation of our business. In addition, in exchange for providing us with day-to-day commercial and technical services, we pay our fleet manager a commission of 2.00% of our gross revenues, a fixed management fee of \$15,000 per month for each vessel in operation, and a fixed monthly fee of \$7,500 for any vessels under construction or laid-up. For as long as part of the management services were assigned to third-party managers (see below), we paid to our fleet manager a reduced monthly management fee within the range of \$1,000 to \$5,000, and a commission of 1.00% or 2.00% of our gross revenues, depending on the level of involvement of the third-party managers. Furthermore, for as long as our vessels are chartered under pool arrangements, our fleet manager receives no commission on the vessels' gross revenues. All management fees and commissions payable to our fleet manager are considered inter-company transactions and are, therefore, eliminated from our consolidated financial statements.

## Business Strategy

Our primary objective is to operate our business on behalf of our shareholders in a manner that is consistent with our business strategy. The key elements of our strategy are:

### *Fleet*

**Modern, High Specification Fleet.** We intend to operate a fleet of modern, high specification tanker vessels that include high cargo-carrying capacity and competitive fuel efficiency. We believe these features will be commercially attractive to charterers because the high specifications will result in cost-effective vessels with increased flexibility, and we expect these factors will, in turn, maximize our vessels' utilization rates. We believe that owning a versatile, modern, well-maintained fleet reduces operating costs, improves the quality of service we deliver, and enables us to secure employment with high-quality counterparties. Since the initiation of our newbuilding program, we have ordered a total of six tanker vessels, of which three LR2 Aframax vessels have already been successfully delivered to our company. The remaining three vessels, comprising one LR1 chemical/product oil tanker and two Suezmax tankers, are expected to be delivered in early 2027 and late 2028 and early 2029, respectively. These newbuild tankers will significantly reduce our fleet age profile and will be equipped with scrubbers and ballast water treatment systems, feature the latest high-specification engines, and comply with stringent emission requirements. Our decision to invest in newbuild tankers reflects our focus on fuel efficiency and our commitment to participating in the energy transition. As we grow our fleet, we intend to continue acquiring secondhand vessels built in well-established shipyards in South Korea, Japan, and China with high specifications and fuel efficiency standards. Depending on market conditions, we may continue to opportunistically purchase newbuild vessels equipped with the latest high specification engines and meeting the stringent emission requirements, which will be constructed in large and reputable shipyards and will result in an even more modern and highly competitive fleet composition.

**Growing Sector Presence.** While we cannot assure you that we will do so, we intend to grow our fleet over time primarily through selective acquisitions of vessels. This will increase our market presence and enhance our attractiveness to charterers and other customers, including major oil companies, oil traders, and refineries. We believe that by expanding our fleet, we will gain a significant presence in the tanker vessel market, enabling us to offer customers greater flexibility and a higher level of service while achieving greater efficiencies through economies of scale and enhanced vessel utilization.

**Continuous Fleet Renewal.** We are focused on renewing our fleet as our vessels age. We plan to acquire younger vessels as we dispose of our older ones to continuously renew and replace our fleet. We expect that this will, in part, be funded through our mandatory debt repayments and replacement reserves and will enable us to maintain a fleet of modern, high-specification tankers.

**Secondhand Acquisitions and Construction.** We expect to grow our fleet primarily through selective acquisitions of secondhand tanker vessels from unaffiliated third parties and through entering into newbuilding contracts. We may also acquire vessels upon their delivery from the shipyard. During 2023 and 2024, we entered into four shipbuilding contracts for the construction of an eco-design LR1, and three LR2 tanker vessels; we took gradually delivery of the three of these newbuildings during 2025 and early January 2026, while the fourth newbuilding is expected to be delivered to us in the first quarter of 2027. Moreover, in March 2026, we signed two shipbuilding contracts for the construction of two newbuilding Suezmax tanker vessels, which are expected to be delivered to us in October 2028 and May 2029, respectively. When evaluating acquisitions, we will consider and analyze our expectation of fundamental developments in the seaborne transportation of crude oil and refined petroleum products, changes in trading patterns, the cash flow currently earned and our expectation of future cash flows to be earned by the target vessel relative to its value, as well as its condition and technical specifications.

## **Management**

**Significant Management Expertise.** We believe that our executive management team has extensive public company and vessel operations experience. In the competitive tanker vessel industry, charterers are focused on the quality of vessel operators and we believe that our wholly owned subsidiary fleet manager has a reputation as a respected commercial and technical manager. The long experience of our executive, commercial and technical management team ensures we have established relationships with charterers, financial institutions, insurers, suppliers, ship repair yards, and other industry participants. We believe that these relationships will assist us in further developing our position as a sought-after business partner with our charterers and provide access to attractive acquisition opportunities.

**Highly Efficient Operations.** We believe that we have established our Company as a cost-efficient and reliable operator due to the skill of our executive management team, backed by an experienced commercial and technical team comprised of industry veterans, and the quality and maintenance standards of our fleet. We intend to actively monitor and seek to control vessel operating expenses without compromising the quality of our vessels by utilizing regular inspection and maintenance programs, employing and retaining qualified crew members, and taking advantage of the economies of scale that we expect to enjoy when we acquire additional vessels.

## **Commercial**

**Balanced Fleet Deployment.** Our commercial policy comprises of i) spot exposure, often through pool arrangements, via voyage charters and short-term time charters with a duration of less than 12 months and ii) period exposure via medium to long term charters with a duration of up to 60 months. When available, we will also consider entering hybrid contracts such as time charters with a fixed floor rate and profit-sharing participation in the spot market. Our commercial policy should provide us and our shareholders with less exposure to cyclical fluctuations in charter rates. Still, the spot market is very volatile, and our strategy will also expose us and our shareholders to periods when spot rates decline below the cash breakeven level of our fleet. In line with our strategy, our current fleet of tankers operate and are expected to operate under voyage charters and through pool arrangements and period time charters.

**Established Commercial Relationships.** We expect to capitalize on our commercial and technical management team's long-standing relationships with leading charterers including Aramco Trading Company, Marathon Maritime Company, Exxon Mobil, and AET Tankers. We believe that our experienced management team will assist us in securing employment for our vessels and will provide us with an established and diverse customer base in both western and eastern geographical basins. Following their delivery to us, we expect all our vessels to be acceptable for business by one or more major oil companies, oil traders, and refineries based on their inspections of our vessels and their review of our operational procedures.

## **Financial**

**Maintain Low Leverage.** Our policy is to incur an amount of debt that, upon its incurrence, does not cause our ratio of net debt-to-market value of our fleet to exceed our target of 35%. We believe that maintaining a level of indebtedness at or below our target policy will enable us to operate effectively in adverse market conditions. On December 31, 2025, our outstanding debt, including the Nordic bond, was \$228.7 million, we held approximately \$49.3 million in cash and cash equivalents (including restricted cash of \$1.1 million), and our ratio of net debt to the value of our fleet was approximately 33%. However, despite our year-end net debt-to-market value ratio of approximately 33%, the possible new debt financing, which is expected to be used to partially fund the construction costs of our newbuilding vessels and will be incurred at the time of the vessels' delivery to us, may increase our net debt-to-market value of our fleet, at or above our target level.

**Equity Capital Reliance.** Depending on market conditions, we may partially rely on follow-on offerings of common shares to fund the acquisition of additional vessels. Consistent with our low leverage strategy, we may enter into new credit agreements or access the public or private debt markets to fund the remaining portion of these acquisitions. The issuance of common shares to expand our fleet may generally increase our market capitalization and boost trading activity for our common shares, but there can be no assurances that such increases will occur or be sustained. In addition, our potential reliance on follow-on offerings of our common shares may significantly dilute existing shareholders.

## **Governance**

**In-House Management.** We wholly own, directly or indirectly, the subsidiaries that own the vessels comprising our fleet. Our executive management team's responsibilities include working to ensure the implementation of our business strategy, general corporate oversight, interfacing with financial markets, and supervising the day-to-day commercial and technical management teams. The day-to-day commercial and technical management of our fleet, and the provision of administrative services relating to the fleet's operations, is carried out by our wholly owned subsidiary company, Performance Shipping Management Inc. (ex Unitized Ocean Transport Limited), our fleet manager. For accounting and administrative purposes only, in exchange for providing us with commercial and technical services, we pay to our fleet manager certain fees and commissions. These amounts are considered inter-company transactions and are, therefore, eliminated from our consolidated financial statements.

**Transparent Corporate Structure.** In addition to performing all management functions in-house, we maintain a majority independent board of directors comprising of individuals with extensive experience in all aspects of our business. We do not intend to enter into any transactions with related parties for the acquisition or disposal of vessels. Members of our executive, commercial, and technical management teams have no other ownership in other tanker vessel companies, and do not have any executive positions in other public or private shipping companies.

## **Our Customers**

Our customers include national, regional, and international companies, such as ST Shipping Transport, Aramco Trading Company, Marathon Shipping, Exxon Mobil, AET Tankers and Maersk Tankers. In 2025, six of our charterers accounted for 84% of our revenues: AET Tankers PTE Ltd (12%), ST Shipping Transport (14%), Aramco Trading Company (18%), Clearlake (11%), Marathon (16%) and Maersk Tankers (ex Penfield Tankers (Aframax) LLC) (13%). In 2024, four of our charterers accounted for 80% of our revenues: ST Shipping Transport (26%), Aramco Trading Company (16%), Marathon Maritime Company (16%) and Maersk Tankers (ex Penfield Tankers (Aframax) LLC) (22%). In 2023, four of our charterers accounted for 84% of our revenues: ST Shipping Transport (28%), Aramco Trading Company (11%), Signal Maritime Aframax Pool LTD (13%) and Penfield Tankers (Aframax) LLC (32%). We believe that developing strong relationships with the end-users of our services allows us to better satisfy their needs with appropriate and capable vessels. A prospective charterer's financial condition, creditworthiness, reliability, and track record are important factors in negotiating our vessels' employment.

## **The Tanker Shipping Industry**

The oil tanker shipping industry constitutes a vital link in the global energy supply chain, in which tanker vessels play a critical role by carrying large quantities of crude oil. The rationale behind this is that only tanker vessels can efficiently and economically carry crude oil from one continent to the other and across the oceans. The shipping of crude oil is the only transportation method that implies the lower cost per oil barrel compared to other methods, such as pipelines.

An oil tanker shipping company earns revenues by the freight rates paid for transportation capacity. Freight is paid for the movement of cargo between a load port and a discharge port. The cost of moving the ship from a discharge port to the next load port is not directly compensated by the charterers in the freight payment but is an expense of the owners if not on time charter.

## Types of Crude Tanker Vessels

The main categories of crude tanker vessels are:

- **VLCCs**, with an oil cargo carrying capacity in excess of 200,000 dwt (typically 300,000 to 320,000 dwt or approximately two million barrels). VLCCs generally trade on long-haul routes from the Middle East and West Africa to Asia, Europe, and the U.S. Gulf or the Caribbean.
- **Suezmax tankers**, with an oil cargo carrying capacity of approximately 120,000 to 200,000 dwt (typically 150,000 to 160,000 dwt or approximately one million barrels). Suezmax tanker vessels are engaged in a range of crude oil trades across a number of major loading zones.
- **Aframax tankers**, with an oil cargo carrying capacity of approximately 80,000 to 120,000 dwt (or approximately 500,000 barrels). Aframax tanker vessels are employed in shorter regional trades, mainly in Northwest Europe, the Caribbean, the Mediterranean, and Asia.

## Tanker Newbuilding Prices

The factors which influence new-build prices include ship type, shipyard capacity, demand for ships, “berth cover”, i.e., the forward book of business of shipyards, buyer relationships with the yard, individual design specifications, including fuel efficiency or environmental features and the price of ship materials, engine and machinery equipment and particularly the price of steel.

## Tanker Secondhand Prices

Second-hand vessel prices are primarily influenced by trends in the supply and demand for vessel capacity. During extended periods of high demand, indicated by elevated charter rates, secondhand vessel values tend to appreciate. Conversely, during periods of low demand, reflected by lower charter rates, vessel values tend to decline. Vessel values are also influenced by age, specifications and the replacement cost (new-build price) of vessels up to five years old.

The sale and purchase (S&P) market, where vessels are sold and bought through specialized brokers, determines vessel values on a daily basis. The S&P market is transparent and liquid, with a significant number of vessels changing hands annually.

Values for younger vessels tend to fluctuate on a percentage basis less than values for older vessels. This is due to the fact that younger vessels with a longer remaining economic life are less susceptible to the level of charter rates than older vessels with limited remaining economic life.

## The Crude Oil Tanker Freight Market

### Charter Types

Employment of oil tanker vessels occurs through the following chartering options:

**Bareboat Charter:** In this charter type, vessels are usually employed for several years. All voyage related costs such as bunkers, port dues, and daily operating expenses are paid by the charterer. The owner of the vessel is entitled to monthly charter hire payments and covers the capital cost associated with the vessel.

**Time Charter:** Involves the use of the vessel for a number of months or years or for a trip between specific delivery and redelivery positions. The charterer covers all voyage related costs while the owner receives monthly charter hire payments on a per day basis and pays all operating expenses and capital costs of the vessel.

**Pool Charter:** In this charter type, the vessel's owner earns a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, is determined in accordance with an agreed-upon formula, which is determined by the margins awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics.

**Spot or Voyage Charter:** Vessels are used for a single voyage for the carriage of a specific amount and type of cargo on a load port to discharge port. The owner covers the repositioning cost of the ship as well as all expenses, namely voyage, operating, and capital costs of the ship.

### **Tanker Vessels Charter Rates**

The main factors affecting vessel charter rates are primarily the supply and demand for tanker shipping. The shorter the charter period, the greater the vessel charter rate is affected by the current supply to demand balance and by the current phase of the market cycle (high point or low point). For longer charter periods, vessel charter rates tend to be more stable and less cyclical because the period may cover not only a particular phase of a market cycle but a full market cycle or several market cycles. Other factors affecting charter rates include the age and characteristics of the ships (fuel consumption, speed), the price of new-built and secondhand ships (buying as an alternative to chartering ships), and market conditions.

### **Seasonality**

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, charter rates. Historically, peaks in tanker vessel demand quite often precede seasonal oil consumption peaks, as refiners and suppliers anticipate consumer demand. Seasonal peaks in oil demand can broadly be classified into two main categories: (1) increased demand prior to Northern Hemisphere winters as heating oil consumption increases and (2) increased demand for gasoline prior to the summer driving season in the United States. Unpredictable weather patterns and variations in oil reserves disrupt tanker scheduling. Unpredictable weather patterns and variations in oil reserves disrupt tanker scheduling. This seasonality may result in quarter-to-quarter volatility in our operating results, as many of our vessels trade in the spot market. Seasonal variations in tanker vessel demand will affect any spot market-related rates that we may receive.

### **Environmental and Other Regulations in the Shipping Industry**

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

Our vessels are subject to both scheduled and unscheduled inspections by a range of governmental and private entities. These include local port authorities, national authorities such as Port State Control or the United States Coast Guard ("USCG"), harbor masters, classification societies, flag state administrations, and, notably, charterers who conduct their own assessments through terminal inspections and the SIRE 2.0 inspection regime.

SIRE 2.0, launched globally in Q4 2024 by the Oil Companies International Marine Forum, is the next-generation Ship Inspection Report Programme. It replaces the legacy SIRE model with a risk-based, real-time digital inspection process tailored to each vessel's operational and technical profile. Inspections are conducted by specially trained and accredited inspectors using a dynamic Vessel Inspection Questionnaire via tablet-based technology. The system aims to enhance safety, transparency, and environmental compliance across oil, chemical, and gas tanker operations.

Compliance with inspection standards requires the Company to maintain all necessary permits, licenses, certificates, and other operational authorizations. Failure to meet these requirements may result in increased costs, delays, or the temporary suspension of vessel operations.

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

### ***International Maritime Organization***

The IMO, the United Nations (“UN”) agency for maritime safety and the prevention of pollution by vessels, has adopted MARPOL, SOLAS, the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (“STCW”), and the “LL Convention. MARPOL establishes environmental standards relating to oil leakage or spilling, garbage management, sewage, air emissions, handling and disposal of noxious liquids, and the handling of harmful substances in packaged forms. MARPOL applies to vessels of any type, operating in the marine environment, and is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried in bulk in liquid or packaged form, respectively; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI, lastly, relates to air emissions.

Since 2014, the IMO’s Marine Environmental Protection Committee, or the MEPC, amendments to Annex I Condition Assessment Scheme have required compliance with the 2011 International Code on the Enhanced Programme of Inspections during Surveys of Bulk Carriers and Oil Tankers (the “ESP Code”) which provides for enhanced inspection programs. Effective July 1, 2024, amendments to the ESP Code addressing inconsistencies on examination of ballast tanks at annual surveys for bulk carriers and oil tankers.

### ***Air Emissions***

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

The MEPC adopted amendments to Annex VI regarding emissions of sulfur oxide, nitrogen oxide, particulate matter and ozone depleting substances which entered into force on July 1, 2010. The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board ships. Effective January 1, 2020, there has been a global limit of 0.5% m/m sulfur oxide emissions limit (reduced from 3.50%). This limitation can be met by using low-sulfur compliant fuel oil, alternative fuels or exhaust gas cleaning systems (“EGCS”). Ships are required to obtain bunker delivery notes and International Air Pollution Prevention Certificates from their flag states that specify sulfur content. Additionally, at MEPC 73, amendments to Annex VI to prohibit the carriage of bunkers above 0.5% sulfur on ships became effective on March 1, 2020. Fuels with higher sulfur content than required by Reg. 14 of Annex VI can still be delivered to a ship, provided the ship uses equivalent measures, such as an EGCS. Additional amendments to Annex VI revising, among other terms, the definition of “Sulphur content of fuel oil” (if the flashpoint is under 70°C) and “low-flashpoint fuel” and pertaining to the sampling and testing of onboard fuel oil, became effective in April 2022. Amendments to Annex VI requiring bunker delivery notes to include a flashpoint of fuel oil or a statement that the flashpoint has been measured at or above 70°C as mandatory information became effective on May 1, 2024. Additional amendments intended to prevent the supply of oil fuel not complying with SOLAS flashpoint requirements and adding new definitions regarding probability of ignition became effective January 1, 2026. These regulations subject ocean-going vessels to stringent emissions controls and may cause us to incur substantial costs.

MEPC 77 adopted a non-binding resolution which urges member states and ship operators to voluntarily use distillate or other cleaner alternative fuels or methods of propulsion that are safe for ships and could contribute to the reduction of black carbon emissions from ships when operating in or near the Arctic.

Sulfur content standards are even stricter within certain Emission Control Areas (“ECAs”). As of January 1, 2015, ships operating within an ECA were not permitted to use fuel with sulfur content in excess of 0.1% m/m. MARPOL Annex VI establishes procedures for designating ECAs. The IMO has designated several ECAs, including specified portions of the Baltic Sea area, the North Sea area, the North American area and the United States Caribbean Sea area. In December 2022, the IMO adopted amendments designating the Mediterranean Sea as an ECA for sulphur oxide emissions, which entered into force in May 2025. In April 2025, the IMO also approved the designation of the North-East Atlantic Ocean as an ECA for sulphur oxide, nitrogen oxide and particulate matter emissions, subject to the adoption of amendments to MARPOL Annex VI. At MEPC 82, the IMO adopted additional amendments to Annex VI designating the Canadian Arctic and the Norwegian Sea as ECAs, which entered into force on March 1, 2026, taking effect on March 1, 2027. Ocean-going vessels in these areas will be subject to stringent emission controls and ocean-going vessels trading in ECAs are subject to increased operational costs due to the higher price of fuel with low sulfur content and this may cause us to incur additional costs. Other areas in China are subject to local regulations that impose stricter emission controls. If other ECAs are approved by the IMO, or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the U.S. Environmental Protection Agency (the “EPA”) or the states where we operate, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of our operations.

MEPC 79 adopted amendments to Annex VI on the reporting of mandatory values related to the implementation of the IMO short-term GHG reduction measure, including attained EEXI, CII and rating values to the IMO DCS, which became effective May 1, 2024. MEPC 80 adopted the 2023 IMO Strategy on Reduction of GHG Emissions from Ships with enhanced targets to mitigate harmful emissions. The revised IMO GHG Strategy comprises a common ambition to ensure an uptake of alternative zero and near-zero GHG fuels by 2030 and to achieve net-zero emissions from international shipping by 2050. At its 83rd session in April 2025, the IMO’s Marine Environment Protection Committee (“MEPC 83”) approved draft amendments to MARPOL Annex VI establishing the “IMO Net-Zero Framework.” The proposed framework includes a technical element in the form of a marine fuel standard aimed at reducing the greenhouse gas intensity of marine fuels and an economic element designed to price greenhouse gas emissions from international shipping. The draft amendments are expected to be considered for adoption at a future session of the MEPC. If adopted, the amendments would enter into force in accordance with the MARPOL amendment procedures.

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for marine diesel engines, depending on their date of installation. Now Annex VI provides for a three-tier reduction in NOx emissions from marine diesel engines, with the final tier (Tier III) to apply to engines installed on vessels constructed on or after January 1, 2016 and which operate in the North American ECA or the U.S. Caribbean Sea ECA, to vessels constructed on or after January 1, 2021 and operating in the Baltic Sea ECA or North Sea ECA, to vessels with keels laid on or after January 1, 2025 operated in the Canadian Arctic ECA, and to certain vessels as early as March 1, 2026, depending on vessel construction and delivery dates and operating in the Norwegian Sea ECA, as well as ECAs designated in the future by the IMO. The EPA promulgated equivalent (and in some senses stricter) emissions standards in late 2009. Additionally, amendments to Annex II, which strengthen discharge requirements for cargo residues and tank washings in specified sea areas (including North West European waters, Baltic Sea area, Western European waters and Norwegian Sea), came into effect in January 2021.

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

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for ships. All ships are now required to develop and implement Ship Energy Efficiency Management Plans (“SEEMPs”), and new ships must be designed in compliance with minimum energy efficiency levels per capacity mile as defined by the Energy Efficiency Design Index (“EEDI”). Additionally, MEPC 75 adopted amendments to MARPOL Annex VI which brought forward the effective date of the EEDI’s “phase 3” requirements to April 1, 2022, for several ship types, including gas carriers, general cargo ships, and LNG carriers, with the remaining vessels required to comply from January 1, 2025. MEPC 81 adopted amendments to the guidelines for the development of SEEMPs, including methodology for collecting data. These amendments came into effect on August 1, 2025.

Additionally, MEPC 76 adopted amendments to Annex VI which impose new regulations to reduce greenhouse gas emissions from ships. The revised Annex VI entered into force in November 2022, and includes requirements to assess and measure the energy efficiency of all ships and set the required attainment values, with the goal of reducing the carbon intensity of international shipping. The requirements include (1) a technical requirement to reduce carbon intensity based on a new EEXI, and (2) operational carbon intensity reduction requirements based on a new operational CII. The attained EEXI is required to be calculated for ships of 400 gross tonnage and above, in accordance with different values set for ship types and categories. With respect to the CII requirement, which took effect from January 1, 2023, ships of at least 5,000 gross tonnage are required to document and verify their actual annual operational CII achieved against a determined required annual operational CII. The EEXI and CII certification requirements entered into effect on January 1, 2023. At MEPC 83, amendments were adopted establishing revised operational carbon intensity reduction factors applicable for the period from 2027 through 2030.

MEPC 76 also adopted amendments requiring ships of 5,000 gross tonnage and above to revise their SEEMP to include methodology for calculating the ship’s attained annual operation CII and the required annual operational CII, on or before June 1, 2023. MEPC 76 also approved amendments to MARPOL Annex I to prohibit the use and carriage for use as fuel of heavy fuel oil by ships in Arctic waters on and after July 1, 2024. For ships subject to Regulation 12A (oil fuel tank protection), the prohibition will become effective on or after July 1, 2029.

Pursuant to the IMO’s short-term targets for the reduction of greenhouse gas emissions in the shipping industry by 2030, we may incur costs to comply with these revised standards. Additional or new conventions, laws, and regulations may be adopted that could require the installation of expensive emission control systems and could adversely affect our business, results of operations, cash flows, and financial condition.

### ***Safety Management System Requirements***

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

Under the ISM Code, our operations are also subject to environmental standards and requirements. The ISM Code requires the party with operational control of a vessel to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. We rely upon the safety management system that our technical management team has developed, which constitutes a functional Management System (MS), conforming to ISM Code requirements, which includes a safety and environmental protection policy, safe operating procedures, defined levels of authority, procedures for internal audits, etc. The failure of a vessel owner or bareboat charterer to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports.

The Military Sealift Command adopted amendments to modernize the Global Maritime Distress and Safety System, which entered into force on January 1, 2024. The amendments, which include amendments to SOLAS, may require vessel owners/operators to ensure their radio equipment is compliant.

The ISM Code requires that vessel operators obtain a safety management certificate (an “SMC”) for each vessel they operate. This certificate evidences compliance by a vessel’s management with the ISM Code requirements for a safety management system. No vessel can obtain an SMC unless its manager has been awarded a document of compliance (“DOC”), issued by each flag state (or a Recognized Organization on behalf of the flag administration), under the ISM Code. We have obtained applicable DOCs for our offices and SMCs for all of our vessels. The DOCs and SMCs are renewed as required.

Amendments to SOLAS chapter II-2, which are intended to prevent the supply of oil fuel not complying with SOLAS flashpoint requirements, requiring that ships carrying oil fuel must, prior to bunkering, be provided with a declaration certifying that the oil fuel supplied is in conformity with SOLAS regulation II-2/4.2.1, entered into force on January 1, 2026.

Regulation II-1/3-10 of the SOLAS Convention governs ship construction and stipulates that ships over 150 meters in length must have adequate strength, integrity, and stability to minimize risk of loss or pollution. Goal-based standards amendments in SOLAS regulation II-1/3-10 entered into force in 2012, and from July 1, 2016 apply to new oil tankers and bulk carriers. Regulation II-1/3-10 requires that all oil tankers and bulk carriers of at least 150 meters in length, for which the building contract is placed on or after July 1, 2016, satisfy applicable structural requirements conforming to the functional requirements of the International Goal-based Ship Construction Standards for Bulk Carriers and Oil Tankers. Amendments to the International Code on the Enhanced Programme of Inspections during Surveys of Bulk Carriers and Oil Tankers, 2011 became effective and address inconsistencies on examination of ballast tanks at annual surveys for bulk carriers and oil tankers.

Amendments to the SOLAS Convention Chapter VII apply to vessels transporting dangerous goods and require those vessels to be in compliance with the International Maritime Dangerous Goods Code (“IMDG Code”). Effective January 1, 2018, the IMDG Code includes (1) updates to the provisions for radioactive material, reflecting the latest provisions from the International Atomic Energy Agency, (2) new marking, packing, and classification requirements for dangerous goods; and (3) new mandatory training requirements. Amendments which took effect on January 1, 2020, also reflect the latest material from the UN Recommendations on the Transport of Dangerous Goods, including (1) new provisions regarding IMO type 9 tank, (2) new abbreviations for segregation groups; and (3) special provisions for carriage of lithium batteries and of vehicles powered by flammable liquid or gas. Additional amendments to the IMDG Code relating to the segregation requirements for certain substances, and classification and transport of carbon came into effect in June 2022. Updates to the IMDG Code, in line with the updates to the United Nations Recommendations on the Transport of Dangerous Goods, which set the recommendations for all transport modes, became effective January 1, 2024. In May 2024, the last IMDG Code amendment was adopted, covering additional provisions for ships carrying dangerous goods. The amendment became effective on January 1, 2026.

The IMO has also adopted the STCW. As of February 2017, all seafarers are required to meet the STCW standards and be in a possession of a valid STCW certificate. Flag states that have ratified SOLAS and STCW generally employ the classification societies, which have incorporated SOLAS and STCW requirements into their class rules, to undertake surveys to confirm compliance.

Actions by the IMO’s Maritime Safety Committee and United States agencies indicate that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. For example, effective January 2021, cyber-risk management systems must be incorporated by shipowners and managers. Additional requirements apply to U.S. flagged vessels. This might cause companies to create additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. The impact of such regulations is hard to predict at this time.

### ***Pollution Control and Liability Requirements***

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatories to such conventions. For example, the IMO adopted the BWM Convention in 2004. The BWM Convention entered globally into force on September 8, 2017. The BWM Convention requires ships to manage their ballast water to remove, render harmless or avoid the uptake or discharge of new or invasive aquatic organisms and pathogens within ballast water and sediments.

Specifically, ships over 400 gross tons generally must comply with a “D-1 standard,” requiring the exchange of ballast water only in open seas and away from coastal waters. The “D-2 standard” specifies the maximum amount of viable organisms allowed to be discharged, and compliance dates vary depending on the IOPP renewal dates. For most ships, compliance with the D-2 standard involves installing onboard systems to treat ballast water and eliminate unwanted organisms. Ballast Water Management Systems (“BWMS”), which include systems that make use of chemical, biocides, organisms or biological mechanisms, or which alter the chemical or physical characteristics of the Ballast Water, must be approved in accordance with IMO Guidelines (Regulation D-3). Pursuant to the BWM Convention amendments that entered into force in October 2019, BWMS installed on or after October 28, 2020, shall be approved in accordance with BWMS Code, while BWMS installed before October 23, 2020, must be approved taking into account guidelines developed by the IMO or the BWMS Code. MEPC 72’s amendments to the BWM Convention requires all ships to meet the D-2 standard. Compliance with these requirements may increase costs for ocean carriers and may have a material effect on our operations. However, many countries already regulate the discharge of ballast water carried by vessels from country to country to prevent the introduction of invasive and harmful species via such discharges. Amendments to the BWM Convention concerning commissioning testing of BWMS became effective in 2022, and other amendments concerning the form of the Ballast Water Record Book entered into force on February 1, 2025.

The IMO adopted the CLC. Under the CLC and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel’s registered owner may be strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain exceptions. The 1992 Protocol changed certain limits on liability expressed using the International Monetary Fund currency unit, the Special Drawing Rights. The limits on liability have since been amended so that the compensation limits on liability were raised. The right to limit liability is forfeited under the CLC where the spill is caused by the shipowner’s actual fault and under the 1992 Protocol where the spill is caused by the shipowner’s intentional or reckless act or omission where the shipowner knew pollution damage would probably result. The CLC requires ships over 2,000 tons covered by it to maintain insurance covering the liability of the owner in a sum equivalent to an owner’s liability for a single incident. We have protection and indemnity insurance for environmental incidents. P&I Associations in the International Group issue the required Bunkers Convention “Blue Cards” to enable signatory states to issue certificates. All of our vessels have a CLC State-issued certificate attesting that the required insurance coverage is in force.

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

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

### ***Anti-Fouling Requirements***

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships, or the Anti-fouling Convention. The Anti-fouling Convention, which entered into force on September 17, 2008, prohibits the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels. Vessels of over 400 gross tons engaged in international voyages are required to undergo an initial survey before the vessel is put into service, or before an International Anti-fouling System Certificate is issued for the first time and subsequent surveys are required when the anti-fouling systems are altered or replaced. In 2023, amendments to the Anti-fouling Convention came into effect which include controls on the biocide cybutryne; ships shall not apply cybutryne or reapply anti-fouling systems containing cybutryne from January 1, 2023.

All of our vessels have obtained Anti-fouling System Certificates per the Anti-fouling Convention.

## **Compliance Enforcement**

Noncompliance with the ISM Code or other IMO regulations may subject the shipowner or bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports. The USCG and European Union authorities have indicated that vessels not in compliance with the ISM Code by applicable deadlines will be prohibited from trading in U.S. and European Union ports, respectively. As of the date of this report, each of our vessels has a valid SMC, a document issued to the vessel which signifies that the Company and its shipboard management operate under the approved Management System. However, there can be no assurance that such certificates will be maintained in the future. The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations might have on our operations.

## **United States Regulations**

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

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

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

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

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective March 2023, the USCG adjusted the limits of OPA liability for a tank vessel, other than a single-hull tank vessel, over 3,000 gross tons liability to the greater of \$2,500 per gross ton or \$21,521,000 (subject to periodic adjustment for inflation), for non-tank vessels, edible oil tank vessels, and any oil spill response vessels, to the greater of \$1,300 per gross ton or \$1,076,000 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of any applicable U.S. federal safety, construction, or operating regulation by a responsible party (or its agent, employee, or a person acting pursuant to a contractual relationship), or a responsible party’s gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident as required by law where the responsible party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

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

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

The 2010 Deepwater Horizon oil spill in the Gulf of Mexico resulted in additional regulatory initiatives or statutes, including higher liability caps under OPA, new regulations regarding offshore oil and gas drilling, and a pilot inspection program for offshore facilities. However, several of these initiatives and regulations have been or may be revised. For example, the U.S. Bureau of Safety and Environmental Enforcement's revised Production Safety Systems Rule ("PSSR"), effective December 27, 2018, modified and relaxed certain environmental and safety protections under the 2016 PSSR. Compliance with any new requirements of OPA and future legislation or regulations applicable to the operation of our vessels could negatively impact the cost of our operations and adversely affect our business.

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

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

#### ***Other United States Environmental Initiatives***

The CAA requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. The CAA requires states to adopt State Implementation Plans some of which regulate emissions resulting from vessel loading and unloading operations which may affect our vessels.

The CWA prohibits the discharge of oil, hazardous substances, and ballast water in U.S. navigable waters unless authorized by a duly issued permit or exemption and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation, and damages and complements the remedies available under OPA and CERCLA. In 2015, the EPA expanded the definition of “waters of the United States” (“WOTUS”), thereby expanding federal authority under the CWA. In August 2023, the EPA and Department of the Army issued a final rule to amend the revised WOTUS definition to conform the definition of WOTUS to the U.S. Supreme Court’s interpretation of the CWA in its decision dated May 25, 2023. The final rule became effective September 8, 2023 and operates to limit the CWA. On March 12, 2025, the EPA announced it would work with the U.S. Army Corp of Engineers to review the definition of WOTUS and undertake a rulemaking process to revise the definition of WOTUS. During the rulemaking process, the EPA advised it would provide guidance implementing the pre-2015 definition of WOTUS. On November 17, 2025, the EPA and Army Corps proposed a new definition of WOTUS to align with the Supreme Court’s decision, narrowing federal jurisdiction and clarifying exclusions. Public comments closed on January 5, 2026 and will be taken into consideration as federal agencies take final action on the rule.

The EPA and the USCG have also enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial costs, and/or otherwise restrict our vessels from entering U.S. Waters. The EPA will regulate these ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters pursuant to the Vessel Incidental Discharge Act (“VIDA”), which was signed into law on December 4, 2018, and requires that the USCG develop implementation, compliance and enforcement regulations regarding ballast water. On October 26, 2020, the EPA published a Notice of Proposed rulemaking for Vessel Incidental Discharge National Standards of Performance under VIDA, and in November 2020, held virtual public meetings. On October 18, 2023, the EPA published a Supplemental Notice to the Vessel Incidental Discharge National Standards of Performance, which shares new ballast water information that the EPA received from the USCG. On September 20, 2024, the EPA finalized national standards of performance for non-recreational vessels 79-feet in length and longer with respect to incidental discharges and thus the Vessel Incidental Discharge National Standards of Performance were published on October 9, 2024. Within two years of publication, the USCG is required to develop corresponding implementation regulations. Therefore, until new USCG regulations are final and enforceable, non-military non-recreational vessels greater than 79 feet in length must continue to comply with the requirements of the 2013 VGP, including submission of a Notice of Intent (“NOI”) or retention of a PARI form and submission of annual reports. We shall submit NOIs for our vessels where required.

Compliance with the EPA, USCG, and state regulations requires the installation of ballast water treatment equipment on our vessels or the implementation of other port facility disposal procedures at potentially substantial cost, or may otherwise restrict our vessels from entering U.S. waters. Our vessels are equipped with ballast water treatment systems, which are subject to functionality monitoring and treated ballast water sampling and analysis, in compliance with the requirements stipulated in 2013 VGP.

### ***European Union Regulations***

On July 14, 2021, the European Commission published a package of draft proposals as part of its “Fit for 55” environmental legislative agenda and as part of the wider EU Green Deal growth strategy. There are two key initiatives relevant to maritime arising from the proposals: (a) a bespoke emissions trading scheme for maritime (“ETS”) which commenced in 2024 and applies to all ships above a gross tonnage of 5,000; and (b) a FuelEU regulation which seeks to require all ships above a gross tonnage of 5,000 to carry on board a “FuelEU certificate of compliance” starting June 30, 2026 as evidence of compliance with the limits on the greenhouse gas intensity of the energy used on-board by a ship and with the requirements on the use of on-shore power supply at berth. ETS was agreed in December 2022 and FuelEU was passed into law on July 25, 2023 and entered into force on January 1, 2025.

More specifically, ETS is to apply gradually over the period from 2024 to 2026. 40% of allowances had to be surrendered in 2024 for the year 2024; 70% of allowances will have to be surrendered in 2025 for the year 2025; 100% of allowances will have to be surrendered in 2026 for the year 2026. Compliance is to be on a company-wide (rather than per ship) basis and “shipping company” is defined widely to capture both the ship owner and any contractually appointed commercial operator/ship manager/bareboat charterer who not only assume full compliance for ETS but also under the ISM Code. If the latter contractual arrangement is entered into, this needs to be reflected in a certified mandate signed by both parties and presented to the administrator of the scheme. The first compliance deadline was September 30, 2025 and, going forward, compliance is required on September 30 of each year. The cap under the ETS is set by taking into account EU MRV system emissions data for the years 2018 and 2019, adjusted, from year 2021 and is to capture 100% of the emissions from intra-EU maritime voyages; 100% of emissions from ships at berth in EU ports and 50% of emissions from voyages which start or end at EU ports (but the other destination is outside the EU). Over time, amendments have emerged that will allow 100% of non-EU emissions to be caught, as a result of the IMO’s recent failure to introduce global market measures. In addition, the EU MRV system is also being revised such that the scope of ships to be monitored will now extend to those that are 400GT and more. The reason for this is because the ETS will likely apply to ships that are between 400GT and 5,000GT starting from *circa* 2027. EU MRV already captures cargo and offshore vessels between 400GT and 5,000GT as of January 1, 2025. The first deadline for the surrender of allowances was September 30, 2025, with a few shipping companies missing the deadline for opening a Maritime Operator Holding Account on time and

incurring penalties of €100 per each unreported ton of carbon. From a risk management perspective, new systems, personnel, data management systems, costs recovery mechanisms, revised service agreement terms and emissions reporting procedures have been put in place across the industry, at significant cost, to continue to manage the administrative aspect of ETS compliance.

Additionally, on July 25, 2023, the European Council of the European Union adopted FuelEU under the FuelEU Initiative of its “Fit for 55” package which sets limitations on the acceptable yearly greenhouse gas intensity of the energy used by covered vessels. Due to delays in the incorporation of the regulation into the Agreement on the European Economic Area (“EEA”), there will be delays in its implementation in Europe. Among other things, the Maritime Fuel Regulation requires that greenhouse gas intensity of fuel used by covered vessels is reduced by 2% starting January 1, 2025, with additional reductions contemplated every five years (up to 80% by 2050). Shipping companies may enter into pooling mechanisms with other shipping companies in order to achieve compliance, bank surplus emissions and borrow compliance balances from future years. Decisions whether to pool, bank or borrow Fuel EU compliance balances will have to be made by April 30, 2026. A FuelEU Document of Compliance is required to be kept on board a vessel to show compliance by June 30, 2026. Both the ETS and FuelEU schemes have significant impact on the management of the vessels calling to EU ports, by increasing the complexity and monitoring of, and costs associated with the operation of vessels and affecting the relationships with our time charterers.

Responsible recycling and scrapping of ships are becoming increasingly important issues for shipowners and charterers alike as the industry strives to replace old ships with cleaner, more energy efficient models. The recognition of the need to impose recycling obligations on the shipping industry is not new. In 2009, the IMO adopted the Hong Kong Ship Recycling Convention (the “Hong Kong Convention”), which sets standards for ship recycling. Concerned at the lack of progress in satisfying the conditions needed to bring the Hong Kong Convention into force, the EU published its own Ship Recycling Regulation 1257/2013 (SRR) in 2013, to facilitate early ratification of the Hong Kong Convention both within the EU and in other countries outside the EU. The 2013 regulations are vital to responsible ship recycling in the EU. SRR requires that, from 31 December 2020, all existing ships sailing under the flag of EU member states and non-EU flagged ships calling at an EU port or anchorage must carry on board an Inventory of Hazardous Materials with a certificate or statement of compliance, as appropriate. For EU-flagged vessels, a certificate (either an Inventory Certificate or Ready for Recycling Certificate) will be necessary, while non-EU-flagged vessels will need a Statement of Compliance. Now that the Hong Kong Convention has been ratified and entered into force on June 26, 2025, it is expected the EU Ship Recycling Regulation will be reviewed in light of this. Notably, the Hong Kong Convention has seen weak implementation and poor results to date, suggesting the EU may elect not to alter its regulation for the moment.

The European Union has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk ships, as determined by the type, age and flag, as well as the number of times the ship has been detained. The European Union also adopted and extended a ban on substandard ships and enacted a minimum ban period and a definitive ban for repeated offenses. The regulation also provided the European Union with greater authority and control over classification societies, by imposing more requirements on classification societies and providing for fines or penalty payments for organizations that failed to comply. Furthermore, the EU has implemented regulations requiring vessels to use reduced sulfur content fuel for their main and auxiliary engines. The EU Directive 2016/802 of the Council of May 11, 2016 introduced requirements parallel to those in Annex VI relating to the sulfur content of marine fuels. In addition, the EU imposed a 0.1% maximum sulfur requirement for fuel used by ships at berths in the Baltic, the North Sea, and the English Channel (the so-called “SOx-Emission Control Area”). As of January 2020, EU member states must also ensure that ships in all EU waters, except the SOx-Emission Control Area, use fuels with a 0.5% maximum sulfur content.

EU Directive 2004/35/CE (as amended) regarding the prevention and remedying of environmental damage addresses liability for environmental damage (including damage to water, land, protected species, and habitats) on the basis of the “polluter pays” principle. Operators whose activities caused the environmental damage are liable for the damage (subject to certain exceptions). With regard to specified activities causing environmental damage, operators are strictly liable. The directive applies where damage has already occurred and where there is an imminent threat of damage. The directive requires preventative and remedial actions, and that operators report environmental damage or an imminent threat of such damage.

In 2021, the EU adopted a European Climate Law (Regulation (EU) 2021/1119), establishing the aim of reaching net-zero greenhouse gas emissions in the EU by 2050, with an intermediate target of reducing greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. In July 2021, the European Commission launched the Fit for 55 (described above) to support the climate policy agenda.

On November 10, 2022, the EU Parliament adopted the Corporate Sustainability Reporting Directive (the “CSRD”). EU member states have 18 months to integrate it into national law. The CSRD creates new, detailed sustainability reporting requirements and will significantly expand the number of EU and non-EU companies subject to the EU sustainability reporting framework. The required disclosures will go beyond environmental and climate change reporting to include social and governance matters (for example, respect for employee and human rights, anti-corruption and bribery, corporate governance, and diversity and inclusion). In addition, it will require disclosure regarding the due diligence processes implemented by a company in relation to sustainability matters and the actual and potential adverse sustainability impacts of an in-scope company’s operations and value chain. The CSRD will apply on a phased basis, starting from the financial year 2024 through 2028, to large EU and non-EU undertakings subject to certain financial and employee thresholds being met (as described below). Following the publication of the Omnibus package of proposals on February 26, 2025, which are designed to simplify EU regulations and cut red tape, the application of all reporting requirements in the CSRD for companies that are due to report in 2026 and 2027 has been postponed to 2028 (in respect of the 2027 financial year). The Omnibus package was approved by the EU Parliament on December 16, 2025 and will simplify compliance for small and medium-sized entities and all companies with up to 1,000 employees and less than EUR 450 million turnover will be outside the scope of the CSRD. For companies that are in scope, the European Commission will adopt a delegated act to revise and simplify the existing sustainability reporting standards. The CSRD will now apply to (a) EU undertakings and non-EU issuers, who on an individual or group basis, have more than EUR 450 million net turnover and more than 1,000 employees on average during the financial year; and (b) non-EU ultimate parent undertakings that have more than EUR 450 million net turnover generated in the EU (individually or on a consolidated basis) for each of their last two consecutive financial years; and an EU subsidiary or a branch in the EU with more than EUR 200 million net turnover in the preceding financial year. New systems, personnel, data management systems and reporting procedures will have to be put in place, at significant cost, to prepare for and manage the administrative aspect of CSRD compliance.

A new Corporate Sustainability Due Diligence Directive (“CSDDD”) was also adopted on July 25, 2024 as part of the Fit for 55 Package and establishes a corporate due diligence duty. CSDDD was to apply to large companies with more than 1,000 employees and the turnover threshold EUR450 million. However, following the approval of the Omnibus agreement on December 16, 2025, CSDDD is now expected to apply from July 26, 2029 and the thresholds have now been revised to only apply to (a) EU undertakings that have or—if they are an ultimate parent undertaking, their group—has more than EUR 1.5 billion net turnover, and more than 5,000 employees on average during the financial year; and (b) non-EU undertakings that have or—if they are an ultimate parent undertaking, their group—has more than EUR 1.5 billion net turnover generated in the EU. The aim of CSDDD is to foster sustainable and responsible corporate behavior and to anchor human rights and environmental considerations in companies’ operations and corporate governance. The new rules endeavor to ensure that businesses address adverse impacts of their actions, including in their value chains inside and outside Europe. New systems, personnel, data management systems and reporting procedures will have to be put in place, at significant cost, to prepare for and manage the administrative aspect of CSDDD compliance.

### ***International Labour Organization***

The International Labour Organization, a specialized agency of the United Nations, adopted the Maritime Labour Convention, 2006 (“MLC 2006”) to establish minimum standards for the working and living conditions of seafarers. The MLC 2006 applies to all ships of 500 gross tonnage or more that are engaged in international voyages or fly the flag of a ratifying Member State and operate between ports in different countries. To demonstrate compliance, affected vessels must carry both a Maritime Labour Certificate and a Declaration of Maritime Labour Compliance, issued following inspection and approval by the vessel’s flag state. The Company has implemented a comprehensive Management System that establishes working and living standards for all seafarers onboard, which exceed the minimum requirements of the MLC 2006. As of the date of this report, all Company vessels have been issued valid MLC Certificates by their respective flag states. The MLC 2006 has been subject to periodic updates, with the most recent amendments entering into force on December 23, 2024, addressing issues such as access to drinking water, internet connectivity, repatriation costs, and protections during public health emergencies.

## **Greenhouse Gas Regulation**

Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change (this task having been delegated to the IMO), which entered into force in 2005 and pursuant to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions with targets extended through 2020. In December 2009, more than 27 nations, including the U.S. and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce greenhouse gas emissions. The 2015 United Nations Climate Change Conference in Paris resulted in the Paris Agreement, which entered into force on November 4, 2016, and does not directly limit greenhouse gas emissions from ships. On January 20, 2025, President Donald Trump signed an executive order initiating the United States' withdrawal from the Paris Agreement, which took effect on January 27, 2026.

At MEPC 70 and MEPC 71, a draft outline of the structure of the initial strategy for developing a comprehensive IMO strategy for the reduction of greenhouse gas emissions from ships was approved. In accordance with this roadmap, at MEPC 80 in July 2023, the IMO adopted the 2023 IMO Strategy on Reduction of GHG Emissions from Ships, which revoked the 2018 initial strategy. The 2023 IMO GHG Strategy identified a number of levels of ambition, including (1) decreasing the carbon intensity from ships through implementation of further phases of energy efficiency for new ships; (2) reducing carbon dioxide emissions from transport work, as an average across international shipping, by at least 40% by 2030, compared to 2008 and (3) adoption of zero or near-zero GHG emission technologies, fuels, and/or energy sources, striving to represent 10% of the energy sources used by international shipping by 2030; and (4) to reach net-zero GHG emissions by or around 2050. The IMO net-zero framework was approved by MEPC 83, including the new fuel standard for ships and a global pricing mechanism for emissions. These measures were submitted for adoption as legally binding, but in October 2025 the MEPC agreed to adjourn the meeting on adoption until 2026. The UK too is considering introducing a UK-based emissions trading scheme to apply from July 1, 2026 for ships above 5,000GT but for domestic voyages only (i.e. voyages taking place between two UK ports). These regulations could cause us to incur additional substantial expenses.

As noted above, at the MEPC 70 meeting in October 2016, IMO DCS was adopted which requires ships above 5,000 gross tons to report consumption data for fuel oil, hours under way and distance travelled. Unlike the EU MRV (see below), the IMO DCS covers any maritime activity carried out by ships, including dredging, pipeline laying, ice-breaking, fish-catching and off-shore installations. The SEEMPs of all ships covered by the IMO DCS must include a description of the methodology for data collection and reporting. After each calendar year, the aggregated data is reported to the flag state. If the data has been reported in accordance with the requirements, the flag state issues a statement of compliance to the ship. Flag states subsequently transfer this data to an IMO ship fuel oil consumption database, which is part of the Global Integrated Shipping Information System platform. IMO will then produce annual reports, summarizing the data collected. Thus, currently, data related to the GHG emissions of ships above 5,000 gross tons calling at ports in the EEA must be reported in two separate, but largely overlapping, systems: the EU MRV, which has applied since 2018, and the IMO DCS, which has applied since 2019. The proposed revision of Regulation (EU) 2015/757 adopted on 4 February 2019 aims to align and facilitate the simultaneous implementation of the two systems, however it is still not clear when the proposal will be adopted.

IMO's MEPC 76 adopted amendments to MARPOL Annex VI requiring ships to reduce greenhouse gas emissions. The Revised Annex VI entered into force on November 1, 2022, and introduced carbon intensity measures, including the Energy Efficiency Existing Ship Index ("EEXI") and the Carbon Intensity Indicator ("CII"). Further amendments to Annex VI relating to the reporting of EEXI and CII values to the IMO Data Collection System were adopted at MEPC 79 and became effective on May 1, 2024.

In 2021, the EU adopted a European Climate Law (Regulation (EU) 2021/1119), establishing the aim of reaching net zero greenhouse gas emissions in the EU by 2050, with an intermediate target of reducing greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. In July 2021, the European Commission launched the Fit for 55 (described above) to support the climate policy agenda. Starting in January 2018, large ships over 5,000 gross tonnage calling at EU ports have been required to collect and publish data on carbon dioxide emissions and other information. As previously discussed, regulations relating to the inclusion of greenhouse gas emissions from the maritime sector in the European Union's carbon market are also forthcoming.

In the United States, the EPA issued a finding that greenhouse gases endanger the public health and safety, adopted regulations to limit greenhouse gas emissions from certain mobile sources, and proposed regulations to limit greenhouse gas emissions from large stationary sources. The EPA or individual U.S. states could enact environmental regulations that could negatively affect our operations. For example, the EPA held a public hearing in January 2023 on a proposal to achieve comprehensive emissions reductions and in December 2023, issued a final rule to sharply reduce emissions of methane and other air pollution from oil and natural gas operations, including storage vessels. In 2024, the EPA issued a final Waste Emissions Charge rule to reduce methane emissions, applicable to waste emissions from high-emitting oil and gas facilities. On March 14, 2025, a joint Congressional resolution, signed by President Trump, disapproved the 2024 Waste Emissions Charge Rule, such that it is no longer in effect. The EPA is evaluating options and obligations with respect to implementing CAA section 136(c-g) (pertaining to methane emissions and waste reduction).

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

### ***Vessel Security Regulations***

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

Similarly, Chapter XI-2 of the SOLAS Convention imposes detailed security obligations on vessels and port authorities and mandates compliance with the International Ship and Port Facility Security Code (the “ISPS Code”). The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate (“ISSC”) from a recognized security organization approved by the vessel’s flag state. Ships operating without a valid certificate may be detained, expelled from, or refused entry at a port until they obtain an ISSC. The various requirements, some of which are found in the SOLAS Convention, include, for example:

- on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship’s identity, position, course, speed, and navigational status;
- on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities onshore;
- the development of vessel security plans;
- a ship identification number to be permanently marked on a vessel’s hull;
- a continuous synopsis record kept on board showing a vessel’s history, including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship’s identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and
- compliance with flag state security certification requirements.

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

All vessels have been issued with ISSC, which is subject to verifications that have ensured that the security system and any associated security equipment of the vessel fully complies with the applicable requirements of MTSA and the ISPS Code, is in satisfactory condition and fit for the service for which the vessel is intended.

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

### ***Inspection by Classification Societies***

Every commercial vessel must be classed by a classification society recognized by its country of registry and member of the International Association of Classification Societies, or IACS. The classification society certifies that a vessel is constructed to specific structural standards and carries out regular surveys throughout the vessel's service life to ensure continuing compliance with the standards. The Classification Certificate issued is required to enable the vessel's owner to register the ship and to obtain Marine Insurance on the ship. Commercially, it is required to be produced before a vessel's entry into ports or waterways and is of interest to Charterers and potential Buyers. The IACS has adopted harmonized Common Structural Rules, or the Rules, which apply to oil tankers and bulk carriers contracted for construction on or after July 1, 2015. The Rules attempt to create a level of consistency between IACS Societies. All of our vessels are certified as being "in class" by IACS recognized Classification Societies (e.g., Bureau Veritas, Lloyd's Register of Shipping).

The Class and Statutory Certificates need to be renewed every five (5) years. A vessel must undergo a five-year survey cycle consisting of periodical surveys, such as annual and intermediate surveys, and special or renewal surveys. Periodical surveys are carried out to confirm the vessel's compliance with Rules and Regulations. In the scope of ensuring the vessel's structural integrity, a docking survey is required twice in the five-year cycle and without exceeding a 36-month interval between surveys. Vessels younger than fifteen (15) years old can be exempted from the intermediate docking survey by an Underwater Inspection to Class acceptance. In lieu of a special survey, the vessel's Machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. In addition, Hull and Construction are surveyed and tested, resulting in the renewal of Class and Statutory Certificates. If any vessel does not maintain its class and/or fails any annual survey, intermediate survey, docking, or special survey, the vessel will be unable to carry cargo between ports and will be unemployable and uninsurable, which could cause us to be in violation of certain covenants in our bonds or loan agreements. Any such inability to carry cargo or be employed, or any such violation of covenants, could have a material adverse impact on our financial condition and results of operations.

### **Risk of Loss and Liability Insurance Coverage**

#### ***General***

The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage, and business interruptions due to political circumstances in foreign countries, piracy incidents, hostilities, and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. OPA, which imposes virtually unlimited liability upon shipowners, operators and bareboat charterers of any vessel trading in the exclusive economic zone of the United States for certain oil pollution accidents in the United States, has made liability insurance more expensive for shipowners and operators trading in the United States market.

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

### ***Hull and Machinery and War Risk Insurance***

We maintain for our vessels marine hull and machinery and war risks insurance, which covers, among other risks, the risk of actual or constructive total loss. Our vessels are each covered up to at least market value with deductibles which vary according to the size and value of the vessel.

### ***Protection and Indemnity Insurance***

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

We procure protection and indemnity insurance coverage for pollution in the amount of \$1 billion per vessel per incident. The 12 P&I Associations that comprise the International Group insure approximately 90% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each association's liabilities. The International Group's website states that the Pool provides a mechanism for sharing all claims in excess of \$10 million up to approximately \$8.9 billion. As a member of certain P&I Associations which are members of the International Group, we are subject to calls payable to the associations based on the group's claim records as well as the claim records of all other members of the individual associations and members of the pool of P&I Associations comprising the International Group. Supplemental calls may be made by the P&I Associations based on estimates of premium income and anticipated and paid claims, and such estimates are adjusted each year by the board of directors of the P&I Associations until the closing of the relevant policy year, which generally occurs within three years from the end of the policy year. We do not know whether any supplemental calls will be charged in respect of any policy year by the P&I Associations in which the Company's vessels are entered. To the extent we experience supplemental calls, our policy is to expense such amounts.

### **C. *Organizational Structure***

We are a corporation incorporated under the laws of the Republic of the Marshall Islands on January 7, 2010. We are the sole owner of all of the issued and outstanding shares of the subsidiaries listed in Exhibit 8.1 of this annual report.

### **D. *Property, Plants and Equipment***

Our in-house fleet manager, Performance Shipping Management Inc., rents our office space from unrelated third parties and owns office furniture and equipment.

Our only material properties are the vessels in our fleet.

### **Item 4A. *Unresolved Staff Comments***

Not applicable.

## Item 5. Operating and Financial Review and Prospects

The following management's discussion and analysis should be read in conjunction with our consolidated financial statements, and their notes included elsewhere in this report. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth in the section entitled "Item 3. Key Information—D. Risk Factors" and elsewhere in this report.

### A. Operating Results

We have historically chartered our vessels to customers primarily through short-term and medium-term time charters, on spot voyages and pool arrangements. Under our time charters, the charterer typically pays us a fixed daily charter hire rate and bears all voyage expenses, including the cost of bunkers (fuel oil) and port and canal charges. Under spot charter arrangements, voyage expenses that are unique to a particular charter are paid for by us. For vessels operating in pooling arrangements, we earn a portion of total revenues generated by the pool, net of expenses incurred by the pool. We remain responsible for paying the chartered vessel's operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel, the costs of spares and consumable stores, tonnage taxes, environmental costs, and other miscellaneous expenses. We also pay commissions to unaffiliated shipbrokers for the arrangement of the relevant charter and have historically paid for a limited period of time management fees and commissions to third-party managers.

### Factors Affecting Our Results of Operations

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

- *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.
- *Available days.* We define available days as the number of our ownership days less the aggregate number of days that our vessels are off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys, including the aggregate amount of time that we spend positioning our vessels for such events. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.
- *Operating days.* We define operating days, including ballast leg, as the number of available days in a period less the aggregate number of days that our vessels are off-hire. The specific calculation counts as on-hire the days of the ballast leg of the spot voyages, as long as a charter party is in place. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.
- *Fleet utilization.* We calculate fleet utilization by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades and special surveys, including vessel positioning for such events.
- *Time Charter Equivalent ("TCE") rates.* We define TCE rates as revenue (voyage, time-charter and pool revenue), less voyage expenses during a period divided by the number of our available days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel) expenses, canal charges and commissions. TCE is a non-GAAP measure. TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels despite changes in the mix of charter types (i.e., voyage (spot) charters, time charters, and bareboat charters).

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- **Daily Operating Expenses.** We define daily operating expenses as total vessel operating expenses, which include crew wages and related costs, the cost of insurance and vessel registry, expenses relating to repairs and maintenance, the costs of spares and consumable stores, lubricant costs, tonnage taxes, regulatory fees, environmental costs, lay-up expenses and other miscellaneous expenses divided by total ownership days for the relevant period.

The following table reflects our ownership days, available days, operating days, fleet utilization, TCE rate, and daily operating expenses for our fleet for the periods indicated.

	<b><u>For the year ended December 31, 2025</u></b>	<b><u>For the year ended December 31, 2024</u></b>	<b><u>For the year ended December 31, 2023</u></b>
Ownership days	2,577	2,562	2,901
Available days	2,528	2,525	2,830
Operating days	2,492	2,506	2,793
Fleet utilization	98.6%	99.2%	98.7%
Time charter equivalent (TCE) rate	\$ 31,246	\$ 32,954	\$ 36,954
Daily operating expenses	\$ 8,384	\$ 7,712	\$ 7,537

	<b><u>For the year ended December 31, 2025</u></b>	<b><u>For the year ended December 31, 2024</u></b>	<b><u>For the year ended December 31, 2023</u></b>
Revenue	\$ 84,172	\$ 87,445	\$ 108,938
Less voyage expenses	\$ (5,181)	\$ (4,237)	\$ (4,358)
Voyage and time charter equivalent rates	\$ 78,991	\$ 83,208	\$ 104,580
Available days	2,528	2,525	2,830
Time charter equivalent (TCE) rate	\$ 31,246	\$ 32,954	\$ 36,954

**Revenue**

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

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

Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time, but can yield lower profit margins than vessels operating in the spot charter market during periods characterized by favorable market conditions. Vessels operating in the spot or pool charter market generate revenues that are less predictable but may enable their owners to capture increased profit margins during periods of improvements in charter rates, although their owners would be exposed to the risk of declining charter rates, which may have a materially adverse impact on financial performance. As we employ vessels on time and spot or pool charters, we mitigate our charter rates fluctuation exposure.

Currently, the vessels in our fleet are employed either on pool charters or on time charters. Our charter agreements subject us to counterparty risk. In depressed market conditions, charterers may seek to renegotiate the terms of their existing charter agreements or avoid their obligations under those contracts. Should a counterparty fail to honor its obligations under agreements with us, we could sustain significant losses, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

### ***Voyage Expenses***

We incur voyage expenses that include port and canal charges, bunker (fuel oil) expenses and commissions. Port and canal charges and bunker expenses primarily increase in periods during which vessels are employed on voyage charters because these expenses are for the account of the owner of the vessels, while they are on the account of the charterer when vessels are time-chartered. Laid-up vessels, if any, do not incur bunkers costs. However, at times when our vessels are off-hire due to other reasons, we incur port and canal charges and bunker expenses.

We have paid commissions ranging from 0% to 2.5% of the total daily charter hire rate of each charter to unaffiliated shipbrokers, depending on the number of brokers involved with arranging the charter, and historically, we typically pay address commissions from 0% to 3.75% to our charterers. Additionally, Pure Brokerage and Shipping Corp, an affiliated entity, receives from us a fixed commission of 1.25% on gross freight and hire income generated by the vessels, subject to the specific terms of each employment contract. Our in-house fleet manager, Performance Shipping Management Inc. (ex Unitized Ocean Transport Limited), our wholly owned subsidiary, receives a commission that is equal to 2% of our gross revenues in exchange for providing us with technical and commercial management services in connection with the employment of our fleet. However, this commission is eliminated from our consolidated financial statements as an intercompany transaction.

### ***Vessel Operating Expenses***

Vessel operating expenses include crew wages and related costs, the cost of insurance and vessel registry, expenses relating to repairs and maintenance, the cost of spares and consumable stores, tonnage taxes, regulatory fees, environmental costs, lay-up expenses, and other miscellaneous expenses. Other factors beyond our control, some of which may affect the shipping industry in general, including, for instance, global epidemic and pandemic disruptions, inflationary pressures or the war in Ukraine and other global conflicts, which could cause our crew costs and other operating expenses to increase, developments relating to market prices for crew wages and insurance, may also cause these expenses to increase. In conjunction with our senior executive officers, our fleet manager has established an operating expense budget for each vessel and performs the day-to-day management of our vessels under separate management agreements with our vessel-owning subsidiaries. We monitor the performance of our fleet manager by comparing actual vessel operating expenses with the operating expense budget for each vessel.

### ***Vessel Depreciation***

We depreciate all our vessels on a straight-line basis over their estimated useful lives, which we estimate to be 25 years for our tanker vessels from the date of their initial delivery from the shipyard. Depreciation is based on the cost less the estimated salvage values. Each vessel's salvage value is the product of her light-weight tonnage and estimated scrap rate, which is estimated at \$350 per light-weight ton for all vessels in our fleet. We believe that these assumptions are common in the tanker industry.

### ***General and Administrative Expenses***

We incur general and administrative expenses, including our onshore related expenses such as legal and professional expenses. Certain of our general and administrative expenses have been provided for under our Brokerage Services Agreement with Pure Brokerage and Shipping Corp. We also incur payroll expenses of employees and general and administrative expenses reflecting the costs associated with running a public company, including board of director costs, director and officer insurance, investor relations, registrar and transfer agent fees, and legal and accounting costs related to our compliance with public reporting obligations and the Sarbanes-Oxley Act of 2002. For 2026, we expect our general and administrative expenses to remain relatively stable, as these expenses are largely fixed and not significantly impacted by changes in our fleet size. However, if inflation rates rise, we anticipate an increase in these expenses.

## **Interest and Finance Costs**

We have historically incurred interest expense and financing costs in connection with vessel-specific debt. As of December 31, 2025, our aggregate outstanding debt amounted to \$228.7 million. We expect to manage any exposure in interest rates through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments.

## **Interest Income**

Interest earned on cash and cash equivalents and restricted cash constitutes our interest income, which is separately presented in the consolidated statement of operations. For 2026, we expect our interest income to remain relatively constant, should we maintain our current level of cash balances, and assuming that the interest rates remain approximately the same.

## **Lack of Historical Operating Data for Vessels before their Acquisition**

Consistent with shipping industry practice, other than inspection of the physical condition of the vessels and examinations of classification society records, there is no historical financial due diligence process when we acquire vessels. Accordingly, we do not obtain the historical operating data for the vessels from the sellers because that information is not material to our decision to make acquisitions, nor do we believe it would be helpful to potential investors in our common shares in assessing our business or profitability. Most vessels are sold under a standardized agreement, which, among other things, provides the buyer with the right to inspect the vessel and the vessel's classification society records. The standard agreement does not give the buyer the right to inspect, or receive copies of, the historical operating data of the vessel. Prior to the delivery of a purchased vessel, the seller typically removes from the vessel all records, including past financial records and accounts related to the vessel. In addition, the technical management agreement between the seller's technical manager and the seller is automatically terminated, and the vessel's trading certificates are revoked by its flag state following a change in ownership.

Consistent with shipping industry practice, we treat the acquisition of a vessel (whether acquired with or without charter) as the acquisition of an asset rather than a business. Although vessels are generally acquired free of charter, we have in the past, and we may in the future, acquire vessels with existing time charters. When a vessel has been under a voyage charter, it is delivered to the buyer free of charter. It is rare in the shipping industry for the last charterer of the vessel under the seller to continue as the first charterer of the vessel under the buyer. In most cases, when a vessel is under a time charter and the buyer wishes to assume that charter, the vessel cannot be acquired without the charterer's consent and the buyer entering into a separate direct agreement with the charterer to assume the charter. The purchase of a vessel itself does not transfer the charter, because it is a separate service agreement between the vessel owner and the charterer.

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

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

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

Our business is mainly comprised of the following elements:

- acquisition and disposition of vessels;

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

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

- vessel maintenance and repair;
- crew selection and training;
- vessel spares and stores supply;
- contingency response planning;
- on board safety procedures auditing;
- accounting;
- vessel insurance arrangement;
- vessel chartering;
- vessel hire management;
- vessel surveying; and
- vessel performance monitoring.

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

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

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

- rates and periods of charter hire;
- levels of vessel operating expenses;
- depreciation expenses;
- financing costs; and
- fluctuations in foreign exchange rates.

See "Item 3. Key Information—D. Risk Factors" for additional factors that may affect our business.

***Our Fleet - Comparison of Possible Excess of Carrying Value Over Estimated Charter-Free Market Value of our Vessels***

In "Critical Accounting Estimates and Policies" we discuss our policy for impairing the carrying values of our vessels. Historically, the market values of vessels have experienced volatility, which from time to time may be substantial. As a result, the charter-free market value of certain of our vessels may have declined below those vessels' carrying value, even though we would not impair those vessels' carrying value under our accounting impairment policy. In 2025, 2024 and 2023, we did not record any impairment charge.

Based on: (i) the carrying value of each of our vessels as of December 31, 2025 plus the carrying value of any unamortized dry docking cost; and (ii) what we believe the charter-free market value of each of our vessels was as of December 31, 2025, the aggregate charter-free market values at the time exceeded their aggregate carrying value of all of our vessels by approximately \$93.6 million, and also there were no individual vessels whose charter-free market value was below its book value.

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

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

As we obtain information from various industry reports and other sources, our estimates of charter-free market values are inherently uncertain. In addition, vessel values are highly volatile; as such, our estimates may not be indicative of the current or future charter-free market values of our vessels or prices that we could achieve if we were to sell them. We also refer you to the risk factor under “Item 3. Key Information—D. Risk Factors” entitled “Tanker vessel values may fluctuate due to economic and technological factors, which may adversely affect our financial condition, or result in the incurrence of a loss upon disposal of a tanker vessel, impairment losses, or increases in the cost of acquiring additional tanker vessels”.

Vessel	DWT	Year Built	Carrying Value of vessels; net book value, unamortized drydock cost (in millions of US dollars)	
			At	At
			December 31, 2025	December 31, 2024
1. Blue Moon	104,623	2011	\$ 22.1	\$ 23.7
2. Briquette	104,588	2011	\$ 21.9	\$ 23.6
3. P. Sophia	105,071	2009	\$ 22.5	\$ 24.8
4. P. Aliko	105,304	2010	\$ 29.9	\$ 31.6
5. P. Monterey	105,525	2011	\$ 28.7	\$ 30.8
6. P. Long Beach	105,408	2013	\$ 37.2	\$ 39.8
7. P. Yanbu	105,391	2011	\$ -	\$ 17.7
8. P. Massport	114,036	2025	\$ 66.3	\$ -
9. P. Tokyo	114,014	2025	\$ 67.5	\$ -
10. P. Beverly Hills	157,286	2019	\$ 77.9	\$ -
11. P. Bel Air	157,286	2019	\$ 77.8	\$ -
<b>Total Carrying Value</b>			<b>\$ 451.8</b>	<b>\$ 192.0</b>

### Critical Accounting Estimates and Policies

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

Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies when we acquire and operate vessels, because they generally involve a comparatively higher degree of judgment in their application. For a description of all our significant accounting policies, see Note 2 to our consolidated financial statements included in this annual report.

## ***Accounting for Revenues***

Since our vessels are employed under time charter contracts, voyage charters, and pool arrangements, we disaggregate our revenue from contracts with customers by the type of charter (time charters, spot charters and pool arrangements).

We have determined that all of our time charter agreements contain a lease and are therefore accounted for as operating leases in accordance with ASC 842. Time charter revenues are accounted for over the term of the charter as the service is provided. Vessels are chartered when a contract exists, and the vessel is delivered (commencement date) to the charterer, for a fixed period of time, at rates that are generally determined in the main body of charter parties and the relevant voyage expenses burden the charterer (i.e., port dues, canal tolls, pilotages, and fuel consumption). Upon delivery of the vessel, the charterer has the right to control the use of the vessel (under agreed prudent operating practices) as they have the enforceable right to: (i) decide the delivery and redelivery time of the vessel; (ii) arrange the ports from which the vessel shall pass; (iii) give directions to the master of the vessel regarding vessel's operations (i.e., speed, route, bunkers purchases, etc.); (iv) sub-charter the vessel and (v) consume any income deriving from the vessel's charter. Any off-hires are recognized as incurred. The charterer may charter the vessel with or without the owner's crew and other operating services. In the case of time charter agreements, the agreed hire rates include compensation for part of the agreed crew and other operating services provided by the owner (non-lease components). We, as a lessor, elected to apply the practical expedient which allowed us to account for the lease and the non-lease components of time charter agreements as one, as the criteria of the paragraphs ASC 842-10-15-42A through 42B are met.

Spot, or voyage, charter is a charter where a contract is made in the spot market for the use of a vessel for a specific voyage for a specified freight rate per ton, regardless of time to complete. We have determined that under voyage charters, the charterer has no right to control any part of the use of the vessel. Thus, our voyage charters do not contain a lease and are accounted for in accordance with ASC 606. More precisely, we satisfy our single performance obligation to transfer cargo under the contract over the voyage period. Thus, revenues from voyage charters on the spot market are recognized ratably from the date of loading (Notice of Readiness to the charterer, that the vessel is available for loading) to discharge date of cargo (loading-to-discharge). Voyage charter payments are due upon discharge of the cargo. Demurrage revenue, which is included in voyage revenues, represents charterers' reimbursement for any potential delays exceeding the allowed lay time as per charter party agreement, represents a form of variable consideration and is recognized as the performance obligation is satisfied. We have taken the practical expedient not to disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

For vessels operating in pooling arrangements, we earn a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, including our vessels, is determined in accordance with an agreed-upon formula, which is determined by the margins awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics. Revenue under pooling arrangements is accounted for as variable rate operating lease on the accrual basis and is recognized in the period in which the variability is resolved. We recognize net pool revenue on a quarterly basis, when the vessel has participated in a pool during the period and the amount of pool revenue can be estimated reliably based on the pool report. The allocation of such net revenue may be subject to future adjustments by the pool, however, such changes are not expected to be material.

## ***Impairment of Long-lived Assets***

We follow ASC 360-10-40 "Impairment or Disposal of Long-Lived Assets", which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. We review vessels for impairment whenever events or changes in circumstances (such as market conditions, the economic outlook, technological, regulatory and environmental developments, obsolescence or damage to the asset, potential sales and other business plans) indicate that the carrying amount of a vessel plus her unamortized dry-dock costs may not be recoverable. When the estimate of future undiscounted net operating cash flows, excluding interest charges, expected to be generated by the use of the vessel over her remaining useful life and her eventual disposition is less than her carrying amount plus unamortized dry-dock costs, we evaluate the vessel for an impairment loss. The measurement of the impairment loss is based on the fair value of the vessel. We determine the fair value of our vessels based on assumptions, by making use of available market data and taking into consideration third-party valuations. We evaluate the carrying amounts and periods over which vessels are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, management reviews certain indicators of potential impairment, such as undiscounted projected operating cash flows, vessel sales and purchases, business plans, and overall market conditions. In developing estimates of future undiscounted cash flows, we make assumptions and estimates about the vessels' future performance, with the significant assumptions being related to charter rates and fleet utilization, while other assumptions include vessels' operating expenses, vessels' residual value, dry-dock costs, and the estimated remaining useful life of each vessel. The assumptions used to develop estimates of future undiscounted cash flows are based on historical trends as well as future expectations. We also take into account factors such as the vessels' age and employment prospects under the then current market conditions, and determine the future undiscounted cash flows considering its various alternatives, including sale possibilities existing for each vessel as of the testing dates.

In detail, the projected net operating cash flows are determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily rate for the unfixed days (based on the most recent 10 year average historical rates available for each type of vessel) over the remaining estimated life of each vessel, net of commissions, expected outflows for scheduled vessels' maintenance and vessel operating expenses assuming an average annual inflation rate. Effective fleet utilization, which is estimated based on the vessels' historical performance, is included in our exercise taking into account the period(s) each vessel is expected to undergo her scheduled maintenance (dry docking and special surveys), assumptions in line with our historical performance since the acquisition of our tanker vessels, peers' historical performance, and its expectations for future fleet utilization under our fleet employment strategy. For 2025, 2024 and 2023, we assessed that there were no indications for potential impairment of any of our vessels, including vessels under construction.

## RESULTS OF OPERATIONS

*Year ended December 31, 2025, compared to the year ended December 31, 2024*

### Results of Operations

	For the Years Ended December 31,			
	2025	2024	variation	% change
	in millions of U.S. dollars			
Revenue	\$ 84.2	\$ 87.5	\$ (3.3)	(3.8)%
Voyage expenses	\$ (5.2)	\$ (4.2)	\$ (1.0)	23.8%
Vessel operating expenses	\$ (21.6)	\$ (19.8)	\$ (1.8)	9.1%
Depreciation and amortization of deferred charges	\$ (15.1)	\$ (13.4)	\$ (1.7)	12.7%
General and administrative expenses	\$ (9.7)	\$ (8.3)	\$ (1.4)	16.9%
Gain on vessel's sale	\$ 19.5	\$ 0.0	\$ 19.5	-
Foreign currency losses	\$ (0.1)	\$ (0.0)	\$ (0.1)	-
Interest and finance costs	\$ (6.8)	\$ (1.4)	\$ (5.4)	385.7%
Interest income	\$ 4.8	\$ 3.3	\$ 1.5	45.5%
Net income	\$ 50.0	\$ 43.7	\$ 6.3	14.4%

*Net Income.* Net income for 2025 amounted to \$50.0 million, compared to a net income of \$43.7 million in 2024. The income of the year ended December 31, 2025, was higher as compared to 2024, mainly because of the gain of \$19.5 million recorded in connection with the sale of our tanker vessel *P. Yanbu* in March 2025.

*Revenues.* Revenues for 2025 amounted to \$84.2 million, compared to \$87.5 million in 2024. In 2025, revenues decreased mainly as a result of lower TCE rates achieved in 2025. On average, the TCE's achieved by our tanker vessels amounted to \$31,246 in 2025 and \$32,954 in 2024.

*Voyage Expenses.* Voyage expenses for 2025 amounted to \$5.2 million, compared to \$4.2 million in 2024. Voyage expenses mainly consist of bunkers costs, port and canal expenses, EU ETS expenses and commissions paid to third-party brokers. The increase in voyage expenses in 2025 compared to 2024 was mainly attributable to the EU allowances related expense, in connection with the EU ETS compliance.

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*Vessel Operating Expenses.* Vessel operating expenses for 2025 amounted to \$21.6 million, compared to \$19.8 million in 2024, and mainly consist of crew wages and related costs, consumables and stores, insurances, repairs and maintenance costs, environmental compliance and other miscellaneous expenses. The increase in operating expenses is attributable to increased average crew and stores and spares costs.

*Depreciation and Amortization of Deferred Charges.* Depreciation and amortization of deferred charges in 2025 amounted to \$15.1 million, compared to \$13.4 million in 2024, and mainly represent the depreciation expense and the amortization of the dry-dock costs for our vessels. The increase in 2025 was mainly attributable to increased depreciation expense, after the delivery of the vessels *P. Massport*, *P. Tokyo*, *P. Bel Air* and *P. Beverly Hills* from July to December 2025, despite the disposal of the vessel *P. Yanbu* in March 2025, and also due to increased drydock amortization expense, after the special survey completed of the vessel *P. Alike* in September 2025, and of the *P. Sophia* in November 2024.

*General and Administrative Expenses.* General and administrative expenses for 2025 amounted to \$9.7 million, compared to \$8.3 million in 2024, and mainly consist of payroll expenses of the office employees, consultancy fees, brokerage services fees, compensation cost on restricted stock awards, legal fees and audit fees. The increase in general administrative expenses was mainly attributable to increased payroll and consultancy fees, offsetting the decreased legal costs.

*Gain on Vessel's Sale.* During 2025 we recorded a gain of \$19.5 million in relation to the sale of our vessel *P. Yanbu* in March 2025. In 2024 there were no vessels' disposals.

*Interest and Finance Costs.* Interest and finance costs for 2025 amounted to \$6.8 million, compared to \$1.4 million in 2024, and includes the interest expense on our bank loans, our sale-leaseback facilities and our bond, and also imputed interest capitalized for the four newbuilding vessels *P. Massport*, *P. Tokyo*, *P. Marseille* and *P. San Francisco*. The increase of interest and finance costs in 2025 is mainly attributable to our \$100.0 million bond issued in July 2025, for which we pay a fixed coupon of 9.875% per annum. Imputed interest, capitalized, increased to \$3.0 million in 2025 from \$2.4 million in 2024.

*Interest Income.* Interest income for 2025 and 2024 amounted to \$4.8 million and \$3.3 million, respectively, and mainly consisted of interest income received on deposits of cash and cash equivalents. The interest income in 2025 increased as compared to 2024, mainly due to increased average cash deposits held during the year.

***Year ended December 31, 2024, compared to the year ended December 31, 2023***

Please refer to our annual report on Form 20-F for the year ended December 31, 2024, as filed with the SEC on April 16, 2025.

**B. *Liquidity and Capital Resources***

We have historically financed our capital requirements with cash flow from operations, equity contributions from shareholders, and long- and medium-term debt. Our operating cash flow is generated from charters on our vessels, through our subsidiaries. Our main uses of funds have been capital expenditures for the acquisition of new vessels, expenditures incurred in connection with ensuring that our vessels comply with international and regulatory standards, repayments of loans, and payments of dividends. At times when we are not restricted by our lenders from acquiring additional vessels, we will require capital to fund vessel acquisitions and debt service.

During the COVID-19 pandemic, global financial markets, including financial markets in the U.S., experienced even greater relative volatility and a steep and abrupt downturn. More recently, the war between Russia and Ukraine and resulting sanctions, and the Middle East disruption have disrupted supply chains and cause instability in the energy markets and the global economy, which have experienced significant volatility. Credit markets and the debt and equity capital markets have been distressed, and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide, particularly for the shipping industry. These issues, along with significant write-offs in the financial services sector, the repricing of credit risk, and the current weak economic conditions, have made, and will likely continue to make it difficult to obtain additional financing. The current state of global financial markets and current economic conditions might adversely impact our ability to issue additional equity at prices that will not be dilutive to our existing shareholders or preclude us from issuing equity at all.

As of December 31, 2025 and 2024, our working capital, which is current assets minus current liabilities, including the current portion of long-term debt, was \$31.8 million and \$64.0 million, respectively. Management monitors the Company's liquidity position to ensure that it has access to sufficient funds to meet its forecasted cash requirements, including debt service commitments, and to monitor compliance with the financial covenants within its loan facilities. Our loan facilities require that we maintain a minimum liquidity balance (compensating cash balance) and a certain level of restricted cash throughout the life of the loans. Currently, and in the short- and long-term, our primary sources of funds are and are expected to be available cash, cash from operations, proceeds from long-term debt and proceeds from equity offerings, or a combination of those. Our primary liquidity needs in the short- and long-term are expected to include debt amortization, capital expenditures for the acquisition of new vessels, and the payment of preferred dividends. We believe that our working capital will be sufficient to meet our liquidity needs and to comply with our banking covenants for at least twelve months from the end of the period presented in the financial statements included in this report, and that these sources of funds which we anticipate being available to us will be sufficient to meet our long-term liquidity needs.

For the upcoming 12 months from the date of this annual report, we expect to drawdown approximately \$37.8 million under our sale and leaseback agreements, and we are obligated to make debt payments of \$18.7 million in the aggregate under the terms of our existing loan facilities (including \$12.8 million as full repayment of the *P. Alike* portion under the Alpha Bank loan upon the vessel's sale), payments under our sale and leaseback agreements of our newbuilding vessels of \$8.1 million, payments under our bonds \$14.8 million, and dividends of \$1.8 million in the aggregate will accrue on our outstanding Series B Preferred Shares and Series C Preferred Shares, assuming that the number of our Series B Preferred Shares and Series C Preferred Shares remained unaltered, and that such dividends are paid in cash.

With respect to the shipbuilding contract of the Hull 1624 that we entered into in April 2024, in June 2024 we paid the first installment of the purchase price in the amount of \$8.5 million, in December 2025 we paid the second installment in the amount of \$5.7 million, and we will additionally pay 10% of the purchase price at each of the milestones of keel laying, and launching of the vessel, and the remaining 55% of the purchase price is payable upon the delivery of the vessel. On April 16, 2026 we made the first installment payments under the shipbuilding contracts we entered into on March 2, 2026, while the remaining installments are tied to specific construction milestones, the timing of which is uncertain. For additional information on the amortization of our long-term debt obligations, see "—Loan Facilities." For information on our future capital expenditures, see "—Capital Expenditures." In order to meet our liquidity needs, we may enter into new debt facilities in the future, as well as equity or debt instruments, although there can be no assurance that we will be able to obtain additional debt or equity financing on terms acceptable to us, which will also depend on financial, commercial and other factors, as well as a significant recovery in capital market conditions and a sustainable improvement in the tankers' charter market, that are beyond our control.

### ***Cash Flow***

As of December 31, 2025, cash and cash equivalents amounted to \$49.3 million (including restricted cash of \$1.1 million and compensating cash balances of \$20.0 million), compared to \$71.3 million (including restricted cash of \$1.0 million and compensating cash balances of \$10.0 million) for the prior year. We consider highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are primarily held in U.S. dollars.

### ***Net Cash Provided by Operating Activities***

Net cash provided by operating activities in 2025 amounted to \$50.1 million. Net cash provided by operating activities in 2024 amounted to \$59.9 million. Net cash provided by operating activities in 2023 amounted to \$68.0 million. Cash from operations in 2025 decreased compared to 2024, mainly due to slightly lower TCE rates and increased daily operating expenses, as compared to 2024. Cash from operations in 2024 decreased compared to 2023, mainly due to reduced ownership days of our fleet and to slightly lower TCE, as compared to 2023.

### ***Net Cash (Used in) / Provided by Investing Activities***

Net cash used in investing activities in 2025 was \$244.6 million and consists of \$26.9 million that we paid as advances and other capitalized costs for our newbuildings, \$254.6 million that we paid for vessel acquisitions, \$36.9 million net proceeds received from the sale of one Aframax tanker vessel during the year, and \$54 thousand we paid for equipment additions.

Net cash used in investing activities in 2024 was \$47.4 million and consists of \$47.2 million that we paid as advances and other capitalized costs for our newbuildings, \$0.2 million that we paid for vessels' improvement costs mainly relating to Panama canal fittings on one of our vessels, and \$17 thousand we paid for equipment additions.

Net cash provided by investing activities in 2023 was \$25.7 million and consists of \$37.6 million net proceeds received from the sale of one Aframax tanker vessel during the year, \$11.3 million that we paid as advances and other capitalized costs for our newbuildings, \$0.1 million that we paid for vessel acquisitions, \$0.5 million that we paid for vessels' improvement costs mainly relating to the installation of the ballast water treatment system on certain of our vessels, and \$38 thousand we paid for equipment additions.

### ***Net Cash Provided by / (Used In) Financing Activities***

Net cash provided by financing activities in 2025 was \$172.5 million and consists of \$119.4 million of loan proceeds, \$97.0 million of bond proceeds, net of discounts, \$38.4 million of loan repayments, \$3.7 million paid for financing costs and \$1.8 million that we paid as cash dividends to our preferred shareholders.

Net cash used in financing activities in 2024 was \$9.4 million and consists of \$7.5 million of bank loan repayments, \$0.2 million proceeds from the exercise of warrants, \$1.8 million that we paid as cash dividends to our preferred shareholders, and \$0.2 million of payments of financing costs.

Net cash used in financing activities in 2023 was \$65.1 million and consists of \$75.4 million of bank loan repayments, \$2.1 million of bank loan proceeds, \$11.4 million net proceeds from the issuance of units, common shares and warrants, \$0.3 million proceeds from the exercise of warrants, \$0.5 million proceeds from the issuance of preferred shares, \$0.7 million net proceeds from the issuance of common shares under our ATM program, \$2.8 million that we paid for the repurchase of our common shares and \$1.9 million that we paid as cash dividends to our preferred shareholders.

### **Loan Facilities**

As of December 31, 2025, we had \$41.2 million of long-term debt outstanding under our bank loan facilities. As of April 24, 2026, we had \$38.3 million aggregate amount of indebtedness outstanding under our bank loan facilities. As of December 31, 2024, we had \$47.7 million of long-term debt outstanding under our bank loan facilities.

As of December 31, 2025 and 2024, and the date of this report, we have not used any derivative instruments for hedging purposes or other purposes.

Our bank loans are repayable in quarterly installments plus one balloon installment per loan agreement to be paid together with the last installment, and currently bear variable interest at SOFR plus a fixed margin ranging from 0.50% to 2.50%. Their maturities fall due from August 2028 to July 2030. As of December 31, 2025, all our bank loans were collateralized by four out of our ten tanker vessels. For a description of our loan facilities, please see Note 7 to our annual consolidated financial statements included elsewhere in this annual report.

### ***Nordea Bank Abp, Filial i Norge (Nordea):***

On July 24, 2019, we, through two of our wholly owned subsidiaries (the "Initial Borrowers"), entered into a loan agreement with Nordea for a senior secured term loan facility of up to \$33.0 million (as amended from time to time, the "Nordea Facility"). The purpose of the loan facility was to partially finance the acquisition cost of the tanker vessels *Blue Moon* and *Briolette*. In July and November 2019, the Initial Borrowers drew down the maximum amount of \$16.5 million each.

On December 23, 2019, we, through the “Initial Borrowers” and one new wholly owned subsidiary (collectively “the Borrowers”), entered into the first amendment and restatement loan agreement with Nordea for a senior secured term loan facility of up to \$47.0 million. The purpose of the amended agreement was to provide additional financing of up to \$14.0 million for the acquisition of the tanker vessel *P. Fos*, and in all other respects included identical terms to the initial agreement of July 2019, or the Initial Agreement. On January 22, 2020, we drew down the amount of \$14.0 million to support the acquisition of the vessel *P. Fos*, whose delivery took place on January 27, 2020.

On March 20, 2020, we signed the second amendment and restatement loan agreement with Nordea for a senior secured term loan facility of up to \$59.0 million. The purpose of the second amendment and restatement loan agreement was to provide additional financing of up to \$12.0 million for the acquisition of the tanker vessel *P. Kikuma* (ex *FSL Shanghai*), and in all other respects included identical terms to the prior agreement of December 2019. On March 26, 2020, we drew down the amount of \$12.0 million. The vessel *P. Kikuma* was delivered to us on March 30, 2020.

On December 9, 2020, we refinanced the outstanding indebtedness relating to the vessels *P. Fos* and *P. Kikuma* in the aggregate amount of \$21.2 million using a portion of the proceeds from the Piraeus Facility (described below). Concurrently, we entered into a Supplemental Loan Agreement with Nordea, to amend the existing repayment schedules of the *Blue Moon* and *Briolette* tranches and to amend the major shareholder’s clause included in the agreement. The First and Second Amendment and Restatement Loan Agreements, and the Supplemental Loan Agreement with Nordea included substantially identical terms to the Initial Agreement.

In November 2021, Nordea provided their consent for a reduction of our minimum liquidity requirement from \$9.0 million to \$5.0 million, with an effective date December 31, 2021 through June 30, 2022, and effective July 1, 2022, the respective clause was reinstated to its initial requirements.

On August 7, 2023, we refinanced the Nordea Facility, which at that time had an outstanding balance (including interest) of \$17.9 million, by entering into an agreement for a Revolving Credit Facility (the “Nordea RCF”) in an amount not exceeding \$20.0 million at any one time with Nordea, through certain wholly-owned subsidiaries. As such, we drew down an amount of \$2.1 million, which is reflected line item “Proceeds from Long-term bank debt” in the accompanying consolidated statements of cash flows. The Nordea RCF matures in 5 years from the signing date of the agreement.

As of December 31, 2025, the outstanding balance on the Nordea RCF was \$12.5 million.

#### **Alpha Bank S.A.:**

In November 2022, we, through our vessel-owning subsidiary of the vessel “P. Aliko” signed a loan agreement with Alpha Bank S.A (“Alpha Bank”), to support the acquisition of the vessel by providing a secured term loan of up to \$18.3 million, or the “P. Aliko” loan. The maximum loan amount was drawn down upon the vessel’s delivery to us in November 2022.

In December 2022, we, through our vessel-owning subsidiary of the vessel “P. Long Beach” signed a loan agreement with Alpha Bank S.A, to support the acquisition of the vessel by providing a secured term loan of up to \$22.0 million, or the “P. Long Beach” loan. The maximum loan amount was drawn down upon the vessel’s delivery to us in December 2022.

In April 2024, we agreed with Alpha Bank to amend the interest rate clauses of the two loan agreements discussed above. We can, at our option, place in collateral accounts amounts equal, or less, to each outstanding loan principal for the benefit of lowering the margin of the loans from 2.35% and 2.60% to 0.65%. The amounts placed in the collateral accounts are not legally restricted as long as we have not received from the lenders any notice for an event of default, and may, at our option, be withdrawn from the respective collateral accounts on the last day of an interest period with prior written notice to the Lender. Upon such withdrawal, the initial margin (2.35% for the “P. Long Beach” loan, and 2.60% for the “P. Aliko” loan) shall reinstate on such part of the loan. Accordingly, as of December 31, 2025, we had placed in Alpha Bank’s collateral accounts the aggregate amount of \$28.7 million, being equal to the loans’ outstanding principal amounts, and these cash amounts are included in Cash and cash equivalents in our consolidated balance sheets.

In July 2025, we, through two of our wholly owned subsidiaries, signed a new loan agreement with Alpha Bank for an aggregate amount of \$29.8 million with the purpose of refinancing the existing indebtedness with the lenders. The new loan agreement extends the maturity of the loan to five years from drawing, reduces the applicable margin to 1.90% and includes financial and informational covenants similar to the two previously existing loan agreements with Alpha Bank. On July 24, 2025, we drew down in full the amount of \$29.8 million and repaid an equal amount in respect of the indebtedness of the previous loan agreements with Alpha Bank, which were consequently terminated. As of December 31, 2025, the outstanding balance on the Alpha Bank loan was \$28.7 million.

### ***Sale-Leaseback Agreements:***

As of December 31, 2025, we had \$87.5 million of debt outstanding under our sale-leaseback agreements. As of April 24, 2026, we had \$130.2 million aggregate amount of indebtedness outstanding under our sale-leaseback agreements. Their maturities fall due from 2033 to 2035.

On July 16, 2024, we entered into a sale and leaseback agreement with an unaffiliated third party for our vessel *P. Massport*. The bareboat financing amount totals \$44.3 million and as part of this agreement, the vessel was sold upon its delivery from the shipyard and was chartered back on a bareboat basis for an eight-year period from delivery at bareboat charter rates equivalent to 96 monthly installments of \$7,132 per day and a balloon payment of approximately \$23.7 million payable together with the last installment, with an implied interest rate of Term SOFR plus 2.425% per annum. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

On October 24, 2024, we entered into a sale and leaseback agreement with an unaffiliated third party for our vessel *P. Tokyo*. The bareboat financing amount totals approximately \$45.39 million. As part of this agreement, the vessel was sold upon its delivery from the shipyard and then chartered back on a bareboat basis for a ten-year period starting from delivery from the shipyard. The bareboat charter includes 120 monthly installments at a fixed rate of \$211,500 plus a variable rate calculated monthly at an implied interest rate of SOFR plus 2.1% per annum. Additionally, a balloon payment of approximately \$20 million payable together with the last installment for the repurchase of the vessel. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

On March 5, 2025, we entered into a sale and leaseback agreement with an unaffiliated third party for our vessel *P. Marseille*. The bareboat financing amount totals \$45 million and as part of this agreement, the vessel will be sold and chartered back on a bareboat basis for an eight-year period from delivery at bareboat charter rates equivalent to 96 monthly installments of \$6,850 per day and a balloon payment of approximately \$25 million payable together with the last installment, with an implied interest rate of Term SOFR plus 2.05% per annum. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

On March 16, 2026, we entered into a sale and leaseback agreement with an unaffiliated third party for one of our newbuild LR1 tanker newbuilding vessels. The bareboat financing amount totals \$37.8 million. As part of this agreement, the vessel will be sold and then chartered back to the Company on a bareboat basis for a ten-year period starting from delivery from the shipyard. The bareboat charter includes 120 monthly installments equivalent to \$5,451 per day, with an implied interest rate of Term SOFR plus 2.00% per annum. Additionally, a balloon payment of approximately \$18.1 million will be due together with the last installment. We have continuous options to repurchase the Vessel at predetermined rates following the second anniversary of the bareboat charter.

### ***Nordic Trustee Bond (“the Bonds”)***

On July 2, 2025, we successfully placed \$100.0 million of bonds in the Nordic bond market. The new bonds are due to mature in July 2029 and pay a fixed coupon of 9.875% per annum, payable semi-annually in arrears and were priced at 97% of par. At the closing of the offering on July 17, 2025, we received net proceeds of \$94.7 million, which should be used for tanker acquisitions or bond repurchases. The bonds are partially secured by first priority mortgages over our two oldest tanker vessels, the *P. Monterey* and the *P. Sophia*, for which we signed a Memorandum of Agreement to sell to unaffiliated parties in mid 2026. The bond proceeds were blocked and restricted, until their utilization in December 2025 for the acquisition of the two Suezmax vessels *P. Beverly Hills* and *P. Bel Air*. As per the bond terms, if any collateral vessel is sold, then have the option to use the sale proceeds to repay similar part of the bond, or to keep the sale proceeds for the purpose of buying additional tanker vessels. The bond agreement also includes customary informational and financial covenants and requires a minimum cash liquidity of \$20.0 million at all times during the bond period. We are permitted to make dividend distributions, provided that no events of default exist, and up to a certain percentage of our net profits.

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On January 13, 2026, we further announced that we successfully placed a \$50.0 million tap issue in Bonds, paying a fixed coupon of 9.875% per annum, payable semi-annually in arrears. The tap issue was priced at premium at 103.00% of par value and was initiated by a reverse inquiry, and the amount received, inclusive of the premium and net of expenses was \$50.7 million. Following the tap issue, the total outstanding amount under our Bonds is \$150.0 million. The tap issue was closed on January 27, 2026. The regulation of use of proceeds under the tap issue is for general corporate purposes according to the terms of the tap issue. On April 1, 2026 we completed the listing of the Bonds in the Oslo Stock Exchange.

### ***Covenants and Security***

Our loan facilities have financial covenants, which require us to maintain, among other things:

- Minimum hull value of the financed vessels.
- Minimum cash liquidity. As of December 31, 2025 and 2024, the maximum compensating cash balance required under our loan agreements and bond amounted to \$20.0 million and \$10.0 million, respectively.

Our loan facilities also contain undertakings limiting or restricting us from, among other things:

- Effecting dividend distributions following the occurrence of an event of default.
- Effecting certain changes in shareholdings.

Our secured loan facilities are generally secured by, among other things:

- A parent guarantee by Performance Shipping Inc.
- First priority mortgages over the financed tanker vessels.
- First priority assignments of earnings, insurances and of any charters exceeding durations of two years.
- Pledge over the borrowers' shares and over their earnings accounts.
- Undertakings by the vessels' managers.

As of December 31, 2025, and the date of this report, we were in compliance with all of our loan covenants.

### ***Capital Expenditures***

Our future capital expenditures relate to the purchase of vessels, building of vessels and vessel upgrades. Our primary sources of funds will be available cash, cash from operations, proceeds from long-term debt and equity contributions from shareholders, or a combination of those.

On March 7, 2023, we entered into a shipbuilding contract with China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited for the construction of a product/crude oil tanker of approximately 114,000 dwt. The newbuilding (H1515) had a gross contract price of \$63.3 million. It was delivered on July 29, 2025 and named *P. Massport*. The purchase price of the newbuilding was payable in five instalments, with the first one at the signing of the contract at \$9.5 million, the second, third and fourth at \$6.3 million each at each of the milestones of steel cutting, keel laying, and launching of the vessel, and the final instalment for the balance of the amount or \$34.9 million at the delivery of the vessel. Following delivery to the Company, the *P. Massport* was delivered to the charterer and commenced operations under the five-year time charter contract at a gross rate of \$31,000 per day, with options for a sixth and seventh year at a base rate plus profit-sharing.

On December 18, 2023, we entered into two shipbuilding contracts with China Shipbuilding Trading Co. Ltd. and Shanghai Waigaoqiao Shipbuilding Co. Ltd. for the construction of two 114,000 DWT LNG-ready LR2 Aframax product/crude oil tanker vessels, at a gross purchase price of \$64.8 million per vessel. Hull 1596 was delivered on September 1, 2025 and named *P. Tokyo*. Hull 1597 was delivered on January 13, 2026 and named the *P. Marseille*. The purchase price for each newbuilding was payable in instalments as follows: 15% of the purchase price was payable upon receipt of a refund guarantee; 10% of the purchase price was payable at each of the milestones of steel cutting, keel laying, and launching of the vessels, and the remaining 55% of the purchase price was payable upon the delivery of the vessels. Following delivery to the Company, each vessel was delivered to its respective charterer and commenced operations under its five-year time charter contract, with options for a sixth and seventh year at a base rate plus profit-sharing.

On April 30, 2024, we entered into a shipbuilding contract with Jiangsu Yangzijiang Shipbuilding Group Co., Ltd., Jiangsu New Yangzi Shipbuilding Co., Ltd., and Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd. for the construction of a scrubber fitted 75,000 DWT LR1 chemical/product oil tanker for a gross contract price of \$56.5 million. We expect to take delivery of the vessel (Hull 1624) in the first quarter of 2027. The gross purchase price of the newbuilding is payable in five instalments, with the first one at the signing of the contract at \$8.4 million, the second, third and fourth at \$5.7 million each at each of the milestones of steel cutting, keel laying, and launching of the vessel, and the final instalment for the balance of the amount or \$31.0 million at the delivery of the vessel. The final purchase price may be reduced to \$54.1 million, should certain technical conditions exist at delivery.

Furthermore, on October 7, 2025, we signed two Memoranda of Agreement with an unaffiliated third party for the purchase of two 157,286 dwt Suezmax tankers, whose purchase price was \$77.78 million per vessel. In December 2025 we took delivery of the vessels, which were renamed *P. Bel Air* and *P. Beverly Hills*.

Finally, on March 2, 2026, we signed two shipbuilding contracts with China Shipbuilding Trading Co. Ltd. and Shanghai Waigaoqiao Shipbuilding Co. Ltd. for the construction of two 158,000 DWT newbuilding Suezmax tanker vessels. The vessels, Hull 1627 and Hull 1628, are expected to be delivered to us in October 2028 and May 2029, respectively, at a contract price of \$81.5 million per vessel. We paid \$12.23 million (or 15% of the purchase price) for each vessel on April 16, 2026, and will pay 10% of the purchase price at each of the milestones of steel cutting, keel laying, and launching of the vessels, and the remaining 55% of the purchase price upon the delivery of the vessels.

We also expect to incur additional capital expenditures when our vessels undergo surveys. This process of recertification may require us to reposition these vessels from a discharge port to shipyard facilities, which will reduce our operating days during the period. The loss of earnings associated with the decrease in operating days, together with the capital needs for repairs and upgrades results in increased cash flow needs which we fund with cash on hand.

#### **C. *Research and Development, Patents and Licenses, etc.***

From time to time, we incur expenditures relating to inspections for acquiring new vessels that meet our standards. Such expenditures are capitalized to vessel's cost upon such vessel's acquisition or expensed, if the vessel is not acquired, however, historically, such expenses were not material.

#### **D. *Trend Information***

##### ***Tanker Shipping Market***

Global oil demand increased by 0.7% in 2025. While initial expectations pointed to a similar rate of growth in 2026, at approximately 0.7% (104.2 million barrels per day), this outlook has become increasingly uncertain following the sharp reduction in oil flows through the Strait of Hormuz and resulting supply disruptions. As a result, downward revisions to demand expectations are likely in the near term.

Seaborne total oil trade is expected to decline by approximately 0.6% in terms of tonne-miles in 2026, reflecting reduced export volumes from the Middle East and broader trade disruptions. However, trade is expected to rebound in 2027, increasing by approximately 2.5%, supported by an assumed normalization in market conditions.

Market conditions across the crude oil tanker sector have become highly volatile in 2026. While underlying fundamentals indicate limited demand growth (with crude tanker dwt demand projected to decline marginally by 0.2%) against a projected crude tanker trading fleet expansion of 3.7%, recent geopolitical developments have materially tightened effective supply. The escalation of conflict in the Middle East and the sharp reduction in vessel transits through the Strait of Hormuz have led to significant dislocations in global oil flows. These disruptions have resulted in a shift towards longer-haul trade routes. As a result, tanker earnings have surged to historically elevated levels in the short term, despite relatively weak underlying supply-demand fundamentals. Nevertheless, the recent geopolitical events, combined with tightening sanctions and ongoing disruptions to Middle East trade flows, continue to create a highly uncertain market environment, while their long-term impact on the tanker markets remains dependent on the duration of current disruptions and any normalization in global oil trade routes.

According to industry sources, the average spot earnings for an Aframax tanker trading on selected routes (e.g., Intra-Asia, Med-Med, Black Sea-Med and others) in 2025 was a daily TCE rate of \$43,806. This compares to an estimated daily TCE rate of \$44,487 in 2024. In the Aframax tanker segment, it is expected that the trading Aframax crude tanker fleet will grow by 0.6% in 2026, while demand for transportation via crude Aframax tankers is projected to remain unchanged over the same period.

Similarly, the average spot earnings for Suezmax tankers in 2025 stood at \$54,313 per day, compared to \$47,188 per day in 2024. In the Suezmax segment, the trading fleet is expected to expand by 6.5% in 2026, while demand for transportation via Suezmax tankers is projected to increase marginally by 0.1% over the same period.

The above market outlook update is based on information, data and estimates derived from industry sources, and there can be no assurances that such trends will continue or that anticipated developments in tanker demand, fleet supply or other market indicators will materialize. While we believe the market and industry information included in this report to be generally reliable, we have not independently verified any third-party information or verified that more recent information is not available. The statements in this “Trend Information” section are forward-looking statements based on our current expectations and certain material assumptions and, accordingly, involve risks and uncertainties that could cause actual results, performance and outcomes to differ materially from those expressed herein.

### ***Impact of global conflicts***

Furthermore, the ongoing war between Russia and the Ukraine has amplified volatility in the tanker market, disrupting supply chains and causing instability in the global economy. The United States and the European Union, among other countries, announced sanctions against Russia, including sanctions targeting the Russian oil sector, among those a prohibition on the import of oil from Russia to the United States. The ongoing conflict in Ukraine could result in the imposition of further economic sanctions against Russia and given Russia’s role as a major global exporter of crude oil, the Company’s business may be adversely impacted. Currently, none of the Company’s contracts have been affected by the events in Russia and Ukraine. In the short term, the effect of the invasion of Ukraine has been positive for the tanker market, yet the overall longer term effect on ton-mile demand is uncertain given that cargoes exported previously from Russia will need to be substituted by cargoes from different sources due to the oil and oil products embargo enacted by the United States, the European Union and the United Kingdom. As of December 31, 2025, and during the year ended December 31, 2025, the Company’s financial results have not been adversely affected from the impact of war between Russia and Ukraine. However, it is possible that in the future third parties with whom the Company has or will have contracts may be impacted by such events. While in general much uncertainty remains regarding the global impact of the conflict in Ukraine, it is possible that such tensions could adversely affect the Company’s business, financial condition, results of operation and cash flows.

Following the outbreak of the 2023 Israel–Hamas war, missile attacks by the Houthis have been reported on vessels passing off Yemen’s coast in the Red Sea in December 2023. This has caused several vessels to divert via the Cape of Good Hope in South Africa, in order to avoid transiting the Red Sea. The initial effect of Red Sea tensions on the tanker market has been positive for the tanker market as the longer route via Cape of Good Hope is absorbing more vessels, thereby reducing supply. Looking forward, it is impossible to predict the course of this conflict and whether there would be any serious escalation emanating from the current state of affairs. Similar to the war in Ukraine, we believe that a generalized conflict involving several Middle Eastern nations would possibly result in higher inflation and possibly slower economic growth, which could potentially have an adverse effect on the demand for crude oil and petroleum products. To the extent that Red Sea tensions remain contained to the region, the effects on the tanker market could be similar to what we have seen so far. Apart from the effect on the tanker market, the current situation presents a significant safety hazard for all vessels transiting the Red Sea, and could ultimately potentially result in heavy damage being sustained due to successful missile strikes.

On February 28, 2026, the United States and Israel launched strikes against Iran, killing Iran’s supreme leader Ayatollah Khamenei. In retaliation, Iranian missiles and drones targeted Israel and a number of countries that host US military bases—including Bahrain, the United Arab Emirates, Kuwait, Qatar and Saudi Arabia—and Hezbollah fired projectiles at Israel. While there is significant uncertainty about the duration of the war in Iran, the White House has stated that it may be a protracted engagement. These events have destabilized the region and may lead to significant disruptions across all sectors of the shipping industry. Further, shipping through the Strait of Hormuz, a waterway essential to the shipment of crude oil and refined petroleum, may experience prolonged disruption. Iran’s Islamic Revolutionary Guard Corps has warned vessels to avoid the passage. Increased electronic interference may affect navigational and tracking systems, which would heighten the risk of vessel collisions. Although it is impossible to predict exactly how this conflict will affect the tanker industry, it is very likely that a prolonged war will have significant impacts across the sector.

In general, war and global conflicts can have direct and indirect impact on the trade of crude oil and refined petroleum products. The effect, if any, of any particular war or conflict is hard to predict in consequences, severity and length of time, but could have an impact on shipping and the tanker market.

#### ***Impact of Inflation and Interest Rate Increases***

Also, we see near-term impacts on our business due to elevated inflation in the United States of America, Eurozone and other countries, including ongoing global prices pressures in the wake of the war in Ukraine, political unrest and conflicts in the Middle East, driving up energy prices, commodity prices, which continue to have a moderate effect on our operating expenses. Interest rates have increased rapidly and substantially as central banks in developed countries raise interest rates in an effort to subdue inflation. The eventual implications of tighter monetary policy, and potentially higher long-term interest rates may drive a higher cost of capital for our business.

#### **E. *Critical Accounting Estimates***

For a description of all our principal accounting policies, see Note 2 to our annual consolidated financial statements included elsewhere in this annual report, and for our critical accounting estimates, see the paragraph under “Item 5. Operating and Financial Review and Prospects—A. Operating Results” entitled “Critical Accounting Estimates and Policies” discussed above.

### **Item 6. Directors, Senior Management, and Employees**

#### **A. *Directors and Senior Management***

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

<b>Name</b>	<b>Age</b>	<b>Position</b>
Andreas Michalopoulos	55	Class I Director, Chief Executive Officer and Secretary
Loisa Ranunkel	48	Class I Director
Aliki Paliou	50	Class II Director and Chairperson of the Board
Alex Papageorgiou	54	Class III Director
Mihalis Boutaris	51	Class III Director
Anthony Argyropoulos	61	Chief Financial Officer

The term of the Class I directors expires in 2026, the term of the Class II directors expires in 2027, and the term of the Class III directors expires in 2028.

The business address of each officer and director is the address of our principal executive offices, which are located at 373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, Greece.

Biographical information concerning the directors and executive officers as of the date of this annual report is set forth below.

**Andreas Michalopoulos** has served as the Chief Executive Officer of Performance Shipping Inc. since October 2020 and as a Director since February 2020. From October 2019 to October 2020, he served as our Deputy Chief Executive Officer. From January 13, 2010, to October 2020, he also served as our Chief Financial Officer. Andreas Michalopoulos served as Chief Financial Officer and Treasurer of Diana Shipping Inc. from March 2006 to February 2020, and he also served as a Director of Diana Shipping Inc. from August 2018 to February 2020. He started his career in 1993 when he joined Merrill Lynch Private Banking in Paris. In 1995, he became an International Corporate Auditor with Nestle SA based in Vevey, Switzerland and moved in 1998 to the position of Trade Marketing and Merchandising Manager. From 2000 to 2002, he worked for McKinsey and Company in Paris, France as an Associate Generalist Consultant before joining a major Greek Pharmaceutical Group with U.S. R&D activity as a Vice President of International Business Development and Member of the Executive Committee in 2002 where he remained until 2005. From 2005 to 2006, he joined Diana Shipping Agencies S.A. as a Project Manager. Andreas Michalopoulos graduated from Paris IX Dauphine University with Honors in 1993 obtaining an MSc in Economics and a master's degree in Management Sciences specialized in Finance. In 1995, he also obtained a master's degree in Business Administration from Imperial College, University of London. Andreas Michalopoulos is married to Aliki Paliou, who is also one of our Directors and current Chairperson of our Board.

**Loisa Ranunkel** has served as an independent Director of the Company and as the Chairman of our Compensation Committee since the 2022 annual meeting of shareholders. She is an experienced insurance broker specializing in Trade Credit and Political Risks. Since 2018, she has been involved in overseeing the creation and the development of the Political Risks Insurance (PRI) department at AU Group in Paris, a historical and world-leading broker specializing in securing and financing trade receivables. From 2014 to 2018, she worked as a certified Political and Trade Credit Risks Insurance Broker in Greece with clients based in Greece and abroad, focusing on the construction industry, defense industry, renewable energies, and shipbuilding. Loisa Ranunkel began her career in the PRI market in 2006, when she was appointed manager of the Alcatel-Lucent global Political and Commercial Risks program. Before entering the PRI market, she worked at HSBC Investment Bank as an information and communication expert and spent six years as a business development officer at Egis Group - BDPA, a consulting firm specializing in international development assistance. Loisa Ranunkel holds an MBA from the IAE - Paris Sorbonne.

**Aliki Paliou** has served as a Director since February 2020 and as Chairperson of our Board as of the 2022 annual meeting of shareholders. She also serves as Director, Vice-President and Treasurer of Unitized Ocean Transport Limited since January 2020. From 2010 to 2015 she was employed as a Director and Treasurer of Alpha Sigma Shipping Corp. Aliki Paliou studied Theatre Studies at the University of Kent in Canterbury, UK and obtained an M.A. in Scenography at Central Saint Martins School of Art and Design in London, UK. In 2005 she graduated with honors from the Greek School of Fine Art in Athens, Greece. She is married to Andreas Michalopoulos, our current Chief Executive Officer, Director and Secretary.

**Alex Papageorgiou** has served as an independent Director of the Company and as the Chairman of our Audit Committee since the 2022 annual meeting of shareholders. He has over 25 years of experience in banking, capital markets, real estate, and shipping. Alex Papageorgiou previously served as the Chief Executive Officer of Hystead Limited, a retail real estate company with over Euro 750 million in shopping mall assets located throughout Southeast Europe. He was also the founder and Chief Executive Officer of Assos Capital Limited, a real estate private equity firm focused on real estate in Southeast Europe, as well as Assos Property Management EOOD, a leading retail property management company in Bulgaria. He served as a Director of Seanergy Maritime Corp. (now Seanergy Maritime Holdings Corp.) from December 2008 to November 2009. From 2007 to 2008, he served as a non-executive Director at First Business Bank in Athens, Greece. Between March 2005 and May 2006, he was the chief financial officer of Golden Energy Marine Corp., an international shipping company transporting a variety of crude oil and petroleum products based in Athens, Greece. From March 2004 to March 2005, Alex Papageorgiou served as a director in the equities group in the London office of Citigroup Global Markets Inc., where he was responsible for the management and development of Citigroup's Portfolio Products business in the Nordic region. From March 2001 to March 2004, Alex Papageorgiou served as a vice president in the equities group in the London office of Morgan Stanley & Co., where he was responsible for Portfolio Product sales and sales-trading coverage for the Nordic region and the Dutch institutional client base. From April 1997 to March 2001, he was an associate at J.P. Morgan Securities Ltd. in the Fixed Income and Investment Banking divisions. Alex Papageorgiou holds an MSC in Shipping, Trade and Finance from City University Business School in London, UK and a BA (Hons) in Business Economics from Vrije Universiteit in Brussels, Belgium.

**Mihalis Boutaris** serves as an independent Director of the Company, as a member of our Audit Committee, and as a member of our Compensation Committee as of the 2022 annual meeting of shareholders. As a 5th-generation winemaker, he is the vice-president of Kir-Yianni and the secretary of the Yiannis Boutaris Foundation. He has worked for wineries in California, Chile, France, and Greece. In 2006 Mihalis joined BCG as an associate and grew his track record by managing clean-tech joint ventures including eco-friendly biopesticides, hydroelectric energy, and a pilot project of Motor Oil Hellas in concentrated solar power. In 2011 he moved to Shanghai to establish XiGu, a pioneering fine wine estate in Northwest China, while growing Greek exports in Asia Pacific. In 2019 he became an advisor to the Innovation Office of NCSR "Demokritos" in Athens. A year later he also founded Athroa, a venture studio backed by private investors & BigPi, one of the leading deep-tech VCs in Greece, that commercialized several patents by inventors in Greece and beyond. He graduated from Harvard with a BA in philosophy and from UC Davis with a MSc in horticulture. He has served in the Greek Marine Corps and co-founded Arcturos, a wildlife NGO.

**Anthony Argyropoulos** has served as our Chief Financial Officer since October 2020. Anthony Argyropoulos is the founder and Managing Director of Seaborne Capital Advisors, a financial advisory firm based in Athens, Greece, with a focus on the shipping and maritime industries. Prior to Seaborne Capital Advisors, Anthony Argyropoulos was a Partner at Cantor Fitzgerald & Co. until September 2011, where he was responsible for the investment banking group's activities in the maritime sector. Through early 2004, he was a Senior Vice President with Jefferies & Company, Inc., where he was instrumental in developing their maritime investment banking practice. Anthony Argyropoulos graduated from Deree College, Athens, with a B.A. in Economics and from Bentley College, Waltham, Mass. with an M.B.A. in Finance. He is a member of the Beta Gamma Sigma honor society of collegiate schools of business. He is a frequent speaker in global shipping events, contributor to several publications and recipient of a number of awards.

## B. *Compensation*

Effective March 1, 2020, our senior management is remunerated based on their consultancy or employment agreements, as applicable. Pursuant to the consultancy agreement we have in place with Anthony Argyropoulos, our Chief Financial Officer, we have agreed to pay Anthony Argyropoulos additional cash compensation in the amount of 0.50% of the consideration paid or received by us in connection with certain capital raising and other transactions.

For 2025, the aggregate fees and bonuses of our executive officers amounted to \$3.3 million.

During 2025, our non-executive directors received annual compensation in the aggregate amount of \$30,000 plus reimbursement of their out-of-pocket expenses incurred while attending any meeting of the board of directors or any board committee, and the chairperson of the board received annual compensation of \$60,000. In addition, a committee chairman received an additional \$10,000 annually, and other committee members received an additional \$5,000 annually. In addition, on October 12, 2023, a special committee was formed in connection with the tender offer commenced by Sphinx Investments Corp. and any related matters, the members of which receive \$10,000 annually and the chairman \$20,000 annually. We do not have a retirement plan for our officers or directors. For 2025, fees, bonuses and expenses to non-executive directors amounted to \$0.3 million.

On January 1, 2021, we granted to Anthony Argyropoulos, our Chief Financial Officer, stock options to purchase 8,000 of our common shares as share-based remuneration, which can be exercised only when our stock price increases. The stock options were exercisable at a price range between \$150.00 and \$450.00 per share, for a term of five years and expired on December 31, 2025. No stock options were exercised.

In 2025, compensation costs relating to the aggregate amount of stock option awards amounted to \$Nil. In addition, in 2025, compensation costs relating to restricted stock awards that were issued in prior years were \$Nil.

## **2015 Equity Incentive Plan**

On May 5, 2015, we adopted an equity incentive plan, which we refer to as the 2015 Equity Incentive Plan, as amended from time to time, under which directors, officers, employees, consultants and service providers of us and our subsidiaries and affiliates would be eligible to receive options to acquire common shares, stock appreciation rights, restricted stock, restricted stock units and unrestricted common shares. On February 9, 2018, our board of directors adopted Amendment No 1 to the 2015 Equity Incentive Plan, solely to increase the aggregate number of common shares issuable under the plan to 3,666 shares (as adjusted after the effectiveness of the reverse stock splits of November 2, 2020 and of November 15, 2022). Effective December 30, 2020, we amended and restated the 2015 Equity Incentive Plan, primarily to increase the aggregate number of common shares issuable under the plan to 35,922 (as adjusted after the effectiveness of the reverse stock split of November 15, 2022), and to extend the term. The plan will expire ten years from its date of adoption (as amended and restated) unless terminated earlier by our board of directors.

The 2015 Equity Incentive Plan is administered by our compensation committee, or such other committee of our board of directors as may be designated by the board to administer the plan.

Under the terms of the 2015 Equity Incentive Plan, stock options and stock appreciation rights granted under the plan will have an exercise price per common share equal to the market value of a common share on the date of grant, unless otherwise specifically provided in an award agreement, but in no event will the exercise price be less than the greater of (i) the market value of a common share on the date of grant and (ii) the par value of one common share. Options and stock appreciation rights will be exercisable at times and under conditions as determined by the plan administrator, but in no event will they be exercisable later than ten years from the date of grant.

The plan administrator may grant shares of restricted stock and awards of restricted stock units subject to vesting and forfeiture provisions and other terms and conditions as determined by the plan administrator in accordance with the terms of the plan. Following the vesting of a restricted stock unit, the award recipient will be paid an amount equal to the number of restricted stock units that then vest multiplied by the market value of a common share on the date of vesting, which payment may be paid in the form of cash or common shares or a combination of both, as determined by the plan administrator. The plan administrator may grant dividend equivalents with respect to grants of restricted stock units.

Adjustments may be made to outstanding awards in the event of a corporate transaction or a change in capitalization or any other extraordinary event. In the event of a “change in control” (as defined in the plan), unless otherwise provided by the plan administrator in an award agreement, awards then outstanding will become fully vested and exercisable in full.

Our board of directors may amend the plan and may amend outstanding awards issued pursuant to the plan, provided that no such amendment may be made that would materially impair any rights, or materially increase any obligations, of a grantee under an outstanding award without the consent of such grantee. Shareholder approval of plan amendments will be required under certain circumstances. The plan administrator may cancel any award and amend any outstanding award agreement, except no such amendment shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the outstanding award.

C. **Board Practices**

**Actions by our Board of Directors**

Our amended and restated bylaws provide that vessel acquisitions and disposals from or to a related party and long term time charter employment with any charterer that is a related party will require the unanimous approval of the independent members of our board of directors and that all other material related party transactions shall be subject to the approval of a majority of the independent members of the board of directors.

**Committees of our Board of Directors**

Our Audit Committee, comprised of two members of our board of directors, is responsible for reviewing our accounting controls, recommending to the board of directors the engagement of our independent auditors, and pre-approving audit and audit-related services and fees. Each member has been determined by our board of directors to be “independent” under Nasdaq rules and the rules and regulations of the SEC. As directed by its written charter, the Audit Committee is responsible for reviewing all related party transactions for potential conflicts of interest and all related party transactions are subject to the approval of the Audit Committee. Alex Papageorgiou serves as the Chairman of the Audit Committee. We believe that Alex Papageorgiou qualifies as an Audit Committee financial expert as such term is defined under SEC rules. Mihalis Boutaris serves as a member of our Audit Committee.

Our Compensation Committee, comprised of two independent directors, is responsible for, among other things, recommending to the board of directors our senior executive officers’ compensation and benefits. Loisa Ranunkel serves as the Chairman of the Compensation Committee and Mihalis Boutaris serves as a member of our Compensation Committee.

Our Executive Committee is responsible for the overall management of our business. Our Executive Committee is comprised of Aliko Paliou, our Director and Chairperson of our Board, and Andreas Michalopoulos, our Chief Executive Officer.

We also maintain directors’ and officers’ insurance, pursuant to which we provide insurance coverage against certain liabilities to which our directors and officers may be subject, including liability incurred under U.S. securities law.

D. **Employees**

We crew our vessels with Filipino officers and crew members, who are referred to us by independent crewing agencies. The crewing agencies handle each seafarer’s training and payroll. We ensure that all our seafarers have the qualifications and licenses required to comply with international regulations and shipping conventions. We typically crew our vessels with more crew members than are required by the country of the vessel’s flag in order to allow for the performance of routine maintenance duties.

The following table presents the number of shoreside personnel employed by our in-house manager and the number of seafaring personnel employed by our vessel-owning subsidiaries as of December 31, 2025, 2024, and 2023.

	<b>As of December 31, 2025</b>	<b>As of December 31, 2024</b>	<b>As of December 31, 2023</b>
Shoreside	36	34	30
Seafaring	256	177	179
<b>Total</b>	<b>292</b>	<b>211</b>	<b>209</b>

E. **Share Ownership**

With respect to the total amount of common shares owned by our officers and directors individually and as a group, see “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.”

F. **Disclosure of a registrant’s action to recover erroneously awarded compensation**

None.

**Item 7. Major Shareholders and Related Party Transactions****A. Major Shareholders**

The following table sets forth current information regarding ownership of our common shares of which we are aware as of April 22, 2026, for (i) beneficial owners of five percent or more of our common shares; and (ii) our officers and directors, individually and as a group. All of our shareholders, including the shareholders listed in this table, are entitled to one vote for each common share held.

<b>Name</b>	<b>Number of Common Shares</b>	<b>Percentage Owned <sup>(1)</sup></b>
Aliki Paliou <sup>(2)(4)</sup>	24,339,761	66.2%
Andreas Michalopoulos <sup>(3)(4)</sup>	1,043,425	7.7%
Sphinx Investment Corp. <sup>(5)</sup>	1,033,859	8.3%
Loisa Ranunkel	-	-
Alex Papageorgiou	-	-
Mihalis Boutaris	-	-
Anthony Argyropoulos	-	-
All officers and directors as a group	25,383,186	73.9%

(1) Percentages based on 12,432,158 common shares outstanding as of April 22, 2026.

(2) This information is derived from Amendment No. 3 to Schedule 13D jointly filed with the SEC on March 20, 2024 by Mango Shipping Corp. and Aliki Paliou. Aliki Paliou, the Chairperson of our board of directors, owns and controls Mango Shipping Corp. As a result, Aliki Paliou may be deemed to beneficially own shares held by Mango Shipping. Aliki Paliou may be deemed to beneficially own the Common Shares issuable upon conversion of 1,314,792 Series C Preferred Shares held directly by Mango Shipping. The Series C Preferred Shares carry superior voting rights. For a description of the rights of the Series C Preferred Shares, see “Description of Securities,” attached hereto as Exhibit 2.5 and incorporated by reference herein, and the risk factor under “Item 3. Key Information—D. Risk Factors” entitled “Aliki Paliou, the Chairperson of the Board, controls a majority of voting power over matters on which our shareholders are entitled to vote, and accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders.”

(3) This information is derived from a Schedule 13D jointly filed with the SEC on September 1, 2023 by Mitzela Corp. and Andreas Michalopoulos. Andreas Michalopoulos, our Chief Executive Officer, Director and Secretary, owns and controls Mitzela Corp. As a result, Andreas Michalopoulos may be deemed to beneficially own shares held by Mitzela Corp. Mitzela Corp. beneficially owns 56,342 Series C Preferred Shares, or approximately 4% of the outstanding Series C Preferred Shares as of the date of this report.

(4) The Series C Preferred Shares are convertible at a rate equal to the Series C Liquidation Preference of \$25.00 per Series C Preferred Share, plus the amount of any accrued and unpaid dividends thereon to and including the date of conversion, divided by a conversion price of \$1.3576 per Common Share. As of April 22, 2026, Aliki Paliou may be deemed to beneficially own 24,339,481 common shares through Mango Shipping Corp. issuable upon conversion of Series C Preferred Shares. As of April 22, 2026, Andreas Michalopoulos may be deemed to beneficially own 1,043,005 common shares through Mitzela Corp. issuable upon conversion of Series C Preferred Shares. Additionally, Aliki Paliou may be deemed to beneficially own 280 restricted common shares through Mango Shipping Corp. Andreas Michalopoulos may be deemed to beneficially own 420 restricted common shares through Mitzela Corp. All other officers and directors each own 0% of our outstanding common shares.

(5) This information is derived from an Amendment No. 17 to Schedule 13D jointly filed with the SEC on March 16, 2026 by Sphinx Investment Corp., Maryport Navigation Corp. and Mr. George Economou. Sphinx Investment Corp. is a wholly-owned subsidiary of Maryport Navigation Corp., which is a Liberian company owned by Mr. George Economou.

In the normal course of business, there have been institutional investors that buy and sell our shares, and significant changes in the percentage ownership of such investors has occurred, as reflected in beneficial ownership reports filed with the SEC.

As of April 24, 2026, we had 8 shareholders of record, 1 of which was located in the United States, 1 of which was CEDE & CO., a nominee of The Depository Trust Company, which is located in the United States and held an aggregate of 12,430,363 of our common shares, representing 99.9% of our outstanding common shares. CEDE & CO. is the sole record shareholder of our Class B Preferred Shares and Class C Preferred Shares. We believe that the shares held by CEDE & CO. include shares beneficially owned by both holders in the United States and non-U.S. beneficial owners. We are not aware of any arrangements the operation of which may at a subsequent date result in our change of control.

## **B. Related Party Transactions**

### **Pure Brokerage and Shipping Corp.**

Pure Brokerage and Shipping Corp., or Pure, a company controlled by Aliko Paliou, our Chairperson of the board of directors, provides us with brokerage services since June 15, 2020, pursuant to a Brokerage Services Agreement for a fixed monthly fee of \$3,000 for each of our owned tanker vessels. Additionally, Pure Brokerage and Shipping Corp, an affiliated entity, receives from us a fixed commission of 1.25% on gross freight and hire income generated by the vessels, subject to the specific terms of each employment contract, and may also receive sale and purchase brokerage commissions of 1.0% per transaction. For 2025, commissions and brokerage fees paid to Pure Brokerage amounted to \$1.0 million and \$0.4 million, respectively.

## **C. Interests of Experts and Counsel**

Not applicable.

## **Item 8. Financial information**

### **A. Consolidated Statements and Other Financial Information**

See “Item 18. Financial Statements.”

### **Legal Proceedings**

Between October 23, 2017, and December 15, 2017, three largely similar lawsuits asserting claims under Sections 9, 10(b) and/or 20(a) of the Securities Exchange Act of 1934 were filed against the Company and three of its executive officers. On October 23, 2017, a complaint captioned Jimmie O. Robinson v. Diana Containerships Inc., Case No. 2:17-cv-6160, was filed in the United States District Court for the Eastern District of New York (“Eastern District”). On October 25, 2017, a complaint captioned Logan Little v. Diana Containerships Inc., Case No. 2:17-cv-6236, was filed in the Eastern District. On December 15, 2017, a complaint captioned Emmanuel S. Austin v. Diana Containerships Inc., Case No. 2:17-cv-7329, was filed in the Eastern District. In April 2018, the Court consolidated the three lawsuits into the first-filed Robinson lawsuit, appointed lead plaintiffs and approved lead plaintiffs’ selection of lead plaintiffs’ counsel. On July 13, 2018, lead plaintiffs filed a consolidated amended complaint (superseding the three initial complaints). This lawsuit was voluntarily dismissed by the plaintiffs in November 2024.

The Company, its Chief Executive Officer, Chairperson of the Board, five former directors of the Company, and two entities affiliated with the Company’s Chief Executive Officer and Chairperson of the Board were named as defendants in a lawsuit commenced on October 27, 2023 in New York State Supreme Court, County of New York, by a purported shareholder of the Company, Sphinx Investment Corp., the plaintiff. The complaint alleged, among other things, violations of fiduciary duties by the named defendants in connection with an exchange offer commenced by the Company in December 2021. In January 2024, the defendants filed motions to dismiss the lawsuit. In August 2024, the Supreme Court of the State of New York granted the Company’s motions to dismiss the litigation filed by Sphinx on October 27, 2023, on the basis that New York lacked personal jurisdiction over the defendants. Subsequently, in August 2024, Sphinx initiated legal proceedings in the High Court of the Republic of the Marshall Islands against the same defendants that had been named in the New York lawsuit. The complaint filed in the High Court is substantially similar to the complaint previously filed in New York. On March 27, 2026, Sphinx voluntarily dismissed the lawsuit, thus concluding the matter.

Except as set forth above, we have not been involved in any legal proceedings which may have, or have had a significant effect on our business, financial position, results of operations or liquidity, nor are we aware of any proceedings that are pending or threatened which may have a significant effect on our business, financial position, results of operations or liquidity. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. We expect that these claims would be covered by insurance, subject to customary deductibles and limitations. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

### ***Dividend Policy***

Our board of directors has adopted a variable quarterly dividend policy, pursuant to which we may declare and pay a variable quarterly cash dividend to our common shareholders. While we have declared and paid cash dividends on our common shares in the past, there can be no assurance that our board of directors will declare dividend payments on common shares in the future. If declared, the quarterly dividend is expected to be paid each February, May, August and November and will be subject to reserves for the replacement of our vessels, scheduled dry-dockings, intermediate and special surveys, dividends to holders of our preferred shares, if paid in cash, and other purposes as our board of directors may from time to time determine are required, after taking into account contingent liabilities, the terms of any credit facility, our growth strategy and other cash needs as well as the requirements of Marshall Islands law. In addition, any credit facilities that we may enter into in the future may include restrictions on our ability to pay dividends.

The declaration and payment of dividends, even during times when we have sufficient funds and are not restricted from declaring and paying dividends by our lenders or any other party, will always be subject to the discretion of our board of directors. Our board of directors may review and amend our dividend policy from time to time, taking into consideration our plans for future growth and other factors. The actual timing and amount of dividend payments on common shares, if any, will be determined by our board of directors and will be affected by various factors, including our cash earnings, financial condition and cash requirements, dividend obligations to holders of our preferred shares, the loss of a vessel, the acquisition of one or more vessels, required capital expenditures, reserves established by our board of directors, increased or unanticipated expenses, a change in our dividend policy, additional borrowings or future issuances of securities, many of which will be beyond our control.

We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us to satisfy our financial obligations and to make dividend payments. In times when we have debt outstanding, we intend to limit our dividends per common share, if common share dividend payments are reinstated, to the amount that we would have been able to pay if we were financed entirely with equity. In addition, our existing or future credit facilities may include restrictions on our ability to pay dividends.

The shipping sector is highly cyclical and volatile. We cannot predict with accuracy the amount of cash flows our operations will generate in any given period. Our quarterly dividends, if any, will vary significantly from quarter to quarter as a result of variations in our operating performance, cash flow, and other contingencies, and we cannot assure you that we will generate available cash for distribution in any quarter, and so we may not declare and pay any dividends in certain quarters, or at all. Our ability to resume payment of dividends will be subject to the limitations set forth above and in the section of this annual report entitled “Item 3. Key Information—D. Risk Factors.”

### **B. *Significant Changes***

There have been no significant changes since the date of the annual consolidated financial statements included in this annual report, other than those described in “Note 14-Subsequent Events” of our annual consolidated financial statements.

**Item 9. The Offer and Listing**

**A. Offer and Listing Details**

Our common shares have traded on the Nasdaq Global Market since January 19, 2011, on the Nasdaq Global Select Market since January 2, 2013, and on the Nasdaq Capital Market since March 6, 2020. Our ticker symbol was “DCIX” through March 30, 2020, at which date it changed to “PSHG.”

**B. Plan of Distribution**

Not Applicable.

**C. Markets**

Our common shares have traded on the Nasdaq Global Market since January 19, 2011, on the Nasdaq Global Select Market since January 2, 2013, and on the Nasdaq Capital Market since March 6, 2020. Our ticker symbol was “DCIX” through March 30, 2020, at which date it changed to “PSHG.”

**D. Selling Shareholders**

Not Applicable.

**E. Dilution**

Not Applicable.

**F. Expenses of the Issue**

Not Applicable.

**Item 10. Additional Information**

**A. Share capital**

Not Applicable.

**B. Memorandum and Articles of Association**

Our amended and restated articles of incorporation and bylaws were filed as exhibits 3.1 and 3.2, respectively, to our registration statement on Form F-4 (File No. 333-169974) filed with the SEC on October 15, 2010. The information contained in these exhibits is incorporated by reference herein.

Our amended and restated articles of incorporation were amended on (i) June 8, 2016, in connection with our one-for-eight reverse stock split, (ii) July 3, 2017, in connection with our one-for-seven reverse stock split, (iii) July 25, 2017, in connection with our one-for-six reverse stock split, (iv) August 23, 2017, in connection with our one-for-seven reverse stock split, (v) September 22, 2017, in connection with our one-for-three reverse stock split, (vi) November 1, 2017, in connection with our one-for-seven reverse stock split and (vii) October 30, 2020, in connection with our one-for-ten reverse stock split, (viii) November 1, 2017, in connection with our one-for-seven reverse stock split and (ix) November 14, 2022, in connection with our one-for-fifteen reverse stock split. Copies of these articles of amendment to the amended and restated articles of incorporation of the Company were filed as exhibit 3.1 to our reports on Form 6-K filed with the SEC on June 9, 2016, July 6, 2017, July 28, 2017, August 28, 2017, September 26, 2017, November 3, 2017, November 2, 2020 and hereto for our November 14, 2022 stock split respectively. The information contained in these exhibits is incorporated by reference herein. Additionally, (i) on March 21, 2017, we filed a Statement of Designations, Preferences and Rights of our Series B-1 Convertible Preferred Stock, (ii) on March 21, 2017, we filed a Statement of Designations, Preferences and Rights of our Series B-2 Convertible Preferred Stock, (iii) on May 30, 2017, we filed a Statement of Designations of Rights, Preferences and Privileges of our Series C Preferred Stock, (iv) on January 12, 2022, we filed an Amended and Restated Certificate of Designations of Rights, Preferences and Privileges of our Series B Convertible Cumulative Perpetual Preferred Stock and (v) on October, 17, 2022, we filed a Certificate of Designation of Series C Convertible Cumulative Redeemable Perpetual Preferred Shares. Our amended and restated articles of incorporation were further amended on February 25, 2019, in connection with our name change from Diana Containerships Inc. to Performance Shipping Inc. A copy of these articles of amendment to the amended and restated articles of incorporation is filed as an exhibit to this annual report and the information contained in such exhibit is incorporated by reference herein.

A description of the material terms of our amended and restated articles of incorporation and bylaws is included in “Description of Securities,” attached hereto as Exhibit 2.5 and incorporated by reference herein.

### **Description of Common Shares**

Each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any outstanding preferred shares, holders of common shares are entitled to receive ratably all dividends, if any, declared by our board of directors out of funds legally available for dividends. Upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of our preferred shares having liquidation preferences, if any, the holders of our common shares will be entitled to receive pro rata our remaining assets available for distribution. Holders of our common shares do not have conversion, redemption or preemptive rights to subscribe to any of our securities. The rights, preferences and privileges of holders of common shares are subject to the rights of the holders of our preferred shares, including our existing classes of preferred shares and any preferred shares we may issue in the future.

### **Description of Preferred Stock**

Our amended and restated articles of incorporation authorize our board of directors to establish one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including the designation of the series; the number of shares of the series; the preferences and relative, participating, option or other special rights, if any, and any qualifications, limitations or restrictions of such series; and the voting rights, if any, of the holders of the series.

### **Stockholders’ Rights Agreement**

On December 20, 2021, we entered into a Stockholders’ Rights Agreement, or the Rights Agreement, with Computershare Inc. as Rights Agent. Pursuant to the Rights Agreement, each common share includes one right, or a Right, that entitles the holder to purchase from us one one-thousandth of a share of our Series A Participating Preferred Stock at an exercise price of \$750.00 per one one-thousandth of a Series A Preferred Stock, subject to specified adjustments. The Rights will separate from the common shares and become exercisable only if a person or group acquires beneficial ownership of 10% or more of our common shares in a transaction not approved by our board of directors. In that situation, each holder of a Right (other than the acquiring person, whose Rights will become void and will not be exercisable) will have the right to purchase, in lieu of one one-thousandth of a share of Series A Preferred Stock, upon payment of the exercise price, a number of our common shares having a then-current market value equal to twice the exercise price. In addition, if we are acquired in a merger or other business combination after an acquiring person acquires 10% or more of our common shares, each holder of the Right will thereafter have the right to purchase, in lieu of one one-thousandth of a share of Series A Preferred Stock, upon payment of the exercise price, a number of common shares of the acquiring person having a then-current market value equal to twice the exercise price. The acquiring person will not be entitled to exercise these Rights. Under the Rights Agreement’s terms, it will expire on December 20, 2031.

A copy of the Rights Agreement is filed as Exhibit 4.1 to our report on Form 6-K filed with the SEC on December 21, 2021.

**C. Material Contracts**

The contracts included as exhibits to this annual report are the contracts we consider to be both material and not entered into in the ordinary course of business, which (i) are to be performed in whole or in part on or after the filing date of this annual report or (ii) were entered into not more than two years before the filing date of this annual report. Other than these agreements, we have no material contracts, other than contracts entered into in the ordinary course of business, to which we or any member of the group is a party. We refer you to “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources” for a discussion of our loan facilities and sale and leaseback agreements, “Item 4. Information on the Company—B. Business Overview” and “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions” for a discussion of our agreements with our related parties and “Item 6. Directors, Senior Management, and Employees—B. Compensation” for a discussion of our 2015 Equity Incentive Plan.

**D. Exchange Controls**

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

**E. Taxation**

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

**Marshall Islands Tax Considerations**

In the opinion of Watson Farley & Williams LLP, the following are the material Marshall Islands tax consequences of the Company’s activities to the Company and of the ownership of the Company’s common shares to its shareholders who are not residents of or domiciled or carrying on any commercial activity in the Marshall Islands. Under current Marshall Islands law, the Company is not subject to tax on income or capital gains, no Marshall Islands withholding tax will be imposed upon payments of dividends by the Company to its shareholders, and shareholders will not be subject to tax on the sale or other disposition of the Company’s common shares.

**United States Federal Income Tax Considerations**

The following discussion of U.S. federal income tax matters is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the U.S. Department of the Treasury, all of which are subject to change, possibly with retroactive effect.

***Taxation of Operating Income: In General***

The following discussion addresses the U.S. federal income taxation of our operating income from the international operation of vessels.

Unless exempt from U.S. federal income taxation under the rules discussed below, a foreign corporation is subject to U.S. federal income taxation in respect of any income that is derived from the use of vessels, from the hiring or leasing of vessels for use on a time, voyage or bareboat charter basis, from the participation in a pool, partnership, strategic alliance, joint operating agreement, code sharing arrangement or other joint venture it directly or indirectly owns or participates in that generates such income, or from the performance of services directly related to those uses, which we refer to as “shipping income,” to the extent that the shipping income is derived from sources within the United States. For these purposes, 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States constitutes income from sources within the United States, which we refer to as “U.S.-source shipping income.”

Shipping income attributable to transportation that both begins and ends in the United States is considered to be 100% from sources within the United States. We are not permitted by law to engage in transportation that produces income which is considered to be 100% from sources within the United States. Shipping income attributable to transportation exclusively between non-U.S. ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any U.S. federal income tax.

### ***Exemption of Operating Income from U.S. Federal Income Taxation***

Under Section 883 of the Code, or Section 883, we will be exempt from U.S. federal income taxation on our U.S.-source shipping income if:

- we are organized in a foreign country that grants an “equivalent exemption” to corporations organized in the United States, or U.S. corporations; and

either:

- more than 50% of the value of our common shares is owned, directly or indirectly, by qualified shareholders, which we refer to as the “50% Ownership Test,” or
- our common shares are “primarily and regularly traded on an established securities market” in a country that grants an “equivalent exemption” to U.S. corporations or in the United States, which we refer to as the “Publicly-Traded Test.”

The Marshall Islands, the jurisdiction where we are incorporated, grants an “equivalent exemption” to U.S. corporations. We anticipate that any of our shipowning subsidiaries will be incorporated in a jurisdiction that provides an “equivalent exemption” to U.S. corporations. Therefore, we will be exempt from U.S. federal income taxation with respect to our U.S.-source shipping income if either the 50% Ownership Test or the Publicly-Traded Test is met.

#### *Publicly-Traded Test*

In order to satisfy the Publicly-Traded Test, our common shares must be primarily and regularly traded on one or more established securities markets. The regulations under Section 883 provide, in pertinent part, that shares of a foreign corporation will be considered to be “primarily traded” on an established securities market in a country if the number of shares of each class of stock that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country. Our common shares are “primarily traded” on the Nasdaq Capital Market, which is an established securities market.

Under the regulations, stock of a foreign corporation will be considered to be “regularly traded” on an established securities market if one or more classes of stock representing more than 50% of the outstanding stock, by both total combined voting power of all classes of stock entitled to vote and total value, are listed on such market, to which we refer as the “listing threshold.”

It is further required that with respect to each class of stock relied upon to meet the listing threshold, (i) such class of stock is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or one-sixth of the days in a short taxable year, which we refer to as the trading frequency test; and (ii) the aggregate number of shares of such class of stock traded on such market during the taxable year is at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year, which we refer to as the trading volume test. Even if these tests are not satisfied, the regulations provide that such trading frequency and trading volume tests will be deemed satisfied if, as is expected to be the case with our common shares, such class of stock is traded on an established securities market in the United States and such shares are regularly quoted by dealers making a market in such shares.

Notwithstanding the foregoing, the regulations provide, in pertinent part, that a class of stock will not be considered to be “regularly traded” on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified share attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the vote and value of such class of stock, to which we refer as the “Five Percent Override Rule.”

For purposes of being able to determine the persons who actually or constructively own 5% or more of the vote and value of our common shares, or “5% Shareholders,” the regulations permit us to rely on those persons that are identified on Schedule 13G and Schedule 13D filings with the SEC, as owning 5% or more of our common shares. The regulations further provide that an investment company which is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Shareholder for such purposes.

In the event the Five Percent Override Rule is triggered, the regulations provide that the Five Percent Override Rule will nevertheless not apply if we can establish that within the group of 5% Shareholders, there are sufficient qualified shareholders for purposes of Section 883 to preclude non-qualified shareholders in such group from owning 50% or more of our common shares for more than half the number of days during the taxable year.

We believe that we did not satisfy the Publicly-Traded Test during our 2025 taxable year.

#### *50% Ownership Test*

Under the regulations, a foreign corporation will satisfy the 50% Ownership Test for a taxable year if (i) for at least half of the number of days in the taxable year, more than 50% of the value of its stock is owned, directly or constructively through the application of certain attribution rules prescribed by the regulations, by one or more shareholders who are residents of foreign countries that grant “equivalent exemption” to corporations organized in the United States and (ii) the foreign corporation satisfies certain substantiation and reporting requirements with respect to such shareholders.

We believe that we satisfied the 50% Ownership Test for our 2025 taxable year, and expect to satisfy the substantiation and reporting requirements to claim the benefits of the 50% Ownership Test. Therefore, we intend to take the position that we were exempt from U.S. federal income tax under Section 883 of the Code during our 2025 taxable year. However, there can be no assurance that we will continue to satisfy the requirements of the 50% Ownership Test in future taxable years. Furthermore, the substantiation requirements are onerous and therefore there can be no assurance that we would be able to satisfy them, even if our share ownership would otherwise satisfy the requirements of the 50% Ownership Test.

#### *Taxation in Absence of Exemption*

To the extent the benefits of Section 883 are unavailable, our U.S.-source shipping income, to the extent not considered to be “effectively connected” with the conduct of a U.S. trade or business, as described below, would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions, which we refer to as the 4% gross basis tax regime. Since under the sourcing rules described above, no more than 50% of our shipping income would be treated as being derived from U.S. sources, the maximum effective rate of U.S. federal income tax on our shipping income would never exceed 2% under the 4% gross basis tax regime.

To the extent our U.S.-source shipping income is considered to be “effectively connected” with the conduct of a U.S. trade or business, as described below, any such “effectively connected” U.S.-source shipping income, net of applicable deductions, would be subject to the U.S. federal corporate income tax currently imposed at a rate of 21%. In addition, we may be subject to an additional 30% “branch profits” tax on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of such U.S. trade or business.

Our U.S.-source shipping income would be considered “effectively connected” with the conduct of a U.S. trade or business only if:

- we have, or are considered to have, a fixed place of business in the United States involved in the earning of shipping income; and
- substantially all of our U.S.-source shipping income is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States (or, in the case of income from the bareboat chartering of a vessel, is attributable to a fixed place of business in the United States).

We do not anticipate that we will have any vessel operating to or from the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of our shipping operations and other activities, we do not anticipate that any of our U.S.-source shipping income will be “effectively connected” with the conduct of a U.S. trade or business.

#### ***United States Federal Income Taxation of Gain on Sale of Vessels***

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

#### ***United States Federal Income Taxation of U.S. Holders***

In the opinion of Watson Farley & Williams LLP, the Company’s U.S. counsel, the following are the material U.S. federal income tax consequences to U.S. Holders, as defined below, of the ownership and disposition of our common shares.

As used herein, the term “U.S. Holder” means a beneficial owner of common shares that is an individual U.S. citizen or resident, a U.S. corporation or other U.S. entity taxable as a corporation, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

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

#### ***Distributions***

Subject to the discussion of the passive foreign investment company, or PFIC, rules below, distributions made by us with respect to our common shares, other than certain pro-rata distributions of our common shares, to a U.S. Holder will generally constitute dividends, which may be taxable as ordinary income or “qualified dividend income” as described in more detail below, to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder’s tax basis in such U.S. Holder’s common shares on a dollar-for-dollar basis and thereafter as a capital gain. Because we are not a United States corporation, U.S. Holders that are corporations will not be entitled to claim a dividends-received deduction with respect to any distributions they receive from us. Dividends paid with respect to our common shares will generally be treated as income from sources outside the United States and will generally constitute “passive category income” or, in the case of certain types of U.S. Holders, “general category income” for purposes of computing allowable foreign tax credits for U.S. foreign tax credit purposes.

Dividends paid on our common shares to a U.S. Holder who is an individual, trust or estate, which we refer to as a U.S. Individual Holder, will generally be treated as “qualified dividend income” that is taxable to such U.S. Individual Holders at preferential tax rates, provided that (1) the common shares are readily tradable on an established securities market in the United States such as the Nasdaq Capital Market, on which our common shares are traded; (2) we are not a PFIC for the taxable year during which the dividend is paid or the immediately preceding taxable year, as discussed below; (3) the U.S. Individual Holder has held the common shares for more than 60 days in the 121-day period beginning 60 days before the date on which the common shares become ex-dividend; and (4) the U.S. Individual Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property.

There is no assurance that any dividends paid on our common shares will be eligible for these preferential rates in the hands of a U.S. Individual Holder. Any distributions out of earnings and profits we pay which are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Individual Holder.

Special rules may apply to any “extraordinary dividend,” generally, a dividend paid by us in an amount which is equal to or in excess of ten percent of a U.S. Holder’s adjusted tax basis, or fair market value in certain circumstances, in a common share. If we pay an “extraordinary dividend” on our common shares that is treated as “qualified dividend income,” then any loss derived by a U.S. Individual Holder from the sale or exchange of such common shares will be treated as long-term capital loss to the extent of such dividend.

#### *Sale, Exchange or other Disposition of Common Shares*

Subject to the discussion of the PFIC rules below, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our common shares in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder’s tax basis in such stock. A U.S. Holder’s tax basis in the common shares generally will equal the U.S. Holder’s acquisition cost less any prior return of capital. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder’s holding period is greater than one year at the time of the sale, exchange or other disposition and will generally be treated as U.S.-source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder’s ability to deduct capital losses is subject to certain limitations.

#### *PFIC Status and Significant Tax Consequences*

Special U.S. federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a PFIC for U.S. federal income tax purposes. In general, we will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which such U.S. Holder held our common shares, either:

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business), which we refer to as the income test; or
- at least 50% of the average value of our assets during such taxable year produce, or are held for the production of, passive income, which we refer to as the asset test.

For purposes of determining whether we are a PFIC, cash will be treated as an asset which is held for the production of passive income. In addition, we will be treated as earning and owning our proportionate share of the income and assets, respectively, of any of our subsidiary companies in which we own at least 25% of the value of the subsidiary’s stock or other equity interest. Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute “passive income” unless we were treated under specific rules as deriving our rental income in the active conduct of a trade or business.

Our status as a PFIC will depend upon the operations of our vessels. Therefore, we can give no assurances as to whether we will be a PFIC with respect to any taxable year. In making the determination as to whether we are a PFIC, we intend to treat the gross income we derive or are deemed to derive from the time chartering and voyage chartering activities of us or any of our wholly owned subsidiaries as services income, rather than rental income. There is substantial legal authority supporting this position consisting of case law and IRS pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. In the absence of any legal authority specifically relating to the statutory provisions governing PFICs, the IRS or a court could disagree with our position. On the other hand, any income we derive from bareboat chartering activities will be treated as passive income for purposes of the income test. Likewise, any assets utilized in bareboat chartering activities will be treated as generating passive income for purposes of the asset test.

On the basis of the foregoing, we do not believe that we were a PFIC in 2025, and do not anticipate becoming a PFIC in the near future.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a “Qualified Electing Fund,” which election we refer to as a “QEF election,” or a “mark-to-market” election with respect to our common shares. In addition, if we are a PFIC, a U.S. Holder will be required to file IRS Form 8621 with the IRS.

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

If a U.S. Holder makes a timely QEF election, which U.S. Holder we refer to as an “Electing Holder,” the Electing Holder must report each year for U.S. federal income tax purposes such holder’s pro-rata share of our ordinary earnings and our net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from us by the Electing Holder. The Electing Holder’s adjusted tax basis in the common shares will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common shares and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of our common shares. A U.S. Holder would make a QEF election with respect to any year that we are a PFIC by filing IRS Form 8621 with such holder’s U.S. federal income tax return. After the end of each taxable year, we will determine whether we were a PFIC for such taxable year. If we determine or otherwise become aware that we are a PFIC for any taxable year, we expect to provide each U.S. Holder with all necessary information, including a PFIC Annual Information Statement, in order to allow such holder to make a QEF election for such taxable year.

#### *Taxation of U.S. Holders Making a “Mark-to-Market” Election.*

Alternatively, if we were to be treated as a PFIC for any taxable year and, as we anticipate will continue to be the case, our shares are treated as “marketable stock,” a U.S. Holder would be allowed to make a “mark-to-market” election with respect to our common shares, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common shares at the end of the taxable year over such holder’s adjusted tax basis in the common shares. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder’s adjusted tax basis in the common shares over their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder’s tax basis in such holder’s common shares would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our common shares would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder.

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

Finally, if we were to be treated as a PFIC for any taxable year, a U.S. Holder who has not timely made a QEF or mark-to-market election for the first taxable year in which such holder holds our common shares and during which we are treated as PFIC, whom we refer to as a “Non-Electing Holder,” would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common shares in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder’s holding period for the common shares), and (2) any gain realized on the sale, exchange or other disposition of our common shares. Under these special rules:

- the excess distribution or gain would be allocated ratably to each day over the Non-Electing Holder's aggregate holding period for the common shares;
- the amount allocated to the current taxable year and any taxable year before we became a PFIC would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed tax deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

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

#### *Net Investment Income Tax*

A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) such U.S. Holder's "net investment income" (or undistributed "net investment income" in the case of estates and trusts) for the relevant taxable year and (2) the excess of such U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. Holder's net investment income will generally include its gross dividend income and its net gains from the disposition of our common shares, unless such dividends or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). Net investment income generally will not include a U.S. Holder's pro rata share of our income and gain if we are a PFIC and that U.S. Holder makes a QEF election, as described above in "Taxation of U.S. Holders Making a Timely QEF Election." However, a U.S. Holder may elect to treat inclusions of income and gain from a QEF election as net investment income. Failure to make this election could result in a mismatch between a U.S. Holder's ordinary income and net investment income. If you are a U.S. Holder that is an individual, estate or trust, you are urged to consult your tax advisor regarding the applicability of the net investment income tax to your income and gains in respect of your investment in our common shares.

#### ***U.S. Federal Income Taxation of Non-U.S. Holders***

A beneficial owner of our common shares, other than a partnership or entity treated as a partnership for U.S. federal income tax purposes, that is not a U.S. Holder is referred to herein as a Non-U.S. Holder.

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

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

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. In general, if the Non-U.S. Holder is entitled to the benefits of certain income tax treaties with respect to that gain, that gain is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States; or

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

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

### ***Backup Withholding and Information Reporting***

In general, dividend payments, or other taxable distributions, made within the United States to you will be subject to information reporting requirements. Such payments will also be subject to backup withholding tax if you are a non-corporate U.S. Holder and you:

- fail to provide an accurate taxpayer identification number;
- are notified by the IRS that you have failed to report all interest or dividends required to be shown on your U.S. federal income tax returns; or
- in certain circumstances, fail to comply with applicable certification requirements.

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

If you sell your common shares through a U.S. office of a broker, the payment of the proceeds is subject to both U.S. backup withholding and information reporting unless you certify that you are a non-U.S. person, under penalties of perjury, or you otherwise establish an exemption. If you sell your common shares through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States, then information reporting and backup withholding generally will not apply to that payment. However, U.S. information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made to you outside the United States, if you sell your common shares through a non-U.S. office of a broker that is a U.S. person or has certain other contacts with the United States, unless you certify that you are a non-U.S. person, under penalty of perjury, or you otherwise establish an exemption.

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

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

#### **F. *Dividends and paying agents***

Not Applicable.

**G. *Statement by experts***

Not Applicable.

**H. *Documents on display***

We file reports and other information with the SEC. These materials, including this annual report and the accompanying exhibits, are available on the SEC's website at <http://www.sec.gov> as well as on our website <http://www.pshipping.com/>. The information contained on, or that can be accessed through, these websites is not incorporated by reference herein and does not form part of this annual report.

**I. *Subsidiary information***

Not Applicable.

**J. *Annual Report to Security Holders***

We are currently not required to provide an annual report to security holders in response to the requirements of Form 6-K.

**Item 11. Quantitative and Qualitative Disclosures about Market Risk**

**Interest Rates**

We are exposed to market risks associated with changes in interest rates relating to our loan facilities, according to which we pay interest SOFR plus a margin; and as such, increases in interest rates could affect our results of operations. An average increase of 1% in 2025 interest rates would have resulted in interest expenses of \$1.4 million. As of December 31, 2025, we had \$228.7 million of aggregate debt outstanding. In the future, we expect to manage any exposure in interest rates through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. Global financial markets and economic conditions have been, and continue to be, volatile. Specifically, due to the global epidemic and pandemic outbreak and the war in Ukraine and resulting sanctions which have disrupted supply chains and caused instability in the energy markets and the global economy, credit markets and the debt and equity capital markets have been distressed, and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide, particularly for the shipping industry. These issues, along with significant write-offs in the financial services sector, the repricing of credit risk and the current weak economic conditions, have made, and will likely continue to make, it difficult to obtain additional financing.

As of December 31, 2025, and 2024 we did not and have not designated any financial instruments as accounting hedging instruments.

**Currency and Exchange Rates**

We generate all of our revenues in U.S. dollars, but currently incur more than half of our general and administrative expenses (around 74% in 2025 and 60% in 2024) and have historically incurred a significant portion of our operating expenses (around 13% in 2025 and 14% in 2024) in currencies other than the U.S. dollar, primarily the Euro. For accounting purposes, expenses incurred in Euros are converted into U.S. dollars at the exchange rate prevailing on the date of each transaction. The amount and frequency of some of these expenses, such as vessel repairs, supplies and stores, may fluctuate from period to period. Depreciation in the value of the dollar relative to other currencies increases the dollar cost to us of paying such expenses. The portion of our expenses incurred in other currencies could increase in the future, which could expand our exposure to losses arising from currency fluctuations.

While we have not mitigated the risk associated with exchange rate fluctuations through the use of financial derivatives, we may determine to employ such instruments in the future in order to minimize this risk. Our use of financial derivatives would involve certain risks, including the risk that losses on a hedged position could exceed the nominal amount invested in the instrument and the risk that the counterparty to the derivative transaction may be unable or unwilling to satisfy its contractual obligations, which could have an adverse effect on our results. Because during 2025 and 2024, our Euro expenses represented 14% and 9%, respectively of our revenues, we do not consider the risk from exchange rate fluctuations to be material for our results of operations and therefore, we are not engaged in derivative instruments to hedge part of those expenses.

**Item 12. Description of Securities Other than Equity Securities**

Not Applicable.

**PART II**

**Item 13. Defaults, Dividend Arrearages and Delinquencies**

None.

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

Pursuant to the Stockholders' Rights Agreement dated December 20, 2021, each common share includes one preferred stock purchase right that entitles the holder to purchase from us one-thousandth of a share of our Series A Participating Preferred Stock if any third party acquires beneficial ownership of 10% or more of our common shares without the approval of our board of directors. See "Item 10. Additional Information—B. Memorandum and Articles of Association—Stockholders' Rights Agreement."

The superior voting rights of our Series C Preferred Shares limit the ability of our common shareholders to control or influence corporate matters. See "Description of Securities," attached hereto as Exhibit 2.5 and incorporated by reference herein, and the risk factor under "Item 3. Key Information—D. Risk Factors" entitled "Aliko Paliou, the Chairperson of the Board, controls a majority of voting power over matters on which our shareholders are entitled to vote, and accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders."

**Item 15. Controls and Procedures**

**a) Disclosure Controls and Procedures**

Management, including our Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

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

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with U.S. GAAP.

Management has conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on this assessment, management has determined that our internal control over financial reporting as of December 31, 2025, is effective.

### **c) Attestation Report of the Registered Public Accounting Firm**

This annual report does not contain an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm since under the SEC adopting release implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, companies that are non-accelerated filers are exempt from including auditor attestation reports in their Form 20-Fs.

### **d) Changes in Internal Control over Financial Reporting**

None.

### **Inherent Limitations on Effectiveness of Controls**

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

### **Item 16. [Reserved]**

#### **Item 16A. Audit Committee Financial Expert**

Alex Papageorgiou serves as the Chairman of our Audit Committee. Our board of directors has determined that Alex Papageorgiou qualifies as an "audit committee financial expert" and is "independent" according to SEC rules.

#### **Item 16B. Code of Ethics**

We have adopted a code of ethics that applies to officers, directors, employees and agents. Our code of ethics is posted on our website, <http://www.pshipping.com>, under "How We Care-Code of Business Conduct and Ethics." Information on or accessed through our website does not constitute a part of this annual report and is not incorporated by reference herein. Copies of our Code of Ethics are available in print, free of charge, upon request to Performance Shipping Inc., 373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, Greece. We intend to satisfy any disclosure requirements regarding any amendment to, or waiver from, a provision of this Code of Ethics by posting such information on our website.

#### **Item 16C. Principal Accountant Fees and Services**

##### **a) Audit Fees**

Our principal accountants, Ernst & Young (Hellas) Certified Auditors Accountants S.A., have billed us for audit services.

In 2025 and 2024, audit fees amounted to €189,000 or about \$205,000 and €189,000 or about \$205,254, respectively, at the then-prevailing exchange rates, and related to audit services provided in connection with the audit and AS 4105 interim reviews of our consolidated financial statements.

**b) Audit-Related Fees**

In 2025 and 2024, no fees under this category existed.

**c) Tax Fees**

In 2025 and 2024, Ernst & Young LLP, have also billed us for tax services provided for the Company's earnings and profits calculations, which amounted to \$9,250 and \$9,250 in each of the respective years.

**d) All Other Fees**

None.

**e) Audit Committee's Pre-Approval Policies and Procedures**

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

**Item 16F. Change in Registrant's Certifying Accountant**

Not applicable.

**Item 16G. Corporate Governance**

We have certified to Nasdaq that our corporate governance practices are in compliance with, and are not prohibited by, the laws of the Republic of the Marshall Islands. Therefore, we are exempt from many of Nasdaq's corporate governance practices other than the requirements regarding the disclosure of a going concern audit opinion, submission of a listing agreement, notification to Nasdaq of non-compliance with Nasdaq corporate governance practices, prohibition on disparate reduction or restriction of shareholder voting rights, and the establishment of an audit committee satisfying Nasdaq Listing Rule 5605(c)(3) and ensuring that such audit committee's members meet the independence requirement of Listing Rule 5605(c)(2)(A)(ii). The practices we follow in lieu of Nasdaq's corporate governance rules applicable to U.S. domestic issuers are as follows:

- As a foreign private issuer, we are not required to have an audit committee comprised of at least three members. Our audit committee is comprised of two members;
- As a foreign private issuer, we are not required to adopt a formal written charter or board resolution addressing the nominations process. We do not have a nominations committee, nor have we adopted a board resolution addressing the nominations process;

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- As a foreign private issuer, we are not required to hold regularly scheduled board meetings at which only independent directors are present;
- In lieu of obtaining shareholder approval prior to the issuance of designated securities, we will comply with provisions of the Marshall Islands Business Corporations Act, which allows the board of directors to approve share issuances;
- As a foreign private issuer, we are not required to solicit proxies or provide proxy statements to Nasdaq pursuant to Nasdaq corporate governance rules or Marshall Islands law. Consistent with Marshall Islands law and as provided in our bylaws, we will notify our shareholders of meetings between 15 and 60 days before the meeting. This notification will contain, among other things, information regarding business to be transacted at the meeting. In addition, our bylaws provide that shareholders must give us between 150 and 180 days advance notice to properly introduce any business at a meeting of shareholders.

Other than as noted above, we are in compliance with all other Nasdaq corporate governance standards applicable to U.S. domestic issuers.

**Item 16H. Mine Safety Disclosure**

Not applicable.

**Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## **Item 16J. Insider Trading Policies**

We have adopted an insider trading policy governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees. Our insider trading policy is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to us. A copy of our Insider Trading Policy has been filed as Exhibit 11.1 to this annual report.

## **Item 16K. Cybersecurity**

We believe that cybersecurity is fundamental to our operations and, as such, we are committed to maintaining robust governance and oversight of cybersecurity risks and implementing comprehensive processes and procedures for identifying, assessing, and managing material risks from cybersecurity threats as part of our broader risk management system and processes. Our cybersecurity risk management strategy prioritizes detection, analysis, and response to known, anticipated or unexpected threats; effective management of security risks; and resiliency against incidents. With the ever-changing cybersecurity landscape and continual emergence of new cybersecurity threats, our senior management team ensures that significant resources are devoted to cybersecurity risk management and the technologies, processes and people that support it. We implement risk-based controls to protect our information, our information systems, our business operations, and our vessels.

### *Risk Management and Strategy*

The safe and efficient operation of our business—including, but not limited to, billing, disbursements, accounting, vessel scheduling, and vessel operations—depends on computer hardware and software systems. These information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry-accepted security measures and technology to securely maintain confidential and proprietary information on our information systems.

Our processes for assessing, identifying, and managing material risks from cybersecurity threats include:

- Periodic discussion and assessment of perceived material cybersecurity risks.
- Internal and external system assessments, such as penetration and vulnerability testing.
- System protection measures, such as email filtering and access management.
- Regular threat monitoring, both against the Company and against other companies in the industry.
- Incident response procedures, for identification, reporting, and remediation.
- Analysis of cybersecurity incidents and results of security operations monitoring.
- Regular employee training.
- Procedures designed to assist in complying with mandatory data protection legislation.
- The existence and periodic review of internal cybersecurity policies.

We also have processes to oversee and identify cybersecurity risks from threats associated with our use of other service providers. More specifically, we periodically discuss with our key third-party managers the technical and organizational measures in place for cybersecurity. In terms of Software as a Service providers, we monitor the relevant IT security measures through receiving and assessing third-party assurance reports as well as protect against potential risk factors from them. The results of these processes are taken into consideration in our annual risk assessment process, during which we identify mitigating actions and new security initiatives.

## *Governance*

Our Audit Committee has ultimate responsibility for the oversight of cybersecurity risks and responses to cybersecurity incidents, should they arise. The Audit Committee is informed periodically regarding the status of initiatives undertaken by the IT department and internal auditors and other relevant functions to further reduce cybersecurity risk.

The key individuals responsible for the overall assessment and management of material risks from cybersecurity threats include the head of our IT (who possesses approximately 20 years of experience with informational technology and cybersecurity risk management) and our or internal auditor, who brings extensive regulatory, risk assessment, and organizational experience to the oversight of our internal processes.

This leadership team receives information regarding the monitoring, prevention, detection, mitigation, and remediation of cybersecurity incidents and proceeds with necessary actions such as:

- Updating relevant policies and procedures.
- Implementing additional technical and organizational measures to reduce the level of cyber risk.
- Engaging specialized third-party service providers.
- Assessing the materiality and determining disclosure obligations in the event of a cybersecurity incident.
- Reporting to senior management.

## *Incident Management and Reporting*

As part of our cybersecurity risk management system, our incident management teams track and log privacy and security incidents across our Company, including our vessels, to remediate and resolve any such incidents. All incidents are reviewed regularly to determine whether further escalation is appropriate. Any incident assessed as potentially being or potentially becoming material is immediately escalated for further assessment, and then reported to our senior management, who then consult with our Audit Committee. We consult with our outside counsel as appropriate, including on materiality analysis and disclosure matters, and our senior management makes the final materiality determinations and disclosure and other compliance decisions. Our senior management apprises our independent public accounting firm of matters and any relevant developments.

Where events occur that do not escalate to cybersecurity incidents, the details of the relevant assessments are communicated to senior management on an as-needed basis. However, if we were to become the subject of a cybersecurity incident, according to our policies, the key management would take the following steps:

1. Conduct an incident investigation.
2. Conduct an incident evaluation and classification.
3. Undertake internal escalation to our executives.
4. Pursue containment of the incident and recovery of any affected infrastructure.
5. Conduct a materiality assessment.
6. Determine reporting obligations.
7. Report to the Audit Committee.

## *Training and Awareness*

We have various information technology policies relating to cybersecurity. We also provide mandatory employee training on a periodic basis that reinforces our information technology policies, standards, and practices, as well as the expectation that employees comply with these policies and identify and report potential cybersecurity risks. We also require all employees, directors and officers to sign the company's Privacy Policy for Personal Data protection.

## *Ongoing Investment and Potential Impact*

We continue to invest in our cybersecurity systems and to enhance our internal controls and processes. Our business strategy, results of operations, and financial condition have not been materially affected by risks from cybersecurity threats to date, but we cannot provide assurance that they will not be materially affected in the future by such risks or any future material incidents. While we have dedicated significant resources to identifying, assessing, and managing these risks, our efforts may not be adequate, may fail to accurately assess the severity of an incident, may not be sufficient to prevent or limit harm, or may fail to sufficiently remediate an incident in a timely fashion. Any such failure could harm our business, reputation, results of operations, and financial condition.

For further information regarding the risks associated with cybersecurity, see the risk factor under "Item 3. Key Information—D. Risk Factors" entitled "A cyber-attack could materially disrupt our business".

## PART III

### Item 17. Financial Statements

See “Item 18. Financial Statements.”

### Item 18. Financial Statements

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

### Item 19. Exhibits

#### Exhibit

#### Number

#### Description

- |                      |  |
|----------------------|--|
| <a href="#">1.1</a>  | Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company’s Registration Statement on Form F-4 (File No. 333-169974), filed with the SEC on October 15, 2010).  |
| <a href="#">1.2</a>  | Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated June 8, 2016 (incorporated by reference to Exhibit 3.3 to the Company’s report on Form 6-K, filed with the SEC on June 9, 2016).   |
| <a href="#">1.3</a>  | Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated July 3, 2017 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6-K, filed with the SEC on July 6, 2017).   |
| <a href="#">1.4</a>  | Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated July 26, 2017 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6-K, filed with the SEC on July 28, 2017).   |
| <a href="#">1.5</a>  | Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated August 23, 2017 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6-K, filed with the SEC on August 28, 2017).   |
| <a href="#">1.6</a>  | Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated September 22, 2017 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6-K, filed with the SEC on September 26, 2017).   |
| <a href="#">1.7</a>  | Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated November 1, 2017 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6-K, filed with the SEC on November 3, 2017).   |
| <a href="#">1.8</a>  | Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated February 25, 2019 (incorporated by reference to Exhibit 1.8 to the Company’s Annual Report on Form 20-F, filed with the SEC on March 18, 2019).  |
| <a href="#">1.9</a>  | Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated October 30, 2020 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6K, filed with the SEC on November 2, 2020).  |
| <a href="#">1.10</a> | Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated November 15, 2022 (incorporated by reference to Exhibit 1.10 to the Company’s report on Form 6-K, filed with the SEC on March 28, 2024).   |
| <a href="#">1.11</a> | Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company’s Registration Statement on Form F-4 (File No. 333-169974), filed with the SEC on October 15, 2010).   |
| <a href="#">2.1</a>  | Form of Common Share Certificate (incorporated by reference to Exhibit 4.1 to the Company’s report on Form 6-K, filed with the SEC on November 2, 2020).   |
| <a href="#">2.2</a>  | Statement of Designations of Rights, Preferences and Privileges of Series A Participating Preferred Stock of Performance Shipping Inc., dated August 2, 2010 (incorporated by reference to Exhibit 4.4 to the Company’s Registration Statement on Form F-4 (File No. 333-169974), filed with the SEC on October 15, 2010). |
| <a href="#">2.3</a>  | Amended and Restated Certificate of Designation, Preferences and Rights of the Series B Convertible Cumulative Perpetual Preferred Stock of Performance Shipping Inc., dated January 12, 2022 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6-K, filed with the SEC on February 4, 2022).      |

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- [2.4](#) Certificate of Designation of Series C Convertible Cumulative Redeemable Perpetual Preferred Shares dated October 17, 2022 (incorporated by reference to Exhibit 99.2 to the Company's report on Form 6-K, filed with the SEC on October 21, 2022).
- [2.5](#) Description of Securities\*
- [4.1](#) Registration Rights Agreement dated April 6, 2010 (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form F-4 (File No. 333-169974), filed with the SEC on October 15, 2010).
- [4.2](#) Stockholders' Rights Agreement dated December 20, 2021 (incorporated by reference to Exhibit 4.1 to the Company's report on Form 6-K, filed with the SEC on December 21, 2021).
- [4.3](#) Amended and Restated 2015 Equity Incentive Plan (incorporated by reference to Exhibit 1 to the Company's report on Form 6-K, filed with the SEC on December 31, 2020).
- [4.4](#) Administrative Services Agreement with UOT (incorporated by reference to Exhibit 4.8 to the Company's Annual Report on Form 20-F, filed with the SEC on March 26, 2014).
- [4.5](#) Form of Vessel Management Agreement with UOT (incorporated by reference to Exhibit 4.11 to the Company's Annual Report on Form 20-F, filed with the SEC on March 26, 2014).
- [4.6](#) Secured Loan Agreement dated August 4, 2023 among Taburao Shipping Company Inc. and Tarawa Shipping Company Inc. as borrowers, Performance Shipping Inc. as guarantor, the financial institutions listed in schedule 1 thereto as lenders, Nordea Bank Abp as hedge counterparties and Nordea Bank Abp, filial I Norge as bookrunner, agent, and security agent (incorporated by reference to Exhibit 4.6 to the Company's report on Form 20-F, filed with the SEC on March 28, 2024).
- [4.7](#) First Supplemental Agreement to Secured Loan Facility Agreement dated July 24, 2019 (incorporated by reference to Exhibit 4.8 to the Company's Registration Statement on Form F-1/A (File No. 333-255100), filed with the SEC on April 20, 2021).
- [4.11](#) Credit Facility dated March 2, 2022 between Mango Shipping Corp. and the Company (incorporated by reference to Exhibit 4.10 to the Company's Annual Report on Form 20-F, filed with the SEC on March 11, 2022).
- [4.12](#) Warrant Agency Agreement dated as of June 1, 2022 among the Company, Computershare Inc., and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.1 to the Company's report on Form 6-K, filed with the SEC on June 2, 2022).
- [4.13](#) Form of Class A Common Share Purchase Warrant (incorporated by reference to Exhibit 4.2 to the Company's report on Form 6-K, filed with the SEC on June 2, 2022).
- [4.14](#) Form of Securities Purchase Agreement between the Company and the purchasers thereto (incorporated by reference to Exhibit 4.2 to the Company's report on Form 6-K, filed with the SEC on July 20, 2022).
- [4.15](#) Form of Common Share Purchase Warrant (incorporated by reference to Exhibit 4.3 to the Company's report on Form 6-K, filed with the SEC on July 20, 2022).
- [4.16](#) Form of Securities Purchase Agreement between the Company and the purchasers thereto (incorporated by reference to Exhibit 4.2 to the Company's report on Form 6-K, filed with the SEC on August 17, 2022).
- [4.17](#) Form of Common Share Purchase Warrant (incorporated by reference to Exhibit 4.3 to the Company's report on Form 6-K, filed with the SEC on August 17, 2022).
- [4.18](#) Stock Purchase Agreement dated October 17, 2022 between Mango Shipping Corp. and the Company (incorporated by reference to Exhibit 99.3 to the Company's report on Form 6-K, filed with the SEC on October 21, 2022).
- [4.19](#) Form of Securities Purchase Agreement dated as of February 28, 2023 between the Company and the purchasers thereto (incorporated by reference to Exhibit 4.2 to the Company's report on Form 6-K, filed with the SEC on March 3, 2023).
- [4.20](#) Form of Series A Common Share Purchase Warrant (incorporated by reference to Exhibit 4.3 to the Company's report on Form 6-K, filed with the SEC on March 3, 2023).
- [4.21](#) Form of Series B Common Share Purchase Warrant (incorporated by reference to Exhibit 4.4 to the Company's report on Form 6-K, filed with the SEC on March 3, 2023).
- [4.22](#) Loan Agreement dated July 23, 2025 between Alpha Bank S.A., as lender and Arbar Shipping Company Inc. And Garu Shipping Company Inc., as borrowers\*
- [4.23](#) Shipbuilding Contract for the construction of Hull No. YZJ2024-1624 dated April 30, 2024 among Saint Barth Shipping Company Inc., Jiangsu Yangzijiang Shipbuilding Group Co., Ltd., Jiangsu New Yangzi Shipbuilding Co., Ltd., and Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd (incorporated by reference to Exhibit 4.24 to the Company's report on Form 20-F, filed with the SEC on March 28, 2024).

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- [4.24](#) Shipbuilding Contract for the construction of Hull No. H1627 dated March 2, 2026 among Saint Lucia Shipping Company Inc., China Shipbuilding Trading Co., Ltd., and Shanghai Waigaoqiao Shipbuilding Co., Ltd.\*
- [4.25](#) Shipbuilding Contract for the construction of Hull No. H1628 dated March 2, 2026 among Martinique Shipping Company Inc., China Shipbuilding Trading Co., Ltd., and Shanghai Waigaoqiao Shipbuilding Co., Ltd.\*
- [4.26](#) Bareboat Charterparty dated July 16, 2024, among Kenzan Kaiun Co., Limited, Azalea Line, S.A. and Nakaza Shipping Company Inc. for the P. Massport (incorporated by reference to Exhibit 4.25 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.27](#) Memorandum of Agreement, dated July 16, 2024 among Nakaza Shipping Company Inc., Kenzan Kaiun Co., and Azalea Line, S.A. in respect of the P. Massport (incorporated by reference to Exhibit 4.26 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.28](#) Guarantee in respect of the P. Massport dated July 16, 2024, among the registrant, Kenzan Kaiun Co., Limited and Azalea Line, S.A. (incorporated by reference to Exhibit 4.27 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.29](#) Guarantee in respect of the P. Massport dated July 16, 2024, between the Yano Kaiun Co., Ltd and Nakaza Shipping Company Inc. (incorporated by reference to Exhibit 4.28 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.30](#) Bareboat Charterparty dated October 24, 2024, between Huican (Tianjin) Shipping Leasing Co., Ltd. and Sri Lanka Shipping Company Inc. for the P. Tokyo (incorporated by reference to Exhibit 4.29 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.31](#) Guarantee in respect of the P. Tokyo dated March 4, 2025, between the registrant and Huican (Tianjin) Shipping Leasing Co., Ltd. (incorporated by reference to Exhibit 4.30 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.32](#) Bareboat Charterparty dated March 5, 2025, between T.A.C.K Shipping S.A. and Guadeloupe Shipping Company Inc. for the P. Marseille (incorporated by reference to Exhibit 4.31 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.33](#) Memorandum of Agreement, dated October 24, 2024 between Mustique Shipping Company Inc. and Huican (Tianjin) Shipping Leasing Co., Ltd. in respect of the P. Tokyo (incorporated by reference to Exhibit 4.32 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.34](#) Memorandum of Agreement, dated March 5, 2025 between Guadeloupe Shipping Company Inc. and T.A.C.K Shipping S.A. in respect of the P. Marseille (incorporated by reference to Exhibit 4.33 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.35](#) Guarantee in respect of the P. Marseille dated March 5, 2025, between the registrant and T.A.C.K Shipping S.A. (incorporated by reference to Exhibit 4.34 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.36](#) Guarantee in respect of the P. Marseille dated March 5, 2025, between the Guadeloupe Shipping Company Inc. and Kowa Kaiun Co., Ltd. (incorporated by reference to Exhibit 4.35 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.37](#) Memorandum of Agreement, dated February 17, 2025 between Maloelap Shipping Company Inc. and MTC Engineering SDN BHD. in respect of the P. Sophia (incorporated by reference to Exhibit 4.36 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.38](#) Memorandum of Agreement, dated March 13, 2025, between Arno Shipping Company Inc. and Concord Voyage Limited in respect of the P. Yanbu (incorporated by reference to Exhibit 4.37 to the Company's report on Form 20-F, filed with the SEC on April 16, 2025).
- [4.39](#) Bareboat Charterparty dated March 16, 2026, between Salter Shipping, S.A. and Saint Barth Shipping Company Inc. for the P. San Francisco.\*
- [4.40](#) Guarantee in respect of the P. San Francisco dated March 16, 2026, Saint Barth Shipping Company Inc. and Salter Shipping, S.A.\*
- [4.41](#) Memorandum of Agreement, dated March 16, 2026, between Saint Barth Shipping Company Inc. and Salter Shipping, S.A. in respect of the P. San Francisco.\*
- [4.42](#) Memorandum of Agreement, dated February 9, 2026, between Maloelap Shipping Company Inc. and Sohon Shipping Limited in respect of the P. Sophia.\*

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<a href="#">4.43</a>	Memorandum of Agreement, dated April 2, 2026, between Garu Shipping Company Inc. and Trafigura Maritime Logistics Pte. Ltd in respect of the P. Aliko.*
<a href="#">4.44</a>	Bond Terms for 9.875% Senior Secured Bonds due 2029, dated July 15, 2025, by and between the registrant and Nordic Trustee AS, as bond trustee and security agent.*
<a href="#">4.45</a>	Tap Issue Addendum to the Bond Terms for 9.875% Senior Secured Bonds due 2029, dated January 23, 2026.*
<a href="#">8.1</a>	List of Subsidiaries*
<a href="#">11.1</a>	Insider Trading Policy (incorporated by reference to Exhibit 11.1 to the Company's report on Form 20-F, filed with the SEC on March 28, 2024).
<a href="#">12.1</a>	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer*
<a href="#">12.2</a>	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer*
<a href="#">13.1</a>	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
<a href="#">13.2</a>	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
<a href="#">15.1</a>	Consent of independent registered public accounting firm*
<a href="#">15.2</a>	Consent of Watson Farley & Williams LLP*
<a href="#">97.1</a>	Policy for the Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 to the Company's report on Form 20-F, filed with the SEC on March 28, 2024).
101	The following financial information from Performance Shipping Inc.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2025, formatted as Inline eXtensible Business Reporting Language (iXBRL): (1) Consolidated Balance Sheets as of December 31, 2025 and 2024; (2) Consolidated Statements of Operations for the years ended December 31, 2025, 2024, and 2023; (3) Consolidated Statements of Comprehensive Income / (Loss) for the years ended December 31, 2025, 2024, and 2023; (4) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2025, 2024, and 2023; (5) Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024, and 2023; and (6) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline eXtensible Business Reporting Language (iXBRL) and contained in Exhibit 101)

\* Filed herewith.

## SIGNATURES

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

PERFORMANCE SHIPPING INC.

By: /s/ Andreas Michalopoulos  
Andreas Michalopoulos  
Chief Executive Officer, Director and Secretary

Dated: April 27, 2026

PERFORMANCE SHIPPING INC.

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## **Report of Independent Registered Public Accounting Firm**

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

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Performance Shipping Inc. (the Company) as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

### **Basis for Opinion**

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

## Critical audit matter

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

### ***Impairment indicators for vessels held and used***

*Description of the matter* As of December 31, 2025, the carrying value of the Company’s vessels, plus unamortized dry-dock costs was \$451,904. As discussed in Note 2(l) to the consolidated financial statements, the Company evaluates each vessel for impairment whenever events or changes in circumstances indicate that the carrying amount of a vessel plus unamortized dry-dock costs may not be recoverable, in accordance with the guidance in ASC 360 – Property, Plant and Equipment (“ASC 360”).

Auditing the Company’s impairment indicator assessment was complex due to the judgment required to evaluate events or changes in circumstances affecting the market and economic conditions in a cyclical and volatile industry, as well as the subjectivity involved in assessing potential indicators of impairment.

*How we addressed the matter in our audit* We analyzed management’s assessment of vessel impairment indicators against the accounting guidance in ASC 360. In order to test management’s assessment of the developments in market conditions, our procedures included, among others, performing an analysis over the market charter rates and market prices, recent sales and purchase activity for second-hand tanker vessels, as well as changes in third-party valuations using market information derived from external industry data. Our procedures also included sensitivity analyses to evaluate the impact from potential sales. We assessed the Company’s disclosures in Note 2(l) to the consolidated financial statements.

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

We have served as the Company’s auditor since 2010.

Athens, Greece

April 27, 2026

**PERFORMANCE SHIPPING INC.**

Consolidated Balance Sheets as at December 31, 2025 and 2024

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 48,172	\$ 70,314
Accounts receivable, net (Note 3)	6,293	5,810
Inventories	949	549
EU allowances (Note 3)	198	-
Prepaid expenses and other assets	2,398	1,979
<b>Total current assets</b>	<u>58,010</u>	<u>78,652</u>
<b>FIXED ASSETS:</b>		
Advances for vessels under construction and other vessels' costs (Note 5)	48,725	58,468
Vessels, net (Note 6)	449,689	189,577
Property and equipment, net	58	34
<b>Total fixed assets</b>	<u>498,472</u>	<u>248,079</u>
<b>NON-CURRENT ASSETS:</b>		
Restricted cash, non-current (Note 7)	1,089	1,000
Right of use asset under operating leases	67	50
Deferred charges, net	2,215	2,386
Other non-current assets	-	226
<b>Total non-current assets</b>	<u>3,371</u>	<u>3,662</u>
<b>Total assets</b>	<u>\$ 559,853</u>	<u>\$ 330,393</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt, net of unamortized deferred financing costs (Note 7)	\$ 12,391	\$ 7,443
Accounts payable, trade and other	3,408	2,214
Due to related parties (Note 4)	17	615
Accrued liabilities (Note 7)	9,226	2,820
Deferred revenue (Note 3)	-	930
Lease liabilities, current	67	50
EU allowances liability (Note 3)	1,077	789
<b>Total current liabilities</b>	<u>26,186</u>	<u>14,861</u>
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt, net of unamortized deferred financing costs (Note 7)	114,799	40,016
Bonds, net of unamortized discounts and deferred financing costs (Note 7)	95,142	-
Other liabilities, non-current	262	246
Commitments and contingencies (Note 8)	-	-
Fair value of warrants' liability (Note 9)	30	27
<b>Total long-term liabilities</b>	<u>210,233</u>	<u>40,289</u>
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, \$0.01 par value; 25,000,000 shares authorized, 50,726 and 50,726 Series B, and 1,423,912 and 1,423,912 Series C issued and outstanding as at December 31, 2025 and 2024, respectively (Note 9)	15	15
Common stock, \$0.01 par value; 500,000,000 shares authorized; 12,432,158 and 12,432,158 issued and outstanding as at December 31, 2025 and 2024, respectively (Note 9)	124	124
Additional paid-in capital (Note 9)	534,269	534,269
Other comprehensive income	102	53
Accumulated deficit	(211,076)	(259,218)
<b>Total stockholders' equity</b>	<u>323,434</u>	<u>275,243</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 559,853</u>	<u>\$ 330,393</u>

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



**PERFORMANCE SHIPPING INC.**

Consolidated Statements of Operations

For the years ended December 31, 2025, 2024 and 2023

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>REVENUE:</b>			
Revenue (Note 3)	\$ 84,172	\$ 87,445	\$ 108,938
<b>EXPENSES:</b>			
Voyage expenses	5,181	4,237	4,358
Vessel operating expenses	21,605	19,758	21,866
Depreciation and amortization of deferred charges (Note 6)	15,077	13,336	14,793
General and administrative expenses (Notes 4, 8 and 9)	9,702	8,306	8,042
Gain on vessel's sale (Note 6)	(19,456)	-	(15,683)
Provision for / (Reversal of) credit losses (Note 3)	27	(7)	(37)
Foreign currency losses	100	1	64
<b>Operating income</b>	<u>\$ 51,936</u>	<u>\$ 41,814</u>	<u>\$ 75,535</u>
<b>OTHER INCOME / (EXPENSES)</b>			
Interest and finance costs (Notes 5, 7 and 10)	(6,793)	(1,345)	(9,598)
Loss from debt extinguishment	-	-	(387)
Interest income	4,834	3,255	3,302
Changes in fair value of warrants' liability (Note 9)	(4)	6	561
<b>Total other income / (expenses), net</b>	<u>\$ (1,963)</u>	<u>\$ 1,916</u>	<u>\$ (6,122)</u>
<b>Net income</b>	<u>\$ 49,973</u>	<u>\$ 43,730</u>	<u>\$ 69,413</u>
Income allocated to participating securities (Note 11)	\$ -	\$ -	\$ (2)
Deemed dividend to the Series C preferred stockholders due to triggering of a down-round feature (Notes 9 and 11)	-	-	(9,809)
Deemed dividend to the July and August 2022 warrants' holders due to triggering of a down-round feature (Notes 9 and 11)	-	-	(789)
Dividends on preferred stock (Note 11)	(1,831)	(1,833)	(1,889)
<b>Net income attributable to common stockholders</b>	<u>\$ 48,142</u>	<u>\$ 41,897</u>	<u>\$ 56,924</u>
<b>Earnings per common share, basic (Note 11)</b>	<u>\$ 3.87</u>	<u>\$ 3.39</u>	<u>\$ 5.43</u>
<b>Earnings per common share, diluted (Note 11)</b>	<u>\$ 1.28</u>	<u>\$ 1.11</u>	<u>\$ 1.91</u>
<b>Weighted average number of common shares, basic (Note 11)</b>	<u>12,432,158</u>	<u>12,365,418</u>	<u>10,491,316</u>
<b>Weighted average number of common shares, diluted (Note 11)</b>	<u>38,925,391</u>	<u>39,201,865</u>	<u>35,539,671</u>

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

**PERFORMANCE SHIPPING INC.**

Consolidated Statements of Comprehensive Income  
For the years ended December 31, 2025, 2024 and 2023  
(Expressed in thousands of U.S. Dollars)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>Net income</b>	\$ 49,973	\$ 43,730	\$ 69,413
Other comprehensive income / (loss) (Actuarial gain / (loss))	49	4	(17)
<b>Comprehensive income</b>	<u>\$ 50,022</u>	<u>\$ 43,734</u>	<u>\$ 69,396</u>

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

**PERFORMANCE SHIPPING INC.**

Consolidated Statements of Stockholders' Equity

For the years ended December 31, 2025, 2024 and 2023

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

	<u>Common Stock</u>		<u>Preferred Stock</u>			<u>Additional Paid-in Capital</u>	<u>Other Comprehensive Income</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u># of</u>	<u>Par</u>	<u># of</u>	<u># of</u>	<u>Par</u>				
	<u>Shares</u>	<u>Value</u>	<u>B Shares</u>	<u>C Shares</u>	<u>Value</u>				
<b>Balance, December 31, 2022</b>	<u>4,187,588</u>	<u>\$ 42</u>	<u>136,261</u>	<u>1,314,792</u>	<u>\$ 15</u>	<u>\$ 513,623</u>	<u>\$ 66</u>	<u>\$ (358,041)</u>	<u>\$ 155,705</u>
- Net income	-	-	-	-	-	-	-	69,413	69,413
- Compensation cost on restricted stock and stock option awards (Note 9)	-	-	-	-	-	52	-	-	52
- Issuance of common stock under ATM program, net of issuance costs (Note 9)	224,817	2	-	-	-	671	-	-	673
- Actuarial loss	-	-	-	-	-	-	(17)	-	(17)
- Issuance of common stock and Series B warrants, net of issuance costs (Note 9)	5,556,000	56	-	-	-	7,713	-	-	7,769
- Alternative cashless exercise of Series A warrants (Note 9)	3,597,100	36	-	-	-	3,379	-	-	3,415
- Series B preferred shares exchanged for Series C preferred shares (Note 9)	-	-	(85,535)	171,070	-	482	-	-	482
- Series C preferred shares converted to common shares (Note 9)	1,064,207	11	-	(57,490)	-	(11)	-	-	-
- Repurchase and retirement of common stock, including	(2,550,036)	(26)	-	-	-	(2,723)	-	-	(2,749)

expenses (Note 9)									
- Exercise of July 2022 and August 2022 warrants (Note 9)	200,000	2	-	-	-	328	-	-	330
- Deemed dividend to the July 2022 warrants holders due to triggering of a down-round feature (Note 9)	-	-	-	-	-	256	-	(256)	-
- Deemed dividend to the August 2022 warrants holders due to triggering of a down-round feature (Note 9)	-	-	-	-	-	533	-	(533)	-
- Deemed dividend to the Series C stockholders due to triggering of a down-round feature (Note 9)	-	-	-	-	-	9,809	-	(9,809)	-
- Dividends declared and paid on Series B preferred shares (at \$1.00 per share) (Note 9)	-	-	-	-	-	-	-	(55)	(55)
- Dividends declared and paid on Series C preferred shares (at \$1.25 per share) (Note 11)	-	-	-	-	-	-	-	(1,834)	(1,834)
<b>Balance, December 31, 2023</b>	<u>12,279,676</u>	<u>\$ 123</u>	<u>50,726</u>	<u>1,428,372</u>	<u>\$ 15</u>	<u>\$ 534,112</u>	<u>\$ 49</u>	<u>\$ (301,115)</u>	<u>\$ 233,184</u>
- Net income	-	-	-	-	-	-	-	43,730	43,730
- Exercise of Series B warrants (Note 9)	70,000	1	-	-	-	157	-	-	158
- Actuarial gain	-	-	-	-	-	-	4	-	4
- Series C preferred shares converted to common	82,482	-	-	(4,460)	-	-	-	-	-

shares (Note 9)										
- Dividends declared and paid on Series B preferred shares (at \$1.00 per share) (Note 9)	-	-	-	-	-	-	-	-	(52)	(52)
- Dividends declared and paid on Series C preferred shares (at \$1.25 per share) (Note 11)	-	-	-	-	-	-	-	-	(1,781)	(1,781)
<b>Balance, December 31, 2024</b>	<u>12,432,158</u>	<u>\$ 124</u>	<u>50,726</u>	<u>1,423,912</u>	<u>\$ 15</u>	<u>\$ 534,269</u>	<u>\$ 53</u>	<u>\$ (259,218)</u>	<u>\$ 275,243</u>	
- Net income	-	-	-	-	-	-	-	49,973	49,973	
- Actuarial gain	-	-	-	-	-	-	49	-	49	
- Dividends declared on Series B preferred shares (at \$1.00 per share) (Note 9)	-	-	-	-	-	-	-	-	(51)	(51)
- Dividends declared and paid on Series C preferred shares (at \$1.25 per share) (Note 9)	-	-	-	-	-	-	-	-	(1,780)	(1,780)
<b>Balance, December 31, 2025</b>	<u>12,432,158</u>	<u>\$ 124</u>	<u>50,726</u>	<u>1,423,912</u>	<u>\$ 15</u>	<u>\$ 534,269</u>	<u>\$ 102</u>	<u>\$ (211,076)</u>	<u>\$ 323,434</u>	

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

**PERFORMANCE SHIPPING INC.**

Consolidated Statements of Cash Flows

For the years ended December 31, 2025, 2024 and 2023

(Expressed in thousands of U.S. Dollars)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>Cash Flows provided by Operating Activities:</b>			
Net income	\$ 49,973	\$ 43,730	\$ 69,413
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of deferred charges (Note 6)	15,077	13,336	14,793
Amortization of deferred financing costs and bonds discounts (Note 10)	809	107	244
Financing costs	-	-	340
Changes in fair value of warrants' liability	4	(6)	(561)
Amortization of prepaid charter revenue	-	-	54
Gain on vessel's sale (Note 6)	(19,456)	-	(15,683)
Compensation cost on restricted stock and stock option awards (Note 9)	-	-	52
Loss from debt extinguishment	-	-	387
Actuarial gain / (loss)	49	4	(17)
(Increase) / Decrease in:			
Accounts receivable	(293)	3,232	830
Deferred voyage expenses	-	-	20
Inventories	(400)	1,654	834
EU allowances	(86)	-	-
Prepaid expenses and other assets	(419)	413	406
Right of use asset under operating leases	(17)	49	64
Other non-current assets	-	(226)	72
Increase / (Decrease) in:			
Accounts payable, trade and other	934	(2,667)	16
Due to related parties	(598)	370	(90)
Accrued liabilities	6,284	(244)	87
Deferred revenue	(930)	930	(1,378)
Other liabilities, non-current	16	32	58
Lease liabilities under operating leases	17	(49)	(64)
Drydock costs	(888)	(769)	(1,922)
<b>Net Cash provided by Operating Activities</b>	<u>\$ 50,076</u>	<u>\$ 59,896</u>	<u>\$ 67,955</u>
<b>Cash Flows (used in) / provided by Investing Activities:</b>			
Advances for vessels under construction and other vessel costs (Note 5)	(26,917)	(47,167)	(11,303)
Vessel acquisitions and other vessels' costs (Note 6)	(254,566)	-	(64)
Proceeds from sale of vessels, net of expenses (Note 6)	36,948	-	37,636
Payments for vessels' improvements (Note 6)	-	(231)	(510)
Property and equipment additions	(54)	(17)	(38)
<b>Net Cash (used in) / provided by Investing Activities</b>	<u>\$ (244,589)</u>	<u>\$ (47,415)</u>	<u>\$ 25,721</u>
<b>Cash Flows provided by / (used in) Financing Activities:</b>			
Proceeds from long-term debt (Note 7)	119,392	-	2,141
Proceeds from bonds, net of discounts (Note 7)	97,000	-	-
Repayments / Prepayments of long-term debt (Note 7)	(38,391)	(7,533)	(75,421)
Issuance of common stock and warrants, net of issuance costs (Note 9)	-	-	11,438
Proceeds from exercise of Series A and B warrants (Note 9)	-	158	330
Issuance of preferred stock, net of expenses (Note 9)	-	-	482
Common shares re-purchase and retirement, including expenses (Note 9)	-	-	(2,749)
Issuance of common stock under ATM program, net of issuance costs (Note 9)	-	-	673
Payments of financing costs (Note 7)	(3,710)	(226)	(140)
Cash dividends (Note 11)	(1,831)	(1,833)	(1,889)
<b>Net Cash provided by / (used in) Financing Activities</b>	<u>\$ 172,460</u>	<u>\$ (9,434)</u>	<u>\$ (65,135)</u>
<b>Net (decrease) / increase in cash, cash equivalents and restricted cash</b>	<u>\$ (22,053)</u>	<u>\$ 3,047</u>	<u>\$ 28,541</u>
Cash, cash equivalents and restricted cash at beginning of the year	<u>\$ 71,314</u>	<u>\$ 68,267</u>	<u>\$ 39,726</u>
<b>Cash, cash equivalents and restricted cash at end of the year</b>	<u>\$ 49,261</u>	<u>\$ 71,314</u>	<u>\$ 68,267</u>
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>			
Cash and cash equivalents at the end of the year	\$ 48,172	\$ 70,314	\$ 67,267
Restricted cash at the end of the year	1,089	1,000	1,000
<b>Cash, cash equivalents and restricted cash at the end of the year</b>	<u>\$ 49,261</u>	<u>\$ 71,314</u>	<u>\$ 68,267</u>

**SUPPLEMENTAL CASH FLOW INFORMATION**

Alternative cashless exercise of Series A warrants	\$	-	\$	-	\$	3,415
Non-cash investing activities	\$	368	\$	-	\$	-
Interest payments, net of capitalized amounts	\$	4,225	\$	3,528	\$	9,135

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

PERFORMANCE SHIPPING INC.

Notes to Consolidated Financial Statements

For the years ended December 31, 2025, 2024 and 2023

(Expressed in thousands of US Dollars – except for share and per share and warrants data, unless otherwise stated)

**1. General Information**

**Company's identity**

The accompanying consolidated financial statements include the accounts of Performance Shipping Inc. (or "Performance") and its wholly-owned subsidiaries (collectively, the "Company"). Performance was incorporated as Diana Containerships Inc. on January 7, 2010, under the laws of the Republic of the Marshall Islands for the purpose of engaging in any lawful act or activity under the Marshall Islands Business Corporations Act. On February 19, 2019, the Company's Annual Meeting of Shareholders approved an amendment to the Company's Amended and Restated Articles of Incorporation to change the name of the Company from "Diana Containerships Inc." to "Performance Shipping Inc.", which was effected on February 25, 2019. The Company's common shares trade on the Nasdaq Capital Market under the ticker symbol "PSHG".

The Company is a global provider of shipping transportation services through the ownership of tanker vessels, while it owned container vessels since its incorporation through August 2020. The Company operates its fleet through Performance Shipping Management Inc. (ex "Unitized Ocean Transport Limited", or the "Manager"), a wholly-owned subsidiary. The fees payable to Performance Shipping Management Inc. are eliminated in consolidation as intercompany transactions.

**Other matters**

Various macroeconomic factors, including inflation, higher interest rates, global supply chain constraints, and broader economic uncertainty, could adversely affect the Company's results of operations, financial condition, cash flows, and the ability to pay dividends. Additionally, fluctuations in tankers' spot charter rates may also impact the Company's revenues.

Global economic conditions remain uncertain due to geopolitical tensions, armed conflicts, such as those involving Russia and Ukraine, Israel and Iran, the U.S. and Iran, the instability in the Middle East, the Red Sea, Venezuela and other regions, as well as strategic tensions among major economies such as the U.S., China, and their allies. Potentially prolonged disruption of shipping through the Strait of Hormuz, a waterway essential to the shipment of crude oil and refined petroleum, may disrupt the global tanker industry. Currently, neither the Company's contracts nor its financial results have been adversely affected by these challenges and conflicts. However, it is possible that third parties with whom the Company has or will have future contracts may be impacted.

The world economy faces also other challenges including tariffs, trade wars, global public health threats such as the outbreak of pandemics and epidemics. The Company monitors inflation in the United States, Eurozone, and other regions, which are impacted by global geo-political conditions and the likely shift in policy following numerous elections around the world. Additionally, the Company monitors changes in tariffs, trade barriers, and embargos, including recently imposed or announced tariffs by the U.S. and the effects of retaliatory tariffs from affected countries.

The extent and duration of these geopolitical and economic developments remain uncertain. Prolonged disruptions or conflicts could decrease worldwide demand for goods and seaborne trade, making the overall impact on the tanker market and the Company's business difficult to predict.

PERFORMANCE SHIPPING INC.

Notes to Consolidated Financial Statements

For the years ended December 31, 2025, 2024 and 2023

(Expressed in thousands of US Dollars – except for share and per share and warrants data, unless otherwise stated)

## 2. Recent Accounting Pronouncements and Significant Accounting Policies

### Recent Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses”. The standard is intended to require more detailed disclosure about specified categories of expenses (including employee compensation, depreciation, and amortization) included in certain expense captions presented on the face of the income statement. This ASU is effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to all prior periods presented in the financial statements. The Company is currently assessing the impact this standard will have on its consolidated financial statements.

In July 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) No. 2025-05, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments allow entities to elect a practical expedient to assume that the current conditions as of the balance sheet date will remain unchanged for the remaining life of the asset when developing a reasonable and supportable forecast as part of estimating expected credit losses on these assets. The amendments in this ASU are effective for all entities for annual reporting periods beginning after 15 December 2025, and interim reporting periods within those annual reporting periods. The Company is currently assessing the impact this standard will have on its consolidated financial statements.

In December 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) No. 2025-11, Financial Instruments – Interim Reporting (Topic 270): Narrow Scope Improvements, which creates a comprehensive list of interim disclosures required under US GAAP and incorporates a disclosure principle that requires disclosures at interim periods when an event or change that has a material effect on an entity has occurred since the previous year end. For public business entities, the amendments in this ASU are effective for interim reporting periods within annual reporting periods beginning after 15 December 2027. The Company is currently assessing the impact this standard will have on its consolidated financial statements. Early adoption is permitted in an interim reporting period in which financial statements have not yet been issued (or made available for issuance). The Company is currently assessing the impact this standard will have on its consolidated financial statements.

In December 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) No. 2025-12, Codification Improvements, to clarify, correct errors in or make other improvements to a variety of topics in the Codification that are intended to make it easier to understand and apply. The amendments apply to all reporting entities in the scope of the affected accounting guidance. The amendments, among other things, clarify the guidance in ASC 260 on how to calculate diluted earnings per share when an entity has a loss from continuing operations and a contract that may be settled in stock or cash that is reported as an asset or liability for accounting purposes. The guidance is effective for annual reporting periods beginning after 15 December 2026, and interim periods within those annual periods. Entities are required to apply the amendments to ASC 260 retrospectively. All other amendments may be applied prospectively or retrospectively. Early adoption is permitted. The Company is currently assessing the impact this standard will have on its consolidated financial statements.

### Significant Accounting Policies

**(a) Principles of Consolidation:** The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include the accounts of Performance Shipping Inc. and its wholly-owned subsidiaries. During 2024, the Company acquired four newly established subsidiaries named Nakaza Shipping Company Inc., Sri Lanka Shipping Company Inc., Guadeloupe Shipping Company Inc. and Saint Barth Shipping Company Inc., in connection with the four shipbuilding contracts signed (Notes 5 and 8). During 2025, the Company acquired two newly established subsidiaries named Grenada Shipping Company Inc. and Barbados Shipping Company Inc., in connection with the acquisition of the two Suezmax tanker vessels (Note 6). Furthermore, in 2025 the Company’s subsidiaries Rongerik Shipping Company Inc., Utirik Shipping Company Inc. and Oruk Shipping Company Inc. were dissolved. All significant intercompany balances and transactions have been eliminated upon consolidation. Under Accounting Standards Codification (“ASC”) 810 “Consolidation”, the Company consolidates entities in which it has a controlling financial interest, by first considering if an entity meets the definition of a variable interest entity (“VIE”) for which the Company is deemed to be the primary beneficiary under the VIE model, or if the Company controls an entity through a majority of voting interest based on the voting interest model. The Company evaluates financial instruments, service contracts, and other arrangements to determine if any variable interests relating to an entity exist. The Company’s evaluation did not result in an identification of variable interest entities as of December 31, 2025 and 2024.

**(b) Use of Estimates:** The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(c) Other Comprehensive Income:** The Company follows the provisions of Accounting Standard Codification (ASC) 220, "Comprehensive Income", which requires separate presentation of certain transactions, which are recorded directly as components of stockholders' equity. The Company presents Other Comprehensive Income in a separate statement.

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

**(e) Cash and Cash Equivalents:** The Company considers highly liquid investments such as time deposits, certificates of deposit and their equivalents with an original maturity of three months or less to be cash equivalents. Interest earned on cash and cash equivalents and restricted cash is separately presented in the accompanying statement of operations in line Interest Income.

**(f) Restricted Cash:** Restricted cash includes minimum cash deposits required to be maintained under the Company's borrowing arrangements.

**(g) Accounts Receivable, net:** The account mainly includes receivables from pool charterers, charterers for hire, freight and demurrage, net of provision for credit losses and allowances for doubtful accounts – (refer to paragraphs (h) and (n), and to Note 3). Furthermore, effective January 1, 2024 and in accordance with the new applicable EU legislation, the account also includes receivables for EU allowances ("EUAs"), being carbon credits used in the EU Emissions Trading Scheme, in relation with time charterers and pool voyages in EU ports.

**(h) Allowance for Doubtful Accounts and Provision for Credit Losses:** The Company, in estimating its expected credit losses, gathers annual historical losses on its freight and demurrage receivables and makes forward-looking adjustments in the estimated loss ratio, which is re-measured on an annual basis. The Company also assesses collectability for receivables outside the scope of ASC 326 (i.e. accounts receivable from time and pool charter contracts accounted for in accordance with ASC 842, refer to paragraph (n)), by reviewing them on a collective basis where similar characteristics exist, and on an individual basis when the Company identifies specific charterers with known disputes or collectability concerns. The Company recognizes allowance for doubtful accounts deriving from the collectability assessment as direct reduction to lease income.

As of December 31, 2025 and 2024, the balance of the Company's allowance for estimated credit losses on its outstanding freight and demurrage receivables and allowances for doubtful accounts were in aggregate \$66 and \$131, respectively, and is included in Accounts receivable, net in the accompanying consolidated balance sheets.

For 2025, 2024 and 2023, the Provision for credit losses and write offs in the accompanying consolidated statements of operations includes changes in the provision of estimated losses of \$(6), \$(7) and \$(85), respectively, and it also includes an amount of \$0, \$0 and \$48, respectively, representing demurrages write offs. No allowance was recorded on insurance claims as of December 31, 2025 and 2024, as their balances were immaterial. In addition, no allowance was recorded for cash equivalents as the majority of cash balances as of the balance sheet date was on time deposits with highly reputable credit institutions, for which periodic evaluations of the relative credit standing of those financial institutions are performed. Allowances for doubtful accounts amounted to \$55, \$114 and \$147, for the years ended December 31, 2025, 2024 and 2023, respectively.

**(i) Inventories:** Inventories consist of bunkers, lubricants and victualling. Bunkers inventory exist when the vessel operates under freight charter, or when on the balance sheet date a vessel has been redelivered by her previous charterers and has not yet been delivered to new charterers, or remains idle. When the vessel operates under pool charters, the bunkers may be in the possession of the Company, or of the pool, depending on the terms of the specific pool agreement. All inventories are stated at the lower of cost or net realizable value and cost is determined by the first in, first out method. Net realizable value is defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.

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**(j) Vessel Cost for Second-hand Vessels and Newbuildings:** Vessels are stated at cost which consists of the contract price and costs incurred upon acquisition or delivery of a vessel from a shipyard. All pre-delivery costs incurred during the construction of newbuildings, including interest, supervision and technical costs, are capitalized. Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earnings capacity or improve the efficiency or safety of the vessels; otherwise, these amounts are charged to expense as incurred. For vessels that on the balance sheet date were in the shipyard undergoing their scheduled special survey and the installation of their ballast water treatment system, improvement costs of the period under consideration are capitalized in Other non-current assets in the accompanying consolidated balance sheets. No such vessels existed for the Company as at December 31, 2025, and 2024.

**(k) Vessel Depreciation:** The Company depreciates its vessels on a straight-line basis over their estimated useful lives, after considering the estimated salvage value. Each vessel's salvage value is the product of her light-weight tonnage and estimated scrap rate, which is estimated at \$0.35 per light-weight ton for the tanker vessels. Management estimates the useful life of the Company's tanker vessels to be 25 years from the date of initial delivery from the shipyard. Second-hand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. When regulations place limitations on the ability of a vessel to trade on a worldwide basis, the vessel's useful life is adjusted at the date such regulations are adopted.

**(l) Impairment of Long-Lived Assets:** The Company follows ASC 360-10-40 "Impairment or Disposal of Long-Lived Assets", which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The Company reviews vessels for impairment whenever events or changes in circumstances (such as market conditions, the economic outlook, technological, regulatory and environmental developments, obsolescence or damage to the asset, potential sales and other business plans) indicate that the carrying amount of a vessel plus her unamortized dry-dock costs may not be recoverable. When the estimate of future undiscounted net operating cash flows, excluding interest charges, expected to be generated by the use of the vessel over her remaining useful life and her eventual disposition is less than her carrying amount plus unamortized drydock-costs, the Company evaluates the vessel for impairment loss. The measurement of the impairment loss is based on the fair value of the vessel. The fair value of the vessel is determined based on assumptions by making use of available market data and taking into consideration third-party valuations. The Company evaluates the carrying amounts and periods over which vessels are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, management reviews certain indicators of potential impairment, such as undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions. In developing estimates of future undiscounted cash flows, the Company makes assumptions and estimates about the vessels' future performance, with the significant assumptions being related to charter rates, while other assumptions include vessels' operating expenses, vessels' residual value, dry-dock costs, fleet utilization and the estimated remaining useful life of each vessel. The assumptions used to develop estimates of future undiscounted cash flows are based on historical trends as well as future expectations. The Company also takes into account factors such as the vessels' age and employment prospects under the then current market conditions and determines the future undiscounted cash flows considering its various alternatives, including sale possibilities existing for each vessel as of the testing dates.

In detail, the projected net operating cash flows are determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily rate for the unfixed days (based on the most recent 10 year average historical rates available for each type of vessel) over the remaining estimated life of each vessel, net of commissions, expected outflows for scheduled vessels' maintenance and vessel operating expenses assuming an average annual inflation rate. Effective fleet utilization, which is estimated based on the vessels' historical performance, is included in the Company's exercise taking into account the period(s) each vessel is expected to undergo her scheduled maintenance (dry docking and special surveys), assumptions in line with the Company's historical performance since the acquisition of its tanker vessels, peers' historical performance, and its expectations for future fleet utilization under its fleet employment strategy. For 2025, 2024 and 2023, the Company assessed that there were no indications for potential impairment of any of its vessels, including vessels under construction.

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**(m) Assets Held for Sale:** The Company classifies assets or assets in disposal groups as being held for sale in accordance with ASC 360-10-45-9 “Long-Lived Assets Classified as Held for Sale” when the following criteria are met: (i) management possessing the necessary authority has committed to a plan to sell the asset (disposal group); (ii) the asset (disposal group) is immediately available for sale on an “as is” basis; (iii) an active program to find the buyer and other actions required to execute the plan to sell the asset (disposal group) have been initiated; (iv) the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale within one year; and (v) the asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. In case a long-lived asset is to be disposed of other than by sale (for example, by abandonment, in an exchange measured based on the recorded amount of the nonmonetary asset relinquished, or in a distribution to owners in a spinoff) the Company continues to classify it as held and used until its disposal date. Long-lived assets or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. These assets are not depreciated once they meet the criteria to be held for sale. The review of the related criteria as of December 31, 2025 and 2024 did not result in held for sale classification for any of the Company’s vessels.

**(n) Revenues and Voyage Expenses:** Since the Company’s vessels are employed under time, voyage and pool charter contracts, the Company disaggregates its revenue from contracts with customers by the type of charter (time charters, spot charters and pool arrangements).

The Company has determined that all of its time charter agreements contain a lease and are therefore accounted for as operating leases in accordance with ASC 842. Time charter revenues are accounted for over the term of the charter as the service is provided. Vessels are chartered when a contract exists and the vessel is delivered (commencement date) to the charterer, for a fixed period of time, at rates that are generally determined in the main body of charter parties and the relevant voyage expenses burden the charterer (i.e. port dues, canal tolls, pilotages and fuel consumption). Upon delivery of the vessel, the charterer has the right to control the use of the vessel (under agreed prudent operating practices) as they have the enforceable right to: (i) decide the delivery and redelivery time of the vessel; (ii) arrange the ports from which the vessel shall pass; (iii) give directions to the master of the vessel regarding vessel’s operations (i.e. speed, route, bunkers purchases, etc.); (iv) sub-charter the vessel and (v) consume any income deriving from the vessel’s charter. Any off-hires are recognized as incurred. The charterer may charter the vessel with or without owner’s crew and other operating services. In the case of time charter agreements, the agreed hire rates include compensation for part of the agreed crew and other operating services provided by the owner (non-lease components). The Company, as a lessor, elected to apply the practical expedient which allowed it to account for the lease and the non-lease components of time charter agreements as one, as the criteria of the paragraphs ASC 842-10-15-42A through 42B are met. Time-charter revenue is usually received in advance, and as such, deferred revenue represents cash received prior to the balance sheet date for which related service has not been provided.

Spot, or voyage charter is a charter where a contract is made in the spot market for the use of a vessel for a specific voyage for a specified freight rate per ton, regardless of time to complete. The Company has determined that under voyage charters, the charterer has no right to control any part of the use of the vessel. Thus, the Company’s voyage charters do not contain lease and are accounted for in accordance with ASC 606. More precisely, the Company satisfies its single performance obligation to transfer cargo under the contract over the voyage period. Thus, revenues from voyage charters on the spot market are recognized ratably from the date of loading (Notice of Readiness to the charterer, that the vessel is available for loading) to discharge date of cargo (loading-to-discharge). Voyage charter payments are due upon discharge of the cargo. Demurrage revenue, which is included in voyage revenues, represents charterers’ reimbursement for any potential delays exceeding the allowed lay time as per charter party agreement, represents a form of variable consideration and is recognized as the performance obligation is satisfied. The Company has taken the practical expedient not to disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

For vessels operating in pooling arrangements, the Company earns a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, including the Company’s vessels, is determined in accordance with an agreed-upon formula, which is determined by the margins awarded to each vessel in the pool based on the vessel’s age, design and other performance characteristics. Revenue under pooling arrangements is accounted for as variable rate operating lease on the accrual basis and is recognized in the period in which the variability is resolved. The Company recognizes net pool revenue on a quarterly basis, when the vessel has participated in a pool during the period and the amount of pool revenue can be estimated reliably based on the pool report. The allocation of such net revenue may be subject to future adjustments by the pool, however, such changes are not expected to be material.

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As discussed above, under a time charter, specified voyage costs such as bunkers and port charges are paid by the charterer, while commissions are paid by the Company. Under spot charter arrangements, voyage expenses that are unique to a particular charter are paid for by the Company. Commissions are expensed as incurred. Voyage expenses that qualify as contract fulfilment costs (mainly consisting of bunkers expenses and port dues) and are incurred by the Company from the latter of the end of the previous vessel employment, provided that the vessel is fixed, or from the date of inception of a voyage charter contract until the arrival at the loading port, are capitalized to Deferred Voyage Expenses and amortized ratably over the total transit time of the voyage (loading-to-discharge). Vessel voyage expenses that do not qualify as contract fulfilment costs, and operating expenses are expensed when incurred.

Moreover, commencing January 1, 2024, the European Union's Emissions Trading System ("EU ETS") was extended to cover Carbon dioxide ("CO<sub>2</sub>") emissions from ships over 5,000 gross tons entering EU ports. The EU ETS covers (a) 50% of emissions from voyages either starting in or ending in an EU port, and (b) 100% of emissions from voyages between two EU ports or emissions generated while a ship is within an EU port. Shipping companies will have to surrender EU ETS emissions allowances ("EUA") for each ton of reported CO<sub>2</sub> emissions in the scope of the EU ETS. EUAs relating to 2024 and 2025 emissions were/are required to be surrendered to the EU authorities in September 2025 and September 2026, respectively. The EUAs obligations are measured at the estimated cost of purchasing credits from the EUA market, based on the voyage completion date. The Company recognizes EU ETS surcharges billed to customers in Revenue and the corresponding cost of purchasing allowances in Voyage expenses in the accompanying consolidated statement of operations, as the Company acts as the principal in the transportation arrangement, controlling the vessel and bearing the risk of emissions compliance, rather than acting as an agent for the customer. EUA obligations that cannot be passed on to or reimbursed by the charterer, are accounted for as liability on the balance sheet, and as the price of EUAs fluctuates, these outstanding liabilities are marked-to-market using current EUA index prices. EUAs held by the Company are intended to be used to settle its EUA obligations and are accounted for as intangible assets (Note 3).

**(o) Earnings per Common Share:** Basic earnings per common share are computed by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding during the period. The two-class method is an earnings allocation formula that determines earnings per share for common stock and participating securities, according to dividends declared and participation rights in undistributed earnings. Under this method, net earnings is reduced by the amount of dividends declared in the current period for common shareholders and participating security holders. The remaining earnings or "undistributed earnings" are allocated between common stock and participating securities to the extent that each security may share in earnings as if all of the earnings for the period had been distributed. Once calculated, the earnings per common share is computed by dividing the net earnings attributable to common shareholders by the weighted average number of common shares outstanding during each year presented. Diluted earnings per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised. Diluted earnings attributable to common shareholders per common share is computed by dividing the net earnings attributable to common shareholders by the weighted average number of common shares outstanding plus the dilutive effect of restricted shares, warrants and options outstanding during the applicable periods computed using the treasury method and the dilutive effect of convertible securities during the applicable periods computed using the "if converted" method. The two-class method is used for diluted earnings per common share when such is the most dilutive method, considering anti – dilution sequencing as per ASC 260. In cases when the effect from restricted stock, options, warrants and convertible securities is anti-dilutive, such are not included in the diluted earnings per common share calculation. For purposes of the if-converted calculation, the fixed conversion price of preferred convertible stock is used, unless the number of shares that may be issued is variable, at which case the average market price of the period is used. (Note 11).

**(p) Dry-Docking Costs:** The Company follows the deferral method of accounting for dry-docking costs whereby actual costs incurred are deferred and amortized on a straight-line basis over the period through the date the next dry-docking will be scheduled to become due. Unamortized dry-docking costs of vessels that are sold are written off and included in the calculation of the resulting gain or loss in the year of the vessel's sale. Unamortized dry-docking costs of vessels classified as held for sale are written off as impairment charges when these vessels' carrying values are impaired as a result of their classification. The unamortized dry-docking cost as of December 31, 2025, and 2024 was \$2,215 and \$2,386, respectively. Amortization of dry-docking costs for 2025, 2024 and 2023 amounted to \$1,059, \$548 and \$571, respectively, and is included in Depreciation and amortization of deferred charges in the accompanying consolidated statement of operations. For 2025, 2024 and 2023, deferred dry-dock costs which were written off in Gain on vessels' sale in the accompanying consolidated statement of operations amounted to \$Nil, \$Nil and \$651.

**(q) Financing Costs, Discounts and Liabilities:** Fees paid to lenders for obtaining new loans, or for refinancing existing ones which are determined as debt modifications, are deferred and recorded as a contra to debt. As of December 31, 2024, the Company had paid an amount \$226 in connection with the sale and lease-back agreement of its Hull 1597, which is classified in Other non-current assets in the accompanying 2024 consolidated balance sheets, and in Payments of financing costs in the accompanying consolidated statements of cash flows. In 2025, the amount of \$226 has been reclassified to Deferred financing costs. Other fees paid for obtaining financing not used at the balance sheet date are capitalized as deferred financing costs. Moreover, debt may be

issued either at par, at discount or at premium. A discount or premium is not an asset or liability separable from the associated debt instrument, but it is reported in the balance sheet as an adjustment to the carrying amount of the debt liability. Debt issuance costs and discounts or premiums are amortized into interest expense using the effective interest method pursuant to ASC 835-30-35-2 through 35-3.

A loan liability is derecognized when the Company pays the creditor and is relieved of its obligation for the liability. For loans repaid or refinanced that meet the criteria of debt extinguishment, the difference between the settlement price and the net carrying amount of the debt being extinguished (which includes any deferred debt issuance costs) is recognized as a gain or loss in the statement of operations. In 2023, an amount of \$387 being the unamortized financing costs of the loans with Piraeus Bank, which were repaid in November and December 2023 (Note 7) has been recognized as Loss from debt extinguishment and is separately presented in the accompanying 2023 consolidated statement of operations.

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During 2023, the Company has elected one of the optional expedients provided in ASU No. 2020 04 Reference Rate Reform (Topic 848), that allows entities with contract modifications (within the scope of Topic 470), relating directly to the replacement of a reference rate with another interest rate index, to account for the modification as if the modification was not substantial. That is, the original contract and the new contract shall be accounted for as if they were not substantially different from one another, and the modification shall not be accounted for in the same manner as debt extinguishment. Also, in 2023, the Company's loans' transition from LIBOR to SOFR was completed.

**(r) Repairs and Maintenance:** All repair and maintenance expenses including underwater inspection expenses are expensed in the period incurred and included in Vessel operating expenses in the accompanying consolidated statement of operations.

**(s) Share-Based Payment:** The Company issues restricted share awards which are measured at their grant date fair value and are not subsequently re-measured. That cost is recognized under the straight-line method over the period during which an employee is required to provide service in exchange for the award—the requisite service period (usually the vesting period). At cases when part of the vesting of the restricted share award takes place on the grant date, then the corresponding compensation cost is recognized as incurred. When the service inception date precedes the grant date, the Company accrues the compensation cost for periods before the grant date based on the fair value of the award at the reporting date. In the period in which the grant date occurs, cumulative compensation cost is adjusted to reflect the cumulative effect of measuring compensation cost based on the fair value at the grant date. Forfeitures of awards are accounted for when and if they occur. If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification.

The Company also grants stock options as incentive-based compensation to certain of its officers, in accordance with the terms of the Company's Equity Incentive Plan. Stock-based compensation awards that are classified as equity and do not contain any market, service or performance conditions, are recognized on the grant date with a corresponding credit to equity and are measured at fair value. The compensation cost of the Company's stock-based compensation awards is included in general and administrative expenses in the consolidated statement of operations (Note 9).

**(t) Fair Value Measurements:** The Company follows the provisions of ASC 820 "Fair Value Measurements and Disclosures", which defines fair value and provides guidance for using fair value to measure assets and liabilities. The guidance creates a fair value hierarchy of measurement and describes fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In accordance with the requirements of accounting guidance relating to Fair Value Measurements, the Company classifies and discloses its assets and liabilities carried at the fair value in one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities;
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;
- Level 3: Unobservable inputs that are not corroborated by market data.

The fair value measurement assumes that an instrument classified in the shareholders' equity is transferred to a market participant at the measurement date. The transfer of an instrument classified in shareholders' equity assumes that the instrument would remain outstanding, and the market participant takes on the rights and responsibilities associated with the instrument.

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

**(v) Going Concern:** The Company evaluates whether there is substantial doubt about its ability to continue as a going concern by applying the provisions of ASC 205-40. In more detail, the Company evaluates whether there are conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year from the date the consolidated financial statements are issued. As part of such evaluation, the Company did not identify any conditions that raise substantial doubt about the entity's ability to continue as a going concern within one year from the date the consolidated financial statements are issued. Accordingly, the Company continues to adopt the going concern basis in preparing its consolidated financial statements.

**(w) Re-purchase and Retirement of Company's Common Shares:** All Company's common shares re-purchased are immediately cancelled and retired, and the Company's share capital is accordingly reduced. The excess of the cost of the common shares over their par value is allocated in additional paid-in capital.

**(x) Re-purchase and Retirement of Company's Preferred Shares:** All Company's preferred shares re-purchased are immediately cancelled and retired, and the Company's share capital is accordingly reduced. Any difference between the fair value of the consideration transferred to the holders of the preferred stock and the carrying amount of the preferred stock represents a return to (from) the preferred stockholder that should be treated in a manner similar to the treatment of dividends paid on preferred stock. If the fair value of the consideration transferred plus any direct costs incurred in relation to the redemption, is less than the carrying amount of the preferred shares redeemed (net of any issuance costs), the difference is credited to retained earnings. In addition, any possible excess between the fair value of the consideration paid for the re-purchase of preferred shares and the carrying amount of the shares surrendered is reflected as gain which should be added to the net income to arrive at the net income available to common stockholders (Note 11).

**(y) Segmental Reporting:** The operation of the vessels is the main source of revenue generation, the services provided by the vessels are similar and they all operate under the same economic environment. The Company's Chief Executive Officer, who is identified as the chief operating decision maker ("CODM") in accordance with ASC 280, Segment Reporting, reviews operating results solely based on revenues of the fleet, without differentiating by type of vessel or by the length of ship employment for its customers, i.e. spot or time charters. Additionally, the vessels do not operate in specific geographic areas, as they trade worldwide. The CODM uses consolidated net income as presented in the Company's consolidated statements of operations to assess performance and allocate resources. Such resources allocation is relied not only upon the reported segment's results but also on CODM's view and estimates as to the future prospect of the segment. In addition, the CODM is provided on a regular basis with the consolidated operating expenses, deemed as significant and included in the segment profit, presented in the Company's consolidated statements of operations. As a result, the Company has determined that it operates under one reportable segment, that of operating tanker vessels and the assets of such segment are presented under the caption Total assets in the consolidated balance sheets. The accounting policies applied to the reportable segment are the same as those used in the preparation of the Company's consolidated financial statements.

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**(z) Preferred Shares and Warrants Accounting:** The Company follows the provision of ASC 480 “Distinguishing Liabilities from Equity” and ASC 815 “Derivatives and Hedging” to determine the classification of certain freestanding financial instruments as permanent equity, temporary equity or liability. The Company, when assessing the accounting of the warrants, the pre-funded warrants, the Series B Preferred Shares and the Series C Preferred Shares takes into consideration ASC 480 to determine whether the warrants, the pre-funded warrants, the Series B Preferred Shares and the Series C Preferred Shares should be classified as permanent equity instead of temporary equity or liability. The Company further analyses the key features of the warrants, the pre-funded warrants, the Series B and Series C Preferred Shares to determine whether these are more akin to equity or to debt. In its assessment, the Company identifies any embedded features, examines whether these fall under the definition of a derivative according to ASC 815 applicable guidance or whether certain of these features affect the classification. In cases when derivative accounting is deemed inappropriate, no bifurcation of these features is performed. For those warrants meeting the classification of liability, the initial recognition is at fair value and are remeasured at each balance sheet date with the offsetting adjustments recorded in change in fair value of warrant liabilities within the consolidated statements of operations. Upon settlement or termination, warrants classified as liabilities at fair value, are marked to their fair value at the settlement date and then the liability settled (refer to Note 9).

**(aa) Accounting of Down-Round Features:** For preferred stock and warrants bearing down-round features, the Company evaluates whether there are circumstances that trigger the down-round feature. At the date when the down-round features are triggered, the Company considers the provision of ASC 260-10-30-1 and measures the value of the effect of the feature as the difference between (a) the fair value of the financial instrument (without the down-round feature) with a conversion price or exercise price (as applicable), corresponding to the stated conversion or exercise price of the issued instrument before the conversion or exercise price reduction and (b) the fair value of the financial instrument (without the down-round feature) with a conversion or exercise price, corresponding to the reduced conversion or exercise price upon the down-round feature being triggered (refer to Note 9). When the Company determines that on the measurement date there is an excess value of the preferred stock or the warrant due to the triggering of the down-round feature, then this value represents a deemed dividend to the preferred or to the warrant holders (as applicable), which should be deducted from the net income to arrive at the net income available to common stockholders.

**(ab) Sale and Lease back transactions:** In accordance with ASC 842, the Company, as seller-lessee, determines whether the transfer of an asset should be accounted as a sale in accordance with ASC 606. The existence of an option for the seller-lessee to repurchase the asset precludes the accounting for the transfer of the asset as a sale unless both of the following criteria are met: (1) the exercise price of the option is the fair value of the asset at the time the option is exercised and (2) there are alternative assets, substantially the same as the transferred asset, readily available in the marketplace; and the classification of the leaseback as a finance lease or a sales-type lease, precludes the buyer-lessor from obtaining control of the asset. The existence of an obligation for the Company, as seller-lessee, to repurchase the asset precludes accounting for the transfer of the asset as sale as the transaction would be classified as a financing arrangement by the Company as it effectively retains control of the underlying asset. If the transfer does not meet the criteria of sale, the Company does not derecognize the transferred asset, accounts for any amounts received as a financing arrangement and recognizes the difference between the amount of consideration received and the amount of consideration to be paid as interest. If the transfer of the asset meets the criteria of sale, the Company, as seller-lessee recognizes the proceeds from the sale when the buyer-lessor obtains control of the asset, derecognizes the carrying amount of the underlying asset and accounts for the lease in accordance with ASC 842. As of December 31, 2025, the Company has recognized its two sale and lease-back agreements with unaffiliated parties for the vessels “P. Massport” and “P. Tokyo” as financing arrangements (Note 7).

PERFORMANCE SHIPPING INC.

Notes to Consolidated Financial Statements

For the years ended December 31, 2025, 2024 and 2023

(Expressed in thousands of US Dollars – except for share and per share and warrants data, unless otherwise stated)

**3. Revenue, Accounts Receivable, net and Deferred Revenue**

The Company's tanker vessels are employed under various types of charters and accordingly, the Company disaggregates its revenue from contracts with customers by the type of charter (time charters, spot charters and pool charters).

Below are presented, per type of charter, the Company's revenues for the years ended December 31, 2025, 2024 and 2023 and also the balance of Accounts receivable, net, for the years ended December 31, 2025 and 2024.

<b>Charter type</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Time charters	\$ 70,607	\$ 63,085	\$ 57,975
Pool arrangements	11,211	23,378	48,332
Voyage charters	2,354	982	2,631
<b>Total Revenue</b>	<b>\$ 84,172</b>	<b>\$ 87,445</b>	<b>\$ 108,938</b>

<b>Charter type</b>	<b>As of December 31,</b>	
	<b>2025</b>	<b>2024</b>
Time charters	\$ 5,220	\$ 2,063
Pool arrangements	923	2,845
Voyage charters	150	902
<b>Total Acc. Receivable, net</b>	<b>\$ 6,293</b>	<b>\$ 5,810</b>

There were no contract assets included in the receivable balances from spot voyages as of December 31, 2025 and 2024, respectively.

Moreover, the charterers that accounted for more than 10% of the Company's revenue are presented below:

<b>Charterer</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
A	18%	16%	11%
B	14%	26%	28%
C	16%	16%	-
D	11%	-	-
E	-	-	13%
F	12%	-	-
G	13%	22%	32%

The maximum aggregate amount of loss due to credit risk, net of related allowances, that the Company would incur if the aforementioned charterers failed completely to perform according to the terms of the relevant charter parties, amounted to \$2,126 and to \$1,108 as of December 31, 2025 and 2024, respectively.

Deferred Revenue relates solely to cash received up-front from the Company's time-charter contracts and as of December 31, 2025 and 2024, it amounted to \$nil and \$930, respectively, and is separately presented in the accompanying consolidated balance sheets.

As of December 31, 2025 and 2024, the value of the EUAs the Company was obligated to surrender to the EU authorities amounted to \$1,077 and \$789, respectively, and are shown as EU allowances liability, current, in the accompanying consolidated balance sheets. The amounts of \$952 and \$762, to be collected from charterers in the form of EUAs, are included in Accounts receivable, net in the accompanying consolidated balance sheets as of December 31, 2025 and 2024, respectively. EUAs amounting to \$198 have been purchased (\$86) or received from charterers and included in EU allowances in the accompanying consolidated balance sheets as of December 31, 2025. The Company did not hold any EUAs as of December 31, 2024.

For 2025 and 2024, the value of EUAs included in Revenues amounted to \$1,077 and \$762, respectively, while the value of EUAs included in voyage expenses amounted to \$1,077 and \$789, respectively.

PERFORMANCE SHIPPING INC.

Notes to Consolidated Financial Statements

For the years ended December 31, 2025, 2024 and 2023

(Expressed in thousands of US Dollars – except for share and per share and warrants data, unless otherwise stated)

**4. Transactions with Related Parties**

***Pure Brokerage and Shipping Corp. (“Pure Brokerage”)***: Pure Brokerage, a company controlled by the Company’s Chairperson of the Board and controlling shareholder Aliko Paliou, provides brokerage services to the Company since June 15, 2020, pursuant to a Brokerage Services Agreement for a fixed monthly fee per each tanker vessel owned by the Company. Pure Shipbroking may also, from time to time, receive sale and purchase commissions and chartering commissions on the gross revenue of the tanker vessels, depending on the respective charter parties’ terms.

For 2025, 2024 and 2023, commissions to Pure Brokerage amounted to \$1,027, \$1,079 and \$1,345, respectively, and are included in Voyage expenses in the accompanying consolidated statements of operations. Also, for 2025, 2024 and 2023, brokerage fees to Pure Brokerage amounted to \$369, \$340 and \$286, respectively, and are included in General and administrative expenses in the accompanying consolidated statements of operations. As at December 31, 2025 and December 31, 2024 an amount of \$17 and \$485 respectively, was payable to Pure Brokerage and is reflected in Due to related parties in the accompanying consolidated balance sheets.

***Mango Shipping Corp (“Mango”)***:

The Company’s Series C Preferred stock (Note 9) is entitled to an annual dividend of 5.00%, and part of this stock is held by Aliko Paliou, through Mango, and by Andreas Michalopoulos, the Company’s Chief Executive Officer. As of December 31, 2025 and 2024, Mango held 1,314,792 Series C preferred shares, and Andreas Michalopoulos held 56,342 Series C preferred shares. For 2025, 2024 and 2023, dividends declared and paid to Mango on its Series C preferred shares amounted \$1,643, \$1,643 and \$1,643 respectively (or \$1.25 per each Series C preferred share). On December 31, 2025 and 2024, accrued and not paid dividends on the Series C preferred shares held by Mango, amounted to \$78 and \$77, respectively. For the details of the terms of the Series C preferred stock, please refer to Note 9.

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Notes to Consolidated Financial Statements

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(Expressed in thousands of US Dollars – except for share and per share and warrants data, unless otherwise stated)

**5. Advances for Vessels Under Construction and Other Vessels' Costs**

From March 2023 to April 2024, the Company, through its newly established subsidiaries named Nakaza Shipping Company Inc., Sri Lanka Shipping Company Inc., Guadeloupe Shipping Company Inc., and Saint Barth Shipping Company Inc. entered into four shipbuilding contracts with Chinese shipyards for the construction of three product/crude oil tankers of approximately 114,000 dwt each, and one product oil/chemical tanker of approximately 75,000 dwt. The newbuildings (named H1515, H1596, H1597 and H1624) have gross contract prices of \$63,250, \$64,845, \$64,845 and \$56,533, respectively. The shipbuilding contracts provide that the purchase price of each newbuilding will be paid in five installments, each falling at the contract signing, steel cutting, keel laying, launching, and at the delivery of each vessel. The Company took delivery of the hulls H1515 and H1596 during 2025 (Note 6), of the hull H1597 in January 2026 (Note 14) and expects to take delivery of the hull H1624 in the first quarter 2027.

During 2023, the Company paid the first installment for the Hull H1515, being \$9,488, which was capitalized in Advances for Vessels Under Construction and Other Vessels' Costs, along with interest amounting to \$540 and other paid costs of \$1,275. During 2024, the Company paid the first installments for the Hulls H1596, H1597 and H1624, and the second installments for the Hulls H1515 and H1596, being \$40,742 in aggregate, which were capitalized in Advances for Vessels Under Construction and Other Vessels' Costs in the accompanying consolidated balance sheet of December 31, 2024, along with interest amounting to \$2,435 and other paid costs of \$3,989.

During 2025, with respect to the hulls H1515 and H1596, the Company paid \$96,072 being the third, fourth and fifth installments for each, and capitalized interest amounting to \$1,358 and other paid costs of \$1,350. The Company took delivery of the two newbuilding vessels, which were renamed "P. Massport" and "P. Tokyo", in July and September 2025, respectively. Upon their delivery, their aggregate costs of \$135,617 were transferred from Advances for Vessels Under Construction and Other Vessels' Costs to vessels' costs (Note 6). Also, during 2025, with respect to the hulls H1597 and H1624, the Company paid \$25,107 being the second, third and fourth installment for H1597 and the second installment for hull H1624, which were capitalized in Advances for Vessels Under Construction and Other Vessels' Costs in the accompanying consolidated balance sheet of December 31, 2025, along with interest amounting to \$1,626 and other paid costs of \$361.

The movement of the advances for vessels under construction and other vessels' costs for 2024 and 2025 is as follows:

	<b>Predelivery Installments</b>	<b>Capitalized costs</b>	<b>Total</b>
<b>Balance, December 31, 2023</b>	<u>\$ 9,488</u>	<u>\$ 1,815</u>	<u>\$ 11,303</u>
- predelivery installments to shipyard	40,742	-	40,742
- predelivery capitalized costs	-	6,423	6,423
<b>Balance, December 31, 2024</b>	<u>\$ 50,230</u>	<u>\$ 8,238</u>	<u>\$ 58,468</u>
- predelivery installments to shipyard	121,179	-	121,179
- predelivery capitalized costs	-	4,695	4,695
- transfer to Vessels, net	(128,095)	(7,522)	(135,617)
<b>Balance, December 31, 2025</b>	<u>\$ 43,314</u>	<u>\$ 5,411</u>	<u>\$ 48,725</u>

**6. Vessels, net**

**Newbuilding Vessels' Delivery and Vessels' Acquisitions**

In July and September 2025, the Company took delivery of the newbuilding vessels H1515 and H1596, renamed "P. Massport" and "P. Tokyo" respectively, and their aggregate cost of \$135,617 (Note 5) were transferred to Vessels, net.

Furthermore, on October 7, 2025, the Company signed two Memoranda of Agreement with an unaffiliated third party for the purchase of two 157,286 dwt Suezmax tankers, whose purchase price was \$77,775 per vessel. In December 2025 the Company took delivery of the vessels, which were renamed "P. Bel Air" and "P. Beverly Hills". Additional capitalized costs amounted to \$427, representing predelivery expenses.

**Vessels' Disposals**

In February 2025, the Company, through its subsidiary Arno Shipping Company Inc., entered into a memorandum of agreement to sell the Aframax tanker vessel "P. Yanbu" to an unrelated party for an aggregate gross price of \$39,000. The vessel was delivered to her new owners in March 2025, and the Company received the sale proceeds in accordance with the terms of the contract. For the

years ended December 31, 2025, the gain on sale of vessel, net of direct to sale expenses, amounted to \$19,456 and is reflected in Gain on vessel's sale in the accompanying consolidated statement of operations.

PERFORMANCE SHIPPING INC.

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(Expressed in thousands of US Dollars – except for share and per share and warrants data, unless otherwise stated)

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

	<u>Vessels' Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<b>Balance, December 31, 2023</b>	\$ 228,158	\$ (26,050)	\$ 202,108
- Vessels' improvements	231	-	231
- Depreciation	-	(12,762)	(12,762)
<b>Balance, December 31, 2024</b>	\$ 228,389	\$ (38,812)	\$ 189,577
- Vessels' acquisitions transferred from advances	135,617	-	135,617
- Vessels' acquisitions	155,977	-	155,977
- Vessel's disposals	(22,145)	4,652	(17,493)
- Depreciation	-	(13,989)	(13,989)
<b>Balance, December 31, 2025</b>	\$ 497,838	\$ (48,149)	\$ 449,689

**7. Long-Term Debt and Bonds**

The amounts of long-term debt and bonds shown in the accompanying consolidated balance sheets are analyzed as follows:

	<u>December 31, 2025</u>			<u>December 31, 2024</u>		
	Current	Non-current	Current	Non-current		
Nordea Bank secured term loan	\$ 12,500	\$ 3,333	\$ 9,167	\$ 15,833	\$ 3,333	\$ 12,500
Alpha Bank secured term loans	28,700	4,200	24,500	31,850	4,200	27,650
Huican sale and lease back financing	44,545	2,538	42,007	-	-	-
Kenzan Kaiun sale and lease back financing	42,938	2,603	40,335	-	-	-
less unamortized deferred financing costs	(1,493)	(283)	(1,210)	(224)	(90)	(134)
<b>Total debt, net of deferred financing costs</b>	<u>\$ 127,190</u>	<u>\$ 12,391</u>	<u>\$ 114,799</u>	<u>\$ 47,459</u>	<u>\$ 7,443</u>	<u>\$ 40,016</u>
	<u>December 31, 2025</u>			<u>December 31, 2024</u>		
	Current	Non-current	Current	Non-current		
Bonds, net of discounts	\$ 97,000	\$ -	\$ 97,000	\$ -	\$ -	
less unamortized deferred financing costs	(1,858)	-	(1,858)	-	-	
<b>Total bond, net of deferred financing costs</b>	<u>\$ 95,142</u>	<u>\$ -</u>	<u>\$ 95,142</u>	<u>\$ -</u>	<u>\$ -</u>	

**Secured Term Loans:**

The Company, through its vessel-owning subsidiaries, has entered into various long-term loan agreements with certain financial institutions (as described below) to partially finance the acquisition cost of its tanker vessels. All bank loans are repayable in quarterly installments plus one balloon installment per loan agreement to be paid together with the last installment. The Company's loans bear variable interest at SOFR plus a fixed margin, which during the years ended December 31, 2025 ranged from 0.50% to 2.50%. The loan maturities fall due from August 2028 to July 2030, and at each utilization date, arrangement fees ranging from 0.50% to 0.70% were paid. As of December 31, 2025, the term loans were collateralized by four of the Company's tanker vessels, whose aggregate net book value was \$109,558.

**Nordea Bank Abp, Filial i Norge ("Nordea Bank")**

On August 4, 2023, the Company refinanced the existing outstanding loan of the amount of \$17,859 with Nordea Bank which was initially entered to partially finance the acquisition of the vessels "Blue Moon" and "Briquette", with a revolving credit in an aggregate amount not exceeding \$20,000 at any one time. As such, the Company drew down an amount of \$2,141. The new loan has a duration of 5 years from the signing date of the agreement. The Company followed the applicable guidance of ASC 470 and

concluded that the specific loan should be treated as a term loan, however, if a prepayment occurs during the life of the facility, then the accounting guidance for revolving credit facilities would apply.

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**Alpha Bank S.A (“Alpha Bank”)**

In November 2022, the Company, through the vessel-owning subsidiary of the vessel “P. Aliko” signed a loan agreement with Alpha Bank, to support the acquisition of the vessel by providing a secured term loan of up to \$18,250. The maximum loan amount was drawn down upon the vessel’s delivery to the Company in November 2022.

Furthermore, in December 2022, the Company, through the vessel-owning subsidiary of the vessel “P. Long Beach” signed a loan agreement with Alpha Bank S.A, to support the acquisition of the vessel by providing a secured term loan of up to \$22,000. The maximum loan amount was drawn down upon the vessel’s delivery to the Company in December 2022.

In April 2024, the Company agreed with Alpha Bank to amend the interest rate clauses of the two loan agreements discussed above. The Company can, at its option, place in collateral accounts amounts equal, or less, to each outstanding loan principal for the benefit of lowering the margin of the loans from 2.35% and 2.60% to 0.65%. The amounts placed in the collateral accounts are not legally restricted as long as the Company has not received from the lenders any notice for an event of default, and may, at the Company’s option, be withdrawn from the respective collateral accounts on the last day of an interest period with prior written notice to the Lender. Upon such withdrawal, the initial margin (2.35% for the “P. Long Beach” loan, and 2.60% for the “P. Aliko” loan) shall reinstate on such part of the loan. Accordingly, as of December 31, 2025 and December 31, 2024, the Company had placed in Alpha Bank’s collateral accounts the aggregate amount of \$28,700 and \$31,850, respectively, being equal to the loans’ outstanding principal amounts, and these cash amounts are included in Cash and cash equivalents in the accompanying consolidated balance sheets.

On July 23, 2025, the Company, through the vessel-owning subsidiaries of the vessels “P. Aliko” and “P. Long Beach”, signed a new loan agreement with Alpha Bank for an aggregate amount of \$29,750, with the purpose of refinancing their existing indebtedness with the lenders. The new loan agreement extends the maturity of the loan to five years from drawing, reduces the applicable margin to 1.90% and includes financial and informational covenants similar to the two previously existing loan agreements with Alpha Bank. On July 24, 2025, the Company drew down in full the amount of \$29,750 and repaid an equal amount in respect of the indebtedness of the old loan agreements with Alpha Bank, which were consequently terminated. The refinancing was accounted for as a debt modification under ASC 470.

**Sale and Lease-Back Financing:**

On July 29, 2025 and September 1, 2025 the Company took delivery of its newbuilding vessels Hull 1515 and H1596, which were renamed “P. Massport” and “P. Tokyo”, respectively. At the time of the vessels’ delivery from the shipyard, as part of two previously signed sale and lease back agreements with unaffiliated third parties, the Company delivered the vessels to the new buyers collecting the financing amount of \$44,250 and \$45,392, respectively, and chartered back the vessels for eight and ten years, respectively, on a bareboat basis. The Company has continuous options to repurchase the vessels at predetermined rates following the second anniversary of the bareboat charter. The Company has a purchase obligation for “P. Tokyo” at the end of the lease term, while for “P. Massport” in case the Company does not exercise its call option by the end of the lease term, then the owners can exercise their put option according to which the Company will be obliged to purchase the vessel. The Company concluded that both sale and lease-back agreements were financing arrangements. The agreements are repayable in monthly installments plus one balloon installment per agreement to be paid together with the last installment. The agreements also bear variable interest at SOFR plus a fixed margin, which during the years ended December 31, 2025 ranged from 2.1% to 2.425%. The maturities fall due in June 2033 and August 2035, and at each utilization date, arrangement fees of 0.80% and 1.60% were paid.

**Nordic Trustee Bond (“the Bonds”)**

On July 2, 2025, the Company announced that it has successfully placed \$100,000 of bonds in the Nordic bond market. The new bonds are due to mature in July 2029 and pay a fixed coupon of 9.875% per annum, payable semi-annually in arrears and were priced at 97% of par. The bonds are partially secured by first priority mortgages over the Company’s two oldest tanker vessels, the “P. Monterey” and the “P. Sophia” (Note 14), whose aggregate net book value as of December 31, 2025 was \$50,656. The offering closed on July 17, 2025, and the Company received net proceeds of \$94,748, which shall be used for tanker acquisitions or bond repurchases. The bond proceeds were blocked and restricted, until their utilization in December 2025 for the acquisition of the two Suezmax vessels “P. Beverly Hills” and “P. Bel Air”. In case any collateral vessel is sold (Note 14), then the Company has the option to use the sale proceeds to repay similar part of the bond, or to keep the sale proceeds for the purpose of buying additional tanker vessels. The bond agreement also includes customary informational and financial covenants and requires a minimum cash liquidity of \$20,000 at all times during the bond period. The Company is permitted to make dividend distributions, provided that no events of default exist, and up to a certain percentage of the Company’s net profits.

All loans are guaranteed by Performance Shipping Inc. and are also secured by first priority mortgages over the financed fleet, first priority assignments of earnings, insurances and of any charters exceeding durations of certain length of time, pledge over the borrowers' shares and over their earnings accounts, and vessels' managers' undertakings. The loan agreements also require a minimum hull value of the financed vessels, impose restrictions as to dividend distribution following the occurrence of an event of default and changes in shareholding, include customary financial covenants and require at all times during the facility period a minimum cash liquidity. As at December 31, 2025 and December 31, 2024, the maximum compensating cash balance required under the Company's loan agreements and bond amounted to \$20,000 and \$10,000, respectively, and is included in Cash and cash equivalents in the accompanying consolidated balance sheets. Also, as at December 31, 2025 and December 31, 2024, the restricted cash, being pledged deposits, required under the Company's loan agreements amounted to \$1,089 and \$1,000, respectively, and is included in Restricted cash, non-current in the accompanying consolidated balance sheets. As at December 31, 2025 and December 31, 2024, the Company was in compliance with all of its loan covenants.

The weighted average interest rate of the Company's long-term debt for 2025, 2024 and 2023 was 6.82%, 6.91% and 7.60%, respectively.

For 2025, 2024 and 2023, total interest expense on long-term debt amounted to \$8,626, \$3,614 and \$9,039 and is included in Interest and finance costs in the accompanying consolidated statement of operations. Accrued interest on long term debt as of December 31, 2025 and December 31, 2024, amounted to \$4,781 and \$380, respectively, and is included in Accrued liabilities in the accompanying consolidated balance sheets.

As at December 31, 2025, the maturities of the drawn portions of the debt facilities (bank loans, sale and lease back financing and the bond financing), as described above, are as follows:

	<b>Principal Repayment</b>
Year 1	\$ 12,675
Year 2	12,675
Year 3	15,175
Year 4	109,341
Year 5 and thereafter	78,817
<b>Total</b>	<b>\$ 228,683</b>

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**8. Commitments and Contingencies**

(a) Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Company's vessels. Currently, management is not aware of any claims or contingent liabilities, which should be disclosed, or for which a provision should be established and has not in the accompanying consolidated financial statements.

The Company accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. Currently, management is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements.

The Company's vessels are covered for pollution in the amount of \$1 billion per vessel per incident, by the protection and indemnity association ("P&I Association") in which the Company's vessels are entered. The Company's vessels are subject to calls payable to their P&I Association and may be subject to supplemental calls which are based on estimates of premium income and anticipated and paid claims. Such estimates are adjusted each year by the Board of Directors of the P&I Association until the closing of the relevant policy year, which generally occurs within three years from the end of the policy year. Supplemental calls, if any, are expensed when they are announced and according to the period they relate to. The Company is not aware of any supplemental calls outstanding in respect of any policy year.

(b) As of December 31, 2025, the Company has entered into two shipbuilding contracts for the construction of two product/crude oil tankers (Note 5). As of December 31, 2025, the remaining aggregate instalments under the contracts for the construction of Hulls H1597 and H1624 amount to \$78,065.

(c) As of December 31, 2025, part of the Company's fleet was operating under time-charters. The minimum contractual annual charter revenues, net of related commissions to third parties (including related parties), to be generated from the existing as of December 31, 2025, non-cancelable time charter contract for the operating fleet are estimated at \$85,311 until December 31, 2026, at \$58,124 until December 31, 2027, at \$45,150 until December 31, 2028, at \$22,064 until December 31, 2029 and at \$11,093 until December 31, 2030.

(d) The Company, its Chief Executive Officer, Chairperson of the Board, five former directors of the Company, and two entities affiliated with the Company's Chief Executive Officer and Chairperson of the Board were named as defendants in a lawsuit commenced on October 27, 2023 in New York State Supreme Court, County of New York, by the attorneys of a purported shareholder of the Company, Sphinx Investment Corp., the plaintiff. The complaint alleged, among other things, violations of fiduciary duties by the named defendants in connection with an exchange offer commenced by the Company in December 2021. The plaintiff purported to seek, among other things, a declaration that the Series C Preferred Shares held by the defendants are void and not entitled to vote; an order cancelling such Series C Preferred Shares, or, in the alternative, an order requiring the Company to issue additional Series C Preferred Shares to non-defendant common stockholders to put them in the same economic, voting, governance and other position as they would have been in had the Series C Preferred Shares issued to the defendants not been issued; and unspecified damages in an amount, if any, to be proven at trial. In January 2024, the defendants filed motions to dismiss the lawsuit. In August 2024, the Supreme Court of the State of New York granted the Company's motions to dismiss the lawsuit, on the basis that New York lacked personal jurisdiction over the defendants.

Subsequently, in August 2024, Sphinx initiated legal proceedings in the High Court of the Republic of the Marshall Islands against the same defendants that had been named in the New York lawsuit. The complaint filed in the High Court of the Republic of the Marshall Islands was substantially similar to the complaint previously filed in New York. The defendants filed motions to dismiss the complaint in the High Court of the Republic of the Marshall Islands. On March 27, 2026, Sphinx executed a stipulation with defendants, agreeing to dismiss all of Sphinx's claims in the lawsuit with prejudice. Based on that stipulation, on March 27, 2026, the High Court of the Republic of the Marshall Islands dismissed Sphinx's lawsuit with prejudice. As a result, the matter is now concluded.

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## 9. Changes in Capital Accounts

**(a) Company's Preferred Stock:** As of December 31, 2025 and 2024, the Company's authorized preferred stock consists of 25,000,000 shares of preferred stock, par value \$0.01 per share. Of these preferred shares, 1,250,000 have been designated Series A Preferred Shares, 1,200,000 have been designated Series B Preferred Shares, and 1,587,314 have been designated as Series C Preferred Shares.

As of December 31, 2025 and 2024, 50,726 Series B preferred shares (of liquidation preference \$1,268) and 1,423,912 Series C Preferred Shares (of liquidation preference \$35,598), were issued and outstanding. As of December 31, 2025 and 2024, Aliki Paliou held through Mango (Note 4) 1,314,792 Series C Preferred Shares and nil Series B Preferred Shares, and Andreas Michalopoulos held 56,342 Series C Preferred Shares and nil Series B Preferred Shares.

The material terms of the Series B Preferred Shares are as follows: 1) Dividends: The Company pays a 4.00% annual dividend on the Series B Preferred Shares, on a quarterly basis, either in cash, or, at the Company's option, through the issuance of additional common shares, valued at the volume-weighted average price of the common stock for the 10 trading days prior to the dividend payment date; 2) Voting Rights: Each Series B Preferred Share has no voting rights; 3) Conversion Rights: Each Series B Preferred Share was convertible at the option of the holder during the applicable conversion period, which expired on March 15, 2023, and for additional cash consideration of \$7.50 per converted Series B Preferred Share, into two Series C Preferred Shares (see description below); 4) Liquidation: Each Series B Preferred Share has a fixed liquidation preference of \$25.00 per share; 5) Redemption: The Series B Preferred Shares are not subject to mandatory redemption or to any sinking fund requirements, and will be redeemable at the Company's option, at any time, on or after the date that is the date immediately following the 15-month anniversary of the issuance date, at \$25.00 per share plus accumulated and unpaid dividends thereon to and including the date of redemption. Also, upon the occurrence of a liquidation event, holders of Series B Preferred Shares shall be entitled to receive out liquidating distribution or payment in full redemption of such Series B Preferred Shares in an amount equal to \$25.00, plus the amount of any accumulated and unpaid dividends thereon; 6) Rank: Finally, the Series B Preferred Shares rank senior to common shares with respect to dividend distributions and distributions upon any liquidation, winding up or dissolution of the Company.

The material terms of the Series C Preferred Shares are as follows: 1) Dividends: Dividends on each Series C Preferred Share shall be cumulative and shall accrue at a rate equal to 5.00% per annum of the Series C liquidation preference per Series C Preferred Share from the dividend payment date immediately preceding issuance, and can be paid either in cash, or, at the Company's option, through the issuance of additional common shares; 2) Voting Rights: Each holder of Series C Preferred Shares is entitled, from the date of issuance of the Series C Preferred Shares, to a number of votes equal to the number of Common Shares into which such holder's Series C Preferred Shares would then be convertible (notwithstanding the requirement that the Series C Preferred Shares are convertible only after six months following the Original Issuance Date), multiplied by 10. The holders of Series C Preferred Shares shall vote together as one class with the holders of Common Shares on all matters submitted to a vote of the Company's shareholders (with certain exceptions); 3) Conversion Rights: The Series C Preferred Shares are convertible into common shares (i) at the option of the holder: in whole or in part, at any time on or after the date that is the date immediately following the six-month anniversary of the Original Issuance Date at a rate equal to the Series C liquidation preference, plus the amount of any accrued and unpaid dividends thereon to and including the date of conversion, divided by an initial conversion price of \$0.50, subject to adjustment from time to time, or (ii) mandatorily: on any date within the Series C Conversion Period, being any time on or after the date that is the date immediately following the six-month anniversary of October 17, 2022 (or "the Original Issuance Date"), on which less than 25% of the authorized number of Series C Preferred Shares are outstanding and the volume-weighted average price of the common shares for the 10 trading days preceding such date exceeds 130% of the conversion price in effect on such date, the Company may elect that all, or a portion of the outstanding Series C Preferred Shares shall mandatorily convert into common shares at a rate equal to the Series C liquidation preference, plus the amount of any accrued and unpaid dividends thereon to and including such date, divided by the conversion price. The conversion price is subject to adjustment for any stock splits, reverse stock splits or stock dividends, and shall also be adjusted to the lowest price of issuance of common stock by the Company for any registered offering following the Original Issuance Date, provided that such adjusted conversion price shall not be less than \$0.50 (this conversion price adjustment clause is further analyzed later); 4) Liquidation: Each Series C Preferred Share has a fixed liquidation preference of \$25.00 per share; 5) Redemption: The Series C Preferred Shares are not subject to mandatory redemption, and will be redeemable at the Company's option, at any time, on or after the date that is the date immediately following the 15-month anniversary of the issuance date, in whole or in part, at \$25.00 per share plus accumulated and unpaid dividends thereon to and including the date of redemption. The Company shall effect any such redemption by paying a) cash or, b) at the Company's election, and provided on the date of the redemption notice less than 25% of the authorized number of Series C are outstanding, shares of common stock valued at the volume-weighted average price of common stock for the last 10 trading days prior to the redemption date. Also, upon the occurrence of a liquidation event, holders of Series C Preferred Shares shall be entitled to receive out liquidating distribution or payment in full redemption of such Series C Preferred Shares in an amount equal to \$25.00, plus the

amount of any accumulated and unpaid dividends thereon; 6) Rank: The Series C Preferred Shares rank senior to common shares, and on a parity with the Series B Preferred Stock, with respect to dividend distributions and distributions upon any liquidation.

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During 2023, a number of 85,535 Series B preferred shares were converted to 171,070 Series C preferred shares, and a number of 12,224 Series C preferred shares were converted to 225,447 common shares. During 2024, a number of 4,460 Series C preferred shares were converted to 82,482 common shares.

For 2025, 2024 and 2023, declared and paid dividends on Series B preferred shares amounted to \$51, \$52 and \$55 (or \$1.00, \$1.00 and \$0.75 per each Series B preferred share), respectively. As of December 31, 2025 and 2024, accrued and not paid dividends on the Series B preferred shares amounted to \$2 and \$2, respectively.

For 2025, 2024 and 2023, declared and paid dividends on the Series C preferred shares amounted to \$1,780, \$1,781 and \$1,834 (or \$1.25, \$1.25 and \$1.25 per each Series C preferred share), respectively, out of which \$1,643, \$1,643 and \$1,643 respectively, were paid to Mango (Note 4). As of December 31, 2025 and 2024, accrued and not paid dividends on the Series C preferred shares, amounted to \$79 and \$84, respectively.

The Company, when assessing the accounting of the Series B and Series C preferred stock, has taken into consideration the provisions of ASC 480 “Distinguishing Liabilities from Equity” and ASC 815 “Derivatives and Hedging” and determined that the Series B and Series C preferred shares should be classified as permanent equity rather than temporary equity or liability.

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As discussed above, the conversion price adjustment clause of the Series C Preferred Shares provides for a reduction in the initial conversion price in case, any of the following, among others, happens: a) upon stock dividend, split, or reverse stock split, or b) in case the Company issues equity securities at prices below the conversion price of the Series C preferred shares then in effect. The Company concluded that the feature mentioned in b) above provides protection to investors in promising to give each Series C holder investor the lowest pricing available to any other investors, rather than protecting against true economic dilution, and accordingly, this feature constitutes a down round feature. From October 17, 2022, to January 26, 2023, because of the issuance of common shares through the ATM offering (as discussed below), the conversion price was eight times adjusted, and was gradually reduced to \$2.60, and finally, on March 1, 2023, due to the registered direct offering (discussed below) the conversion price was further reduced to \$1.36. To measure the effect of the down-round feature the Company performed fair value measurements as determined through Level 3 inputs of the fair value hierarchy. As such, the fair value of the preferred stock was estimated as the sum of two components: a) the “straight” preferred stock component, using the discounted cash flow model, and b) the embedded option component, using the Black & Scholes model. For this assessment, the Company’s valuation used the following assumptions: (a) stated dividend yield for the Series C preferred stock, (b) cost of equity based on the CAPM theory; (c) expected volatility, (d) risk free rate determined by management using the applicable 5-year treasury yield as of the measurement date, (e) market value of common stock (which was the current market price as of the date of the fair value measurement), and (f) expected life of convertibility option of the Series C preferred shares to common shares.

For this assessment the Company updated the Level 3 inputs as follows: (a) expected volatility in a range of 86.83% to 118.14% for the valuation of the instrument on the triggering dates, and (b) expected life of convertibility option of the Series C preferred shares to common shares from 1 to 5 years. The Company applied moneyness scenarios and determined the aforementioned assumptions of volatility and expected life of the convertibility option, which are considered highly interdependent. In this respect, the Company determined an aggregate measurement of the down round feature of \$9,809, which was accounted for as a deemed dividend that should be deducted from the net income to arrive to the net income available to common stockholders (Note 11).

The fair value of the Series C Preferred Shares that were assessed on the dates of triggering of the down-round feature as discussed above, were determined through Level 3 of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements, as they are derived by using significant unobservable inputs. Determining the fair value of the preferred stock requires management to make judgments about the valuation methodologies, including the unobservable inputs and other assumptions and estimates, which are significant in the valuation of the preferred stock.

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**(b) Class A, July, August 2022 Warrants:** On June 1, 2022, the Company completed its underwritten public offering of 508,000 units at a price of \$15.75 per unit. Each unit consists of one common share (or pre-funded warrant in lieu thereof) and one Class A warrant (the “June 2022 Warrants”) to purchase one common share and was immediately separated upon issuance. Each Class A warrant was immediately exercisable for one common share at an exercise price of \$15.75 per share and has a maturity of five years from issuance and can be either physically settled or through the means of a cashless exercise. The Company may at any time during the term of its warrants reduce the then current exercise price of each warrant to any amount and for any period of time deemed appropriate by the board of directors of the Company, subject to terms disclosed in each warrants’ agreements. The warrants also contain a cashless exercise provision, whereby if at the time of exercise, there is no effective registration statement, then the warrants can be exercised by means of a cashless exercise as disclosed in each warrants’ agreements. The Class A warrants and the pre-funded warrants do not have any voting, dividend or participation rights, nor do they have any liquidation preferences.

Furthermore, on July 18, 2022, the Company completed a direct offering of 1,133,333 common shares and warrants to purchase up to 1,133,333 common shares (the “July 2022 Warrants”) at a concurrent private placement. The combined effective purchase price for one common share and one warrant to purchase one common share was \$5.25. Each warrant is immediately exercisable for one common share at an initial exercise price of \$5.25 per share and will expire in five and a half years from issuance. The July 2022 Warrants have similar terms to the June Warrants, with the only significant difference being the existence of an exercise price adjustment clause, which was assessed by the Company as a down-round feature. On March 1, 2023, their exercise price was reduced to their floor price of \$1.65.

Finally, on August 12, 2022, the Company entered into a securities purchase agreement with certain unaffiliated institutional investors to purchase 2,222,222 of its common shares and warrants to purchase 2,222,222 common shares (the “August 2022 Warrants”) at a price of \$6.75 per common share and accompanying warrant in a registered direct offering. The August Warrants are immediately exercisable, expire five years from the date of issuance, and had an initial exercise price of \$6.75 per common share. The August 2022 Warrants have similar terms to the July 2022 Warrants, including the exercise price adjustment clause that constitutes a down-round feature. On March 1, 2023, their exercise price was reduced to their floor price of \$1.65.

During 2023, the down-round features were triggered on eight different dates, leading to a combined effect of an approximate value of \$256 and \$533, for the July 2022 and the August 2022 Warrants, respectively, which were accounted for as deemed dividends (Note 13). The deemed dividends resulting from the re-valuation of the July 2022 and August 2022 Warrants are deducted from the net income to arrive to the net income available to common stockholders (Note 11). The fair values of the warrants, that were assessed on the dates of triggering of the down-round features as discussed previously, were determined through Level 3 of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements, as they are derived by using significant unobservable inputs such as historical volatility.

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As of December 31, 2024 and December 31, 2025, there were 567,366 outstanding June 2022 warrants, 1,033,333 outstanding July 2022 warrants, and 2,122,222 outstanding August 2022 warrants.

**(c) Series A and Series B Warrants:** On March 3, 2023, the Company completed a registered direct offering of (i) 5,556,000 of its common shares, \$0.01 par value per share, (ii) Series A warrants to purchase up to 3,611,400 common shares and (iii) Series B warrants to purchase up to 4,167,000 common shares directly to several institutional investors. Each Series A warrant and each Series B warrant are immediately exercisable upon issuance for one common share at an exercise price of \$2.25 per share and expire five years after the issuance date. Both Series A and Series B warrants have similar terms with the Class A Warrants, with the only significant difference being the “alternative cashless exercise feature” included in the Series A warrants. In particular, each Series A warrant could become exchangeable for one common share beginning on the earlier of 30 days following the closing of the Offering and the date on which the cumulative trading volume of the Company’s common shares following the date of entry into a securities purchase agreement with the purchasers in this offering exceeds 15,000,000 shares. The alternative cashless exercise provisions were met on March 7, 2023. The Company concluded that the Series B warrants met the criteria for equity classification while the alternative cashless exercise of the Series A warrants, precludes the Series A warrants from being considered indexed to the Company’s stock. In this respect, the Company recorded the Series A warrants as non-current liabilities under Fair value of warrants’ liability on the accompanying consolidated balance sheet, with subsequent changes in their respective fair values recognized in line “Changes in fair value of warrants’ liability” in the accompanying consolidated statement of operations. Estimating fair values of liability-classified financial instruments requires the development of estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, option-based techniques are highly volatile and sensitive to changes in the trading market price of the Company’s common stock. Because liability-classified financial instruments are carried at fair value, the Company’s financial results will reflect the volatility and changes in these estimates and assumptions. At closing, the Company received proceeds of \$11,438, net of placement agent’s fees and expenses, which is separately presented in line Issuance of units, common stock and warrants, net of issuance costs in the accompanying consolidated cash flows. As of the date the Company completed the registered direct offering, the Company valued the Series A warrants using the Black-Scholes model with a fair value of \$1.11 per Series A Warrant or \$4,009 in aggregate, while the remaining gross proceeds of the offering amounting to \$8,492 (net proceeds of \$7,769) were allocated to common shares and Series B warrants with the residual value method. Issuance costs of \$340 were expensed immediately in a prorated manner, taking into account the portion of the liability recorded at inception included in Interest and finance costs in the accompanying consolidated statements of operations.

During 2023, the Company received notices of alternative cashless exercises for 3,597,100 Series A warrants for equal amount of common shares and marked the warrants to their fair value at the settlement date and then settling the warrant liability. The outstanding Series A warrants as of December 31, 2025 and 2024, were 14,300 and 14,300, respectively. The value of the outstanding Series A warrants as of December 31, 2025 and 2024 were \$30 and \$27, respectively, and are reflected in “Fair value of warrant’s liability” in the accompanying consolidated balance sheets.

During 2024, 70,000 Series B warrants were exercised, and the Company received proceeds of \$157. The outstanding Series B warrants as of December 31, 2025, and December 31, 2024, were 4,097,000 and 4,097,000, respectively.

As of December 31, 2023 and December 31, 2024 the Company re-valued the outstanding Series A warrants. For 2023, a gain of \$561 resulting from the change in the fair value of the liability for the unexercised warrants and the settlements of the liability throughout the period, for 2024 a gain of \$6, and for 2025 a loss of \$4 representing changes in the fair value of the liability for the unexercised warrants are presented in “Change in fair value of the warrant’s liability” in the accompanying consolidated statements of operations. The Series A warrants fair value as of settlement and measurement dates per discussion above, was determined through Level 2 inputs of the fair value hierarchy as determined by management. The fair value of the Series A warrants weighted the probability that the Series A warrants are alternatively cashless exercised for common shares, while the Black & Scholes model was applied under the following assumptions: (a) expected volatility (d) risk free rate (e) market value of common stock of, which was the current market price as of the date of each fair value measurement. Fair value sensitivity is driven by the stock price at the time of valuation and is limited in terms of the other parameters.

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**(d) At The Market (“ATM”) Offering:** On December 9, 2022, the Company entered into an At The Market Offering Agreement with Virtu Americas LLC (or the “Virtu ATM”), as sales agent, pursuant to which the Company could offer and sell, from time to time, up to an aggregate of \$30,000 of its common shares, par value \$0.01 per share. During 2022, a total of 140,379 common shares were issued as part of the Company’s Virtu ATM offering, and the net proceeds received, after deducting underwriting commissions and other expenses, amounted to \$450. From January 1, 2023 and up to February 27, 2023, when the Company terminated its Virtu ATM agreement, a total of 224,817 shares of the Company’s common stock were issued as part of the Company’s ATM offering, and the net proceeds received, after deducting underwriting commissions and other expenses, amounted to \$673.

**(e) Share Buy-Back Plan:** In April 2023, the Company’s Board of Directors authorized a share repurchase program (the “April 2023 Repurchase Plan”) to purchase up to an aggregate of \$2,000 of the Company’s common shares. Under the April 2023 Repurchase Plan, the Company repurchased in 2023 a total of 2,222,936 common shares for total gross proceeds of \$2,000, successfully completing the April 2023 Repurchase Plan in the third quarter of 2023. In August 2023, the Company’s Board of Directors further authorized a new share repurchase plan (the “August 2023 Repurchase Plan”) to repurchase up to \$2,000 of the Company’s outstanding common shares. Under the August 2023 Repurchase Plan, the Company re-purchased 327,100 common shares for total gross proceeds of \$723. In aggregate, the Company’s net proceeds for both the April 2023 and the August 2023 Repurchase Plans were \$2,749.

**(f) Compensation Cost on Stock Option Awards:** On January 1, 2021, the Company granted its Chief Financial Officer stock options to purchase 8,000 of the Company’s common shares as share-based remuneration. The stock options, which were granted pursuant to, and in accordance with, the Company’s Equity Incentive Plan, have been approved by the Company’s board of directors, and have a term of five years. The exercise prices of the options are as follows: 2,000 shares for an exercise price of \$150.00 per share, 1,667 shares for an exercise price of \$187.50 per share, 1,333 shares for an exercise price of \$225.00 per share, 1,000 shares for an exercise price of \$300.00 per share, 1,000 shares for an exercise price of \$375.00 per share, and 1,000 shares for an exercise price of \$450.00 per share. Until December 31, 2025, 8,000 options were outstanding. Subsequent to the balance sheet date, the stock options expired as per the terms of the stock option agreement.

**(g) Compensation Cost on Restricted Common Stock:** On December 30, 2020, the Company’s Board of Directors approved 4,481 restricted common shares, whose fair value was \$320, to be issued on the same date as an award to the Company’s directors. One fourth of the shares vested on December 30, 2020, and the remainder three fourths vested ratably over three years from the issuance date. During 2023, the aggregate compensation cost on restricted common stock amounted to \$52 and is included in General and administrative expenses in the accompanying consolidated statements of operations. As at December 31, 2025 and 2024, 31,441 restricted common shares remained reserved for issuance under the Plan. During 2023, 2024 and 2025 the movement of the restricted stock cost was as follows:

	<u>Number of Shares</u>	<u>Weighted Average Grant Date Price</u>
<b>Outstanding at December 31, 2022</b>	350	\$ 71.40
Granted	-	-
Vested	(350)	71.40
Forfeited or expired	-	-
<b>Outstanding at December 31, 2023</b>	-	\$ -
Granted	-	-
Vested	-	-
Forfeited or expired	-	-
<b>Outstanding at December 31, 2024</b>	-	\$ -
Granted	-	-
Vested	-	-
Forfeited or expired	-	-
<b>Outstanding at December 31, 2025</b>	-	\$ -

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**10. Interest and Finance Costs**

The amounts in the accompanying consolidated statements of operations are analyzed as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Interest expense on long term debt and bonds (Note 7)	\$ 5,642	\$ 1,179	\$ 8,499
Amortization of deferred financing costs on long term debt and bonds, including their discount	809	107	244
Other financial expenses	-	-	759
Commitment fees and other	342	59	96
<b>Total</b>	<u>\$ 6,793</u>	<u>\$ 1,345</u>	<u>\$ 9,598</u>

**11. Earnings per Share**

All common shares issued (including the restricted shares issued under the equity incentive plan, or else) are the Company's common stock and have equal rights to vote and participate in dividends, subject to forfeiture provisions set forth in the applicable award agreements. For 2025, 2024 and 2023, the Company declared and paid aggregate dividends to its Series B and Series C preferred stockholders amounting to \$1,831, \$1,833 and \$1,889, respectively. For 2023, net income is further adjusted by a deemed dividend to the Series C preferred stockholders due to triggering of a down-round feature of \$9,809 (Note 9) and by a deemed dividend to the holders of the July and August 2022 Warrants of \$789 (Note 9), to arrive at the net income attributable to common equity holders. The dilutive effect of share-based compensation arrangements and for unexercised warrants that are in-the money, is computed using the treasury stock method, which assumes that the "proceeds" upon exercise of these awards or warrants are used to purchase common shares at the average market price for the period, while the dilutive effect of convertible securities is computed using the "if converted" method. In particular, for the preferred convertible stock that requires the payment of cash by the holder upon conversion, the proceeds assumed to be received shall be assumed to be applied to purchase common stock under the treasury stock method and the convertible security shall be assumed to be converted under the "if-converted" method.

For 2025, the computation of diluted earnings per share reflects: i) the potential dilution from conversion of outstanding preferred convertible Series C stock (as conversion from Series B preferred stock to Series C preferred stock was not applicable anymore) calculated with the "if converted" method and resulted in 26,221,126 shares, and ii) the potential dilution from the exercise of the July and August warrants and the Series A warrants (either exercised during the period end, or outstanding) using the treasury stock method which resulted in 257,807 shares, and the addition of \$4, related to the changes in fair value of Series A warrants' liability, to net income attributable to common stockholders. For 2024, the computation of diluted earnings per share reflects: i) the potential dilution from conversion of outstanding preferred convertible Series C stock (as conversion from Series B preferred stock to Series C preferred stock was not applicable anymore) calculated with the "if converted" method and resulted in 26,278,338 shares, and ii) the potential dilution from the exercise of the July and August warrants and the Series A warrants (either exercised during the period end, or outstanding) using the treasury stock method which resulted in 558,109 shares, and the deduction of \$6, related to the changes in fair value of Series A warrants' liability, from net income attributable to common stockholders. The computation of diluted earnings per share for 2023, reflects i) the potential dilution from conversion of outstanding preferred convertible Series B and C stock, calculated with the "if converted" method which resulted in 24,596,069 shares, and ii) the potential dilution from the exercise of warrants Series A (either exercised during the period end or outstanding) using the treasury stock method which resulted in 452,286 shares and the deduction of \$561, related to the changes in fair value of Series A warrants' liability, from net income attributable to common stockholders.

Securities that could potentially dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share, because to do so would have anti-dilutive effect, for 2023, are any incremental shares resulting from the non-vested restricted share awards, all outstanding warrants considered to be out of the money (Class A Warrants, July Warrants, August Warrants and Series B Warrants) and the non-exercised stock options calculated with the treasury stock method. For 2024 and 2025, securities that could potentially dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share, because to do so would have anti-dilutive effect, are all outstanding warrants considered to be out of the money (Class A Warrants and Series B Warrants) and the non-exercised stock options calculated with the treasury stock method.

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The following table sets forth the computation for basic and diluted earnings per share:

	2025		2024		2023	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net income	\$ 49,973	\$ 49,973	\$ 43,730	\$ 43,730	\$ 69,413	\$ 69,413
less income allocated to participating securities	-	-	-	-	(2)	(2)
less deemed dividend to the Series C preferred stockholders due to triggering of a down-round feature	-	-	-	-	(9,809)	-
less deemed dividend to the July and August warrants' holders due to triggering of a down-round feature	-	-	-	-	(789)	(789)
less dividends on preferred stock	(1,831)	(52)	(1,833)	-	(1,889)	(40)
less changes in value of warrants' liability	-	4	-	(6)	-	(561)
<b>Net income attributable to common stockholders</b>	<b>48,142</b>	<b>49,925</b>	<b>41,897</b>	<b>43,724</b>	<b>56,924</b>	<b>68,021</b>
Weighted average number of common shares, basic	12,432,158	12,432,158	12,365,418	12,365,418	10,491,316	10,491,316
Effect of dilutive shares	-	26,493,233	-	26,836,447	-	25,048,355
Weighted average number of common shares, diluted	<u>12,432,158</u>	<u>38,925,391</u>	<u>12,365,418</u>	<u>39,201,865</u>	<u>10,491,316</u>	<u>35,539,671</u>
<b>Earnings per common share</b>	<b>\$ 3.87</b>	<b>\$ 1.28</b>	<b>\$ 3.39</b>	<b>\$ 1.11</b>	<b>\$ 5.43</b>	<b>\$ 1.91</b>

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## 12. Income Taxes

Under the laws of the countries of the companies' incorporation and / or vessels' registration, the companies are not subject to tax on international shipping income; however, they are subject to registration and tonnage taxes, which are included in Vessel operating expenses in the accompanying consolidated statements of operations.

The Company is potentially subject to a four percent U.S. federal income tax on 50% of its gross income derived by its voyages that begin or end in the United States. However, under Section 883 of the Internal Revenue Code of the United States (the "Code"), a corporation is exempt from U.S. federal income taxation on its U.S.-source shipping income if: (a) it is organized in a foreign country that grants an equivalent exemption from tax to corporations organized in the United States (an "equivalent exemption"); and (b) either (i) more than 50% of the value of its common stock is owned, directly or indirectly, by "qualified shareholders," which is referred to as the "50% Ownership Test," or (ii) its common stock is "primarily and regularly traded on an established securities market" in the United States or in a country that grants an "equivalent exemption", which is referred to as the "Publicly-Traded Test."

The Marshall Islands, the jurisdiction where Performance Shipping Inc. and each of its vessel-owning subsidiaries are incorporated, grant an "equivalent exemption" to U.S. corporations. Therefore, the Company would be exempt from U.S. federal income taxation with respect to its U.S.-source shipping income if either the 50% Ownership Test or the Publicly-Traded Test is met.

Based on the trading and ownership of its stock, the Company believes that it satisfied the 50% Ownership Test for its 2025 taxable year and intends to take this position on its 2025 U.S. federal income tax returns. Therefore, the Company does not expect to have any U.S. federal income tax liability for the year ended December 31, 2025.

## 13. Financial Instruments and Fair Value Disclosures

The carrying values of temporary cash investments, accounts receivable and accounts payable approximate their fair value due to the short-term nature of these financial instruments. The fair values of long-term bank loans approximate the recorded values, due to their variable interest rates. The fair value of the Series A warrants liability is measured at each reporting period end and at each settlement date, as discussed above (Note 9). The Company is exposed to interest rate fluctuations associated with its variable rate borrowings and its objective is to manage the impact of such fluctuations on earnings and cash flows of its borrowings. Currently, the Company does not have any derivative instruments to manage such fluctuations.

As of December 31, 2025, the Company's Bonds (Note 7) had a fair value of \$103,000. The fair value was determined based on Level 2 inputs using quoted market prices for similar instruments.

During 2023, the Company measured on a non-recurring basis the fair values (excluding the down round feature) of the Series C Preferred Shares (as discussed above Note 9 (b)), July 2022 and August 2022 Warrants using Level 3 inputs of the fair value hierarchy, before and after the triggering of the down round features. These valuations resulted:

- in a deemed dividend for the Company's Series C Preferred Shares as of January 11, 2023, of \$1,539 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of January 12, 2023, of \$447 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of January 13, 2023, of \$39 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of January 19, 2023, of \$250 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of January 20, 2023, of \$486 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of January 25, 2023, of \$1,486 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of January 26, 2023, of \$171 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of March 1, 2023, of \$5,391 (Note 9).

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As of December 31, 2023, the deemed dividend for the Company's July 2022 Warrants and August 2022 Warrants that resulted from the fair value measurement of the down round features of July 2022 and August 2022 Warrants amounted to \$256 and \$533, respectively, both triggered similarly to Series C Preferred Shares above (Note 9).

During 2023, the Company recorded a gain from the Series A warrants measured on non-recurring basis at settlement dates amounting to \$244, and on recurring basis as of each measurement date amounting to \$317. The Series A Warrants fair value as of settlement and measurement dates was determined through Level 2 inputs of the fair value hierarchy as determined by management. As of December 31, 2025, and December 31, 2024, the Company measured on recurring basis the fair value of the outstanding Series A Warrants at each measurement date of 14,300 Series A warrants at both dates, in the amount of \$30 and \$27, respectively. The Company measured on a non-recurring basis the fair value of Series A Warrants on each of the respective exercise dates as follows (please refer to Note 9(g)):

- on March 7, 2023, 42,900 Series A Warrants in the amount of \$37,
- on March 8, 2023, 1,811,550 Series A Warrants in the amount of \$1,612,
- on March 9, 2023, 400,400 Series A Warrants in the amount of \$340,
- on March 10, 2023, 320,450 Series A Warrants in the amount of \$269,
- on March 17, 2023, 14,300 Series A Warrants in the amount of \$11,
- on June 15, 2023, 575,250 Series A Warrants in the amount of \$420,
- on August 29, 2023, 432,250 Series A Warrants in the amount of \$726.

No exercises of the Series A warrants occurred during the years ended December 31, 2025, 2024 and 2023.

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**14. Subsequent Events**

- (a) **Bond Tap Issue and Listing of Bonds in the Oslo Stock Exchange:** On January 13, 2026, the Company announced that it had successfully placed a \$50,000 tap issue in Bonds, paying a fixed coupon of 9.875% per annum, payable semi-annually in arrears. The tap issue was priced at a premium, 103.00% of par value, and the amount received, net of expenses was \$50,724. Following the tap issue, the total outstanding amount under the Company's Bonds is \$150,000 (Note 7). The tap issue was closed on 27 January 2026. The regulation of use of proceeds under the tap issue is for general corporate purposes according to the terms of the Tap Issue. On April 1, 2026, the Company completed the listing of the \$150,000 Bonds in the Oslo Stock Exchange.
- (b) **Naming and Delivery of Newbuilding Vessel:** On January 14, 2026, the Company announced the successful delivery of the of the newbuilding vessel H1597, which was named "P. Marseille", constructed at Shanghai Waigaoqiao Shipbuilding Co. Ltd. in the People's Republic of China (Note 5). The vessel was partially financed through a sale-and-leaseback agreement with unaffiliated parties, under which \$45,000 was provided upon delivery of the vessel from shipyard.
- (c) **Memorandum of Agreement to Sell Aframax 2009-built Tanker Vessel:** On February 17, 2026, the Company announced that it had signed a Memorandum of Agreement to sell its 2009-built, 105,071 dwt Aframax tanker vessel "P. Sophia" to an unaffiliated third party for a gross sale price of \$35,650. The vessel is expected to be delivered to her new owners in mid-2026, subject to customary closing conditions. The sale proceeds will be applied, at the Company's option, either for bond repayment or will be used for the acquisition of additional tanker vessel that will replace the "P. Sophia" as bond collateral (Note 7).
- (d) **Signing of Shipbuilding Contracts for Two Suezmax Tanker Vessels:** On March 2, 2026, the Company announced that it has signed two shipbuilding contracts with China Shipbuilding Trading Co. Ltd. and Shanghai Waigaoqiao Shipbuilding Co. Ltd. for the construction of two 158,000 DWT newbuilding Suezmax tanker vessels. The vessels, Hull 1627 and Hull 1628, are expected to be delivered in October 2028 and May 2029, respectively, at a contract price of \$81,500 per vessel. The Company paid \$12,225 (or 15% of the purchase price) for each vessel on April 16, 2026, and will pay 10% of the purchase price at each of the milestones of steel cutting, keel laying, and launching of the vessels, and the remaining 55% of the purchase price upon the delivery of the vessels.
- (e) **Dividend Payment to the Series B and Series C Preferred Stockholders:** On March 16, 2026, the Company paid cash dividends to its Series B and Series C preferred stockholders amounting to \$13 (or \$0.25 per share) and \$445 (or \$0.3125 per share), respectively, according to the terms of each preferred stock, out of which \$411 were paid to Mango (Note 4).
- (f) **Signing of Sale-and-Leaseback Agreement for Newbuilding Vessel:** On March 16, 2026 the Company entered into a sale-and-leaseback agreement with an unaffiliated third party for its LR1 tanker newbuilding vessel Hull 1624, to be named "P. San Francisco", currently under construction at Jiangsu New Yangzi Shipbuilding Co., Ltd. and scheduled for delivery in early 2027. The bareboat financing amount totals \$37,800. As part of this agreement, the vessel will be sold and then chartered back to the Company on a bareboat basis for a ten-year period starting from delivery from the shipyard. The bareboat charter includes 120 monthly installments equivalent to \$5,451 per day, with an implied interest rate of Term SOFR plus 2.00% per annum. Additionally, a balloon payment of \$18,072 will be due together with the last installment. The Company has continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.
- (g) **Memorandum of Agreement to Sell Aframax 2010-built Tanker Vessel:** On April 14, 2026, the Company announced that it had signed a Memorandum of Agreement to sell its 2010-built, 105,304 dwt Aframax tanker vessel "P. Aliko" to an unaffiliated third party for a gross sale price of \$42,650. The vessel is expected to be delivered to her new owners by the end of the third quarter 2026, subject to customary closing conditions. Part of the sale proceeds will be applied for the partial repayment of the Alpha Bank loan (Note 7), to which the vessel serves as collateral.