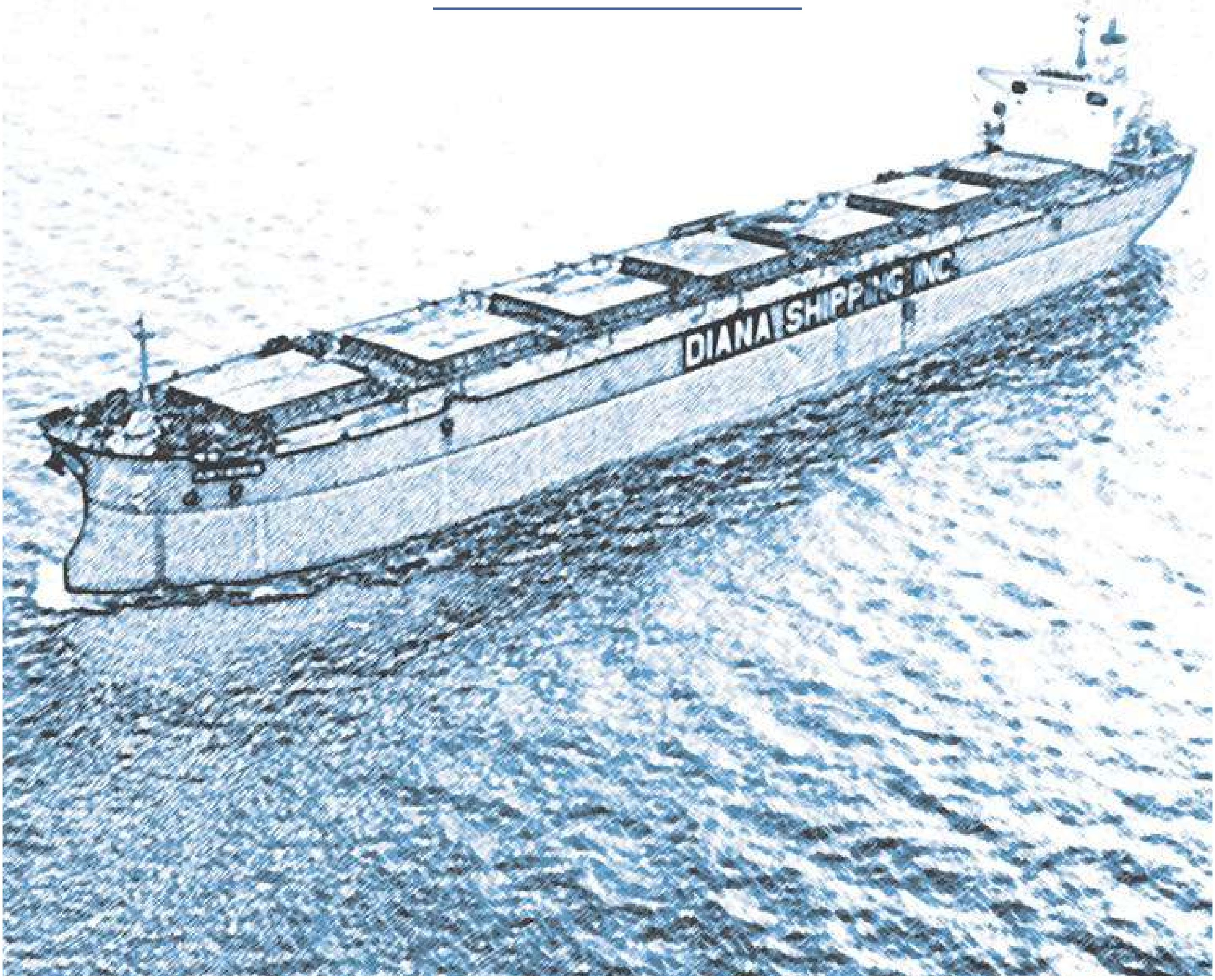
DIANA SHIPPING INC.

ANNUAL REPORT 2020



Corporate Profile

Diana Shipping Inc. (NYSE: DSX) is a global provider of shipping transportation services. We specialize in the ownership of dry bulk vessels. As of April 29, 2021 our fleet consists of 36 dry bulk vessels (4 Newcastlemax, 12 Capesize, 5 Post-Panamax, 5 Kamsarmax and 10 Panamax), as well as one Panamax dry bulk vessel, the "Naias", that has been sold and expected to be delivered to her new owners at the latest by July 30, 2021. As of the same date, the combined carrying capacity of our fleet is approximately 4.7 million dwt with a weighted average age of 10.19 years.

Our fleet is managed by our wholly-owned subsidiary Diana Shipping Services S.A., or DSS, and our established 50/50 joint venture with Wilhelmsen Ship Management named Diana Wilhelmsen Management Limited, or DWM.

Among the distinguishing strengths that we believe provide us with a competitive advantage in the dry bulk shipping industry are the following:

- We own a modern, high quality fleet of dry bulk carriers.
- Our fleet includes groups of sister ships, providing operational and scheduling flexibility, as well as cost efficiencies.
- We have an experienced management team.
- We benefit from the experience and reputation of Diana Shipping Services S.A. and the relationship with Wilhelmsen Ship Management through the Diana Wilhelmsen Management Limited joint venture.
- We benefit from strong relationships with members of the shipping and financial industries.
- We have a strong balance sheet and a low level of indebtedness.

Our main objective is to manage and expand our fleet in a manner that will enable us to enhance shareholder value. To accomplish this objective, we intend to pursue highly focused business strategies, including: maintaining a high quality fleet; strategically expanding the size of our fleet; pursuing an appropriate balance of short-term and long-term time charters; maintaining a strong balance sheet; and maintaining low cost, highly efficient operations. In addition, we intend to capitalize on our reputation for high standards of performance, reliability and safety to establish and maintain relationships with major international charterers and financial institutions.

Diana Shipping Inc. Fleet List

Panamax Gearless Bulk Carriers		
Name of Vessel	Size (deadweight tons)	Year Built
Protefs	73.630	2004
Calipso	73.691	2005
Naias*	73.546	2006
Melia	76.225	2005
Artemis	76.942	2006
Leto	81.297	2010
Selina	75.700	2010
Maera	75.403	2013
Ismene	77.901	2013
Crystalia	77.525	2014
Atalandi	77.529	2014
Kamsarmax Bulk Carriers		
Name of Vessel	Size (deadweight tons)	Year Built
Maia	82.193	2009
Myrsini	82.117	2010
Medusa	82.194	2010
Myrto	82.131	2013
Astarte	81.513	2013
Post-Panamax Bulk Carriers		
Name of Vessel	Size (deadweight tons)	Year Built
Alcmene	93.193	2010
Amphitrite	98.697	2012
Polymnia	98.704	2012
Electra	87.150	2013
Phaidra	87.146	2013
Capesize Bulk Carriers		
Name of Vessel	Size (deadweight tons)	Year Built
Aliki	180.235	2005
Baltimore	177.243	2005
Salt Lake City	171.810	2005
Semirio	174.261	2007
Boston	177.828	2007
Houston	177.729	2009
New York	177.773	2010
Seattle	179.362	2011
P. S. Palios	179.134	2013
G. P. Zafirakis	179.492	2014
Santa Barbara	179.426	2015
New Orleans	180.960	2015
Newcastlemax Bulk Carriers		
Name of Vessel	Size (deadweight tons)	Year Built
Los Angeles	206.104	2012
Philadelphia	206.040	2012
San Francisco	208.006	2017
Newport News	208.021	2017

*Vessel sold and expected to be delivered to her new Owners at the latest by
**Built jointly with Shanghai Jiangnan-Changxing Shipbuilding Co., Ltd

Builder	Classification Society
Jiangnan Shipyard (Group) Co., Ltd.	Det Norske Veritas - Germanischer Lloyd
Jiangnan Shipyard (Group) Co., Ltd.	Det Norske Veritas - Germanischer Lloyd
Jiangnan Shipyard (Group) Co., Ltd.	Bureau Veritas
Tsuneishi Corp., Tadotsu	Nippon Kaiji Kyokai
Namura Shipbuilding Co., Ltd.	Nippon Kaiji Kyokai
Universal Shipbuilding Corp.	American Bureau of Shipping
Jiangnan Shipyard (Group) Co., Ltd.	Bureau Veritas
Jiangnan Shipyard (Group) Co., Ltd.	Bureau Veritas
Jiangnan Shipyard (Group) Co., Ltd.	Det Norske Veritas - Germanischer Lloyd
Jiangnan Shipyard (Group) Co., Ltd.	Det Norske Veritas - Germanischer Lloyd /China Classification Society
Jiangnan Shipyard (Group) Co., Ltd.	Det Norske Veritas - Germanischer Lloyd/China Classification Society

Builder	Classification Society
Tsuneishi Shipbuilding Co., Ltd.	Nippon Kaiji Kyokai
Tsuneishi Shipbuilding Co., Ltd.	Bureau Veritas
Tsuneishi Shipbuilding Co., Ltd.	Nippon Kaiji Kyokai
Tsuneishi Shipbuilding Co., Ltd.	Nippon Kaiji Kyokai
Daewoo Shipbuilding & Marine Engineering Co. Ltd.	American Bureau of Shipping

Builder	Classification Society
Jiangsu New Yangzi Shipbuilding Co. Ltd.	Bureau Veritas
Tsuneishi Group (Zhoushan) Shipbuilding Inc.	Nippon Kaiji Kyokai
Tsuneishi Group (Zhoushan) Shipbuilding Inc.	Nippon Kaiji Kyokai
Hudong-Zhongua Shipbuilding (Group) Co., Ltd.	China Classification Society
Hudong-Zhongua Shipbuilding (Group) Co., Ltd.	American Bureau of Shipping

Builder	Classification Society
Imabari Shipbuilding, Saijo Shipyard	Nippon Kaiji Kyokai
Namura Shipbuilding Co., Ltd.	Nippon Kaiji Kyokai
Daewoo Shipbuilding & Marine Engineering Co. Ltd.	Bureau Veritas
Shanghai Waigaoqiao Shipbuilding Co., Ltd.	Bureau Veritas
Shanghai Waigaoqiao Shipbuilding Co., Ltd.	Bureau Veritas
Shanghai Waigaoqiao Shipbuilding Co., Ltd.**	Bureau Veritas
Shanghai Waigaoqiao Shipbuilding Co., Ltd.	Bureau Veritas
Hyundai Heavy Industries Co., Ltd.	Nippon Kaiji Kyokai
Hyundai Heavy Industries Co., Ltd.	Bureau Veritas
Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd.	Lloyd's Register
Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd.	Lloyd's Register
Shanghai Waigaoqiao Shipbuilding Co., Ltd.	American Bureau of Shipping

Builder	Classification Society
Shanghai Jiangnan-Changxing Shipbuilding Co., Ltd.	Bureau Veritas/China Classification Society
Shanghai Jiangnan-Changxing Shipbuilding Co., Ltd.	Bureau Veritas/China Classification Society
Jiangnan Shipyard (Group) Co., Ltd.	Bureau Veritas/China Classification Society
Jiangnan Shipyard (Group) Co., Ltd.	Bureau Veritas/China Classification Society

As of March 17, 2021

July 30, 2021.

2020 ANNUAL REPORT
OF DIANA SHIPPING INC.


DIANA SHIPPING


INC.
NEW ORLEANS

DIANA SHIPPING INC.

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LETTER TO SHAREHOLDERS

To Our Shareholders:

Throughout most of 2020, individuals and organizations around the globe experienced severe hardship as a result of COVID-19. The pandemic had a significant impact on the world's major economies and the shipping industry – driving a decline in seaborne trade in general, and in dry bulk ton-mile demand in particular. Despite the challenges of the past year, Diana Shipping Inc. continued to pursue well-established strategies to maintain the Company's financial strength, operate our fleet in a prudent manner, and preserve and enhance shareholder value. We wish to take this opportunity to thank all the members of our team who dedicated their effort and energy to allow the Company to navigate this turbulent period in a safe, sound and professional manner.

2020 Financial Results

Largely reflecting prevailing economic conditions, in 2020 the Company recorded a net loss of $134.2 million and net loss attributed to common stockholders of $140.0 million, including a $104.4 million impairment loss and $1.1 million loss on sale of vessels. This compares to a net loss of $10.5 million and net loss attributed to common stockholders of $16.3 million for 2019, including a $14.0 million impairment loss and $6.2 million loss on sale of vessels. Time charter revenues were $169.7 million for 2020, compared with $220.7 million for 2019, reflecting fewer ownership days due to the sale of vessels, along with deteriorating market conditions resulting in lower time charter rates.

Strengthening the Balance Sheet

The Company maintained a strong balance sheet as of year-end 2020, with cash, cash equivalents and restricted cash totaling $82.9 million. To enhance our financial flexibility, we refinanced several loan facilities during the past year, with the result that the maturities on many of our facilities have been extended until 2024. Also, in July 2020 we repurchased an aggregate amount equal to $8.0 million of the nominal amount of the outstanding senior unsecured bonds in the Diana Shipping Inc. 18/23 9.50% USD C bond issue. As of December 31, 2020, the Company's long-term debt, net of deferred financing costs, was $420.3 million – a decrease of $54.6 million as compared with year-end 2019.

Returning Capital to Shareholders

Diana Shipping Inc. again demonstrated its commitment to return value to shareholders, announcing a self-tender offer in December 2020 to purchase up to 6,000,000 shares of our outstanding common stock. The tender offer was completed in January 2021 at a price of $2.50 per share. The Board of Directors will continue to consider self-tender offers when and as it determines that repurchasing shares is in the Company's best interest, given our cash position and stock price.

Fleet Management Strategy

The Company continued its active management of the fleet in 2020, in order to maintain a modern and diversified range of vessels, while monetizing and redeploying the value of older ships. In total, we agreed to sell five vessels during the year, the oldest of which was built in 2001. We will continue to manage our fleet in a responsible manner that promotes a balance of time charter maturities and produces a predictable revenue stream.

Leadership Succession

Early in 2021, the Company announced several senior executive appointments approved by the Board of Directors. These appointments, which became effective on March 1, 2021, were designed to ensure an orderly succession that combines both continuity of leadership and new and diverse perspectives.

I am honored to have been chosen by the Board to serve as the Company's Chief Executive Officer, after having previously served as Deputy Chief Executive Officer and Chief Operating Officer. I am grateful for the trust and confidence that have been placed in me, and I look forward to continuing and building upon the strategies that have made Diana Shipping Inc. a leader in our industry. Mr. Simeon Palios remains Chairman of the Board of Directors in a non-executive capacity. The Board wishes to note that the Company's success is a tribute to his vision and leadership. Mr. Anastasios Margaronis continues to serve as President and a Director of the Company, positions he has held since 2005. Mr. Ioannis Zafirakis has been appointed Chief Financial Officer on a permanent basis, after serving in that role on an interim basis since February 2020. He also remains Chief Strategy Officer, Treasurer and Secretary. Mr. Eleftherios Papatrifon has joined the Company in the role of Chief Operating Officer. Mr. Papatrifon is highly qualified, having previously served as a Chief Executive Officer, Chief Financial Officer and Director of other shipping companies.

Reporting on ESG Issues

As a global provider of shipping services – with a reputation for high standards of performance, reliability and safety – Diana Shipping Inc. recognizes the importance of maintaining sound policies and practices with respect to environmental, social and governance (ESG) issues. Accordingly, at the end of last year we issued our first-ever ESG Report covering activities during 2019. The Report describes, among other things, our initiatives to prudently manage environmental risks and the impact of climate change, to promote safe working conditions and respect diversity and human rights, and to govern our business in a lawful and ethical manner.

As we look toward the balance of 2021, we are hopeful that the increasing availability of vaccines will herald an eventual return to more stable, less volatile market conditions, as well as stronger prospects for the global economy and the dry bulk sector. Regardless of extraneous events, however, the entire Diana Shipping team remains committed to sound management, strategic progress, and shareholder value.

Sincerely,

Semiramis Paliou
Chief Executive Officer

This 2020 Annual Report of Diana Shipping Inc. (the "Company") is substantially derived from the Company's 2020 Annual Report filed on Form 20-F with the U.S. Securities and Exchange Commission (the "SEC") on March 12, 2021, which is available on the SEC's website at www.sec.gov. Additional information, including documents filed as exhibits to the Company's Form 20-F, is also available on the SEC's website.

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

In addition to these important factors and matters discussed elsewhere herein, important factors that, in its view, could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to:

> the strength of world economies;
> fluctuations in currencies and interest rates;
> general market conditions, including fluctuations in charter hire rates and vessel values;
> changes in demand in the dry-bulk shipping industry;
> changes in the supply of vessels, including when caused by new newbuilding vessel orders or changes to or terminations of existing orders, and vessel scrapping levels;
> changes in the Company's operating expenses, including bunker prices, crew costs, drydocking and insurance costs;
> the Company's future operating or financial results;
> availability of financing and refinancing and changes to the Company's financial condition and liquidity, including the Company's ability to pay amounts that it owes and obtain additional financing to fund capital expenditures, acquisitions and other general corporate activities and the Company's ability to obtain financing and comply with the restrictions and other covenants in the Company's financing arrangements;
> changes in governmental rules and regulations or actions taken by regulatory authorities;
> potential liability from pending or future litigation;
> compliance with governmental, tax, environmental and safety regulation, any non-compliance with the U.S. Foreign Corrupt Practices Act of 1977 (FCPA) or other applicable regulations relating to bribery;
> the impact of the discontinuance of LIBOR after 2021 on interest rates of any of the Company's debt that reference LIBOR;
> the failure of counter parties to fully perform their contracts with the Company;
> the Company's dependence on key personnel;
> adequacy of insurance coverage;
> the volatility of the price of the Company's common shares;
> the Company's incorporation under the laws of the Marshall Islands and the different rights to relief that may be available compared to other countries, including the United States;
> general domestic and international political conditions or labor disruptions;
> acts by terrorists or acts of piracy on ocean-going vessels;
> the length and severity of the recent novel coronavirus (COVID-19) outbreak and its impact in the dry-bulk shipping industry;
> potential disruption of shipping routes due to accidents or political events; and
> other important factors described from time to time in the reports filed by the Company with the Securities and Exchange Commission, or the SEC, and the New York Stock Exchange, or the NYSE.

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

Operating and Financial Review and Prospects

The following management's discussion and analysis should be read in conjunction with our historical consolidated financial statements and their notes included elsewhere in this annual report. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth in the section entitled "Risk Factors" discussed in our Form 20-F filed with the SEC on March 12, 2021 and elsewhere in this annual report.

A. Operating results

We charter our vessels to customers pursuant to short-term, medium-term and long-term time charters. Currently, the majority of our vessels are employed on short-term time charters. Under our time charters, the charterer typically pays us a fixed daily charter hire rate and bears all voyage expenses, including the cost of bunkers (fuel oil) and port and canal charges. However, our voyage results may be affected by differences in bunker prices. We remain responsible for paying the chartered vessels' operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel, the costs of spares and consumable stores, tonnage taxes, environmental and safety expenses, and we also pay commissions to one or more unaffiliated ship brokers, to in-house brokers associated with the charterer for the arrangement of the relevant charter and to DWM.

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 and the aggregate amount of time that we spend positioning our vessels for such events. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.

> *Operating days.* We define operating days as the number of our available days in a period less the aggregate number of days that our vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

> *Fleet utilization.* We calculate fleet utilization by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning for such events.

> *TCE rates.* We define Time Charter Equivalent, or TCE rates as our time charter revenues less voyage

expenses during a period divided by the number of our available days during the period, which is consistent with industry standards. TCE rate is a non-GAAP measure and is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts while charter hire rates for vessels on time charters generally are expressed in such amounts.

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

	Year Ended December 31,		
	2020	**2019**	**2018**
Ownership days	14,931	16,442	18,204
Available days	14,318	16,192	17,964
Operating days	14,020	15,971	17,799
Fleet utilization	97.9%	98.6%	99.1%
Time charter equivalent (TCE) rate (1)	$ 10,910	$ 12,796	$ 12,179

(1) Please see "Item 3. Key Information—A. Selected Financial Data" of our Form 20-F filed with the SEC on March 12, 2021, for a reconciliation of TCE to GAAP measures.

Lack of Historical Operating Data for Vessels before Their Acquisition

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

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

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

> obtain the charterer's consent to us as the new owner;
> obtain the charterer's consent to a new technical manager;
> in some cases, obtain the charterer's consent to a new flag for the vessel;

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

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

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

Our business is mainly comprised of the following elements:

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

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

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

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

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

> management of the relationships with our service providers and customers.

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

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

Time Charter Revenues

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

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

Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time, but can yield lower profit margins than vessels operating in the spot charter market during periods characterized by favorable market conditions. Vessels operating in the spot charter market generate revenues that are less predictable but may enable their owners to capture increased profit margins during periods of improvements in charter rates although their owners would be exposed to the risk of declining charter rates, which may have a materially adverse impact on financial performance. As we employ vessels on period charters, future spot charter rates may be higher or lower than the rates at which we have employed our vessels on period charters. Our time charter agreements subject us to counterparty risk. In depressed market conditions, charterers may seek to renegotiate the terms of their existing charter parties or avoid their obligations under those contracts. Should a counterparty fail to honor their obligations under agreements with us, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows. For 2021, we expect our revenues to decrease compared to 2020, due to the decrease in the number of vessels in the fleet, as in 2020 we sold five vessels of which two were delivered to their new owners in 2020, two in January 2021 and one is expected to be delivered by April 2021.

Voyage Expenses

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

We currently pay commissions ranging from 4.75% to 5.00% of the total daily charter hire rate of each charter to unaffiliated ship brokers, in-house brokers associated with the charterers, depending on the number of brokers involved with arranging the charter. In addition, we pay a commission to DWM and to DSS for those vessels for which they provide commercial management services. The commissions paid to DSS are eliminated from our consolidated financial statements as intercompany transactions. For 2021, we expect our voyage expenses to remain at the same levels compared to 2020, or decrease, depending on the change in revenues and the gain, or loss from bunkers.

Vessel Operating Expenses

Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores, tonnage taxes, environmental plan costs and HSQ and vetting. Our vessel operating expenses generally represent fixed costs. For 2021, we expect our operating expenses to decrease compared to 2020 as a result of the sale vessels.

Vessel Depreciation

The cost of our vessels is depreciated on a straight-line basis over the estimated useful life of each vessel. Depreciation is based on the cost of the vessel less its estimated salvage value. We estimate the useful life of our dry bulk vessels to be 25 years from the date of initial delivery from the shipyard, which we believe is common in the dry bulk shipping industry. Furthermore, we estimate the salvage values of our vessels based on historical average prices of the cost of the light-weight ton of vessels being scrapped. Our depreciation charges decreased rapidly in 2018 due to the vessel cost impairment we recorded in 2017 and decreased further in 2019 and 2020 due to the sale of two vessels in December 2018, six vessels in 2019, five vessels in 2020 and vessel cost impairment we recorded in the first quarter of 2020. For 2021, we expect depreciation expense to decrease as a result of the impairment charge of the first quarter of 2020 and the sale of five vessels.

General and Administrative Expenses

We incur general and administrative expenses which include our onshore related expenses such as payroll expenses of employees, executive officers, directors and consultants, compensation cost of restricted stock awarded to senior management and non-executive directors, traveling, promotional and other expenses of the public company, such as legal and professional expenses and other general expenses. For 2021, we expect our general and administrative expenses to remain at the same levels, as they are not affected by the size of the fleet. However, they are affected by the exchange rate of Euro to US Dollars, as about half of the administrative expenses are in Euro.

Interest and Finance Costs

We have historically incurred interest expense and financing costs in connection with vessel-specific debt, senior unsecured Notes and since September 2018 in connection with our Bond. As at December 31, 2020 our debt amounted to $423.1 million, including our Bond. 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. For 2021, we expect interest and finance expenses to decrease due to decreased average debt and decreased interest rates.

Our Fleet – Illustrative Comparison of Possible Excess of Carrying Value Over Estimated Charter-Free Market Value of Certain Vessels

In "Critical Accounting Policies – Impairment of long-lived assets," 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 2019 we recorded impairment for three vessels for which the same test indicated that their carrying value would not be recoverable. Additionally, in 2019, we recorded impairment for four additional vessels which met the criteria as held for sale and were measured at the lower of their carrying value and fair value (sale price) less costs to sell. Similarly, in 2020, we recorded impairment for nine vessels for which their carrying value would not be recoverable and additional impairment for four of the vessels we sold during the year, which met the criteria as held for sale and were measured at the lower of their carrying value and fair value (sale price) less costs to selll.

Based on: (i) the carrying value of each of our vessels as of December 31, 2020 and 2019, consisting of the net book value of the vessels and the unamortized value of deferred dry-dock and special surveys cost and (ii) what we believe the charter-free market value of each of our vessels was as of December 31, 2020 and 2019, the aggregate carrying value of 29 and 31 of the vessels in our fleet as of December 31, 2020 and 2019, respectively, exceeded their aggregate charter-free market value by approximately $149 million and $150 million, respectively, as noted in the table below. This aggregate difference represents the approximate analysis of the amount by which we believe we would have to increase our loss or reduce our net income if we sold all of such vessels at December 31, 2020 and 2019, on a charter-free basis, on industry standard terms, in cash transactions, and to a willing buyer where we were not under any compulsion to sell, and where the buyer was not under any compulsion to buy. For purposes of this calculation, we have assumed that these 29 and 31 vessels would be sold at a price that reflects our estimate of their charter-free market values as of December 31, 2020 and 2019, respectively.

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

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

As we obtain information from various industry and other sources, our estimates of charter-free market value are inherently uncertain. In addition, vessel values are highly volatile; as such, our estimates may not be indicative of the current or future charter-free market value of our vessels or prices that we could achieve if we were to sell them. We also refer you to the risk factor in "Item 3. Key Information—D. Risk Factors" entitled "The market values of our vessels have declined and may further decline, which could limit the amount of funds that we can borrow and could trigger breaches of certain financial covenants contained in our current and future loan facilities, which could adversely affect our operating results, and we may incur a loss if we sell vessels following a decline in their market values" and the discussion under the heading "Item 4. Information on the Company—B. Business Overview–Vessel Prices" of our Form 20-F filed with the SEC on March 12, 2021.

	Vessel	Dwt	Year Built	Carrying Value (in millions of US dollars)	
				2020	**2019**
1	Alcmene	93,193	2010	11.1	14.2 *
2	Aliki	180,235	2005	15.8 *	15.3 *
3	Amphitrite	98,697	2012	15.4	18.0
4	Arethusa	73,593	2007	-	10.3 *
5	Artemis	76,942	2006	14.8 *	14.2 *
6	Astarte	81,513	2013	19.5 *	20.4 *
7	Atalandi	77,529	2014	18.0 *	18.8
8	Baltimore	177,243	2005	19.3 *	19.8 *
9	Boston	177,828	2007	17.5 *	18.5 *
10	Calipso	73,691	2005	7.9 *	7.1
11	Coronis[1]	74,381	2006	6.9	9.5 *
12	Crystalia	77,525	2014	17.7 *	18.5
13	Electra	87,150	2013	14.5	17.1
14	G.P. Zafirakis	179,492	2014	24.8 *	47.9 *
15	Houston	177,729	2009	22.2 *	23.3 *
16	Ismene	77,901	2013	11.8	12.5
17	Leto	81,297	2010	15.8 *	15.8 *
18	Los Angeles	206,104	2012	24.8 *	43.3 *
19	Maera	75,403	2013	11.4	11.9
20	Maia	82,193	2009	15.1 *	16.3 *
21	Medusa	82,194	2010	15.4 *	14.7
22	Melia	76,225	2005	12.7 *	13.0 *
23	Myrsini	82,117	2010	17.8 *	17.2 *
24	Myrto	82,131	2013	19.2 *	20.2 *
25	Naias	73,546	2006	9.1 *	9.7 *
26	New Orleans	180,960	2015	36.7 *	37.3 *
27	New York	177,773	2010	16.5 *	40.6 *
28	Newport News	208,021	2017	45.2 *	47.0
29	Norfolk	164,218	2002	-	9.4 *
30	Oceanis1	75,211	2001	5.5	8.0 *
31	P.S. Palios	179,134	2013	38.8 *	40.6 *
32	Phaidra	87,146	2013	14.2	18.1 *
33	Philadelphia	206,040	2012	25.5 *	44.1 *
34	Polymnia	98,704	2012	15.7	18.3
35	Protefs	73,630	2004	9.2 *	9.9 *
36	Salt Lake City	171,810	2005	15.9 *	15.6 *
37	San Francisco	208,006	2017	45.3 *	47.1 *
38	Santa Barbara	179,426	2015	40.2 *	42.1 *
39	Seattle	179,362	2011	23.2 *	24.1 *
40	Selina	75,700	2010	10.9	10.2
41	Semirio	174,261	2007	16.5 *	17.5 *
42	Sideris GS[1]	174,186	2006	11.3	16.5 *
	Total	**5,239,440**		**749**	**894**

(1) Vessels held for sale as of December 31, 2020

*Indicates dry bulk vessels for which we believe, as of December 31, 2020 and 2019, the charter-free market value was lower than the vessel's carrying value. We believe that the aggregate carrying value of these vessels exceeded their aggregate charter-free market value by approximately $149 million and $150 million, respectively.

Critical Accounting 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 those financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.

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, 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 and Expenses

Revenues are generated from time charter agreements which contain a lease as they meet the criteria of a lease under ASC 842. Agreements with the same charterer are accounted for as separate agreements according to their specific terms and conditions. All agreements contain a minimum non-cancellable period and an extension period at the option of the charterer. Each lease term is assessed at the inception of that lease. Under a time charter agreement, the charterer pays a daily hire for the use of the vessel and reimburses the owner for hold cleanings, extra insurance premiums for navigating in restricted areas and damages caused by the charterers. Additionally, the charterer pays to third parties port, canal and bunkers consumed during the term of the time charter agreement. Such costs are considered direct costs and are not recorded as they are directly paid by charterers, unless they are for the account of the owner, in which case they are included in voyage expenses. Additionally, the owner pays commissions on the hire revenue, to both the charterer and to brokers, which are direct costs and are recorded in voyage expenses. Under a time charter agreement, the owner pays for the operation and the maintenance of the vessel, including crew, insurance, spares and repairs, which are recognized in operating expenses. The Company, as lessor, has elected not to allocate the consideration in the agreement to the separate lease and non-lease components (operation and maintenance of the vessel) as their timing and pattern of transfer to the charterer, as the lessee, are the same and the lease component, if accounted for separately, would be classified as an operating lease. Additionally, the lease component is considered the predominant component as the Company has assessed that more value is ascribed to the vessel rather than to the services provided under the time charter contracts.

Voyage expenses, primarily consisting of commissions, are expensed over the related voyage charter period to the extent revenue has been recognized since commissions are due as the Company's revenues are earned. All vessel operating expenses are expensed as incurred.

Impairment of Long-lived Assets

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

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

During the last quarter of 2017, the Company's management considered various factors, including the recovery of the market, the worldwide demand for dry-bulk products, supply of tonnage and order book and concluded that the charter rates for the years 2008-2010 were exceptional. In this respect the Company's management decided to exclude from the 10-year average of 1 year time charters of these three years for which the rates were well above the average and which were not considered sustainable for the foreseeable future. Similarly, the Company performed the exercise discussed above, for 2018, by excluding from the 10-year average of 1 year time charters the years 2009-2010 and for 2019, by excluding the rates for the year 2010. Following this reassessment, our test of cash flows resulted in impairment loss of $3.4 million in 2019 and $93.3 million in 2020. Our 2018 test did not result to impairment

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

	Average estimated daily time charter equivalent rate used	**Average break-even rate**
Panamax/Kamsarmax/Post-Panamax	$10,644	$ 9,144
Capesize/Newcastlemax	$14,789	$11,371

Our impairment test exercise is sensitive to variances in the time charter rates. Our current analysis, which also involved a sensitivity analysis by assigning possible alternative values to this significant input, indicated that with only a 3% reduction in time charter rates would result in impairment of individual long lived assets. However, there can be no assurance as to how long charter rates and vessel values will remain at their current low levels or whether they will improve by any significant degree. Charter rates may remain at depressed levels for some time which could adversely affect our revenue and profitability, and future assessments of vessel impairment.

For the purpose of presenting our investors with additional information to determine how the Company's future results of operations may be impacted in the event that daily time charter rates do not improve from their current levels in future periods, we set forth below an analysis that shows the 1-year, 3-year and 5-year average blended rates and the effect of the use of each of these rates would have on the Company's impairment analysis.

	1-year (period)	Impairment charge (in USD million)	3-year (period)	Impairment charge (in USD million)	5-year (period)	Impairment charge (in USD million)
Panamax/Kamsarmax/Post-Panamax	$10,530	-	$11,812	-	$10,473	-
Capesize/Newcastlemax	$13,808	-	$16,103	-	$13,930	-

Results of Operations

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

Time charter revenues. Time charter revenues decreased by $51.0 million, or 23%, to $169.7 million in 2020, compared to $220.7 million in 2019. The decrease was mainly due to decreased revenues resulting from the sale of six vessels in 2019 and five vessels in 2020, of which however three were held for sale on December 31, 2020. In 2020, we had total operating days of 14,020 and fleet utilization of 97.9%, compared to 15,971 total operating days and a fleet utilization of 98.6% in 2019. Additionally, there was a 15% decrease in time charter rates from $12,796 in 2019 to $10,910 in 2020.

Voyage expenses. Voyage expenses amounted to $13.5 million in 2020 and were the same compared to 2019. Commissions, which is the main part of voyage expenses decreased in 2020 to $8.3 million compared to $11.1 million in 2019 due to the decrease in revenues. This decrease was offset by increased loss from bunkers amounting to $3.7 million in 2020 compared to $1.5 million in 2019 and other expenses. The increase in loss from bunkers was due to increased off hire days during 2020 compared to 2019 and also due to the differences in the prices of bunkers of the vessels which entered into new charter parties during the year.

Vessel operating expenses. Vessel operating expenses decreased by $4.8 million, or 5%, to $85.8 million in 2020 compared to $90.6 million in 2019. The decrease in operating expenses is attributable to the sale of six vessels in 2019 and five vessels in 2020 which however only two were delivered to their new owners and three were held for sale. This decrease was partly offset by increased average expenses in insurances, spares and repairs, operations and annual taxes. Daily operating expenses were $5,750 in 2020 compared to $5,510 in 2019, representing a 4% increase.

Depreciation and amortization of deferred charges. Depreciation and amortization of deferred charges decreased by $5.9 million, or 12%, to $43.0 million in 2020, compared to $48.9 million in 2019. This decrease was due to the sale of six vessels in 2019, the impairment charges recorded in the first quarter of 2020 for nine vessels whose carrying value was not considered recoverable and the sale of five vessels in 2020, of which three were held for sale on December 31, 2020. This decrease was partly offset by an increase in the amortization of deferred cost relating to dry-dockings.

General and administrative expenses. General and Administrative Expenses increased by $4.2 million, or 15%, to $32.8 million in 2020 compared to $28.6 million in 2019. The increase is mainly attributable to increased compensation cost on restricted stock resulting from the early vesting of restricted shares of board members following the Company's restructuring in 2020, increased bonuses and directors and officers insurance. This increase was partly offset by decreased salaries, travelling and training costs.

Management fees to related party. Management fees to a related party amounted to $2.0 million in 2020 compared to $2.2 million in 2019. The decrease is attributable to decreased average number of vessels managed by DWM in 2020 compared to 2019, due to the sale of vessels.

Vessel Impairment charges. Vessel Impairment amounted to $104.4 million in 2020 compared to $14.0 million in 2019, of which $11.3 million in 2020 and $10.6 million in 2019 was due to the sale of vessels measured at the lower of their carrying value and fair value (sale price) less costs to sell, resulting from their classification as held for sale. Additionally, $93.3 million in 2020 and $3.4 million in 2019, resulted from the Company's estimated undiscounted projected net operating cash flows, expected to be generated by the use of nine and three vessels, respectively, over their remaining useful lives and their eventual disposition being less than carrying amount of these vessels. Vessel impairment charges for 2020 were partly offset by a gain of $0.2 million, following the withdrawal from the market, of the vessel Calipso, which as of December 31, 2019 was held for sale.

Loss from sale of vessels. Loss from sale of vessels amounted to $1.1 million compared to $6.2 million in 2019 and is the result from the sale of the vessels Norfolk and Arethusa in 2020 and the sale of *Erato, Nirefs and Clio* in 2019.

Interest and finance costs. Interest and finance costs decreased by $7.9 million, or 27%, to $21.5 million in 2020 compared to $29.4 million in 2019. The decrease is primarily attributable to decreased average interest rates and to decreased average long-term debt outstanding during 2020 compared to 2019. Interest expense in 2020 amounted to $20.2 million compared to $28.0 million 2019. In 2020, interest expense decreased even further due to repurchase of $8.0 million of our Bond in July 2020.

Interest and other income. Interest and other income decreased by $2.2 million, or 76%, to $0.7 million in 2020 compared to $2.9 million in 2019. The decrease is attributable to the decrease in cash at hand and decreased interest rates.

Gain on extinguishment of debt relates to gain realized from the repurchase of $8 million of nominal value of our $100 million bond in July 2020.

Gain/(loss) from investments. In 2020, loss from related party investments relates to loss from our 50% interest in DWM. In 2019, $1.5 million of the loss was related to our investment in the Preferred Stock of Performance Shipping as, based on our qualitative assessment, it was considered that its carrying amount at December 31, 2019 would not be recoverable.

Year ended December 31, 2019 compared to the year ended December 31, 2018

Time charter revenues. Time charter revenues decreased by $5.5 million, or 2%, to $220.7 million in 2019, compared to $226.2 million in 2018. The decrease was mainly due to decreased revenues due to the sale of six vessels during 2019 and two vessels in December 2018. In 2019 we had total operating days of 15,971 and fleet utilization of 98.6%, compared to 17,799 total operating days and a fleet utilization of 99.1% in 2018. This decrease was partly offset by increased time charter rates which resulted in a 5% increase in our average charter rates from $12,179 in 2018 to $12,796 in 2019.

Voyage expenses. Voyage expenses increased by $6.1 million, or 82%, to $13.5 million in 2019 compared to $7.4 million in 2018. This increase in voyage expenses is primarily attributable to bunkers which resulted in loss of $1.5 million compared to gain of $4.8 million in 2018.

Vessel operating expenses. Vessel operating expenses decreased by $4.9 million, or 5%, to $90.6 million in 2019 compared to $95.5 million in 2018. The decrease in operating expenses is attributable to the sale of six vessels in 2019 and two vessels in December 2018 and was partly offset by increased average expenses in all expense categories but primarily in spares and repairs, to prepare the vessels for the change of fuel, beginning in 2020. Daily operating expenses were $5,510 in 2019 compared to $5,247 in 2018, representing a 5% increase.

Depreciation and amortization of deferred charges. Depreciation and amortization of deferred charges decreased by $3.3 million, or 6%, to $48.9 million in 2019, compared to $52.2 million in 2018. This decrease was due to the sale of six vessels in 2019 and two vessels in 2018. This decrease was partly offset by an increase in the amortization of deferred cost relating to dry-dockings.

General and administrative expenses. General and Administrative Expenses decreased by $0.9 million, or 3%, to $28.6 million in 2019 compared to $29.5 million in 2018. The decrease is mainly attributable to decreased bonus taxation and the exchange rate of Euro to US Dollar and was partly offset by increased payroll and training cost, and directors' and officers' insurance.

Management fees to related party. Management fees to a related party amounted to $2.2 million in 2019 compared to $2.4 million in 2018. The decrease is attributable to decreased average number of vessels managed by DWM in 2019 compared to 2018, due to the sale of vessels.

Impairment loss. Impairment loss in 2019 amounted to $14.0 million of which $10.6 million was due to the sale of three vessels which were measured at the lower of their carrying value and fair value (sale price) less costs to sell resulting from their classification as held for sale and one vessel classified as held for sale at December 31, 2019, the *Calipso*. Additionally, the Company's estimated undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of three vessels over their remaining useful lives and their eventual disposition was less than their carrying amount. This resulted to impairment loss, net loss and net loss attributed to common stockholders of $3.4 million.

Loss from sale of vessels. Loss from sale of vessels amounted to $6.2 million in 2019 and is the result from the sale of the vessels *Erato, Nirefs and Clio* during the year, compared to $1.4 million in 2018 from the sale of two vessels.

Interest and finance costs. Interest and finance costs decreased by $1.1 million, or 4%, to $29.4 million in 2019 compared to $30.5 million in 2018. The decrease is primarily attributable to decreased average interest rates and to decreased average long-term debt outstanding during 2019 compared to 2018. Interest expense in 2019 amounted to $28.0 million compared to $28.3 million 2018.

Interest and other income. Interest and other income decreased by $5.9 million, or 67%, to $2.9 million in 2019 compared to $8.8 million in 2018. The decrease is attributable to decreased interest income due to the settlement in 2018, of the loan to Performance Shipping.

Gain/(loss) from investments. Gain/loss from investments relates to the gain/loss from our 50% interest in DWM. Also, in 2019 a $1.5 million loss was recognized from our investment in the Preferred Stock of Performance Shipping as, based on our qualitative assessment, it was considered that its carrying amount at December 31, 2019 would not be recoverable.

Inflation

Inflation does not have a material effect on our expenses given current economic conditions. In the event that significant global inflationary pressures appear, these pressures would increase our operating, voyage, administrative and financing costs.

B. Liquidity and Capital Resources

We have historically financed our capital requirements with cash flow from operations, equity contributions from shareholders, long-term bank debt, senior notes, a bond and since 2018 through the sale of vessels. Our main uses of funds have been capital expenditures for the acquisition and construction of new vessels, expenditures incurred in connection with ensuring that our vessels comply with international and regulatory standards, repayments of bank loans and repurchase of our common stock. We will require capital to fund ongoing operations, vessel improvements to meet requirements under new regulations, debt service and the payment of our preferred dividends. As at December 31, 2020 and 2019, working capital, which is current assets minus current liabilities, including the current portion of long-term debt, amounted to $43.1 million and $71.6 million, respectively. The decrease in working capital was mainly due to decreased earnings in 2020 compared to 2019, due to weak economic conditions, beginning in February 2020 with the spread of COVID-19, which resulted in low time charter rates throughout the year and also due to less operating days of the fleet due to the sale of vessels. For 2021, we believe that anticipated revenues will result in internally generated cash flows along with cash on hand which will be sufficient to fund our capital requirements. We also plan to incur additional debt or refinance existing debt and we may issue additional equity, if deemed necessary to fund our capital requirements in the next twelve months.

Cash Flow

Cash and cash equivalents, including restricted cash, was $82.9 million as at December 31, 2020 and $128.3 million as at December 31, 2019. Restricted cash mainly consists of the amount kept against the Company's loan facilities. As at December 31, 2020 and 2019, restricted cash amounted to $20.0 million and $21.0 million, respectively. We consider highly liquid investments such as time deposits and certificates of deposit with an original maturity of around three months or less to be cash equivalents. Cash and cash equivalents are primarily held in U.S. dollars.

Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased by $32.7 million to $17.2 million in 2020 compared to $49.9 million in 2019. This decrease in cash from operating activities was attributable to decreased revenues, increased dry-docking costs and increased off hire days for our fleet, mainly resulting from the market conditions as a result of COVID-19, and also due to an increased number of vessels that underwent dry-docking surveys in 2020 compared to 2019.

Net cash provided by operating activities decreased by $30.0 million to $49.9 million in 2019 compared to $49.9 million in 2019. This decrease was mainly attributable to the decreased revenues due to the sale of six vessels in 2019 compared to two vessels in December 2018 and increased dry-docking costs. This decrease was partly offset by increased average time charter rates.

Net Cash Provided by Investing Activities

Net cash provided by investing activities was $10.5 million for 2020, which consists of $6.0 million paid for vessel improvements due to new regulations; $15.6 million of proceeds from the sale of two vessels in 2020; $1.5 million proceeds from the sale of our investment in preferred stock of Performance Shipping; $0.5 million investment in DWM; and $0.1 million relating to the acquisition of office equipment.

Net cash provided by investing activities was $38.4 million for 2019, which consists of $2.8 million paid for vessel improvements due to new regulations; $41.3 million of proceeds from the sale of six vessels in 2019 and $0.1 million relating to the acquisition of office equipment.

Net cash provided by investing activities was $99.4 million for 2018, which consists of $2.6 million paid for vessel improvements due to new regulations; $14.6 million of proceeds from the sale of two vessel in 2018; $87.6 million of proceeds received from Performance Shipping, and $0.3 million relating to the acquisition of office equipment.

Net Cash Used In Financing Activities

Net cash used in financing activities was $73.1 million for 2020, which consists of $54.8 million of indebtedness that we repaid; $5.8 million of dividends paid on our Series B Preferred Stock; $12.0 million paid for repurchase of common stock; and $0.5 million of finance costs paid in relation to new loan agreements.

Net cash used in financing activities was $111.4 million for 2019, which consists of $44.0 million of proceeds from new loan agreements; $100.6 million of indebtedness that we repaid; $5.8 million of dividends paid on our Series B Preferred Stock; $49.7 million paid for repurchase of common stock; $1.0 million received in relation to the acquisition by Mr. Palios of our Series C Preferred Stock; and $0.4 million of finance costs paid in relation to new loan agreements.

Net cash used in financing activities was $93.7 million for 2018, which consists of $100.0 million of proceeds from our Bond; $169.9 million of indebtedness that we repaid; $5.8 million of dividends paid on our Series B Preferred Stock; $15.2 million for repurchase of common stock and $2.8 million of loan fees relating to the Bond and our refinancing agreement with BNP.

Loan Facilities, Senior Unsecured Notes and Senior Bond

As at December 31, 2020, we had $423.1 million of long term debt outstanding under our facilities and Bond, which as of the date of our Form 20-F filed with the SEC on March 12, 2021 was 470.3 million, and consists of the agreements described below.

Secured Term Loans:

On October 2, 2010, two of our wholly-owned subsidiaries entered into a loan agreement with Export-Import Bank of China ("CEXIM Bank") and DnB NOR Bank ASA ("DnB") to finance part of the construction cost of the *Los Angeles*, and the *Philadelphia*, for $72.1 million. The *Los Angeles* advance is repayable in 40 quarterly installments of approximately $0.6 million and a balloon of $12.3 million payable together with the last installment on February 15, 2022. The *Philadelphia* advance is repayable in 40 quarterly installments of approximately $0.6 million and a balloon of $11.4 million payable together with the last installment on May 18, 2022. The loan bears interest at LIBOR plus a margin of 2.50% per annum.

On September 13, 2011, one of our wholly-owned subsidiaries entered into a loan agreement with Emporiki Bank of Greece S.A. for a loan of up to $15.0 million to refinance part of the acquisition cost of the *Arethusa*. On December 13, 2012, the outstanding loan balance was transferred to Credit Agricole Corporate and Investment Bank. On July 17, 2020, the Company prepaid the outstanding balance of the loan at that date, amounting to $6.5 million. The loan was prepaid using a cash pledge maintained with the bank. The loan was repayable in 20 equal semiannual installments of $0.5 million each and a balloon payment of $5.0 million. The loan bore interest at LIBOR plus a margin of 2.5% per annum, or 1% for such loan amount that was equivalently secured by cash pledged in favor of the bank.

On January 9, 2014, two of our wholly-owned subsidiaries entered into a loan agreement with Commonwealth Bank of Australia, London Branch, for a loan facility of $18.0 million to finance part of the acquisition cost of the *Melite* and *Artemis.* The loan was drawn in two tranches, one of $8.5 million assigned to *Melite* and one of $9.5 million assigned to *Artemis*. Tranche A was repaid in full in October 2017, after grounding of the *Melite*. Tranche B is repayable in 32 equal consecutive quarterly installments of $156,250 each and a balloon of $4.5 million payable on January 13, 2022. The loan bears interest at LIBOR plus a margin of 2.25%.

On December 18, 2014, two of our wholly-owned subsidiaries entered into a loan agreement with BNP for a loan facility of $53.5 million to finance part of the acquisition cost of the *G. P. Zafirakis* and the *P. S. Palio*s. The loan is repayable in 14 equal semi-annual installments of approximately $1.6 million and a balloon of $31.5 million, payable on November 30, 2021. On June 29, 2020, the Company entered into a loan agreement to refinance the loan, so that the balloon of $31.5 million, payable on November 30, 2021, be payable in five equal semi-annual installments of approximately $1.6 million and a balloon of $23.6 million payable together with the last installment on May 19, 2024. The refinanced loan bears interest at LIBOR plus a margin of 2.5%, increased from a margin of 2% of the original loan.

On March 17, 2015, eight of our wholly-owned subsidiaries entered into a loan facility with Nordea for an amount of $93.1 million. The loan was repayable in 24 equal consecutive quarterly installments of approximately $1.9 million and a balloon of $48.4 million, payable together with the last installment on March 19, 2021. On May 7, 2020, the Company entered into a new loan agreement to refinance the balance of the existing loan, whereas the balance is payable in eight equal quarterly installments of approximately $1.9 million each and a balloon of approximately $41 million payable together with the last installment on March 19, 2022. The borrowers have the option to request additional extensions until March 2023 and March 2024 subject to approval by the lender. The refinanced loan bears interest at LIBOR plus a margin of 2.25%, increased from a margin of 2.1% of the original loan.

On March 26, 2015, three of our wholly-owned subsidiaries entered into a loan agreement with ABN AMRO Bank N.V. for a secured term loan facility of up to $53.0 million, to refinance part of the acquisition cost of the vessels *New York, Myrto* and Maia of which $50.2 million was drawn on March 30, 2015. The loan is repayable in 24 equal consecutive quarterly installments of about $1.0 million and a balloon of $26.3 million payable together with the last installment on March 30, 2021. The loan bears interest at LIBOR plus a margin of 2.0%.

On June 27, 2019, two of our wholly-owned subsidiaries entered into a term loan agreement with ABN AMRO Bank N.V. for a loan of $25.0 million, to refinance the vessels *Selina, Ismene* and *Houston*. The loan is payable in 20 consecutive quarterly installments of $0.8 million each and a balloon installment of $9 million payable together with the last installment June 28, 2024. The loan bears interest at LIBOR plus a margin of 2.25%.

On May 22, 2020, the Company signed a term loan facility with ABN, in the amount of $52.9 million, divided into two tranches. The purpose of the loan facility was to combine the above two loans outstanding with ABN and extend the maturity of the loan maturing on March 30, 2021 (tranche B) to the maturity of the other loan, maturing in June 30, 2024 (tranche A). The refinanced loan bears interest at LIBOR plus a margin of 2.25% for tranche A and LIBOR plus a margin of 2.4% for tranche B.

On April 29, 2015, one of our wholly-owned subsidiaries entered into a term loan agreement with Danish Ship Finance A/S for a loan facility of $30.0 million, drawn on April 30, 2015 to partly finance the acquisition cost of the *Santa Barbara*, which was delivered in January 2015. The loan is repayable in 28 equal consecutive quarterly installments of $0.5 million each and a balloon of $16.0 million payable together with the last installment on April 30, 2022. The loan bears interest at LIBOR plus a margin of 2.15%.

On September 30, 2015, two of our wholly-owned subsidiaries entered into a term loan agreement with ING Bank N.V. for a loan of up to $39.7 million, available in two advances to finance part of the acquisition cost of the *New Orleans* and the *Medusa*. Advance A of about $28.0 million was drawn on November 19, 2015 and is repayable in 28 consecutive quarterly installments of about $0.5 million and a balloon installment of about $15.0 million payable together with the last installment on November 19, 2022. Advance B of about $11.7 million was drawn on October 6, 2015 and is repayable in 28 consecutive quarterly installments of about $0.3 million and a balloon installment of about $3.5 million payable together with the last installment on October 6, 2022. The loan bears interest at LIBOR plus a margin of 1.65%.

On January 7, 2016, three of our wholly-owned subsidiaries entered into a secured loan agreement with the CEXIM Bank for a loan of up to $75.7 million in order to finance part of the construction cost of three vessels. On January 4, 2017, we drew down $57.24 million to finance part of the construction cost of *San Francisco* and *Newport News*, both delivered on January 4, 2017. The balance of the committed loan amount, including the tranche for Hull *DY6006* whose shipbuilding contract was cancelled on October 31, 2016, was cancelled. On February 6, 2017, we also entered into a Deed of Release with the CEXIM Bank in order to release the owner of Hull *DY6006* of all of its obligations under the loan agreement as borrower. The loan is payable in 60 equal quarterly installments of $954,000 each, the last of which is payable by January 4, 2032, and bears interest at LIBOR plus a margin of 2.3%.On July 13, 2018, we entered into a loan agreement with BNP for a secured term loan facility of $75 million. The loan has a term of five years and is repayable in 20 consecutive quarterly installments of $1.56 million and a balloon installment of $43.75 million payable together with the last installment on July 16, 2023. The loan bears interest at LIBOR plus a margin of 2.3%.

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

Under the secured term loans outstanding as of December 31, 2020, 30 vessels of the Company's fleet were mortgaged with first preferred or priority ship mortgages. Additional securities required by the banks include first priority assignment of all earnings, insurances, first assignment of time charter contracts with duration that exceeds a certain period, pledge over the shares of the borrowers, manager's undertaking and subordination and requisition compensation and either a corporate guarantee by Diana Shipping Inc. (the

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

As at December 31, 2019 and 2020, and the date of this report, we were in compliance with all of our loan covenants.

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

Senior Unsecured Bond due 2023

On September 27, 2018, the Company issued a $100 million senior unsecured bond (the “Bond”) maturing in September 2023 and may issue up to an additional $25 million of the Bond on one or more occasions. Entities affiliated with the Company’s Chairman, Mr. Simeon Palios, and other executive officers and directors of the Company purchased $16.2 million aggregate principal amount of the Bond. The Bond bears interest from September 27, 2018 at a US Dollar fixed-rate coupon of 9.50% and is payable semi-annually in arrears in March and September of each year. The Bond is callable in whole or in parts in three years at a price equal to 103% of nominal value; in four years at a price equal to 101.9% of the nominal value and in four and a half years at a price equal to 100% of nominal value. The bond includes financial and other covenants and is trading on the Oslo Stock Exchange under the ticker symbol “DIASH01”. On July 7, 2020, the Company repurchased $8 million of nominal value of its $100 million 9.5% senior unsecured bonds, which the Company holds, realizing a net gain of $0.4 million.

As of December 31, 2020, 2019 and 2018 and as of the date of our Form 20-F filed with the SEC on March 12, 2021, we did not and have not designated any financial instruments as accounting hedging instruments.

Capital Expenditures

We make capital expenditures from time to time in connection with vessel acquisitions and constructions, which we finance with cash from operations, debt under loan facilities at terms acceptable to us, with funds from equity issuances and we have also issued senior notes and a bond. Currently, we do not have capital expenditures for vessel acquisitions or constructions, but we incur capital expenditures when our vessels undergo surveys. This process of recertification may require us to reposition these vessels from a discharging port to shipyard facilities, which will reduce our operating days during the period. We also incur capital expenditures for vessel improvements to meet new regulations. The loss of earnings associated with the decrease in operating days together with the capital needs for repairs and upgrades result in increased cash flow needs. We expect to cover such capital expenditures and cash flow needs with cash from operations and cash on hand.

C. Research and development, patents and licenses

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

D. Trend information

Our results of operations depend primarily on the charter hire rates that we are able to realize, and the demand for dry bulk vessel services. The Baltic Dry Index, or the BDI, has long been viewed as the main benchmark to monitor the movements of the dry bulk vessel charter market and the performance of the entire dry bulk shipping market. The BDI declined 94% in 2008 from a peak of 11,793 in May 2008 to a low of 663 in December 2008 and has remained volatile since then. In 2016, the BDI ranged from a record low of 290 in February to a high of 1,257 in November. In 2018, the BDI ranged from a low of 948 in April to a high of 1,774 in July. In 2019, BDI ranged from a low of 595 in February to a high of 2,518 in September. In 2020, the BDI ranged from a low of 393 in May to a high of 2097 in October.

The decline and volatility in charter rates in the dry bulk market reflects in part the fact that the supply of dry bulk vessels in the market has been increasing, and the number of newbuilding dry bulk vessels on order is high. Demand for dry bulk vessel services is influenced by global financial conditions. Global financial markets and economic conditions have been, and continue to be, volatile. Beginning in February 2020, due in part to fears associated with the spread of COVID-19, global financial markets, and starting in late February, financial markets in the U.S., experienced even greater relative volatility and a steep and abrupt downturn, which volatility and downturn may continue as COVID-19 continues to spread. Credit markets and the debt and equity capital markets have been distressed and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide, particularly for the shipping industry. These issues, along with significant write-offs in the financial services sector, the repricing of credit risk and the current weak economic conditions, have made, and will likely continue to make, it difficult to obtain additional financing. The current state of global financial markets and current economic conditions might adversely impact our ability to issue additional equity at prices that will not be dilutive to our existing shareholders or preclude us from issuing equity at all. Economic conditions may also adversely affect the market price of our common shares.

We believe we have structured our capital expenditure requirements, debt commitments and liquidity resources in a way that will provide us with financial flexibility (see “Operating and Financial Review and Prospects—B. Liquidity and Capital Resources” for more information).

E. Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations, in thousands of U.S. dollars, and their maturity dates as of December 31, 2020:

Contractual Obligations	Payments due by period				
	Total Amount	Less than 1 year	2-3 years	4-5 years	More than 5 years
	(in thousands of US dollars)				
Loan Agreements and Bond (1)	$ 423,057	$ 40,242	$ 290,252	$ 68,713	$ 23,850
Estimated Interest Payments on Loan Agreements and Bond (1)	41,023	16,453	21,028	1,730	1,812
Broker services agreement (2)	4,963	3,309	1,654	-	-
Total	$ 469,043	$ 60,004	$ 312,934	$ 70,443	$ 25,662

(1) As of December 31, 2020, we had an aggregate principal amount of $423.1 million of indebtedness outstanding under our loan facilities and our Bond. Estimated interest payments represent projected interest payments on our long-term debt, which are based on the weighted average LIBOR rate in 2020 plus the margin of our loan agreements in 2020 and the fixed interest rate of our Bond.

(2) Our agreement with Steamship (formerly Diana Enterprises Inc.) dated July 1, 2020, expires on June 30, 2022.

G. Safe Harbour

See the section entitled “Forward-Looking Statements” at the beginning of this annual report.

Directors, Senior Management and Employees

A. Directors and Senior Management

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

Name	Age	Position
Semiramis Paliou*	46	Class III Director, Chief Executive Officer
Simeon Palios*	79	Class I Director, and Chairman
Anastasios Margaronis	65	Class I Director and President
Ioannis Zafirakis**	49	Class I Director, Chief Financial Officer, Chief Strategy Officer, Treasurer and Secretary
William (Bill) Lawes	77	Class II Director
Konstantinos Psaltis	82	Class II Director
Kyriacos Riris	71	Class II Director
Apostolos Kontoyannis	72	Class III Director
Konstantinos Fotiadis	70	Class III Director
Eleftherios Papatrifon ***	50	Chief Operating Officer
Maria Dede	48	Chief Accounting Officer

* Effective March 1, 2021, Mr. Simeon Palios resigned as Chief Executive Officer and Mrs. Semiramis Paliou resigned as Chief Operating Officer and was appointed Chief Executive Officer. Mr. Palios remains Chairman of the Board of Directors.

** Effective March 1, 2021, Mr. Ioannis Zafirakis became Chief Financial Officer of the Company, having previously served as Interim Chief Financial Officer.

*** Mr. Papatrifon was appointed Chief Operating Officer effective March 1, 2021.

The term of our Class I directors expires in 2021, the term of our Class II directors expires in 2022, and the term of our Class III directors expires in 2023.

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

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

Semiramis Paliou has served as a Director since March 2015. She has served as Chief Executive Officer, Chairperson of the Executive Committee and a member of the Sustainability Committee since March 1, 2021. She previously served as Deputy Chief Executive Officer of the Company from October 2019 until February 2021. Ms. Paliou also served as member of the Executive Committee and the Chief Operating Officer of the Company from August 2018 until February, 2021. Mrs. Paliou also serves as Chief Executive Officer of Diana Shipping Services S.A. From November 2018 to February 2020 Ms. Paliou also served as Chief Operating Officer of Performance Shipping Inc. Mrs. Paliou has over 20 years of experience in shipping operations, technical management and crewing. Ms. Paliou began her career at Lloyd's Register of Shipping from 1996 to 1998 as a trainee ship surveyor. She was then employed by Diana Shipping Agencies S.A. From 2007 to

2010 she was employed as a Director and President of Alpha Sigma Shipping Corp. From February 2010 to November 2015 she was the Head of the Operations, Technical and Crew department of Diana Shipping Services S.A. From November 2015 to October 2016 she served as Vice-President of the same company. From November 2016 to the end of July 2018, she served as Managing Director and Head of the Technical, Operations, Crew and Supply department of Unitized Ocean Transport Limited. Ms. Paliou obtained her BSc in Mechanical Engineering from Imperial College, London and her MSc in Naval Architecture from University College, London. Ms. Paliou completed courses in Finance for Senior Executives and in Authentic Leader Development at Harvard Business School. She is the daughter of Simeon Palios, the Company's Chairman, and is a member of the Greek committee of Det Norske Veritas - Germanischer Lloyd, a member of the Greek committee of Nippon Kaiji Kyokai and a member of the Greek committee of Bureau Veritas. Since March 2018, Ms. Paliou has served on the board of directors of the Hellenic Marine Environment Protection Association (HELMEPA) and in June 2020 was appointed President of the Association.

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

Anastasios C. Margaronis has served as our President and as a Director since February 21, 2005. Mr. Margaronis is a Deputy President of Diana Shipping Services S.A., where he also serves as a Director and Secretary. Mr. Margaronis is also member of the Executive Committee of the Company. Prior to February 21, 2005, Mr. Margaronis was employed by Diana Shipping Agencies S.A. and performed on our behalf the services he now performs as President. He joined Diana Shipping Agencies S.A. in 1979 and has been responsible for overseeing our vessels' insurance matters, including hull and machinery, protection and indemnity and war risks insurances. From January 2010 to February 2020 he served as Director and President of Performance Shipping Inc. Mr. Margaronis has experience in the shipping industry, including in ship finance and insurance, since 1980. He is a member of the Greek National Committee of the American Bureau of Shipping and was a member of the board of directors of the United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited from October 2005 to October 2019. He holds a bachelor's degree in Economics from the University of Warwick and a master's of science degree in Maritime Law from the Wales Institute of Science and Technology.

Mr. Ioannis Zafirakis has served as a Director and Secretary of the Company since February 2005 and Chief Financial Officer (Interim Chief Financial Officer until February, 2021) and Treasurer since February 2020 and he is also the Chief Strategy Officer of the Company. Mr. Zafirakis is also member of the Executive Committee of the Company. Mr. Zafirakis has held various executive positions such as Chief Operating Officer, Executive Vice-President and Vice-President. In addition, Mr. Zafirakis is the Chief Financial Officer of Diana Shipping Services S.A., where he also serves as Director and Treasurer. From June 1997 to February 2005, Mr. Zafirakis was employed by Diana Shipping Agencies S.A., where he held a number of positions in finance and accounting.

From January 2010 to February 2020 he also served as Director and Secretary of Performance Shipping Inc., where he held various executive positions such as Chief Operating Officer and Chief Strategy Officer. Mr. Zafirakis is a member of the Business Advisory Committee of the Shipping Programs of ALBA Graduate Business School at The American College of Greece. He holds a bachelor's degree in Business Studies from City University Business School in London and a master's degree in International Transport from the University of Wales in Cardiff.

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

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

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

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

Kyriacos Riris has served as a Director since March 2015 and as a member of our Nominating Committee since May 2015. Commencing in 1998, Mr. Riris served in a series of positions in PricewaterhouseCoopers (PwC), Greece, including Senior Partner, Managing Partner of the Audit and the Advisory/Consulting Lines of

Service. From 2009 to 2014, Mr. Riris served as Chairman of the Board of Directors of PricewaterhouseCoopers (PwC), Greece. Prior to its merger with PwC, Mr. Riris was employed at Grant Thornton, Greece, where in 1984 he became a Partner. From 1976 to 1982, Mr. Riris was employed at Arthur Young, Greece. Since November 2018, Mr. Riris has served as Chairman of Titan Cement International S.A., a Belgian corporation. Mr. Riris holds a degree from Birmingham Polytechnic (presently Birmingham City University) and completed his professional qualifications with the Association of Certified Chartered Accountants (ACCA) in the UK in 1975, becoming a Fellow of the Association of Certified Accountants in 1985.

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

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

B. Compensation

Aggregate executive compensation (including amounts paid to Steamship pursuant to the Brokerage Services Agreements) for 2020 was $4.5 million. Since June 1, 2010, Steamship, a related party has provided to us brokerage services, as described in "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" of our Form 20-F filed with the SEC on March 12, 2021. Under the Brokerage Services Agreements in effect during 2020, fees for 2020 amounted to $2.7 million. We consider fees under these agreements to be part of our executive compensation due to the affiliation with Steamship. We expect such fees to remain the same in 2021.

Non-employee directors receive annual compensation in the amount of $52,000 plus reimbursement of out-of-pocket expenses. In addition, each director serving as chairman of a committee receives additional annual compensation of $26,000, plus reimbursement for out-of-pocket expenses with the exception of the chairman of the audit and compensation committee who receive annual compensation of $40,000. Each director serving as member of a committee receives additional annual compensation of $13,000, plus reimbursement for out-of-pocket expenses with the exception of the member of the audit committee who receives annual compensation of $26,000, plus reimbursement for out-of-pocket expenses. For 2020, 2019 and 2018 fees and expenses of our non-executive directors amounted to $0.4 million, $0.5 million and $0.5 million, respectively.

Since 2008 and until the date of our Form 20-F filed with the SEC on March 12, 2021, our board of directors has awarded an aggregate amount of 24,135,241 shares of restricted common stock, of which 20,172,656 shares were awarded to senior management, including 260,000 shares awarded in February 2021 to Mr. Eleftherios Papatrifon, who has been appointed as the Company's Chief Operating Officer effective March 1, 2021 and 3,962,585 shares were awarded to non-employee directors. All restricted shares vest ratably over three years, except for 600,000 shares awarded in 2008 which vested ratably over a period of six years until 2014, 1,314,000 shares awarded in 2014 which vested ratably over a period of six years until 2020 and 5,600,000 shares awarded in February 2021 which will vest ratably over a period of five years until 2026. The restricted shares are subject to forfeiture until they become vested. Unless they forfeit, grantees have the right to vote, to receive and retain all dividends paid and to exercise all other rights, powers and privileges of a holder of shares.

In 2020, compensation costs relating to the aggregate amount of restricted stock awards amounted to $10.5 million.

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

Equity Incentive Plan

In November 2014, our board of directors approved, and the Company adopted the 2014 Equity Incentive Plan, or the 2014 Plan, for 5,000,000 common shares, which on May 31, 2018 was amended to increase the common shares to 13,000,000. The 2014 Equity Incentive Plan was further amended as of January 8, 2021 to increase the number of common shares available for the issuance of equity awards by 20 million shares. Currently, 16,664,759 shares remain reserved for issuance.

Under the 2014 Plan and as amended, the Company's employees, officers and directors are entitled to receive options to acquire the Company's common stock. The 2014 Plan is administered by the Compensation Committee of the Company's Board of Directors or such other committee of the Board as may be designated by the Board. Under the terms of the 2014 Plan, the Company's Board of Directors is able to grant (a) non-qualified stock options, (b) stock appreciation rights, (c) restricted stock, (d) restricted stock units, (e) unrestricted stock, (f) other equity-based or equity-related awards, (g) dividend equivalents and (h) cash awards. No options or stock appreciation rights can be exercisable subsequent to the tenth anniversary of the date on which such Award was granted. Under the 2014 Plan, the Administrator may waive or modify the application of forfeiture of awards of restricted stock and performance shares in connection with cessation of service with the Company. No Awards may be granted under the Plan following the tenth anniversary of the date on which the Plan, as amended and restated, was adopted by the Board (i.e., January 8, 2031).

C. Board Practices

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

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

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

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

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

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

D. Employees

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

The following table presents the number of shoreside personnel employed by DSS and the number of seafaring personnel employed by our vessel-owning subsidiaries as at December 31, 2020, 2019 and 2018.

	Year Ended December 31,		
	2020	**2019**	**2018**
Shoreside	107	111	115
Seafaring	811	914	926
Total	918	1,025	1,041

E. Share Ownership

With respect to the total amount of common shares, Series B Preferred Shares and Series C Preferred Shares owned by our officers and directors, individually and as a group, see “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders” of our Form 20-F filed with the SEC on March 12, 2021.

DIANA SHIPPING INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS


DIANA SHIPPING INC.

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Diana Shipping Inc. (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income/loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 12, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matter

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

Recoverability assessment of vessels held and used

Description of the matter	At December 31, 2020, the carrying value of the Company's vessels was $716.2 million, while during the year the Company recognized an impairment of $93.3 million in relation to nine vessels with an aggregate fair value of $166.4 million. As discussed in Notes 2 and 4 to the consolidated financial statements, the Company evaluates its vessels for impairment whenever events or changes in circumstances indicate that the carrying value of a vessel plus unamortized dry-docking costs, may not be recoverable in accordance with the guidance in ASC 360 – Property, Plant and Equipment ("ASC 360"). If indicators of impairment exist, management analyzes the future undiscounted net operating cash flows expected to be generated throughout the remaining useful life of each vessel and compares it to the carrying value plus unamortized dry-docking costs. Where the vessel's carrying value plus unamortized dry-docking costs exceeds the undiscounted net operating cash flows, management will recognize an impairment loss equal to the excess of the carrying value of the vessel plus unamortized dry-docking costs over its fair value. Auditing management's recoverability assessment was complex given the judgement and estimation uncertainty involved in determining certain assumptions to forecast undiscounted net operating cash flows, specifically the future charter rates for non-contracted revenue days. These rates are particularly subjective as they involve the development and use of assumptions about the dry-bulk shipping market through the end of the useful lives of the vessels. These assumptions are forward looking and subject to the inherent unpredictability of future global economic and market conditions.
How we addressed the matter in our audit	We obtained an understanding of the Company's process over the recoverability assessment of vessels held and used, evaluated the design, and tested the operating effectiveness of the controls over the Company's determination of future charter rates for non-contracted revenue days. We analyzed management's impairment assessment by comparing the methodology used to evaluate impairment of each vessel against the accounting guidance in ASC 360. To test management's undiscounted net operating cash flow forecasts, our procedures included, among others, comparing the future vessel charter rates for non-contracted revenue days with external data such as available market data from various analysts and recent economic and industry changes, and internal data such as historical charter rates for the vessels. In addition, we performed sensitivity analyses to assess the impact of changes to future charter rates for non-contracted revenue days in the determination of the net operating cash flows. We also evaluated whether these assumptions were consistent with evidence obtained in other areas of the audit. Our procedures also included testing the completeness and accuracy of the data used within the forecasts. We recalculated the impairment charge and compared it to the amount recognized by management and assessed the adequacy of the Company's disclosures in Notes 2 and 4.

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

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

Athens, Greece
March 12, 2021

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Diana Shipping Inc.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Diana Shipping Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Diana Shipping Inc. as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income/loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and our report dated March 12, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

Athens, Greece
March 12, 2021

DIANA SHIPPING INC.

CONSOLIDATED BALANCE SHEETS

December 31, 2020 and 2019

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

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2(e))	$ 62,909	$ 107,288
Accounts receivable, trade	5,235	7,862
Due from related parties	1,196	23
Inventories (Note 2(g))	4,717	5,526
Prepaid expenses and other assets	7,243	9,210
Vessel held for sale (Note 4)	23,361	7,130
Total current assets	104,661	137,039
FIXED ASSETS:		
Vessels, net (Note 4)	716,178	882,297
Property and equipment, net (Note 5)	21,704	22,077
Total fixed assets	737,882	904,374
OTHER NON-CURRENT ASSETS:		
Restricted cash (Notes 2(e) and 6)	20,000	21,000
Investments in related parties (Notes 2(v) and 3 (b) and (d))	-	1,680
Other non-current assets	719	2,941
Deferred charges, net (Notes 2(m) and 4)	9,148	4,246
Total assets	$ 872,410	$ 1,071,280
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt, net of deferred financing costs, current (Note 6)	$ 39,217	$ 40,205
Accounts payable, trade and other	8,558	11,394
Due to related parties (Notes 3(a) and (d))	484	85
Accrued liabilities	10,488	11,268
Deferred revenue (Notes 2(p))	2,842	2,532
Total current liabilities	61,589	65,484
Long-term debt, net of current portion and deferred financing costs, non-current (Note 6)	381,097	434,746
Other non-current liabilities	1,154	986
Commitments and contingencies (Note 7)	-	-
STOCKHOLDERS' EQUITY:		
Preferred stock (Note 8(a))	26	26
Common stock, $0.01 par value; 200,000,000 shares authorized and 89,275,002 and 91,193,339 issued and outstanding at December 31, 2020 and 2019, respectively (Note 8(b))	893	912
Additional paid-in capital	1,020,164	1,021,633
Accumulated other comprehensive income	69	109
Accumulated deficit	(592,582)	(452,616)
Total stockholders' equity	428,570	570,064
Total liabilities and stockholders' equity	$ 872,410	$ 1,071,280

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

DIANA SHIPPING INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the year ended December 31, 2020, 2019 and 2018

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

	2020	2019	2018
REVENUES:			
Time charter revenues (Note 2(p))	$ 169,733	$ 220,728	$ 226,189
EXPENSES:			
Voyage expenses (Note 2(p))	13,525	13,542	7,405
Vessel operating expenses (Note 2(q))	85,847	90,600	95,510
Depreciation and amortization of deferred charges	42,991	48,904	52,206
General and administrative expenses	32,778	28,601	29,518
Management fees to related party (Note 3)	2,017	2,155	2,394
Vessel impairment charges (Note 4)	104,395	13,987	-
Loss on sale of vessels (Note 4)	1,085	6,171	1,448
Other income	(230)	(854)	(542)
Operating income/(loss)	$ (112,675)	$ 17,622	$ 38,250
OTHER INCOME / (EXPENSES):			
Interest expense and finance costs (Note 9)	(21,514)	(29,432)	(30,506)
Interest and other income	728	2,858	8,822
Gain on repurchase of debt (Note 6)	374	-	-
Gain/(loss) from related party investments (Note 3 (b) and (d))	(1,110)	(1,583)	14
Total other expenses, net	$ (21,522)	$ (28,157)	$ (21,670)
Net income/(loss)	$ (134,197)	$ (10,535)	$ 16,580
Dividends on series B preferred shares (Notes 8 and 10)	(5,769)	(5,769)	(5,769)
Net income/(loss) attributed to common stockholders	$ (139,966)	$ (16,304)	$ 10,811
Earnings/(loss) per common share, basic and diluted (Note 10)	$ (1.62)	$ (0.17)	$ 0.10
Weighted average number of common shares, basic (Note 10)	86,143,556	95,191,116	103,736,742
Weighted average number of common shares, diluted (Note 10)	86,143,556	95,191,116	104,715,883

DIANA SHIPPING INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

For the year ended December 31, 2020, 2019 and 2018

(Expressed in thousands of U.S. Dollars)

	2019	2019	2018
Net income/(loss)	$ (134,197)	$ (10,535)	$ 16,580
Other comprehensive loss (Actuarial loss)	(40)	(178)	(7)
Comprehensive income/(loss)	$ (134,237)	$ (10,713)	$ 16,573

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

DIANA SHIPPING INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the year ended December 31, 2020, 2019 and 2018

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

	Preferred Stock Series B		Preferred Stock Series C		Common Stock		Additional Paid-in Capital	Other Comprehensive Income / (Loss)	Retained Earnings/ (Accumulated Deficit)	Total Equity
	# of Shares	Par Value	# of Shares	Par Value	# of Shares	Par Value				
BALANCE, December 31, 2017	2,600,000 $	26	- $	-	106,131,017$	1,061$	1,070,500$	294 $	(447,123) $	624,758
Net income	- $	-	- $	-	- $	-	- $	- $	16,580 $	16,580
Stock repurchased and retired (Note 8(d))	-	-	-	-	(4,166,666)	(41)	(15,116)	-	-	(15,157)
Issuance of restricted stock and compensation cost (Note 8(e))	-	-	-	-	1,800,000	18	7,261	-	-	7,279
Dividends on series B preferred stock (Note 8(b))	-	-	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive loss	-	-	-	-	-	-	-	(7)	-	(7)
BALANCE, December 31, 2018	2,600,000 $	26	- $	-	103,764,351 $	1,038 $	1,062,645 $	287 $	(436,312) $	627,684
Net loss	- $	-	- $	-	- $	- $	- $	- $	(10,535) $	(10,535)
Issuance of Series C Preferred Stock (Note 8(c))	-	-	10,675	-	-	-	960	-	-	960
Issuance of restricted stock and compensation cost (Note 8(e))	-	-	-	-	2,000,000	20	7,561	-	-	7,581
Stock repurchased and retired (Note 8(d))	-	-	-	-	(14,571,012)	(146)	(49,533)	-	-	(49,679)

DIANA SHIPPING INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the year ended December 31, 2020, 2019 and 2018

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

	Preferred Stock Series B		Preferred Stock Series C		Common Stock		Additional Paid-in Capital	Other Comprehensive Income / (Loss)	Retained Earnings/ (Accumulated Deficit)	Total Equity
	# of Shares	Par Value	# of Shares	Par Value	# of Shares	Par Value				
Dividends on series B preferred stock (Note 8(b))					-	-	-	-	(5,769)	(5,769)
Other comprehensive loss	-	-	-	-	-	-	-	(178)	-	(178)
BALANCE, December 31, 2019	2,600,000	$ 26	10,675	$ -	91,193,339	$ 912	$ 1,021,633	$ 109	$ (452,616)	$ 570,064
Net loss	-	$ -	-	$ -	-	$ -	$ -	$ -	$ (134,197)	$ (134,197)
Issuance of restricted stock and compensation cost (Note 8(e))	-	-		-	2,200,000	22	10,489	-	-	10,511
Stock repurchased and retired (Note 8(d))	-	-	-	-	(4,118,337)	(41)	(11,958)	-	-	(11,999)
Dividends on series B preferred stock (Note 8(b))	-	-	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive loss	-	-	-	-	-	-	-	(40)	-	(40)
BALANCE, December 31, 2020	2,600,000	$ 26	10,675	$ -	89,275,002	$ 893	$ 1,020,164	$ 69	$ (592,582)	$ 428,570

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

DIANA SHIPPING INC.

COSNOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31, 2020, 2019 and 2018

(expressed in thousands of U.S. Dollars)

	2020	2019	2018
Cash Flows from Operating Activities:			
Net income/(loss)	$ (134,197)	$ (10,535)	$ 16,580
Adjustments to reconcile net income/(loss) to net cash from operating activities:			
Depreciation and amortization of deferred charges	42,991	48,904	52,206
Asset Impairment loss (Note 4)	104,395	13,987	-
Amortization of financing costs (Note 9)	1,066	1,126	1,939
Compensation cost on restricted stock (Note 8(e))	10,511	7,581	7,279
Actuarial loss	(40)	(178)	(7)
Loss on sale of vessels (Note 4)	1,085	6,171	1,448
Gain from loan to a related party (Note 3(b))	-	-	(5,000)
(Gain)/loss on extinguishment of debt (Note 6)	(374)	188	-
(Gain)/loss from related party investments (Note 3(b) and (d))	1,110	1,583	(14)
(Increase) / Decrease in:			
Accounts receivable, trade	2,627	(4,914)	1,989
Due from related parties	(1,173)	(23)	43
Inventories	809	309	(65)
Prepaid expenses and other assets	1,967	(2,846)	(1,197)
Other non-current assets	(252)	(2,941)	-
Increase / (Decrease) in:			
Accounts payable, trade and other	(2,836)	321	3,119
Due to related parties	(31)	(97)	(89)
Accrued liabilities, net of accrued preferred dividends	(780)	(2,109)	5,131
Deferred revenue	310	(1,558)	883
Other non-current liabilities	168	143	(59)
Drydock costs	(10,122)	(5,230)	(4,256)
Net cash provided by Operating Activities	$ 17,234	$ 49,882	$ 79,930
Cash Flows from Investing Activities:			
Payments for vessel improvements (Note 4)	(6,001)	(2,804)	(2,573)
Proceeds from sale of vessels, net of expenses (Note 4)	15,623	41,326	14,578
Proceeds from sale of related party investment (Note 3(b))	1,500	-	-
Payments to joint venture (Note 3(d))	(500)	-	-
Proceeds from loan to a related party (Note 3(b))	-	-	87,617
Payments to acquire furniture and fixtures (Note 5)	(138)	(125)	(252)
Net cash provided by Investing Activities	$ 10,484	$ 38,397	$ 99,370
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt (Note 6)	-	44,000	100,000
Proceeds from issuance of preferred stock (Note 8(c))	-	960	-
Payments of dividends, preferred stock (Note 8(b))	(5,769)	(5,769)	(5,769)
Payments for repurchase of common stock (Note 8(d))	(11,999)	(49,679)	(15,157)
Payments of financing costs	(567)	(357)	(2,833)
Repayments of long-term debt	(54,762)	(100,553)	(169,943)
Net cash used in Financing Activities	$ (73,097)	$ (111,398)	$ (93,702)

DIANA SHIPPING INC.

COSNOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31, 2020, 2019 and 2018

(expressed in thousands of U.S. Dollars)

	2020	2019	2018
Net increase/(decrease) in cash, cash equivalents and restricted cash	(45,379)	(23,119)	85,598
Cash, cash equivalents and restricted cash at beginning of the year	128,288	151,407	65,809
Cash, cash equivalents and restricted cash at end of the year	$ 82,909	$ 128,288	$ 151,407
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
Cash and cash equivalents	$ 62,909	$ 107,288	$ 126,825
Restricted cash	20,000	21,000	24,582
Cash, cash equivalents and restricted cash	$ 82,909	$ 128,288	$ 151,407
SUPPLEMENTAL CASH FLOW INFORMATION			
Non-cash investments (Note 4)	$ 2,474	$ -	$ -
Interest paid	$ 21,397	$ 28,554	$ 25,683

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

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

1. Basis of Presentation and General Information

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

The Company is engaged in the ocean transportation of dry bulk cargoes worldwide through the ownership of dry bulk carrier vessels. The Company operates its own fleet through Diana Shipping Services S.A. (or "DSS"), a wholly-owned subsidiary and through Diana Wilhelmsen Management Limited, or DWM, a 50% owned joint venture (Note 3). The fees paid to DSS are eliminated in consolidation.

In 2020, the outbreak of the COVID-19 virus has had a negative effect on the global economy and has adversely impacted the international dry-bulk shipping industry into which the Company operates. As of December 31, 2020, the impact of the outbreak of COVID-19 virus resulted in low time charter rates throughout the year, decreased revenues and increased crew and dry-docking costs. As the situation continues to evolve, it is difficult to predict the long-term impact of the pandemic on the industry. As a result, many of the Company's estimates and assumptions, mainly future revenues for unfixed days, carry a higher degree of variability and volatility. The Company is constantly monitoring the developing situation, as well as its charterers' response to the severe market disruption and is making necessary precautions to address and mitigate, to the extent possible, the impact of COVID-19 to the Company.

During 2020, 2019, and 2018, charterers that individually accounted for 10% or more of the Company's time charter revenues were as follows:

Charterer	2020	2019	2018
A	18%	16%	14%
B	16%	14%	15%
C		18%	16%
D		12%	11%

2. Significant Accounting Policies

a) Principles of Consolidation: The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, and include the accounts of Diana Shipping Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation. Under Accounting Standards Codification ("ASC") 810 "Consolidation", the Company consolidates entities in which it has a controlling financial interest, by first considering if an entity meets the definition of a variable interest entity ("VIE") for which the Company is deemed to be the primary beneficiary under the VIE model, or if the Company controls an entity through a majority of voting interest based on the voting interest model. The Company evaluates financial instruments, service contracts, and other arrangements to determine if any variable interests relating to an entity exist. For entities in which the Company has a variable interest, the Company determines if the entity is a VIE by considering whether the entity's equity investment at risk is sufficient to finance its activities without additional subordinated financial support and whether the entity's at-risk equity holders have the characteristics of a controlling financial interest. In performing the analysis of whether the Company is the primary beneficiary of a VIE, the Company considers whether it individually has the power to direct the activities of the VIE that most significantly affect the entity's performance and also has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The Company reconsiders the initial determination of whether an entity is a VIE if certain types of events ("reconsideration events") occur. If the Company holds a variable interest in an entity that previously was not a VIE, it reconsiders whether the entity has become a VIE. The Company has identified it has variable interests in Diana Wilhelmsen Management Limited, but is not the primary beneficiary (Note 3(b)).

b) Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

e) Cash and Cash Equivalents: The Company considers highly liquid investments such as time deposits, certificates of deposit and their equivalents with an original maturity of up to about three months to be cash equivalents. Restricted cash consists mainly of cash deposits required to be maintained at all times under the Company's loan facilities (Note 6).

f) Accounts Receivable, Trade: The amount shown as accounts receivable, trade, at each balance sheet date, includes receivables from charterers for hire from lease agreements, net of provisions for doubtful accounts, if any. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. Operating lease receivables under ASC 842 are not in scope of ASC 326 for assessment of credit loss, however the Company assessed its accounts receivable, trade and its credit risk relating to its charterers, following the outbreak of the COVID-19 and the effect that this could have on its accounts. No provision for doubtful accounts was established as of December 31, 2020 and 2019.

g) Inventories: Inventories consist of lubricants and victualling which are stated, on a consistent basis, at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in earnings in the period in which it occurs. Cost is determined by the first in, first out method. Amounts removed from inventory are also determined by the first in first out method. Inventories may also consist of bunkers when on the balance sheet date a vessel is without employment. Bunkers, if any, are also stated at the lower of cost or net realizable value and cost is determined by the first in, first out method. During 2020, 2019 and 2018, the Company incurred loss on bunkers amounting to $3,708, $1,537 and gain of $4,799, resulting mainly from the revaluation of bunkers on the delivery of the vessels to a new charterer. This loss or gain in included in “Voyage expenses” in the accompanying consolidated statements of operations.

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

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

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

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

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

During the last quarter of 2017, the Company's management considered various factors, including the recovery of the market, the worldwide demand for dry-bulk products, supply of tonnage and order book and concluded that the charter rates for the years 2008-2010 were exceptional. In this respect the Company's management decided to exclude from the 10-year average of 1 year time charters of these three years for which the rates were well above the average and which were not considered sustainable for the foreseeable future. Similarly, the Company performed the exercise discussed above, for 2018, by excluding from the 10-year average of 1 year time charters the years 2009-2010 and for 2019, by excluding the rates for the year 2010. The Company's impairment assessment resulted in the recognition of impairment on certain vessels' carrying value in 2019 and 2020 (Note 4). No impairment loss was identified or recorded in 2018.

For land and building, the Company determines undiscounted projected net operating cash flows by considering an estimated monthly rent the Company would have to pay in order to lease a similar property, during the useful life of the building. No impairment loss was identified or recorded for 2020, 2019 and 2018 and the Company has not identified any other facts or circumstances that would require the write down of the value of its land or building in the near future.

l) Vessel Depreciation: Depreciation is computed using the straight-line method over the estimated useful life of the vessels, after considering the estimated salvage (scrap) value. Each vessel's salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Management estimates the useful life of the

Company's vessels to be 25 years from the date of initial delivery from the shipyard. Second hand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. When regulations place limitations over the ability of a vessel to trade on a worldwide basis, its remaining useful life is adjusted at the date such regulations are adopted.

m) Accounting for Dry-Docking Costs: The Company follows the deferral method of accounting for dry-docking costs whereby actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next dry-docking is scheduled to become due. Unamortized dry-docking costs of vessels that are sold or impaired are written off and included in the calculation of the resulting gain or loss in the year of the vessel's sale or impairment (Note 4).

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

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

p) Accounting for Revenues and Expenses: Revenues are generated from time charter agreements which contain a lease as they meet the criteria of a lease under ASC 842. Agreements with the same charterer are accounted for as separate agreements according to their specific terms and conditions. All agreements contain a minimum non-cancellable period and an extension period at the option of the charterer. Each lease term is assessed at the inception of that lease. Under a time charter agreement, the charterer pays a daily hire for the use of the vessel and reimburses the owner for hold cleanings, extra insurance premiums for navigating in restricted areas and damages caused by the charterers. Additionally, the charterer pays to third parties port, canal and bunkers consumed during the term of the time charter agreement. Such costs are considered direct costs and are not recorded as they are directly paid by charterers, unless they are for the account of the owner, in which case they are included in voyage expenses. Additionally, the owner pays commissions on the hire revenue, to both the charterer and to brokers, which are direct costs and are recorded in voyage expenses. Under a time charter agreement, the owner pays for the operation and the maintenance of the vessel, including crew, insurance, spares and repairs, which are recognized in operating expenses. Revenues from time charter agreements providing for varying annual rates are accounted for as operating leases and thus recognized on a straight-line basis over the non-cancellable rental periods of such agreements, as service is performed. Deferred revenue includes cash received prior to the balance sheet date for which all criteria to recognize as revenue have not been met. The Company, as lessor, has elected not to allocate the consideration in the agreement to the separate lease and non-lease components (operation and maintenance of the vessel) as their timing and pattern of transfer to the charterer, as the lessee, are the same and the lease component, if accounted for separately, would be classified as an operating lease. Additionally, the lease component is considered the predominant component as the Company has assessed that more value is ascribed to the vessel rather than to the services provided under the time charter contracts. The majority of the vessels are employed on short to medium-term time charter contracts, which provides flexibility in responding to market developments. The Company monitors developments in the dry bulk shipping industry on a regular basis and adjusts the charter hire periods for the vessels according to prevailing market conditions. In order to take advantage of relatively stable cash flow and high utilization rates, some of the vessels may be fixed on long-term time charters.

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

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

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

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

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

v) Equity method investments: Investments in common stock in entities over which the Company exercises significant influence, but does not exercise control are accounted for by the equity method of accounting. Under this method, the Company records such an investment at cost and adjusts the carrying amount for its share of the earnings or losses of the entity subsequent to the date of investment and reports the recognized earnings or losses in income. Dividends received, if any, reduce the carrying amount of the investment. When the carrying value of an equity method investment is reduced to zero because of losses, the Company does not provide for additional losses unless it is committed to provide further financial support for the investee. As of December 31, 2020, the Company's investment in DWM is classified as a liability because the Company absorbed such losses (Note 3(d)). The Company also evaluates whether a loss in value of an investment that is other than a temporary decline should be recognized. Evidence of a loss in value might include absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment.

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

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

y) Financial Instruments, Recognition and Measurement: At each reporting date, the Company evaluates its financial assets individually for credit losses and presents such assets in the net amount expected to be collected on such financial asset. When financial assets present similar risk characteristics, these are evaluated on a collective basis. When developing an estimate of expected credit losses the Company considers available information relevant to assessing the collectability of cash flows such as internal information, past events, current conditions and reasonable and supportable forecasts.

New Accounting Pronouncements – Adopted

On January 1, 2020, the Company adopted ASU No. 2016-13—Financial Instruments—Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments, which amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities, ASU 2018-19, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses", which clarify that receivables arising from operating leases are not within the scope of Subtopic 326-20 and should be accounted for in accordance with Topic 842, Leases, ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and

Topic 825 Financial Instruments", the amendments of which clarify the modification of accounting for available for sale debt securities excluding applicable accrued interest, which must be individually assessed for credit losses when fair value is less than the amortized cost basis and ASU 2019-05, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825 Financial Instruments", the amendments of which provide entities that have certain instruments within the scope of Subtopic 326-20, Financial Instruments—Credit Losses—Measured at Amortized Cost, with an option to irrevocably elect the fair value option in Subtopic 825-10, Financial Instruments—Overall, applied on an instrument-by-instrument basis for eligible instruments, upon adoption of Topic 326. The fair value option election does not apply to held-to-maturity debt securities. An entity that elects the fair value option should subsequently apply the guidance in Subtopics 820-10, Fair Value Measurement—Overall, and 825-10. The adoption of this new accounting guidance, as amended by these Updates, did not have a material effect on the Company's consolidated financial statements and related disclosures, considering that its receivables relate mainly to time charter revenues whose collectability is evaluated in accordance with ASC 842 Leases.

On January 1, 2020, the Company adopted ASU 2018-13, "Fair Value Measurement (Topic 820)—Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement", which improves the effectiveness of fair value measurement disclosures. In particular, the amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in FASB Concepts Statement, Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements, including the consideration of costs and benefits. The amendments in the Update apply to all entities that are required under existing GAAP to make disclosures about recurring and non-recurring fair value measurements. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The adoption of this new accounting guidance did not have a material effect on the Company's consolidated financial statements and related disclosures.

On January 1, 2020, the Company adopted ASU 2018-17, "Consolidation (Topic 810)—Targeted Improvements to Related Party Guidance for Variable Interest Entities", which, improve the accounting for the following areas: (i) applying the variable interest entity (VIE) guidance to private companies under common control and (ii) considering indirect interests held through related parties under common control for determining whether fees paid to decision makers and service providers are variable interests, thereby improving general purpose financial reporting. The adoption of this new accounting guidance did not have a material effect on the Company's consolidated financial statements and related disclosures.

New Accounting Pronouncements - Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform. ASU 2020-04 applies to contracts that reference LIBOR or another reference rate expected to be terminated because of reference rate reform. The amendments in this Update are effective for all entities as of March 12, 2020 through December 31, 2022. An entity may elect to apply the amendments for contract modifications by Topic or Industry Subtopic as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. Once elected for a Topic or an Industry Subtopic, the amendments in this Update must be applied prospectively for all eligible contract modifications for that Topic or Industry Subtopic. An entity may elect to apply the amendments in this Update to eligible hedging relationships existing as of the beginning of the interim period that includes March 12, 2020 and to new eligible hedging relationships entered into after the beginning of the interim period that includes March 12, 2020. An entity may elect certain optional expedients for hedging relationships that exist as of December 31, 2022 and maintain those optional expedients through the end of the hedging relationship. ASU 2020-04 can be adopted as of March 12, 2020. As of December 31, 2020, the Company has not made any contract modifications to replace the reference rate in any of its agreements and has not evaluated the effects of this standard on its consolidated financial position, results of operations, and cash flows.

3. Transactions with related parties

a) Altair Travel Agency S.A. ("Altair"): The Company uses the services of an affiliated travel agent, Altair, which is controlled by the Company's CEO and Chairman of the Board. Travel expenses for 2020, 2019 and 2018 amounted to $1,854, $2,032 and $2,253, respectively, and are mainly included in "Vessels, net book value", "Vessel operating expenses" and "General and administrative expenses" in the accompanying consolidated financial statements. At December 31, 2020 and 2019, an amount of $54 and $30, respectively, was payable to Altair and is included in "Due to related parties" in the accompanying consolidated balance sheets.

b) Performance Shipping Inc., or Performance Shipping: On June 30, 2017, DSI refinanced an existing loan amounting to $42,617, at that date, by entering into a new loan facility with Performance Shipping amounting to $82,617. The loan also provided for an additional $5,000 interest-bearing discount premium payable on the termination date, unless waived according to certain terms of the loan agreement. The loan was collected in full in July 2018, including the additional $5,000 interest-bearing discount premium. The loan bore interest at the rate of 6% per annum for the first twelve months, scaled to 9% until full repayment. The loan facility was secured by first preferred mortgages on Performance Shipping's vessels and included financial and other covenants. For 2018, interest and other income amounted to $7,055 (including the $5,000 additional discount premium) and is included in "Interest and other income" in the accompanying consolidated statement of operations.

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

At December 31, 2019 the investment in the preferred shares of Performance Shipping was $1,500, reduced from $3,000 at December 31, 2018, and is included in "Investments in related parties" in the 2019 accompanying consolidated balance sheet. This reduction which is included in the 2019 "Gain/(loss) from related party investments" was made due to management's qualitative assessment that the carrying value of the investment could not be recoverable.

c) Steamship Shipbroking Enterprises Inc. or Steamship: Steamship is a company controlled by the Company's CEO and Chairman of the Board which provides brokerage services to DSI for a fixed monthly fee plus commission on the sale of vessels, pursuant to a Brokerage Services Agreement, amended annually on April 1st of each year with the exception of an amendment in November 21, 2018, to increase the fee from October 1, 2018 until expiration of the agreement in March 2019. A new agreement was signed on April 1, 2019 for the same fees until July 1, 2020, when the agreement was amended as a new monthly fee was agreed between the parties for a duration of two years, until June 30, 2022. For 2020, 2019 and 2018 brokerage fees amounted to $2,653, $1,998 and $1,850, respectively, and are included in "General and administrative expenses" in the accompanying consolidated statements of operations. For 2020, commissions on the sale of vessels amounted to $576 and are included in "Vessel impairment charges" as the vessels were recorded at fair value less cost to sell (Note 4). As of December 31, 2020 and 2019, there was no amount due to Steamship.

d) Diana Wilhelmsen Management Limited, or DWM: DWM is a joint venture which was established on May 7, 2015 by Diana Ship Management Inc., a wholly owned subsidiary of DSI, and Wilhelmsen Ship Management Holding Limited, an unaffiliated third party, each holding 50% of DWM. The DWM office is located in Limassol, Cyprus. Effective July 1, 2020 Wilhelmsen Ship Management Holding Limited, was replaced by Wilhelmsen Ship Management Holding AS, which assumed all the liabilities and obligations of the former company under the Joint venture agreement. During 2020, each 50% shareholder of DWM contributed an amount of $500 as additional investment to DWM. As of December 31, 2020, the equity method investment in DWM turned to a liability of $430 and is included in "Due to related parties" in the 2020 accompanying consolidated balance sheet. At December 31, 2019, the investment was $180 and is included in “Investments in related parties” in the respective accompanying consolidated balance sheet. For 2020, 2019 and 2018, the investment in DWM resulted in a loss of $1,110 and $83 and gain of $14, respectively, and is included in “Gain/(loss) from related party investments” in the accompanying consolidated statements of operations.

Until October 8, 2019, DWM provided management services to certain vessels of the Company’s fleet for a fixed monthly fee and commercial services charged as a percentage of the vessels’ gross revenues pursuant to management agreements between the vessels and DWM. Since October 8, 2019, all of the fleet vessels are managed by DSS and DSS outsourced the management of certain vessels to DWM. For the management services outsourced to DWM, DSS pays a fixed monthly fee per vessel and a percentage of those vessels’ gross revenues. Management fees paid to DWM for 2020, 2019 and 2018 amounted to $2,017, $2,155 and $2,394, respectively, and are separately presented as “Management fees to related party” in the accompanying consolidated statements of operations. Commercial fees in 2019 and 2018, amounted to $353 and $453, respectively, and are included in “Voyage expenses”. As at December 31, 2020 and 2019, there was an amount of $1,196 due from DWM, included in “Due from related parties” and $55 due to DWM, included in “Due to related parties” in the accompanying consolidated balance sheets.

e) Series C Preferred Stock: On January 31, 2019, DSI issued 10,675 shares of its newly-designated Series C Preferred Stock, par value $0.01 per share, to an affiliate of its Chairman and Chief Executive Officer, Mr. Simeon Palios, for an aggregate purchase price of $1,066. In September 2020, the Series C Preferred Shares were transferred from an affiliate of Mr. Simeon Palios to an affiliate of the Company’s Deputy Chief Executive Officer and Chief Operating Officer, Mrs. Semiramis Paliou (Note 8).

f) Sale of Vessels: On February 14 and February 15, 2019, the Company through two separate wholly-owned subsidiaries entered into two Memoranda of Agreement to sell the vessels Danae and Dione to two affiliated parties, for a purchase price of $7,200 each (Note 4).

4. Vessels

Vessel Disposals

On February 14 and February 15, 2019, the Company through two separate wholly-owned subsidiaries entered into two Memoranda of Agreement to sell the vessels Danae and Dione to two affiliated parties, for a purchase price of $7,200 each. The transaction was approved by disinterested directors of the Company and the agreed upon sale price was based, among other factors, on independent third-party broker valuations obtained by the Company. Both vessels were delivered to their new owners in April 2019.

During 2019, the Company through separate wholly-owned subsidiaries entered into Memoranda of Agreement to sell to unaffiliated third parties the vessel Erato, for a sale price of $7,000 before commissions, delivered to her new owners in June 2019; the vessel Thetis, for a sale price of $6,400 before commissions, delivered to her new owners in July 2019; the vessel *Nirefs*, for a sale price of $6,710 before commissions, delivered to her new owners in September 2019; the vessel *Clio*, for a sale price of $7,400 before commissions, delivered to her new owners in November 2019; and the vessel *Calipso*, for a sale price of $7,275 before commissions.

The sale of the vessels *Danae, Dione, Thetis* and *Calipso* resulted in an aggregate impairment of $10,567, including the write off of the unamortized drydocking costs of $1,102, as the vessels were measured at the lower of their carrying value and fair value (sale price) less costs to sell (Note 12), resulting from their classification as held for sale and is included in "Vessel impairment charges" in the accompanying 2019 statement of operations. Additionally, the Company recorded an aggregate loss from the sale of Erato, Nirefs *and Clio*, amounting to $6,171, separately presented in the accompanying 2019 statement of operations.

In February 2020, the buyers of *Calipso* elected to exercise their right to cancel the contract as a result of the vessel's missing the cancelling date due to unforeseen events, unrelated to the condition of the vessel. Following this cancelation of the memorandum of agreement, on March 8, 2020, the vessel was withdrawn from the market as per management's decision and was recorded at its fair value at that date as held and used, according to the provisions of ASC 360, amounting to $7,330. The vessel's fair value was determined through Level 2 inputs of the fair value hierarchy by taking into consideration a third party valuation which was based on the last done deals of sale of vessels with similar characteristics, such as type, size and age. The valuation of the vessel at fair value resulted in a gain of $201 included in "Impairment loss" in the accompanying consolidated statement of operations for the year ended December 31, 2020.

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

Additionally in 2020, the Company through separate wholly-owned subsidiaries entered into Memoranda of Agreement to sell to unaffiliated third parties the vessel *Arethusa*, for a sale price of $7,850 before commissions (Note 6), delivered to her new owners in August 2020; the vessel *Coronis*, for a sale price of $7,100 before commissions, delivered to her new owners in January 2021; the vessel *Sideris G.S.*, for a sale price of $11,500 before commissions; delivered to her new owners in January 2021; and the vessel *Oceanis*, for a sale price of $5,750 before commissions, expected to be delivered to her new owners in March 2021.

At the date the MOAs were signed, all four vessels were measured at the lower of their carrying amount or fair value (sale price) less costs to sell (Note 12) and were classified in current assets as Vessels held for sale, according to the provisions of ASC 360, as all criteria required for this classification were then met. This resulted in an aggregate impairment of $11,257, including the write off of unamortized drydocking costs amounting to

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

$128, and is included in “Vessel impairment charges”. Additionally, the Company recorded an aggregate loss from the sale of *Arethusa*, amounting to $7 included in “Loss from sale of vessels” in the accompanying 2020 consolidated statement of operations. At December 31, 2020, the vessels *Coronis, Sideris G.S., and Oceanis* were presented as held for sale.

Impairment Loss - other

At December 31, 2019, the Company’s estimated undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of three vessels (including the *Norfolk* mentioned above) over their remaining useful lives and their eventual disposition were less than their carrying amount. This resulted in impairment loss, net loss and net loss attributed to common stock holders of $3,419, or $0.04 per share, consisting of $2,386 of vessels’ net book value and $1,033 of deferred drydocking costs, both included in “Vessel impairment charges” in the accompanying 2019 statement of operations. The fair value of these three vessels, amounting to an aggregate of $46,580, was determined through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations and for the one vessel which was subsequently sold, the fair value was determined through Level 1 inputs of the fair value hierarchy (Note 12).

At March 31, 2020, the Company’s estimated undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of nine vessels of the Company’s fleet over their remaining useful lives and their eventual disposition were less than their carrying amount plus any unamortized dry-docking costs. This exercise resulted in impairment loss, net loss and net loss attributed to common stockholders of $93,338, or $1.08 per share, consisting of $91,995 of vessels’ net book value and $1,343 of deferred drydocking costs, both included in “Vessel impairment charges” in the accompanying 2020 consolidated statement of operations. The fair value of these nine vessels, amounting to an aggregate of $166,430, was determined through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations which were based on the last done deals of sale of vessels with similar characteristics, such as type, size and age (Note 12).

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

	Vessel Cost	Accumulated Depreciation	Net Book Value
Balance, December 31, 2018	$ 1,228,591	$ (237,188)	$ 991,403
- Additions for improvements	2,804	-	2,804
- Impairment	(55,396)	43,545	(11,851)
- Vessel held for sale	(7,130)	-	(7,130)
- Vessel disposals	(72,335)	24,965	(47,370)
- Depreciation for the year	-	(45,559)	(45,559)
Balance, December 31, 2019	$ 1,096,534	$ (214,237)	$ 882,297

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

- Additions for improvements	6,001	-	6,001
- Additions reclassified from other non-current assets	2,474		2,474
- Vessel transferred from held for sale	7,130	-	7,130
- Impairment	(199,605)	96,681	(102,924)
- Vessel disposals	(16,742)	34	(16,708)
- Vessel transferred to held for sale	(23,361)		(23,361)
- Depreciation for the period	-	(38,731)	(38,731)
Balance, December 31, 2020	$ 872,431	$ (156,253)	$ 716,178

5. Property and equipment, net

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

	Property and Equipment	Accumulated Depreciation	Net Book Value
Balance, December 31, 2018	$ 26,935	$ (4,510)	$ 22,425
- Additions in property and equipment	125	-	125
- Depreciation for the year	-	(473)	(473)
Balance, December 31, 2019	$ 27,060	$ (4,983)	$ 22,077
- Additions in property and equipment	138	-	138
- Depreciation for the year	-	(511)	(511)
Balance, December 31, 2020	$ 27,198	$ (5,494)	$ 21,704

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

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

	2020	2019
9.5% Senior Unsecured Bond	92,000	100,000
Secured Term Loans	331,056	378,298
Total debt outstanding	$ 423,056	$ 478,298
Less related deferred financing costs	(2,742)	(3,347)
Total debt, net of deferred financing costs	$ 420,314	$ 474,951
Less: Current portion of long term debt, net of deferred financing costs current	(39,217)	(40,205)
Long-term debt, net of current portion and deferred financing costs, non-current	$ 381,097	$ 434,746

9.5% Senior Unsecured Bond: On September 27, 2018, the Company issued a $100,000 senior unsecured bond (the "Bond") maturing in September 2023 and may issue up to an additional $25,000 of the Bond on one or more occasions. The bond ranks ahead of subordinated capital and ranks the same with all other senior unsecured obligations of the Company other than obligations which are mandatorily preferred by law. Entities affiliated with the Company's chief executive officer, Mr. Simeon Palios, and other executive officers and directors of the Company purchased $16,200 aggregate principal amount of the Bond. The Bond bears interest from September 27, 2018 at a US Dollar fixed-rate coupon of 9.50% and is payable semi-annually in arrears in March and September of each year. The Bond is callable in whole or in parts in three years at a price equal to 103% of nominal value; in four years at a price equal to 101.9% of the nominal value and in four and a half years at a price equal to 100% of nominal value. The bond includes financial and other covenants and is trading on the Oslo Stock Exchange under the ticker symbol "DIASH01". On July 7, 2020, the Company repurchased $8,000 of nominal value of its $100,000 9.5% senior unsecured bonds, which the Company holds, realizing a net gain of $374, separately presented as "Gain on extinguishment of debt" in the accompanying 2020 consolidated statement of operations.

Secured Term Loans: The Company, through its subsidiaries, has entered into various long term loan agreements with bank institutions to partly finance or, as the case may be, refinance part of the acquisition cost of certain of its fleet vessels. The loan agreements are repayable in quarterly or semi-annual installments plus one balloon installment per loan agreement to be paid together with the last installment and bear interest at LIBOR plus margin ranging from 1.65% to 2.5%. Their maturities range from January 2022 to January 2032. For 2020 and 2019, the weighted average interest rates of the secured term loans were 3.02% and 4.56%, respectively.

Under the secured term loans outstanding as of December 31, 2020, 30 vessels of the Company's fleet are mortgaged with first preferred or priority ship mortgages, having an aggregate carrying value of $629,349. Additional securities required by the banks include first priority assignment of all earnings, insurances, first assignment of time charter contracts that exceed a certain period, pledge over the shares of the borrowers, manager's undertaking and subordination and requisition compensation and either a corporate guarantee by DSI (the "Guarantor") or a guarantee by the ship owning companies (where applicable), financial covenants, as well as operating account assignments. The lenders may also require additional security in the future in the event the borrowers breach certain covenants under the loan agreements. The secured term loans generally include restrictions as to changes in management and ownership of the vessels, additional indebtedness, as well as minimum requirements regarding hull cover ratio and minimum liquidity per vessel owned by the borrowers, or the Guarantor, maintained in the bank accounts of the borrowers, or the Guarantor.

As at December 31, 2020 and 2019, the minimum cash deposits required to be maintained at all times under the Company's loan facilities, amounted to $20,000 and $21,000, respectively and are included in "Restricted cash" in the accompanying consolidated balance sheets. Furthermore, the secured term loans contain cross default provisions and additionally the Company is not permitted to pay any dividends following the occurrence of an event of default.

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

Export-Import Bank of China and DnB NOR Bank ASA: On February 15, 2012, the Company drew down a first tranche of $37,450, under a secured loan agreement, which is repayable in 40 quarterly installments of approximately $628 each and a balloon of $12,332 payable together with the last installment on February 15, 2022. On May 18, 2012, the Company drew down, under the same agreement, a second tranche of $34,640, which is repayable in 40 quarterly installments of approximately $581 each and a balloon of $11,410 payable together with the last installment on May 18, 2022. The loan bears interest at LIBOR plus a margin of 2.50% per annum.

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

Commonwealth Bank of Australia, London Branch: On January 13, 2014, the Company drew down $9,500 under a secured loan agreement, which is repayable in 32 equal consecutive quarterly installments of $156 each and a balloon of $4,500 payable on January 13, 2022. The loan bears interest at LIBOR plus a margin of 2.25%.

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

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

Nordea Bank AB, London Branch: On March 19, 2015, the Company drew down $93,080 under a secured loan agreement, which was repayable in 24 equal consecutive quarterly installments of about $1,862 each and a balloon of about $48,402 payable together with the last installment on March 19, 2021. The loan bore interest at LIBOR plus a margin of 2.1%. On May 7, 2020, the Company entered into a new loan agreement to refinance the balance of the existing loan, whereas the balance is payable in eight equal quarterly installments of about $1,862 each and a balloon of $40,955 payable together with the last installment on March 19, 2022. The borrowers have the option to request additional extensions until March 2023 and March

2024 subject to approval by the lender. The refinanced loan bears interest at LIBOR plus a margin of 2.25%.

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

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

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

Danish Ship Finance A/S: On April 30, 2015, the Company drew down $30,000 under a loan agreement, which is repayable in 28 equal consecutive quarterly installments of $500 each and a balloon of $16,000 payable together with the last installment on April 30, 2022. The loan bears interest at LIBOR plus a margin of 2.15%.

ING Bank N.V.: On November 19, 2015, the Company drew down advance A of $27,950 under a secured loan agreement, which is repayable in 28 consecutive quarterly installments of about $466 each and a balloon installment of about $14,907 payable together with the last installment on November 19, 2022. Advance B of $11,733 was drawn on October 6, 2015 and is repayable in 28 consecutive quarterly installments of about $293 each and a balloon installment of about $3,520 payable together with the last installment on October 6, 2022. The loan bears interest at LIBOR plus a margin of 1.65%.

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

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

As at December 31, 2020 and 2019, the Company was in compliance with all of its loan covenants.

The maturities of the Company's debt facilities described above as at December 31, 2020, and throughout their term, are shown in the table below and do not include the related debt issuance costs of the loan agreements.

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

Period	Principal Repayment
Year 1	$ 40,242
Year 2	133,766
Year 3	156,485
Year 4	64,897
Year 5	3,816
Year 6 and thereafter	23,850
Total	$ 423,056

7. Commitments and Contingencies

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

b) On July 9, 2020, DWM and the ship-owning company of the vessel *Protefs* placed a security bond in the amount of $1,750 for any potential fines or penalties for alleged violations of law concerning maintenance of books and records and the handling of oil wastes of the vessel *Protefs*. Part of this amount is included in "due from related parties", in the accompanying 2020 consolidated balance sheet, as the amount was paid by DSI (Note 3(d)). As of December 31, 2020, the Company determined that *Protefs* could be liable for part of a fine related to this incident and recorded an accrual of $958, representing the Company's best estimate for such amount at that date (Note 13).

c) As at December 31, 2020, all of the Company's vessels were fixed under time charter agreements, considered operating leases. The minimum contractual gross charter revenue expected to be generated from fixed and non-cancelable time charter contracts existing as at December 31, 2020 and until their expiration was as follows:

Period	Amount
Year 1	$ 71,718
Year 2	1,982
Total	**$ 73,700**

8. Capital Stock and Changes in Capital Accounts

a) Preferred stock*:* As at December 31, 2020 and 2019, the Company's authorized preferred stock consists of 25,000,000 shares (all in registered form) of preferred stock, par value $0.01 per share, of which 1,000,000 are designated as Series A Participating Preferred Shares, 5,000,000 are designated as Series B Preferred Shares and 10,675 are designated as Series C Preferred Shares.

b) Series B Preferred Stock: As at December 31, 2020 and 2019, the Company had 2,600,000 Series B Preferred Shares issued and outstanding with par value $0.01 per share, at $25.00 per share and with liquidation preference at $25.00 per share and zero Series A Participating Preferred Shares issued and outstanding. Holders of series B preferred shares have no voting rights other than the ability, subject to certain exceptions, to elect one director if dividends for six quarterly dividend periods (whether or not consecutive) are in arrears and certain other limited protective voting rights. Also, holders of series B preferred shares, rank prior to the holders of common shares with respect to dividends, distributions and payments upon liquidation and are subordinated to all of the existing and future indebtedness.

Dividends on the Series B preferred shares are cumulative from the date of original issue and are payable on the 15th day of January, April, July and October of each year at the dividend rate of 8.875% per annum, or $2.21875 per share per annum. For 2020, 2019, and 2018, dividends on Series B preferred shares amounted to $5,769 for each year. Since February 14, 2019, the Company may redeem, in whole or in part, the series B preferred shares at a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared.

c) Series C Preferred Stock: As at December 31, 2020 and 2019, the Company had 10,675 Series C Preferred Shares issued and outstanding with par value $0.01 per share, issued to an affiliate of its Chairman and Chief Executive Officer, Mr. Simeon Palios, for an aggregate purchase price of $1,066 gross. The Series C Preferred Stock votes with the common shares of the Company, and each share entitles the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Company. The transaction was approved unanimously by a committee of the Board of Directors established for the purpose of considering the transaction and consisting of the Company's independent directors. The Series C Preferred Stock has no dividend or liquidation rights and cannot be transferred without the consent of the Company except to the holder's affiliates and immediate family members. In September 2020, the Series C Preferred Shares were transferred from an affiliate of Mr. Simeon Palios to an affiliate of the Company's Deputy Chief Executive Officer and Chief Operating Officer, Mrs. Semiramis Paliou.

d) Repurchase of common shares: In December 2018, the Company repurchased in a tender offer, a total of 4,166,666 common shares, at a price of $3.60 per share for an aggregate amount of $15,157. In 2019, the Company repurchased in tender offers 3,889,386 shares of its outstanding common stock at a price of $2.80 per share; 3,125,000 shares at a price of $3.40 per share; 2,000,000 shares at a price of $3.75 per share; 2,816,900 shares at a price of $3.55 per share; and 2,739,726 shares at a price of 3.65. The aggregate cost of the shares repurchased amounted to $49,679, including expenses. In February 2020, the Company repurchased, in a tender offer 3,030,303 shares of its common stock at a price of $3.30 per share and in

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March 2020, repurchased 1,088,034 shares of common stock under its share repurchase plan authorized in May 2014. The aggregate cost of the shares repurchased amounted to $11,999, including expenses. On December 15, 2020, the Company announced the commencement of a tender offer to purchase up to 6,000,000 million shares at a price of $2.00 per share, or $12,000 (Note 13).

e) Incentive plan: IIn November 2014, the Company adopted the 2014 Equity Incentive Plan, or the Plan, to issue awards to Key Persons in the form of (a) non-qualified stock, (b) stock appreciation rights, (c) restricted stock, (d) restricted stock units, (e) dividend equivalents, (f) unrestricted stock and (g) other equity-based or equity-related Awards for a maximum number of 5,000,000 shares of common stock. This number was increased to 13,000,000 on May 31, 2018, after an amendment of the Plan (note 13). Restricted shares vest ratably over a specified period, and are subject to forfeiture until they vest. Unless they forfeit, grantees have the right to vote, to receive and retain all dividends paid and to exercise all other rights, powers and privileges of a holder of shares. On February 19, 2020, the Company's Board of Directors approved the award of 2,200,000 shares of restricted common stock to executive management and non-executive directors, for a fair value of $5,984, pursuant to the Company's 2014 equity incentive plan. The shares will vest over a period of 3 years for all directors except for two whose shares were awarded without vesting restrictions due to their resignation from the board. As at December 31, 2020, 4,924,759 remained reserved for issuance.

Restricted stock for 2020, 2019 and 2018 is analyzed as follows:

	Number of Shares	Weighted Average Grant Date Price
Outstanding at December 31, 2017	3,641,117	$ 4.30
Granted	1,800,000	3.82
Vested	(1,679,484)	4.38
Outstanding at December 31, 2018	3,761,633	$ 4.04
Granted	2,000,000	2.99
Vested	(1,928,400)	3.75
Outstanding at December 31, 2019	3,833,233	$ 3.63
Granted	2,200,000	2.72
Vested	(3,610,221)	3.52
Outstanding at December 31, 2020	2,423,012	$ 2.95

The fair value of the restricted shares has been determined with reference to the closing price of the Company's stock on the date the agreements were signed. The aggregate compensation cost is being recognized ratably in the consolidated statement of operations over the respective vesting periods. On February 19, 2020, after the resignation of two board members, the total amount of their restricted share awards that had not vest up to that date, vested. The compensation cost of these awards and the cost of the 2020 awards amounted to $1,988. On September 16, 2020, the total amount of restricted share awards owned by the Company's Charmain and Chief Executive Officer, Mr. Simeon Palios, vested in full. The compensation cost of these awards amounted to $2,328. For 2020, 2019 and 2018 compensation cost amounted to $10,511,

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

$7,581 and $7,279, respectively, and is included in "General and administrative expenses" presented in the accompanying consolidated statements of operations.

At December 31, 2020 and 2019, the total unrecognized cost relating to restricted share awards was $3,978 and $8,505, respectively. At December 31, 2020, the weighted-average period over which the total compensation cost related to non-vested awards not yet recognized is expected to be recognized is 0.83 years.

9. Interest and Finance Costs

The amounts in the accompanying consolidated statements of operations are analyzed as follows:

	2020	2019	2018
Interest expense	$ 20,742	$ 27,963	$ 28,299
Interest income from bond repurchase	(579)	-	-
Amortization of financing costs	1,066	1,126	1,939
Loan expenses	285	343	268
Total	$ 21,514	$ 29,432	$ 30,506

10. Earnings/(loss) per Share

All common shares issued (including the restricted shares issued under the Company's incentive plans) are the Company's common stock and have equal rights to vote and participate in dividends. The calculation of basic earnings/(loss) per share does not treat the non-vested shares (not considered participating securities) as outstanding until the time/service-based vesting restriction has lapsed. Incremental shares are the number of shares assumed issued under the treasury stock method weighted for the periods the non-vested shares were outstanding. For 2020 and 2019, the Company incurred losses, therefore the effect of incremental shares was anti-dilutive and basic and diluted loss per share was the same. For 2018, the denominator of the diluted earnings per share calculation includes 979,141 shares, being the number of incremental shares assumed issued under the treasury stock method weighted for the periods the non-vested shares were outstanding.

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

Profit or loss attributable to common equity holders is adjusted by the amount of dividends on Series B Preferred Stock as follows:

	2020	2019	2018
Net income/(loss)	$ (134,197)	$ (10,535)	$ 16,580
Less dividends on series B preferred shares	(5,769)	(5,769)	(5,769)
Net income/(loss) attributed to common stockholders	$ (139,966)	$ (16,304)	$ 10,811
Weighted average number of common shares, basic	86,143,556	95,191,116	103,736,742
Incremental shares	-	-	979,141
Weighted average number of common shares, diluted	86,143,556	95,191,116	104,715,883
Earnings/(loss) per share, basic and diluted	$ (1.62)	$ (0.17)	$ 0.10

11. Income Taxes

Under the laws of the countries of the companies' incorporation and / or vessels' registration, the companies are not subject to tax on international shipping income; however, they are subject to registration and tonnage taxes, which are included in vessel operating expenses in the accompanying consolidated statements of operations.

The vessel-owning companies with vessels that have called on the United States are obliged to file tax returns with the Internal Revenue Service. However, pursuant to the Internal Revenue Code of the United States, U.S. source income from the international operations of ships is generally exempt from U.S. tax. The applicable tax is 50% of 4% of U.S.-related gross transportation income unless an exemption applies. The Company and each of its subsidiaries expects it qualifies for this statutory tax exemption for the 2020, 2019 and 2018 taxable years, and the Company takes this position for United States federal income tax return reporting purposes.

12. 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 Bond (Note 6) having a fixed interest rate amounted to $97,880 as of December 31, 2020, and was determined through the Level 1 input of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements based on the quoted price of the instrument on that date stated under the ticker symbol "DIASH01" on the Oslo Børs.

At December 31, 2019, three vessels were recorded at fair value as their estimated cash flows over their remaining useful lives and their eventual disposition was less than their carrying amount. The fair value of one vessel was determined through Level 1 input of the fair value hierarchy, based on the agreed price to sell the vessel (Notes 4 and 13) and for the other two through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations which were based on the last done deals of sale of vessels with similar characteristics, such as type, size and age.

At March 31, 2020, nine vessels were recorded at fair value as their estimated cash flows over their remaining useful lives and their eventual disposition was less than their carrying amount. Additionally, the vessel *Calipso* was recorded at fair value following its reclassification from assets held for sale as at December 31, 2019 to assets held and used. The fair value of all these vessels was determined through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations which were based on the last done deals of sale of vessels with similar characteristics, such as type, size and age at the specific dates (Note 4).

As of December 31, 2020, the vessels *Arethusa, Coronis, Sideris G.S. and Oceanis* were recorded at a value determined through the Level 1 input of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements based on the agreed price to sell the vessels, less costs to sell, as a result from the vessels' classification as held for sale at the date of their memorandum of agreement (Note 4).

The Company is exposed to interest rate fluctuations associated with its variable rate borrowings. Currently, the company does not have any derivative instruments to manage such fluctuations.

13. Subsequent Events

a) Series B Preferred Stock Dividends: On January 15, 2021, the Company paid a dividend on its series B preferred stock, amounting to $0.5546875 per share, or $1,442, to its stockholders of record as of January 14, 2021.

b) Investment contribution: In January 2021, each 50% shareholder of DWM contributed an amount of $250 as additional investment (Note 3(d)).

c) Delivery of vessels: In January 2021, the vessels *Coronis and Sideris G.S.*, being held for sale as of December 31, 2020, (Note 4) were delivered to their new owners.

d) Amendment of equity incentive plan and restricted share awards: On January 8, 2021, the Company amended and restated its 2014 Equity Incentive Plan (the "Plan") to increase the number of common shares available for issuance under the Plan by 20 million shares (Note 8). On February 18, 2021, the Company's Board of Directors approved the award of 260,000 shares of restricted common stock to the Company's new COO, as part of his remuneration package for joining the Company effective March 1, 2021 having a fair value of $798 to be recognized in income ratably over a three year period which will be the vesting period of the shares. On February 24, 2021 the Company's Board of Directors approved the award of 2,400,000 shares of restricted common stock to executive management and non-executive directors, pursuant to the Company's amended plan, as annual bonus. Additionally, on the same date the Board of Directors approved the award of 5,600,000 shares of restricted common stock as a long-term incentive bonus. The fair value of the restricted shares based on the closing price on the date of the Board of Directors' approval was $6,816 for the annual bonus and $15,904 for the long-term bonus. This cost of these awards will be recognized in income ratably over the restricted shares vesting period which will be 3 years and 5 years respectively.

e) Repurchase of common shares: In January 2021, the Company increased the price of the tender offer commenced in December 2020 to $2.50 per share and on February 2, 2021, repurchased 6,000,000 shares of its common stock at the price of $2.50 per share, or an aggregate purchase price of $15,000 net to the seller in cash, less any applicable withholding taxes and without interest.

f) Plea Agreement: On February 2021, DWM entered into a plea agreement with the United States pursuant to which DWM, as defendant, agreed to waive indictment, plead guilty pursuant to the terms thereof, accepted a fine of $2,000 and the placement of DWM on probation for four years, subject to court approval (Note 7).

Directors and Executive Officers

Semiramis Paliou
Director and Chief Executive Officer

Simeon Palios
Chairman of the Board of Directors

Anastasios Margaronis
Director and President

Ioannis Zafirakis
Director, Chief Financial Officer,
Chief Strategy Officer, Treasurer and Secretary

Eleftherios Papatrifon
Chief Operating Officer

Maria Dede
Chief Accounting Officer

William Lawes
Non-Executive Director

Apostolos Kontoyannis
Non-Executive Director

Konstantinos Fotiadis
Non-Executive Director

Konstantinos Psaltis
Non-Executive Director

Kyriacos Riris
Non-Executive Director

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Email: info@dianashippinginc.com

Stock Listing
Diana Shipping Inc.'s stock is traded on the New York Stock Exchange under the symbol "DSX".

Diana Shipping Inc.'s Series B Cumulative Redeemable Perpetual Preferred Shares are traded on the New York Stock Exchange under the symbol "DSXPRB".

Diana Shipping Inc.'s Senior Unsecured Bonds due 2023 are traded on the Oslo Børs Stock Exchange under the symbol "DIASH01".

TRANSFER AGENT AND REGISTRAR

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Press releases, fleet information, stock quotes, corporate investor information, and SEC filings can all be accessed on the company's website *www.dianashippinginc.com*.

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