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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
Employee stock option (right to buy)	\$ 32.61	01/17/2006		A	6,663	01/17/2006 01/17/2016	Modine common stock	6,663

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KATZFEY CHARLES R			Group Vice President	

## Signatures

/s/D.R. Zakos, Attorney-in-Fact for C.R. Katzfey  
 01/19/2006  
 \*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This award will vest in four annual increments starting on January 17, 2007.
- (2) Shares disposed of in private transaction to issuer to cover tax withholding.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ial performance. Our calculation of Daily Vessel Operating Expenses may not be comparable to that reported by other companies. The following table reconciles our vessel operating expenses to Daily Vessel Operating Expenses.

(In thousands of US Dollars, except ownership days and Daily Vessel Operating Expenses)

	Year Ended December 31,		
	2018	2017	2016

Vessel operating expenses	\$20,742	\$19,598	\$14,251
Less: Pre-delivery expenses	(309 )	(337 )	(499 )
Vessel operating expenses before pre-delivery expenses	20,433	19,261	13,752
Ownership days	3,931	3,864	2,978
Daily Vessel Operating Expenses	\$5,198	\$4,985	\$4,618

#### Recent Accounting Pronouncements

Refer to Note 2 of the consolidated financial statements included in this annual report.

#### Critical Accounting Policies and Estimates

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

In "Critical Accounting Policies and Estimates – 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. The table set forth below indicates (i) the carrying value of each of our vessels as of December 31, 2018 and 2017, respectively, and (ii) which of our vessels we believe had a basic market value below their carrying value. This aggregate difference between the carrying value of our vessels and their market value of \$10 million and \$24.9 million, as of December 31, 2018 and 2017, respectively, represents the amount by which we believe we would have had to reduce our net income if we sold all of such vessels, on industry standard terms, in cash transactions, and to a willing buyer where we are not under any compulsion to sell, and where the buyer was not under any compulsion to buy as of December 31, 2018 and 2017, respectively. For purposes of this calculation, we assumed that the vessels would be sold at a price that reflected our estimate of their charter-free market values as of December 31, 2018 and 2017, respectively.

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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;
- news and industry reports of sales of vessels that are not similar to our vessels where we have made certain adjustments in an attempt to derive information that can be used as part of our estimates;
- approximate market values for our vessels or similar vessels that we have received from shipbrokers, whether solicited or unsolicited, or that shipbrokers have generally disseminated;
- 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 basic 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 basic market value of our vessels or prices that we could achieve if we were to sell them.

Vessel	Year Built	Dwt	Carrying Value as of	Carrying Value as of	
			December 31, 2018 (in million of U.S. dollars)	December 31, 2017 (in million of U.S. dollars)	
Fellowship	2010	179,701	28.6	-	
Championship	2011	179,238	36.7	*38.3	*
Partnership	2012	179,213	30.7	32.0	
Knightship	2010	178,978	19.1	19.7	
Lordship	2010	178,838	19.0	19.7	
Gloriuship	2004	171,314	14.5	15.3	*
Leadership	2001	171,199	13.5	*14.5	*
Geniuship	2010	170,057	24.4	25.4	
Premiership	2010	170,024	26.2	27.4	*
Squireship	2010	170,018	30.5	*31.9	*
Guardianship	2011	56,884	-	15.6	*
Gladiatorship	2010	56,819	-	14.9	*
TOTAL			243.2	254.7	

\* Indicates dry bulk carrier vessels for which we believe, as of December 31, 2018 and 2017, respectively, the basic charter-free market value was lower than the vessel's carrying value.

We refer you to the risk factor entitled "The market values of our vessels may decrease, which could limit the amount of funds that we can borrow or trigger certain financial covenants under our loan agreements, and we may incur an impairment or, if we sell vessels following a decline in their market value, a loss".

### Impairment of long-lived assets

We review our long-lived assets for impairment whenever events or changes in circumstances, such as prevailing market conditions, obsolescence or damage to the asset, business plans to dispose a vessel earlier than the end of its useful life and other business plans, indicate that the carrying amount of the assets, plus unamortized dry-docking costs, may not be recoverable. The volatile market conditions in the drybulk market with decreased charter rates and decreased vessel market values are conditions we consider to be indicators of a potential impairment for our vessels. We determine undiscounted projected operating cash flows, for each vessel and compare it to the vessel's carrying value. When the undiscounted projected operating cash flows expected to be generated by the use of the vessel and/or its eventual disposition are less than its carrying amount, we impair the carrying amount of the vessel. Measurement of the impairment loss is based on the fair value of the asset as determined by independent valuers and use of available market data. The undiscounted projected operating cash inflows are determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the non-fixed days (based on a combination of one year charter rates estimate and the average of the trailing 10-year historical charter rates, excluding the peak and trough years, available for each type of vessel) adjusted for commissions, expected off hires due to scheduled vessels' maintenance and estimated unexpected breakdown off hires. The undiscounted projected operating cash outflows are determined by applying various assumptions regarding vessel operating expenses, management fees and scheduled vessels' maintenance.

The Company recognized an impairment loss of \$7,267 for the twelve month period ended December 31, 2018 with respect to the two vessels *Gladiatorship* and *Guardianship* that were sold in the fourth quarter of 2018. Our assessment concluded that no impairment loss should be recorded as of December 31, 2017 and 2016.

Although we believe that the assumptions used to evaluate potential asset impairment are based on historical trends and are reasonable and appropriate, such assumptions are highly subjective. To minimize such subjectivity, our analysis for the year ended December 31, 2018 also involved sensitivity analysis to the model input we believe is more important and likely to change. In particular, in terms of our estimates for the time charter equivalent for the unfixed period, we use a combination of one-year charter rates estimate and the average of the trailing 10-year historical charter rates, excluding the trough years 2015 and 2016, available for each type of vessel. Although the trailing 10-year historical charter rates, excluding the trough years 2015 and 2016, cover at least a full business cycle, we sensitized our model with regards to long-term historical charter rate assumptions for the unfixed period beyond the first year. Our sensitivity analysis revealed that, to the extent that going forward the 10-year historical charter rates, excluding the trough years 2015 and 2016, would not decline by more than 46% for Capesize vessels and we would not require to recognize impairment. Our analysis for the year ended December 31, 2017 also involved sensitivity analysis to the model input we believe was more important and likely to change. In particular, in terms of our estimates for the time charter equivalent for the unfixed period, we used a combination of one year charter rates estimate and the average of the trailing 10-year historical charter rates, excluding the peak and trough years 2008, 2015 and 2016, available for each type of vessel. Although the trailing 10-year historical charter rates, excluding the peak and trough years 2008, 2015 and 2016, covered at least a full business cycle, we sensitized our model with regards to long-term historical charter rate assumptions for the unfixed period beyond the first year. Our sensitivity analysis revealed that, to the extent that going forward the 10-year historical charter rates, excluding the peak and trough years 2008, 2015 and 2016, would not decline by more than 46% and 23% for Capesize vessels and Supramax vessels, respectively, we would not require to recognize impairment.

### Vessel depreciation

Depreciation is computed using the straight-line method over the estimated useful life of the vessels (25 years), after considering the estimated salvage value. Salvage value is estimated by taking the cost of steel times the weight of the ship noted in lightweight ton. Salvage values are periodically reviewed and revised to recognize changes in conditions, new regulations or for other reasons. Revisions of salvage values affect the depreciable amount of the vessels and affect the depreciation expense in the period of the revision and future periods.



## Revenue from Contracts with Customers

On January 1, 2018, we adopted ASU 2014-09 (ASC 606) Revenue from Contracts with Customers, issued by the FASB in May 2016 and as further amended, and elected to apply the modified retrospective method only to contracts that were not completed at January 1, 2018, the date of initial application. The prior period comparative information has not been restated and continues to be reported under the accounting guidance in effect for those periods. Under the new guidance, voyage revenue is recognized from the time when the vessel arrives at the load port until completion of cargo discharge. Previously, voyage revenue was recognized from the latter of the cargo discharge of the previous voyage and the signing of the next charter or date of the new charter party until completion of cargo discharge. This change results in revenue being recognized over a shorter voyage time period, which may cause additional volatility in revenues and earnings between reporting periods.

ASC 606 outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most legacy revenue recognition guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by applying the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in each contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in each contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. Incremental costs of obtaining a contract with a customer and contract's fulfillment costs should be capitalized and amortized over the voyage period, if certain criteria are met – for incremental costs if only they are chargeable to the customer and for contract's fulfillment costs if each of the following criteria is met: (i) they relate directly to the contract, (ii) they generate or enhance the entity's resources that shall be used in the performance obligation satisfaction and (iii) are expected to be recovered. Further, in case of incremental costs, entities may elect to use a practical expedient not to capitalize them when the amortization period (voyage period) is less than one year.

The effect of the adoption of the new accounting standard resulted in a cumulative adjustment of \$1.8 million in the opening balance of our accumulated deficit for the fiscal year 2018, as a result of the change in the recognition method of revenues related to voyage charters and their fulfillment costs. Having not adopted ASC 606, our (i) vessel revenues would have been \$95.2 million for the year ended December 31, 2018, (ii) voyage expenses would have been \$40.2 million for the year ended December 31, 2018 and (iii) commissions would have been \$3.4 million as of December 31, 2018. Having not adopted ASC 606, our net loss would have been \$0.4 million less for the year ended December 31, 2018, or \$0.14 basic and diluted earnings per share.

## Accounting for Revenue and Related Expenses

We generate our revenues from chartering our vessels under time or bareboat charter agreements and voyage charter agreements.

**Time and bareboat charters:** Vessels are chartered when a contract exists and the vessel is delivered (commencement date) to the charterer, for a fixed period of time, at rates that are generally determined in the main body of charter parties and the relevant voyage expenses burden the charterer (i.e. port dues, canal tolls, pilotages and fuel consumption). Upon delivery of the vessel, the charterer has the right to control the use of the vessel (under agreed prudent operating practices) as it has the enforceable right to: (i) decide the delivery and redelivery time of the vessel; (ii) arrange the ports from which the vessel shall pass; (iii) give directions to the master of the vessel regarding vessel's operations (i.e. speed, route, bunkers purchases, etc.); (iv) sub-charter the vessel and (v) consume any income deriving from the vessel's charter. Time and bareboat charter agreements are accounted for as operating leases, ratably on a straight line over the duration of the charter basis in accordance with ASC 842. Any off-hires are recognized as incurred.

## Explanation of Responses:





The charterer may charter the vessel with or without owner's crew and other operating services (time and bareboat charter, respectively). In the case of time charter agreements, the agreed hire rates include compensation for part of the agreed crew and other operating services provided by the owner (non-lease components). We elected to account for the lease and non-lease component of time charter agreements as a combined component in our financial statements, having taken into account that the non-lease component would be accounted for ratably on a straight-line basis over the duration of the time charter in accordance with ASC 606 and that the lease component is considered as the predominant. In this respect, we qualitatively assessed that more value is ascribed to the vessel rather than to the services provided under the time charter agreements.

Apart from the agreed hire rates, the owner may be entitled to an additional income, such as ballast bonus which is considered as reimbursement of owner's expenses and is recognized together with the lease component over the duration of the charter. The related ballast costs incurred over the period between the charter party date or the prior redelivery date (whichever is latest) and the delivery date to the charterer are deferred and amortized on a straight line over the duration of the charter.

Spot charters: Spot, or voyage, charter is a charter where a contract is made in the spot market for the use of a vessel for a specific voyage for a specified freight rate per ton, regardless of time to complete. A voyage is deemed to commence upon the loading of the cargo and is deemed to end upon the completion of discharge of the current cargo. Spot charter payments are due upon discharge of the cargo. We have determined that under our spot charters, the charterer has no right to control any part of the use of the vessel. Thus, our spot charters do not contain lease and are accounted for in accordance with ASC 606. More precisely, we satisfy our single performance obligation to transfer cargo under the contract over the voyage period. Thus, spot charter revenues are recognized ratably over the loading to discharge period (voyage period).

Voyage related and vessel operating costs: Voyage expenses primarily consist of commissions, port dues, canal and bunkers. Vessel operating costs include crew costs, provisions, deck and engine stores and spares, lubricants, insurance, maintenance and repairs including dry-docking costs. Under spot charter arrangements, voyage expenses that are unique to a particular charter are paid for by us. Under a time charter, specified voyage costs, such as bunkers and port charges are paid by the charterer and other non-specified voyage expenses, such as commissions, are paid by us. Under a bareboat charter, the charterer assumes responsibility for all voyage and vessel operating expenses and risk of operation. Commissions are expensed as incurred. Contract fulfillment costs (mainly consisting of bunker expenses and port dues) for spot charters are recognized as a deferred contract cost and amortized over the voyage period when the relevant criteria under ASC 340-40 are met or are expensed as incurred. All vessel operating expenses are expensed as incurred.

Deferred revenue: Deferred revenue primarily relates to cash advances received from charterers. These amounts are recognized as revenue over the charter period.

#### Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases (ASC 842), as amended, which requires lessees to recognize most leases on the balance sheet. This is expected to increase both reported assets and liabilities. The new lease standard does not substantially change lessor accounting, neither changes the lease classification criteria. For public companies, the standard is effective for the first interim reporting period within annual periods beginning after December 15, 2018, although early adoption is permitted.

Lessees and lessors will be required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. Under that transition method, an entity initially applies the new leases standard (subject to specific transition

requirements and optional practical expedients) at the beginning of the earliest period presented in the financial statements (which is January 1, 2017, for calendar-year-end public business entities that adopt the new leases standard on January 1, 2019).

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In July 2018, the FASB issued ASU No. 2018-11, Leases (ASC 842) – Targeted Improvements. The amendments in this Update: (i) provide entities with an additional (and optional) transition method to adopt the new lease requirements by allowing entities to initially apply the requirements at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption; and, (ii) provide lessors with a practical expedient, by class of underlying asset, to not separate non-lease components from the associated lease component and, instead, to account for those components as a single component if the non-lease components otherwise would be accounted for under the new revenue guidance (ASC 606) and both of the following are met: (a) the timing and pattern of transfer of the non-lease component(s) and associated lease component are the same and (b) the lease component, if accounted for separately, would be classified as an operating lease. If the non-lease component or components associated with the lease component are the predominant component of the combined component, an entity is required to account for the combined component in accordance with ASC 606. Otherwise, the entity should account for the combined component as an operating lease in accordance with ASC 842.

We elected to early adopt ASU No. 2016-02, Leases (ASC 842), as amended, in the second quarter of 2018 with adoption reflected as of January 1, 2018, using the modified retrospective method, and elected to apply the additional and optional transition method to existing leases at the beginning of the period of adoption of January 1, 2018. The prior period comparative information has not been restated and continues to be reported under the accounting guidance in effect for those periods (ASC 840), including the disclosure requirements. Under the new guidance, we elected certain practical expedients: (i) a package of practical expedients which does not require us to reassess: (1) whether any expired or existing contracts are or contain leases; (2) lease classification for any expired or existing leases; and (3) whether initial direct costs for any expired or existing leases would qualify for capitalization under ASC 842; (ii) to account for non-lease components (primarily crew and maintenance services) of time charters as a single lease component as the timing and pattern of transfer of the non-lease components and associated lease component are the same, the lease components, if accounted for separately would be classified as an operating lease, and such non-lease components are not predominant components of the combined component. We qualitatively assessed that more value is ascribed to the vessel rather than to the services provided under the time charter agreements. Therefore, the Company accounts for the combined component as a lease under ASC 842. We did not have any lease arrangements in which it was a lessee at the adoption date.

#### Sale-leaseback transactions

In accordance with ASC 842, we, as seller-lessee, determine whether the transfer of an asset should be accounted for as a sale in accordance with ASC 606. The existence of an option for the seller-lessee to repurchase the asset precludes the accounting for the transfer of the asset as a sale unless both of the following criteria are met: (1) the exercise price of the option is the fair value of the asset at the time the option is exercised and (2) there are alternative assets, substantially the same as the transferred asset, readily available in the marketplace; and the classification of the leaseback as a finance lease or a sales-type lease, precludes the buyer-lessor from obtaining control of the asset. The existence of an obligation for us, as seller-lessee, to repurchase the asset precludes accounting for the transfer of the asset as sale as the transaction would be classified as a financing arrangement by us as it effectively retains control of the underlying asset.

If the transfer of the asset meets the criteria of sale, we as seller-lessee recognize the transaction price for the sale when the buyer-lessor obtains control of the asset, derecognizes the carrying amount of the underlying asset and accounts for the lease in accordance with ASC 842. If the transfer does not meet the criteria of sale, we do not derecognize the transferred asset, account for any amounts received as a financing arrangement and recognize the difference between the amount of consideration received and the amount of consideration to be paid as interest.



## B. Liquidity and Capital Resources

Our principal source of funds has been our operating cash inflows, long-term borrowings from banks and our Sponsor, and equity provided by the capital markets and our Sponsor. Our principal use of funds has primarily been capital expenditures to establish our fleet, maintain the quality of our drybulk vessels, comply with international shipping standards and environmental laws and regulations, fund working capital requirements, and make principal repayments and interest payments on our outstanding debt obligations.

Our funding and treasury activities are conducted in accordance to corporate policies to maximize investment returns while maintaining appropriate liquidity for both our short- and long-term needs. This includes arranging borrowing facilities on a cost-effective basis. Cash and cash equivalents are held primarily in U.S. dollars, with minimal amounts held in Euros.

As of December 31, 2018, we had cash and cash equivalents of \$6.7 million, as compared to \$8.9 million as of December 31, 2017.

Working capital is equal to current assets minus current liabilities, including the current portion of long-term debt. As of December 31, 2018, we had a working capital deficit of \$19.4 million as compared to a working capital deficit of \$15 million as of December 31, 2017. Our working capital was primarily affected by the decrease in our cash and cash equivalents balance due to debt installment payments and cash paid for interest as well as an increase in year-end balances to our trade accounts payable.

As of December 31, 2018, we had total indebtedness under our credit facilities of \$218 million, excluding unamortized financing fees, as compared to \$213.8 million as of December 31, 2017.

Our short-term liquidity commitments, as of December 31, 2018, primarily relate to debt and interest repayments of approximately \$36.3 million under our credit facilities and convertible notes due in 2019. We expect to fund these commitments with cash on hand and cash inflows from operations. Our cash flow projections indicate that cash on hand and cash to be provided by operating activities will be sufficient to cover the liquidity needs that become due in the twelve-month period ending one year after the financial statements' issuance.

Our long-term liquidity commitments primarily relate to the repayment of our long-term debt balances under our credit facilities and convertible notes issued to Jelco. Please see "– Loan Arrangements". We expect to fund these commitments with cash on hand, refinancing of existing financing arrangements and/or public and private debt and equity transactions in the capital markets.

### Cash Flows

(In thousands of US Dollars)

Year ended December 31,  
2018    2017    2016

#### Cash Flow Data:

Net cash provided by / (used in) operating activities	5,723	2,782	(15,339)
Net cash used in investing activities	(8,827)	(32,992)	(40,779)
Net cash (used in) / provided by financing activities	(491 )	25,341	68,672

Year ended December 31, 2018, as compared to year ended December 31, 2017

Operating Activities: Net cash provided by operating activities amounted to \$5.7 million in 2018, consisting of net income after non-cash items of \$4.5 million plus an increase in working capital of \$1.2 million. Net cash provided by operating activities amounted to \$2.8 million in 2017, consisting of net income after non-cash items of \$0.1 million plus a decrease in working capital of \$2.7 million.

Investing Activities: The 2018 cash outflow primarily resulted from the acquisition of our vessel Fellowship in November 2018 payments related to scrubbers and expenses incurred in respect to the new office space. The 2018 cash outflow was offset by the cash inflow from the sale of our vessels Gladiatorship and Guardianship in October 2018 and November 2018 respectively.

Financing Activities: The 2018 cash inflow resulted mainly from proceeds of \$24.5 million obtained from the Wilmington Trust Loan Facility, proceeds of \$18.6 million obtained from the June 28, 2018 Hanchen Limited financial liability, proceeds of \$23.5 million obtained from the Cargill financial liability on November 7, 2018 and proceeds of \$2 million from Jelco loan facility dated April 10, 2018. The 2018 cash inflow was offset by debt repayments of: \$32 million with respect to the Northern Shipping Funds, or NSF Loan Facility, \$17.1 million with respect to the ATB Loan Facility, \$7.2 million with respect to the Hamburg Commercial Bank Facility, \$6.2 million with respect to the UniCredit loan facility, \$4.5 million with respect to the March 2015 Alpha Bank Facility, \$0.9 million with respect to the Hanchen Limited financial liability, \$0.4 million with respect to the Wilmington Trust Loan Facility, \$0.1 million with respect to Cargill loan facility and \$1.2 million loan finance fees payments. The 2017 cash inflow resulted from proceeds of \$34.5 million obtained from the ATB Loan Facility, proceeds of \$16.2 million obtained from the Second Jelco Loan Facility, proceeds of \$9 million obtained from the Third Jelco Note and proceeds of \$2.6 million from common stock issuances. The 2017 cash inflow was offset by debt repayments of: \$28 million with respect to the Natixis loan facility, \$4.7 million with respect to the UniCredit loan facility, \$2.1 million with respect to the Hamburg Commercial Bank Facility, \$1 million with respect to the ATB Loan Facility, \$0.7 million with respect to the March 2015 Alpha Bank Facility and \$0.6 million loan finance fees payments.

Year ended December 31, 2017, as compared to year ended December 31, 2016

Operating Activities: Net cash provided by operating activities amounted to \$2.8 million in 2017, consisting of net income after non-cash items of \$0.1 million plus a decrease in working capital of \$2.7 million. Net cash used in operating activities amounted to \$15.3 million in 2016, consisting of net loss after non-cash items of \$13.5 million plus an increase in working capital of \$1.9 million.

Investing Activities: The 2017 cash outflow resulted from the acquisition of our vessel Partnership in May 2017.

Financing Activities: The 2017 cash inflow resulted from proceeds of \$34.5 million obtained from the ATB Loan Facility, proceeds of \$16.2 million obtained from the Second Jelco Loan Facility, proceeds of \$9 million obtained from the Third Jelco Note and proceeds of \$2.6 million from common stock issuances. The 2017 cash inflow was offset by debt repayments of: \$28 million with respect to the Natixis loan facility, \$4.7 million with respect to the UniCredit loan facility, \$2.1 million with respect to the Hamburg Commercial Bank Loan Facility, \$1 million with respect to the ATB Loan Facility, \$0.7 million with respect to the March 2015 Alpha Bank Facility and \$0.6 million loan finance fees payments. The 2016 cash inflow resulted from proceeds of \$32 million obtained from the NSF Loan Facility, proceeds of \$12.8 million obtained from the First Jelco loan facility, proceeds of \$22.6 million from common stock and warrants issuances and drawdowns of \$9.4 million under the Second Jelco Note for the acquisition of two vessels and for working capital purposes, offset by debt repayments of \$6.9 million with the respect to the First Jelco Loan Facility, debt repayments of \$0.65 million with respect to the March 2015 Alpha Bank Loan Facility and an increase of \$3 million in restricted cash.

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## Loan Arrangements

### Credit Facilities

#### March 2015 Alpha Bank A.E. Loan Facility

On March 6, 2015, we entered into a \$8.75 million secured floating interest rate loan facility with Alpha Bank A.E. to partly finance the acquisition of the Leadership, referred to as the March 2015 Alpha Bank Loan Facility. On December 23, 2015, July 28, 2016 and June 29, 2018, we and Alpha Bank A.E. entered into a first, second and third supplemental agreement, respectively, to the facility agreement. As amended to date, the facility provided as follows: the facility bears interest at LIBOR plus a margin of 3.75% and is repayable in twenty consecutive quarterly installments. The first four installments are \$0.2 million each, the next installment is \$0.25 million, the next four installments are \$0.1 million each, the next ten installments are \$0.25 million each, and a final installment of \$0.25 million with a final balloon payment of \$4.45 million due on March 17, 2020. Following the reduction by \$0.6 million of four repayment installments that was added to the balloon installment by the second supplemental agreement, 80% of Leadership's excess earnings (as defined in the loan agreement) during each financial year starting from 2016, shall be applied by Alpha Bank towards payment of the deferred amount until same is fully repaid. The borrower under the facility is our applicable vessel-owning subsidiary and the facility is guaranteed by Seanergy Maritime Holdings Corp. The facility is secured by a first preferred mortgage over the vessel, a general assignment covering earnings, insurances, charter parties and requisition compensation, an account pledge agreement and technical and commercial managers' undertakings. The facility also imposes certain operating and financing covenants. Certain of these covenants may significantly limit or prohibit, among other things, the borrower's ability to incur additional indebtedness, create liens, sell capital shares of subsidiaries, engage in mergers, or sell the vessel without the consent of the relevant lenders. On a consolidated basis, (i) we are required to maintain a corporate leverage ratio, as defined in the loan agreement, that will not be (a) on December 31, 2018 higher than 0.85:1.0, the compliance with such obligation to be tested on each financial semester starting from July 1, 2018; (b) on March 31, 2019 higher than 0.80:1.0 and (c) starting from June 1, 2019 and at the end of each accounting period higher than 0.75:1.0, (ii) from July 1, 2018 the consolidated interest cover ratio (EBITDA to Net Interest Expense) shall not be (a) until and including the March 31, 2019, lower than 1.2:1 and (b) from April 1, 2019 until the expiration of the Security Period, lower than 2:1, and (iii) we are required to maintain liquidity in a specified amount. In addition, from July 1, 2017, the borrower shall ensure that the market value of the vessel plus any additional security to total facility outstanding shall not be less than 125%. The lender may accelerate the maturity of the facility and foreclose upon the collateral securing the indebtedness upon the occurrence of certain events of default, including a failure to comply with any of the covenants contained in the facility. The facility also restricts our ability to distribute dividends to our shareholders in excess of 50% of our net income except if our cash and marketable securities are equal or greater than the amount required to meet our debt service for the following eighteen-month period. As of December 31, 2018, \$5.7 million was outstanding under the facility, excluding the unamortized financing fees.

#### Hamburg Commercial Bank AG (formerly known as HSH Nordbank AG) Loan Facility

On September 1, 2015, we entered into a \$44.4 million senior secured loan facility with Hamburg Commercial Bank AG, or Hamburg Commercial Bank to finance the acquisition of the Geniuship and Gloriuship. We refer to this as the Hamburg Commercial Bank Loan Facility. On May 16, 2016, February 23, 2017 and March 28, 2018, we and Hamburg Commercial Bank entered into two supplemental letter agreements and one supplemental agreement, respectively, to the facility agreement. As amended to date the facility provides as follows: the facility bears interest at LIBOR plus a margin of 3.75% and is repayable in quarterly installments of about \$1.0 million each, with a final balloon payment of \$28.8 million due on June 30, 2020. On July 2, 2018, the Company made a mandatory prepayment of \$3.0 million. The borrowers under the facility are our two applicable vessel-owning subsidiaries and the facility is guaranteed by Seanergy Maritime Holdings Corp. The facility was made available in two advances. On October 13, 2015, we drew the first advance of \$27.6 million in order to finance the acquisition of the Geniuship. On November 3, 2015, we drew the second advance of \$16.8 million in order to finance the acquisition of the Gloriuship.

The facility is secured by a first priority mortgage over each of the vessels, a general assignment covering earnings, charter parties, insurances and requisition compensation for each of the vessels, an earnings account pledge agreement for each of the vessels, technical and commercial managers' undertakings, a shares security deed of the two borrowers' shares and a master agreement assignment. The facility also imposes certain operating and financing covenants. Certain of these covenants may significantly limit or prohibit, among other things, the borrowers' ability to incur additional indebtedness, sell capital shares of subsidiaries, make certain investments, engage in mergers and acquisitions, or sell the vessels without the consent of the relevant lenders. Pursuant to the terms of the supplemental agreement of March 28, 2018: i) the application of the security cover requirement (as defined in the loan facility) was waived until September 30, 2018, ii) the security cover percentage requirement was amended as follows: 100% during the period commencing on October 1, 2018 and ending on March 31, 2019, 111% during the period commencing on April 1, 2019 and ending on September 30, 2019 and 120% thereafter, iii) the Leverage Ratio covenant was redefined to reflect Net debt / Total assets (as defined in the loan facility) and the relevant threshold was amended to: no more than 85% during the period commencing on June 30, 2018 and ending on December 31, 2018, no more than 80% during the period commencing on January 1, 2019 and ending on March 31, 2019 and no more than 75% thereafter, iv) the ratio of EBITDA to net interest payments (as defined in the loan facility) was amended to: no less than 1.2 times during the period commencing on June 30, 2018 and ending on March 31, 2019 and no less than 2 times thereafter and v) the Corporate Guarantee liquidity was amended to include restricted cash. In addition, after April 30, 2018, the borrowers are required to ensure that the market value of the Geniuship and Gloriuship plus any additional security to the total facility outstanding and any Swap Exposure (as defined in the Hamburg Commercial Bank Loan Facility) shall not be less than 120%. The facility also places a restriction on the borrowers' ability to distribute dividends to Seanergy Maritime Holdings Corp., in case the market values of Geniuship and Gloriuship plus any additional security is less than 145% of the total facility outstanding and the cash balance of the borrowers after distribution of dividends is less than \$3 million. The \$3 million condition on payment of dividends does not apply after June 30, 2018. As of December 31, 2018, \$35.1 million was outstanding under the facility, excluding the unamortized financing fees.

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## UniCredit Bank AG Loan Facility

On September 11, 2015, we entered into a \$52.7 million secured term loan facility with UniCredit Bank AG to partly finance the acquisition of the Premiership, Gladiatorship and Guardianship. On June 3, 2016, July 29, 2016, March 7, 2017, September 25, 2017, April 30, 2018 and October 10, 2018, we and UniCredit Bank AG entered into an amendment and five supplemental letter agreements, respectively, to the facility agreement. As amended to date, the facility bears interest at LIBOR plus a margin of 3.20%. The facility is repayable in eight quarterly installments of \$1.6 each and a balloon installment of \$29.4 payable on the final maturity date, December 28, 2020. The September 25, 2017 supplemental letter agreement deferred an installment payment due on September 25, 2017 to October 2, 2017. The borrowers under the facility were originally our three applicable vessel-owning subsidiaries, and the facility is guaranteed by Seanergy Maritime Holdings Corp. The facility was made available in three tranches. On September 11, 2015, we drew the first tranche of \$25.4 million to partly finance the acquisition of the Premiership. On September 29, 2015, we drew the second tranche of \$13.6 million to partly finance the acquisition of the Gladiatorship. On October 21, 2015, we drew the third tranche of \$13.6 million to partly finance the acquisition of the Guardianship. The facility was secured by a first preferred mortgage over each of the relevant vessels, general assignments covering earnings, charter parties, insurances and requisition compensation for each of the vessels, account pledge agreements for each of the vessels, technical and commercial managers' undertakings, shares security deeds of the three applicable vessel owning subsidiaries' shares and a hedging agreement assignment. The facility also imposes certain operating and financing covenants. Certain of these covenants may significantly limit or prohibit, among other things, the borrowers' ability to incur additional indebtedness, create liens, engage in mergers, or sell the vessels without the consent of the relevant lenders. Pursuant to the terms of the supplemental letter agreement of April 30, 2018: i) the Leverage Ratio covenant was redefined to reflect the Group's Net Debt / Consolidated Market Value adjusted assets (excluding cash, cash equivalents and restricted cash) and the relevant threshold was amended to: no more than 85% during the period commencing on May 1, 2018 and ending on December 31, 2018, no more than 80% during the period commencing on January 1, 2019 and ending on March 31, 2019 and no more than 75% for the remaining part of the security period, ii) the ratio of EBITDA to net interest payments was amended to: not less than 1.2 times during the period commencing on May 1, 2018 and ending on March 31, 2019 and not less than 2 times for the remaining part of the security period, and iii) the security cover percentage requirement was amended as follows: not to be less than 100% during the period commencing on May 1, 2018 and ending on September 30, 2018, not to be less than 111% during the period commencing on October 1, 2018 and ending on June 30, 2019 and not to be less than 120% for the remaining part of the security period.

On November 22, 2018, the Company entered into an amended and restated loan facility of the September 11, 2015 UniCredit loan facility, the Amended and Restated UniCredit Loan Facility, in order to (i) release the respective vessel-owning subsidiaries of the Gladiatorship and the Guardianship as borrowers and (ii) include as replacement borrower the vessel-owning subsidiary of the Fellowship. The first-priority mortgages over the Gladiatorship and Guardianship and all other securities created in favor of UniCredit for the specific vessels under the UniCredit facility were irrevocably and unconditionally released. The amendment and restatement of the facility did not alter the interest rate, the maturity date, the amortization and the repayment terms of the UniCredit facility, or the financial covenants applicable to the Company as guarantor. The Amended and Restated UniCredit Loan Facility is secured by first preferred mortgages and general assignments covering earnings, insurances and requisition compensation over the Premiership and the Fellowship, account pledge agreements, shares security deeds relating to the shares of both vessels' owning subsidiaries, technical and commercial managers' undertakings and, where applicable, charter assignments. As of December 31, 2018, \$41.8 million was outstanding under the facility, excluding the unamortized financing fees.

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## November 2015 Alpha Bank A.E. Loan Facility

On November 4, 2015, we entered into a \$33.8 million secured floating interest rate loan facility with Alpha Bank A.E. to partly finance the acquisition of the Squireship. On July 28, 2016 and June 29, 2018, we and Alpha Bank A.E. entered into a first and second supplemental agreement, respectively, to the facility agreement. As amended to date, the facility provides as follows: the facility bears interest at LIBOR plus a margin of 3.50% and is repayable in twelve consecutive quarterly installments of \$0.8 million each with a final balloon payment of \$20.3 million due on November 10, 2021. The borrower under the facility is our applicable vessel-owning subsidiary, and the facility is guaranteed by Seanergy Maritime Holdings Corp. The facility is secured by a first preferred mortgage over the vessel a second preferred mortgage over the Leadership, a general assignment covering earnings, insurances, charter parties and requisition compensation, an account pledge agreement and technical and commercial managers' undertakings. The facility also imposes certain operating and financing covenants. Certain of these covenants may significantly limit or prohibit, among other things, the borrower's ability to incur additional indebtedness, create liens, sell capital shares of subsidiaries, engage in mergers, or sell the vessel without the consent of the relevant lenders. Pursuant to the terms of the supplemental agreement of June 29, 2018, i) the ratio of the market value of Squireship plus any additional security to the total facility outstanding shall not be less than 100% as from April 1, 2019 until March 31, 2020, shall not be less than 111% starting from April 1, 2020 until March 31, 2021 and shall not be less than 125% from April 1, 2021 until the end of the security period ii) the consolidated interest cover ratio (EBITDA to Net Interest Expense) shall not be (a) until and including March 31, 2019 lower than 1.2:1, the compliance with such obligation to be tested on each Financial Semester Day starting from July 1, 2018 and (b) as from April 1, 2019 until the expiration of the security period, lower than 2:1, the compliance with such obligation to be tested on each Financial Semester Day starting from April 1, 2019 and iii) the Corporate Leverage Ratio as defined in the loan agreement will not be (a) at the end of December 31, 2018 higher than 0.85:1.0, the compliance with such obligation to be tested on each Financial Semester Day starting from July 1, 2018; (b) on March 31, 2019 higher than 0.80:1.0 and (c) starting from June 1, 2019 and at the end of each Accounting Period higher than 0.75:1.0, the compliance with such obligation to be tested on each Financial Semester Day starting from June 30, 2019. The facility also restricts our ability to distribute dividends to our shareholders in excess of 50% of our net income except if our cash and marketable securities are equal or greater than the amount required to meet our debt service for the following eighteen-month period. As of December 31, 2018, \$30.4 million was outstanding under the facility, excluding the unamortized financing fees.

## First Jelco Loan Facility

On October 4, 2016, we entered into a \$4.2 million loan facility with Jelco to finance the initial deposits for the Lordship and the Knightship. We refer to this as the First Jelco Loan Facility. On November 17, 2016 we entered into an amendment and on November 28, 2016 and February 13, 2019, we amended and restated this facility, which, among other things, increased the aggregate amount that could be borrowed under the facility to up to \$12.8 million (to partially finance the remaining payment for the Lordship and the Knightship) and extended the maturity date to June 30, 2020. The Jelco Loan Facility bears interest at LIBOR plus a margin of 8.5% and is repayable in one bullet payment together with accrued interest thereon to the maturity date. Seanergy Maritime Holdings Corp. is the borrower under this facility. This facility is secured by the following securities: a second priority mortgage and general assignment covering earnings, insurances and requisition compensation on the Partnership, and the subsidiary that owns the vessel owning subsidiary of the Lordship and the bareboat charterer of the Knightship has provided a guarantee to Jelco for Seanergy Maritime Holdings Corp.'s obligations under this facility, all cross collateralized with the Second Jelco Loan Facility and the Third Jelco Note. As of December 31, 2018, \$5.9 million was outstanding under this facility, excluding the unamortized financing fees.

## ATB Loan Facility

On May 24, 2017, we entered into an up to \$18 million term loan facility with Amsterdam Trade Bank N.V. to partially finance the acquisition of the Partnership. We refer to this as the ATB Loan Facility. The facility bore interest at LIBOR plus a margin of 4.65% per annum which is payable quarterly and the principal is repayable by twenty equal consecutive quarterly installments being \$ 0.2 million each, by additional quarterly repayments of any Excess Cash (as defined in the loan facility) up to \$3.6 million in total, and a final balloon payment due on the maturity date, May 26, 2022. On August 28, 2017, an additional repayment of \$0.38 million was made along with the first installment payment. The loan was made available in two drawdowns: (i) \$13.3 million was drawn down on May 26, 2017 and (ii) \$4.7 million was drawn down on June 22, 2017. The borrower under the ATB Loan Facility was our applicable vessel-owning subsidiary. The loan was secured by a first priority mortgage and a general assignment covering earnings, insurances and requisition compensation over the Partnership, an earnings account pledge agreement, technical and commercial managers' undertakings and a charter assignment. The facility also imposed certain operating and financing covenants. The facility also placed a restriction on the borrower's ability to distribute dividends to Seanergy Maritime Holdings Corp. or make any other form of distribution or effect any return of share capital unless additional repayments in an aggregate amount of \$3.6 million had been made.

On September 25, 2017, in order to partially fund the refinancing of our Natixis facility, we amended and restated the ATB Loan Facility, increasing the loan amount of the facility by an additional tranche of \$16.5 million, or Tranche B. We refer to this as the Amended and Restated ATB Loan Facility. The principal of Tranche B was repayable by nineteen consecutive quarterly installments, being \$0.2 million each of the first four installments, \$0.3 million each of the subsequent four installments, and \$0.4 million each of the subsequent eleven installments, in addition to a balloon installment of any outstanding indebtedness due on the maturity date, May 26, 2022. On each quarterly repayment date, an additional repayment of at least \$0.01 million, or an integral multiple of that amount, of any excess cash standing to the credit of the relevant vessel's operating account shall be applied towards reducing the balloon installment. Excess cash, as defined in the loan facility, is any amount above \$1.0 million. The aggregate amount of the additional repayments, with regard to Tranche B, shall not exceed \$1.25 million. The loan facility requires that the borrower shall maintain in aggregate \$0.5 million as minimum liquidity. The amendment and restatement of the facility did not alter the interest rate, the maturity date, the amortization and the repayment terms of the existing tranche under the loan facility, or the financial covenants applicable to the Company as guarantor. The amended and restated loan facility was secured by first preferred mortgages and general assignments covering earnings, insurances and requisition compensation over the Partnership and Championship, earnings account pledges, shares security deeds relating to the shares of both vessels' owning subsidiaries, technical and commercial managers' undertakings and, where applicable, charter assignments. On May 18, 2018, the Company signed a supplemental agreement with Amsterdam Trade Bank N.V. by which: i) the ratio of EBITDA to net interest payments was amended to: not less than 1.2 times during the period commencing on June 30, 2018 and ending on June 29, 2019 and not less than 2 times from June 30, 2019 and for the remaining part of the security period, and ii) the Leverage Ratio was amended to: no more than 85% during the period commencing on June 30, 2018 and ending on March 30, 2019, no more than 80% during the period commencing on March 31, 2019 and ending on June 29, 2019 and no more than 75% during the period commencing on June 30, 2019 and for the remaining part of the security period. On November 7, 2018, Amsterdam Trade Bank entered into a deed of release, with respect to the Championship, releasing the underlying borrower in full after the settlement of the outstanding balance of \$15.7 million pertaining to the specific vessel tranche. The first-priority mortgage over the Championship and all other securities created in favor of Amsterdam Trade Bank for the specific vessel tranche under the Amsterdam Trade Bank loan facility were irrevocably and unconditionally released pursuant to the deed of release. The second-priority mortgage over the Championship and all other securities created in favor of Jelco were also irrevocably and unconditionally released pursuant to a separate deed of release. As of December 31, 2018, \$16.4 million was outstanding under the facility, excluding the unamortized financing fees.

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On February 13, 2019, after a further deed of release with respect to the Partnership resulting in a complete release of the Amended and Restated ATB Loan Facility and full settlement of the outstanding balance of \$16.4 million, we entered into a new loan facility with Amsterdam Trade Bank N.V. in order to (i) refinance the existing indebtedness over the Partnership under the May 24, 2017 facility and (ii) general working capital purposes and more specifically, for the financing of installation of open loop scrubber systems on the Squireship and Premiership. We refer to this as the New ATB Loan Facility. The loan is divided in Tranche A relating to the refinancing of the Partnership and Tranches B and C for the financing of the scrubber systems on the Squireship and the Premiership, respectively. Pursuant to the terms of the New ATB Loan Facility, Tranche A is repayable in sixteen equal quarterly installments being \$0.2 million each starting from February 26, 2019 and a balloon payment of \$13.2 million and each of Tranche B and C in twelve quarterly installments of \$0.19 million starting from November 27, 2019. The New ATB Loan Facility bears interest of LIBOR plus a margin of 4.65% with quarterly interest payments and is secured by a first priority mortgage over the Partnership, a general assignment covering earnings, insurances and requisition compensation over the Partnership, an earnings account pledge, a shares security deed relating to the shares of the vessel's owning subsidiary, technical and commercial managers' undertakings and charter assignments.

Wilmington Trust Loan Facility

On June 11, 2018, the Company entered into a \$24.5 million loan agreement with Blue Ocean maritime lending funds managed by EnTrustPermal for the purpose of refinancing the outstanding indebtedness of the Lordship under the previous loan facility with NSF dated November 28, 2016. The borrower under the facility is the applicable vessel-owning subsidiary and the facility is guaranteed by the Company. The facility matures in June 2023 and can be extended until June 2025 subject to certain conditions. Specifically, the borrower has the right to sell the ship back to the lender at a pre-agreed price of \$20.8 million on the fifth anniversary of the loan utilization, or the Year-5 Put Option. If the borrower elects to exercise the Year-5 Put Option, the lender has the right to extend the termination date of the loan by a further two years, in which case the exercise of the Year-5 Put Option by the borrower shall be cancelled in its entirety. Furthermore, the borrower has the right to sell the ship back to the lender at a pre-agreed price of \$15.0 million on the seventh anniversary of the loan utilization, or the Year-7 Put Option. If the borrower elects to exercise the Year-7 Put Option then the lenders will be obliged to purchase the ship at the pre-agreed price. The new facility is secured by a first priority mortgage over the vessel, general assignment covering earnings, insurances and requisition compensation, an account pledge agreement and a share pledge agreement concerning the respective vessel-owning subsidiary and technical and commercial managers' undertakings. The new loan facility bears a weighted average all-in interest rate of 11.4% and 11.2% assuming a maturity date in June 2023 or in June 2025, respectively. The principal obligation amortizes in 20 or 28 quarterly installments, with a balloon payment of \$15.3 million or \$9.5 million due at maturity, assuming a maturity date in June 2023 or in June 2025, respectively. The facility also imposes certain customary operating covenants. Certain of these covenants may significantly limit or prohibit, among other things, the borrower's ability to incur additional indebtedness, create liens, sell capital shares of subsidiaries, engage in mergers, or sell the vessel without the consent of the relevant lenders. As of December 31, 2018, the amount outstanding under the facility was \$24.1 million.

#### Other Financial Liabilities: Sale and Leaseback Agreements

On June 28, 2018, the Company entered into a \$26.5 million sale and leaseback agreement for the Knightship with Hanchen for the purpose of refinancing the outstanding indebtedness of the Knightship under the previous loan facility with NSF dated November 28, 2016. The Company's wholly-owned subsidiary, or the Charterer, sold and chartered back the vessel on a bareboat basis for an eight year period, having a purchase obligation at the end of the eighth year and it further has the option to repurchase the Knightship at any time following the second anniversary of the bareboat charter. Under ASC 842-40, the transaction was accounted for as a failed sale and leaseback transaction and resulted in a financial liability. The bareboat charter is secured by a general assignment covering earnings, insurances and requisition compensation, an account pledge agreement and a share pledge agreement of the shares of the Charterer and technical and commercial managers' undertakings. The Company provided a guarantee to Hanchen. Of the \$26.5 million, \$18.6 million were cash proceeds, \$6.6 million was withheld by Hanchen as an upfront

charterhire upon the delivery of the vessel, and an amount of \$1.3 million was paid by the Charterer to Hanchen upon the delivery of the vessel in order to secure the due observance and performance by the Charterer of its obligations and undertakings as per the sale and leaseback agreement. The deposit can be set off against the balloon payment at maturity. The Charterer is required to maintain a value maintenance ratio (as defined in the additional clauses of the bareboat charter) of at least 120%. In addition, the bareboat charter requires the Charterer to maintain an amount of \$1.3 million until the second anniversary of the delivery date or if earlier, a sub-charter in form and substance acceptable to Hanchen is available. The charterhire principal bears interest at LIBOR plus a margin of 4% and amortizes in thirty two consecutive equal quarterly installments of approximately \$0.46 million along with a balloon payment of \$5.3 million at maturity on June 29, 2026. The charterhire principal, as of December 31, 2018, is \$18.96 million.

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On November 7, 2018, the Company entered into a \$23.5 million sale and leaseback agreement for the Championship with Cargill International SA, or Cargill, for the purpose of refinancing the outstanding indebtedness of the Championship under the Amended and Restated ATB Loan Facility. The Company sold and chartered back the vessel from Cargill on a sub-bareboat basis for a five-year period, having a purchase obligation at the end of the fifth year. Under ASC 842-40, the transaction was accounted for as a failed sale and leaseback transaction and resulted in a financial liability. The sub-bareboat charter is secured by an account pledge agreement and technical and commercial managers' undertakings. The Company is required to maintain an amount of \$1.6 million from the \$23.5 million proceeds as a performance guarantee, which amount of \$1.6 million will be used at the vessel repurchase. Moreover, under the subject sale and leaseback agreement an additional tranche was provided to the Company for an amount of up to \$2.75 million for the purpose of financing the cost associated with the acquisition and installation on board the Championship of an open loop scrubber system. The subject tranche has been placed in an escrow account in the name of Cargill and will be made available gradually subject to certain progress milestones. The cost of the financing is equivalent to an expected fixed interest rate of 4.71% for five years. The sale and leaseback agreement does not include any financial covenants or security value maintenance provisions. The Company has continuous options to buy back the vessel during the whole five-year sale and leaseback period at the end of which it has a purchase obligation at \$14.05 million. Additionally, at the time of purchase, if the market value of the vessel is greater than a floor price, the Company will pay to Cargill 20% of the difference between the market price and the floor price. The floor price, as set forth in the agreement, starts at \$30 million on November 7, 2018, and amortizes to \$22.8 million at the end of the five year term. The Company has concluded that such contingency shall not be accrued in the consolidated financial statements, since information available does not indicate that it is probable that a liability has been incurred as of the latest balance sheet date and cannot be estimated. Moreover, as part of the transaction, the Company has issued 120,000 of its common shares to Cargill which are subject to customary statutory registration requirements. The fair market value of the shares on the date issued to Cargill will be amortized over the lease term using the effective interest method. The unamortized balance is classified in other financial liabilities on the consolidated balance sheet. The charterhire principal amortizes in sixty monthly installments averaging approximately \$0.2 million each along with a balloon payment of \$14.1 million, including the additional scrubber tranche, at maturity on November 7, 2023. The charterhire principal, as of December 31, 2018, is \$26.1 million.

The borrowers under each of the existing financing arrangements are the applicable vessel owning subsidiaries or bareboat charterers of the vessels, as applicable, and the facilities are guaranteed by Seanergy Maritime Holdings Corp.

At December 31, 2018, eight of the Company's vessels, having a net carrying value of \$187,415, were subject to first and second priority mortgages as collateral to their loan facilities. In addition, the Company's two bareboat chartered vessels, having a net carrying value of \$55,799, collateralized the Company's bareboat lease agreements.

#### Second Jelco Loan Facility

On May 24, 2017, we entered into an up to \$16.2 million loan facility with Jelco to partially finance the acquisition of the Partnership. We refer to this as the Second Jelco Loan Facility. On June 22, 2017 and on August 22, 2017, we entered into supplemental letters with Jelco to amend the terms of this loan facility, whereby the repayment of \$4.8 million was deferred until September 29, 2017, on which date it was repaid.

On September 27, 2017 and on February 13, 2019, we amended and restated and entered into a supplemental agreement, respectively, to the Second Jelco Loan Facility. The Second Jelco Loan Facility currently bears interest at three-month LIBOR plus a margin of 6% per annum which is payable quarterly and the principal is repayable in one bullet payment due on December 30, 2020. The facility is secured by the following amended cross collaterals: a second preferred mortgage over the Partnership, a second priority general assignment covering earnings, insurances and requisition compensation over the Partnership, a guarantee from the vessel-owning subsidiary of the Partnership, and a guarantee from our wholly-owned subsidiary, Emperor Holding Ltd., the holding company of the ship-owning subsidiary owning the Lordship and the bareboat charterer of the Knightship, all cross collateralized with the First

Jelco Loan Facility and the Third Jelco Note. As of December 31, 2018, \$11.5 million was outstanding under this facility, excluding the unamortized financing fees.

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#### Third Jelco Loan Facility

On April 10, 2018, the Company entered into a \$2.0 million loan facility with Jelco for working capital purposes. We refer to this as the Third Jelco Loan Facility. On June 13, 2018, August 11, 2018 and January 31, 2019, we amended and restated and entered into two supplemental letters, respectively, to the Third Jelco Loan Facility. The Company drew down the \$2.0 million on April 12, 2018. The facility bears interest at 10% per annum, payable quarterly, and the principal is payable in one bullet payment due on April 1, 2019. The facility is secured by a guarantee from the Company's wholly-owned subsidiary, Emperor Holding Ltd.. As of December 31, 2018, \$2.0 million was outstanding under this loan facility.

In February and March 2019, we received approval from the credit committees of certain of our lenders to amend the applicable thresholds or further defer the application date of certain financial covenants and security requirements of our credit facilities for the next twelve months. In addition, we have received approval from the credit committees of two of our lenders for the deferral of \$3.3 million in principal payments due in 2019 to the balloons of the respective facilities. This approval is subject to completion of definitive documentation.

#### Convertible Notes

##### First Jelco Note

On March 12, 2015, we issued a convertible note for \$4.0 million to Jelco. The note, following two amendments, is repayable in four installments with the first installment occurring six months after the delivery date of the Leadership. The next two installments, \$0.2 million each, are due in 2019 and the final installment of \$0.2 million, along with a balloon installment of \$3.2 million, is payable on the final maturity date, March 19, 2020. The note bears interest at three-month LIBOR plus a margin of 5% with interest payable quarterly. At Jelco's option, the principal amount under the convertible note or any part thereof may be paid at any time in common shares at a conversion price of \$13.50 per share. Jelco also received customary registration rights with respect to any shares received upon conversion of the note. As of December 31, 2018, \$3.8 million was outstanding under the note.

##### Second Jelco Note

On September 7, 2015, we issued a revolving convertible note to Jelco for an amount of up to \$6.8 million, or the Applicable Limit. Following ten amendments to the note between December 2015 and September 2018, the Applicable Limit was raised to \$24.7 million. Following the tenth amendment on September 1, 2018, a drawdown request of up to \$3.5 million may be made by April 10, 2019, or the Final Revolving Advance Date. If the request is not made by the Final Revolving Advance Date, the advance will not be available to be drawn and the Applicable Limit will be reduced to \$21.2. The aggregate outstanding principal is repayable on December 31, 2022. The note bears interest at three-month LIBOR plus a margin of 5% with interest payable quarterly. At Jelco's option, our obligation to repay the principal amount under the revolving convertible note or any part thereof may be paid in common shares at a conversion price of \$13.50 per share. Jelco also received customary registration rights with respect to any shares received upon conversion of the note. As of December 31, 2018, \$21.2 million was outstanding under the note.

##### Third Jelco Note

On September 27, 2017, we issued a convertible note to Jelco for an amount of \$13.75 million. On February 13, 2019, the Company and Jelco entered into an amendment to this note. The note bears interest at three-month LIBOR plus a margin of 5% with interest payable quarterly. At Jelco's option, the whole or any part of the principal amount under the note may be paid at any time in common shares at a conversion price of \$13.50 per share. Jelco also received customary registration rights with respect to all shares upon conversion of the note. The Company has the option to prepay at any time the whole or any part of this note in a number of fully paid and nonassessable shares equal to an amount of the note being prepaid divided by a price per share to be agreed with Jelco. The aggregate outstanding principal is repayable on December 31, 2022. The note is secured by a second preferred mortgage and second priority general assignment covering earnings, insurances and requisition compensation over the Partnership and a guarantee from the vessel-owning subsidiary of the Partnership, all cross collateralized with the First and the Second Jelco Loan



Facility. Of the \$13.75 million under the note, \$4.75 million was used to make a mandatory prepayment under the Second Jelco Loan Facility. As of December 31, 2018, \$13.75 million was outstanding under the note.

Our wholly-owned subsidiary Emperor Holding Ltd. has provided a guarantee, dated September 27, 2017, to Jelco for the Company's obligations under all these notes.

In March 2019, the Company reached an in-principle agreement with Jelco for (i) an additional term loan facility in the amount of \$7.0 million to be provided by Jelco to the Company, the proceeds of which will be used to (a) refinance the Third Jelco Loan Facility with current outstanding balance of \$2.0 million and (b) for general corporate purposes; (ii) the extension of the maturity of the First Jelco Note to December 31, 2020 and (iii) the extension of the availability of the \$3.5 million advance under the Second Jelco Note by one more year, to April 10, 2020. This agreement is subject to completion of definitive documentation.

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C. Research and development, patents and licenses, etc.

Not applicable.

D. Trend Information

Our results of operations depend primarily on the charter rates earned by our vessels. Over the course of 2018, the Baltic Dry Index, or the BDI, registered a low of 948 on April 6, 2018 and a high of 1,774 on July 24, 2018.

Since the start of the financial crisis in 2008 the performance of the BDI has been characterized by high volatility, as the growth in the size of the dry bulk fleet outpaced growth in vessel demand for an extended period of time.

Specifically, in the period from 2009 to 2016, the size of the fleet in terms of deadweight tons grew by an annual average of about 9.2% while the corresponding growth in demand for dry bulk carriers grew by 5.3%, resulting in a drop of about 74.3% in the value of the BDI. In 2017 and 2018, market dynamics reversed course as the average annual fleet growth of 2.6% was slower than the corresponding demand growth of 3.2%, leading to a 18.2% rise in the BDI over the period. According to tentative projections, the total size of the dry bulk fleet is expected to rise by about 2.9% in 2019, compared to expected demand growth of 2.3%.

Please also see "-B. Liquidity and Capital Resources".

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 as of December 31, 2018 (in thousands of U.S. Dollars):

	Total	less than 1 year	1-3 years	3-5 years	more than 5 years
Contractual Obligations					
Long-term debt, debt to related party and other financial liabilities	\$217,956	\$17,273	\$135,049	\$55,780	\$9,854
Convertible notes	38,715	-	3,800	34,915	-
Interest expense - long term debt, debt to related party and other financial liabilities	42,233	16,024	18,021	6,906	1,282
Interest expense - convertible notes	11,221	2,964	5,614	2,643	-
Office rent	733	128	366	239	-
Total	\$310,858	\$36,389	\$162,850	\$100,483	\$11,136

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## G. Safe Harbor

See the section titled "Cautionary Statement Regarding Forward-Looking Statements" at the beginning of this annual report.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

## A. Directors and Senior Management

Set forth below are the names, ages and positions of our current directors and executive officers. Members of our board of directors are elected annually on a staggered basis, and each director elected holds office for a three-year term. Officers are elected from time to time by vote of our board of directors and hold office until a successor is elected. The business address of each of our directors and executive officers listed below is 154 Vouliagmenis Avenue, 166 74 Glyfada, Athens, Greece.

Name	Age	Position	Director Class
Stamatios Tsantanis	47	Chairman, Chief Executive Officer & Director	A (term expires in 2019)
Stavros Gyftakis	40	Chief Financial Officer	
Christina Anagnostara	48	Director	B (term expires in 2020)
Elias Culucundis	76	Director*	A (term expires in 2019)
Dimitrios Anagnostopoulos	72	Director*	C (term expires in 2021)
Ioannis Kartsonas	47	Director*	C (term expires in 2021)

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\*Independent Director

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

Stamatios Tsantanis has been a member of our board of directors and our chief executive officer since October 1, 2012. Mr. Tsantanis has also been the Chairman of our Board of Directors since October 1, 2013 and our Interim Chief Financial Officer from November 1, 2013 until October 2, 2018. Mr. Tsantanis brings more than 20 years of experience in shipping and finance and held senior management positions in prominent shipping companies. Prior to joining us, from September 2008 he served as Group Chief Financial Officer of Target Marine S.A. and was responsible for its corporate and financial strategy. Mr. Tsantanis previously served as the Chief Financial Officer and as a Director of Top Ships Inc. from its initial public offering and listing on Nasdaq in 2004 until September 2008. Prior to that, he was an investment banker at Alpha Finance, a member of the Alpha Bank Group, with active roles in a number of shipping corporate finance transactions. Mr. Tsantanis holds a Master's degree in Shipping Trade and Finance from the City University Business School in London, and a Bachelor's degree in Shipping Economics from the University of Piraeus.

Stavros Gyftakis has been appointed as our Chief Financial Officer on October 3, 2018, and previously served as Finance Director since October 2017. He has more than 13 years of experience in senior positions in the shipping finance industry. Before joining Seanergy, he was a Senior Vice President in the Greek shipping finance desk at DVB Bank SE. Stavros holds a BSc in Mathematics from the Aristotle University of Thessaloniki, a MSc in Business Mathematics awarded with Honors, from the Athens University of Economics and Business and a MSc in Shipping, Trade and Finance, awarded with Distinction, from Cass Business School of City University in London.

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Christina Anagnostara served as our chief financial officer from November 17, 2008 until October 31, 2013 and has served as a member of our board of directors since December 2008. She has more than 21 years of maritime and international business experience in the areas of finance, banking, capital markets, consulting, accounting and audit. She has served in executive and board positions of publicly listed companies in the maritime industry and she was responsible for the financial, capital raising and accounting functions. Since June 2017 she is a Director of the Investment Banking Division of AXIA Ventures Group and from 2014 to 2017 she provided advisory services to corporate clients involved in all aspects of the maritime industry. Between 2006 and 2008 she served as Chief Financial Officer and member of the Board of Directors of Global Oceanic Carriers Ltd, a dry bulk shipping company listed on the Alternative Investment Market of the London Stock Exchange. Between 1999 and 2006, she was a senior management consultant of the Geneva-based EFG Group. Prior to EFG Group she worked for Eurobank EFG and Ernst & Young, the international accounting firm. Ms. Anagnostara studied Economics in Athens and is a Certified Chartered Accountant. She is a member of various industry organizations including ACCA, Propeller Club, WISTA, Shipping Finance Executives and American Hellenic Chamber of Commerce.

Elias Culucundis has been a member of our board of directors since our inception. Since 2006, Mr. Culucundis has been an executive member of the board of directors of Hellenic Duty Free Shops S.A. Since 1999, Mr. Culucundis has been president, chief executive officer and director of Equity Shipping Company Ltd., a company specializing in starting, managing and operating commercial and technical shipping projects. From 1996 to 2000, he was a director of Kassian Maritime Shipping Agency Ltd., a vessel management company operating a fleet of ten bulk carriers. During this time, Mr. Culucundis was also a director of Point Clear Navigation Agency Ltd, a marine project company. From 1981 to 1995, Mr. Culucundis was a director of Kassos Maritime Enterprises Ltd., a company engaged in vessel management. While at Kassos, he was initially a technical director and eventually ascended to the position of chief executive officer, overseeing a large fleet of Panamax, Aframax and VLCC tankers, as well as overseeing new vessel building contracts, specifications and the construction of new vessels. From 1971 to 1980, Mr. Culucundis was a director and the chief executive officer of Off Shore Consultants Inc. and Naval Engineering Dynamics Ltd. Off Shore Consultants Inc. He worked in Floating Production, Storage and Offloading vessel, or FPSO, design and construction and responsible for the technical and commercial supervision of a pentagon-type drilling rig utilized by Royal Dutch Shell plc. Seven FPSOs were designed and constructed that were subsequently utilized by Pertamina, ARCO, Total and Elf-Aquitaine. Naval Engineering Dynamics Ltd. was responsible for purchasing, re-building and operating vessels that had suffered major damage. From 1966 to 1971, Mr. Culucundis was employed as a Naval Architect for A.G. Pappadakis Co. Ltd., London, responsible for tanker and bulk carrier new buildings and supervising the technical operation of our fleet. He is a graduate of Kings College, Durham University, Great Britain, with a degree in Naval Architecture and Shipbuilding. He is a member of several industry organizations, including the Council of the Union of Greek Shipowners and American Bureau of Shipping. Mr. Culucundis is a fellow of the Royal Institute of Naval Architects and a Chartered Engineer.

Dimitrios Anagnostopoulos has been a member of our board of directors since May 2009. Mr. Anagnostopoulos has over 41 years of experience in shipping and ship finance. His career began in the 1970's at Athens University of Economics followed by four years with the Onassis Group in Monaco. Mr. Anagnostopoulos has also held various posts at the National Investment Bank of Industrial Development (ETEBA), Continental Illinois National Bank of Chicago, the Greyhound Corporation, and with ABN AMRO, where he has spent nearly two decades with the Bank as Senior Vice-President and Head of Shipping. In June 2010 he was elected a board member of the Aegean Baltic Bank S.A. Mr. Anagnostopoulos has been a speaker and panelist in various shipping conferences in Europe, and a regular guest lecturer at the City University Cass Business School in London and the Erasmus University in Rotterdam. He is a member (and ex-vice chairman) of the Association of Banking and Financial Executives of Greek Shipping. In 2008 he was named by the Lloyd's Organization as Shipping Financier of the Year.

Ioannis Kartsonas has been a member of our board of directors since May 2017. Mr. Kartsonas has more than 19 years of experience in finance and commodities trading. He is currently the Principal and Managing Partner of Breakwave Advisors LLC., a commodity-focused advisory firm based in New York. From 2011 to 2017, he was a Senior Portfolio Manager at Carlyle Commodity Management, a commodity-focused investment firm based in New York and part of the Carlyle Group, being responsible for the firm's Shipping and Freight investments. During his tenure, he

managed one of the largest freight futures funds globally. Prior to his role, Mr. Kartsonas was a Co-Founder and Portfolio Manager at Sea Advisors Fund, an investment fund focused in Shipping. From 2004 to 2009, he was the leading Transportation Analyst at Citi Investment Research covering the broader transportation space including Shipping. Prior to that, he was an Equity Analyst focusing on Shipping and Energy for Standard & Poor's Investment Research. Mr. Kartsonas holds an MBA in Finance from the Simon School of Business, University of Rochester. No family relationships exist among any of the directors and executive officers.

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## B. Compensation

For the year ended December 31, 2018, we paid our executive officers and directors aggregate compensation of \$0.72 million. Our executive officers are employed by us pursuant to employment and consulting contracts.

Each member of our board of directors received a fee of \$60,000 in 2018. The Shipping Committee fee has been suspended since July 1, 2013 until the board of directors decides otherwise. The aggregate director fees paid by us for the years ended December 31, 2018, 2017 and 2016 totaled \$300,000, \$246,000 and \$100,000, respectively.

On January 12, 2011 our board of directors adopted the Seanergy Maritime Holdings Corp. 2011 Equity Incentive Plan, or the Plan. The Plan was amended and restated on December 15, 2016, to increase the aggregate number of shares of our common stock reserved for issuance under the Plan from 57,111 shares to 66,666 shares. The Plan was also amended and restated on February 1, 2018, to further increase the aggregate number of shares of our common stock reserved for issuance under the Plan to 200,000. The Plan was further amended and restated on January 10, 2019, to further increase the aggregate number of shares of our common stock reserved for issuance under the Plan to 200,000. The Plan is administered by the Compensation Committee of our board of directors. Under the Plan, our officers, key employees, directors, consultants and service providers may be granted incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, unrestricted stock, restricted stock units, and unrestricted stock at the discretion of our Compensation Committee. Any awards granted under the Plan that are subject to vesting are conditioned upon the recipient's continued service as an employee or a director of the Company, through the applicable vesting date.

On October 1, 2015, the Compensation Committee granted an aggregate of 12,600 restricted shares of common stock pursuant to the Plan. Of the total 12,600 shares issued, 2,400 shares were granted to our board of directors and the other 10,200 shares were granted to certain of our other employees. The fair value of each share on the grant date was \$55.50 and was expensed over three years. The shares to our board of directors vested over a period of two years, which commenced on October 1, 2015. On October 1, 2015, 800 shares vested, on October 1, 2016, 800 shares vested, and on October 1, 2017, 800 shares vested. All the shares granted to certain of our employees vested over a period of three years, commencing on October 1, 2015. On October 1, 2015, 1,666 shares vested, on October 1, 2016, 2,066 shares vested, on October 1, 2017, 2,800 shares vested and 3,000 shares vested on October 1, 2018.

On December 15, 2016, the Compensation Committee granted an aggregate of 51,520 restricted shares of common stock pursuant to the Plan. Of the total 51,520 shares issued, 18,320 shares were granted to our board of directors, 29,867 shares were granted to certain of our employees and 3,333 shares were granted to the sole director of the Company's commercial manager, a non-employee. The fair value of each share on the grant date was \$19.50. The shares to our board of directors vested over a period of two years, which commenced on December 15, 2016. On December 15, 2016, 6,106 shares vested, on October 1, 2017, 6,107 shares vested and 6,107 shares vested on October 1, 2018. All the other shares granted will vest over a period of three years, which commenced on December 15, 2016. Of the shares granted to certain of our other employees, 7,633 shares vested on December 15, 2016, 7,633 shares vested on October 1, 2017, 6,833 shares vested on October 1, 2018 and 6,833 shares will vest on October 1, 2019. Of the shares granted to the sole director of the Company's commercial manager, 1,000 shares vested on December 15, 2016, 1,000 shares vested on October 1, 2017, 666 shares vested on October 1, 2018 and 667 shares will vest on October 1, 2019.

On February 1, 2018, the Compensation Committee granted an aggregate of 84,000 restricted shares of common stock pursuant to the Plan. Of the total 84,000 shares issued, 38,334 shares were granted to our board of directors, 44,333 shares were granted to certain of our employees and 1,333 shares were granted to the sole director of the Company's commercial manager, a non-employee. The fair value of each share on the grant date was \$15.53. All the shares will vest over a period of two years. 28,001 shares vested on February 1, 2018, 26,999 shares vested on October 1, 2018 and 27,000 shares will vest on October 1, 2019.

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On January 10, 2019, the Compensation Committee granted an aggregate of 144,000 restricted shares of common stock pursuant to the Plan. Of the total 144,000 shares issued, 66,667 shares were granted to the board of directors, 70,666 shares were granted to certain of the Company's employees and 6,667 shares were granted to the sole director of the Company's commercial manager, a non-employee. The fair value of each share on the grant date was \$9.15. All the shares will vest over a period of two years. 48,000 shares vested on January 10, 2019, 48,000 shares will vest on October 1, 2019 and 48,000 shares will vest on October 1, 2020.

#### C. Board Practices

Our directors do not have service contracts and do not receive any benefits upon termination of their directorships. Our board of directors has an audit committee, a compensation committee, a nominating committee and a shipping committee. Our board of directors has adopted a charter for each of these committees.

##### Audit Committee

Our audit committee consists of Messrs. Dimitrios Anagnostopoulos and Elias Culucundis. Our board of directors has determined that the members of the audit committee meet the applicable independence requirements of the Commission and the NASDAQ Stock Market Rules. Our board of directors has determined that Mr. Dimitrios Anagnostopoulos is an "Audit Committee Financial Expert" under the Commission's rules and the corporate governance rules of the NASDAQ Stock Market.

The audit committee has powers and performs the functions customarily performed by such a committee (including those required of such a committee by NASDAQ and the Commission). The audit committee is responsible for selecting and meeting with our independent registered public accounting firm regarding, among other matters, audits and the adequacy of our accounting and control systems.

##### Compensation Committee

Our compensation committee consists of Messrs. Dimitrios Anagnostopoulos and Elias Culucundis, each of whom is an independent director. The compensation committee reviews and approves the compensation of our executive officers.

##### Nominating Committee

Our nominating committee consists of Messrs. Elias Culucundis and Dimitrios Anagnostopoulos, each of whom is an independent director. The nominating committee is responsible for overseeing the selection of persons to be nominated to serve on our board of directors.

##### Shipping Committee

We have established a shipping committee. The purpose of the shipping committee is to consider and vote upon all matters involving shipping and vessel finance in order to accelerate the pace of our decision making in respect of shipping business opportunities, such as the acquisition of vessels or companies. The shipping industry often demands very prompt review and decision-making with respect to business opportunities. In recognition of this, and in order to best utilize the experience and skills that our directors bring to us, our board of directors has delegated all such matters to the shipping committee. Transactions that involve the issuance of our securities or transactions that involve a related party, however, shall not be delegated to the shipping committee but instead shall be considered by the entire board of directors. The shipping committee consists of three directors. In accordance with the Amended and Restated Charter of the Shipping Committee, two of the directors on the shipping committee are nominated by Jelco and one of the directors on the shipping committee is nominated by a majority of our board of directors and is an independent member of the board of directors. The members of the shipping committee are Mr. Stamatios Tsantanis and Ms. Christina Anagnostara, who are Jelco's nominees, and Mr. Elias Culucundis, who is the board of directors' nominee.

In order to assure the continued existence of the shipping committee, our board of directors has agreed that the shipping committee may not be dissolved and that the duties or composition of the shipping committee may not be altered without the affirmative vote of not less than 80% of our board of directors. In addition, the duties of our chief executive officer, who is currently Mr. Tsantanis, may not be altered without a similar vote. These duties and powers include voting the shares of stock that Seanergy owns in its subsidiaries. In addition to these agreements, we have amended certain provisions in its articles of incorporation and bylaws to incorporate these requirements.

As a result of these various provisions, in general, all shipping-related decisions will be made by Jelco's appointees to our board of directors unless 80% of the board members vote to change the duties or composition of the shipping committee.

D. Employees

We currently have two executive officers, Mr. Stamatios Tsantanis and Mr. Stavros Gyftakis. In addition, we employ Ms. Theodora Mitropetrou, our general counsel, and a support staff of thirty four employees.

E. Share Ownership

The common shares beneficially owned by our directors and executive officers are disclosed below in "Item 7. Major Shareholders and Related Party Transactions".

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets out information, of which we are aware as of the date of this annual report, regarding the beneficial ownership of our common shares by (i) the owners of more than five percent of our outstanding common shares and (ii) our directors and executive officers. All of the shareholders, including the shareholders listed in this table, are entitled to one vote for each common share held.

Identity of Person or Group	Number of Shares Owned	Percent of Class <sup>(2)</sup>
Claudia Restis <sup>(1)</sup>	3,985,358	70.2 %
Stamatios Tsantanis	79,013	2.8 %
Stavros Gyftakis	—	*
Christina Anagnostara	—	*
Elias Culucundis	—	*
Dimitrios Anagnostopoulos	—	*
Ioannis Kartsonas	—	*
Directors and executive officers as a group (6 individuals)	157,946	5.6 %

\* Less than one percent.

Based on the Schedule 13D/A filed by Jelco, Comet and Claudia Restis on March 22, 2019, Claudia Restis may be deemed to beneficially own 3,928,465 common shares through Jelco and 56,893 of our common shares through Comet, each through a revocable trust of which she is beneficiary. The shares she may be deemed to beneficially own through Jelco include (i) 281,481 common shares which Jelco may be deemed to beneficially own, issuable upon exercise of a conversion option pursuant to the First Jelco Note, (ii) 1,567,777 common shares which Jelco may be deemed to beneficially own, issuable upon exercise of a conversion option pursuant to the Second Jelco Note and (iii) 1,018,518 common shares which Jelco may be deemed to beneficially own, issuable upon exercise of a conversion option pursuant to the Third Jelco Note.

(2) Based on 2,810,223 common shares outstanding as of March 21, 2019 and any additional shares that such person may be deemed to beneficially own in accordance with Rule 13d-3 under the Exchange Act.





## B. Related Party Transactions

### Convertible Notes

#### First Jelco Note

On March 12, 2015, we issued a convertible note for \$4.0 million to Jelco. The note, following two amendments, is repayable in four installments with the first installment occurring six months after the delivery date of the Leadership. The next two installments, \$0.2 million each, are due in 2019 and the final installment of \$0.2 million, along with a balloon installment of \$3.2 million, is payable on the final maturity date, March 19, 2020. The note bears interest at three-month LIBOR plus a margin of 5% with interest payable quarterly. At Jelco's option, the principal amount under the convertible note or any part thereof may be paid at any time in common shares at a conversion price of \$13.5 (adjusted for the reverse stock split discussed above according to the terms of the convertible note) per share. Jelco also received customary registration rights with respect to any shares received upon conversion of the note. As of December 31, 2018, \$3.8 million was outstanding under the note.

#### Second Jelco Note

On September 7, 2015, we issued a revolving convertible note to Jelco for an amount up to \$6.8 million, or the Applicable Limit. Following ten amendments to the note between December 2015 and September 2018, the Applicable Limit was raised to \$24.7 million. Following the tenth amendment on September 1, 2018, a drawdown request of up to \$3.5 million may be made by April 10, 2019, or the Final Revolving Advance Date. If the request is not made by the Final Revolving Advance Date, the advance will not be available to be drawn and the Applicable Limit will be reduced to \$21.2. The current outstanding principal is repayable on the final maturity date, on December 31, 2022. The note bears interest at three-month LIBOR plus a margin of 5% with interest payable quarterly. At Jelco's option, our obligation to repay the principal amount under the revolving convertible note or any part thereof may be paid in common shares at a conversion price of \$13.5 (adjusted for the reverse stock split discussed above according to the terms of the convertible note) per share. Jelco also received customary registration rights with respect to any shares received upon conversion of the note. As of December 31, 2018, \$21.2 million was outstanding under the note.

#### Third Jelco Note

On September 27, 2017, as amended on February 13, 2019, we issued a \$13.75 million convertible note to Jelco. The current outstanding principal is repayable on the final maturity date on December 31, 2022. The Company may at any time, by giving a five business days prior written notice to Jelco, prepay the whole or any part of the note in cash or, subject to the Jelco's prior written agreement on price per share, in a number of fully paid and nonassessable shares of the Company equal to the amount of the note being prepaid divided by the agreed price per share. The note bears quarterly interest at three-month LIBOR plus a margin of 5% and is payable in cash. At Jelco's option, the whole or any part of the principal amount under the note may only be paid at any time in common shares at a conversion price of \$13.5 per share. The conversion price was determined and approved by a special committee of independent directors of the Company's board of directors, as well as by the board of directors itself. The special committee of independent directors of the Company's board of directors and our board of directors obtained a valuation report from an independent third party financial advisor for the fair market value of the Company's equity per share. Jelco also received customary registration rights with respect to all shares it beneficially owns, including any shares to be received upon conversion of the note. The note is secured by the following cross collateral: a second preferred mortgage over the Partnership, a second priority general assignment covering earnings, insurances and requisition compensation over the vessel, a guarantee from our vessel-owning subsidiary that owns the Partnership and a guarantee from our wholly-owned subsidiary, Emperor Holding Ltd., which is the holding company of the ship-owning subsidiary owning the Lordship and the bareboat charterer of the Knightship. Of the \$13.75 million under the note, \$4.75 million were used to make a mandatory prepayment under the Second Jelco Loan Facility. As of December 31, 2018, \$13.75 million was outstanding under the note.

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Our wholly-owned subsidiary Emperor Holding Ltd. has provided a guarantee to Jelco for Seenergy Maritime Holdings Corp.'s obligations under all these notes.

#### Jelco Loan Facilities

##### First Jelco Loan Facility

On October 4, 2016, we entered into a \$4.2 million loan facility with Jelco, or the First Jelco Loan Facility, to fund the initial deposits for the Lordship and the Knightship. On November 17, 2016, November 28, 2016 and February 13, 2019, we entered into amendments to the First Jelco Loan Facility, which, among other things, increased the aggregate amount that may be borrowed under the facility to up to \$12.8 million and extended the maturity date to June 30, 2020. The First Jelco Loan Facility bears interest at LIBOR plus a margin of 8.5% and is repayable in one bullet payment together with accrued interest thereon on the maturity date. The First Jelco Loan Facility is secured by a second preferred mortgage over the Partnership, a second priority general assignment covering earnings, insurances and requisition compensation over the vessel, a guarantee from the vessel-owning subsidiary of the Partnership and a guarantee from our wholly-owned subsidiary, Emperor Holding Ltd., the holding company of the ship-owning subsidiary owning the Lordship and the bareboat charterer of the Knightship, all cross collateralized with the Second Jelco Loan Facility and the Third Jelco Note. As of December 31, 2018, \$5.9 million was outstanding under the First Jelco Loan Facility, excluding the unamortized financing fees.

##### Jelco Backstop Loan Facility

On March 28, 2017, we entered into a \$47.5 million secured loan agreement with Jelco. Under the terms of the Jelco Backstop Facility, Jelco would make available this facility to us in the event that we were not able to secure third party financing to partially fund the Natixis settlement agreement and the balance of the purchase price of the Partnership. The Jelco Backstop Facility was terminated on September 27, 2017, and no amounts were drawn down under this facility.

##### Second Jelco Loan Facility

On May 24, 2017, we entered into a loan agreement with Jelco for an amount of up to \$16.2 million to fund part of the acquisition cost for the Partnership, which we refer to as the Second Jelco Loan Facility. On June 22, 2017 and August 22, 2017, we entered into supplemental letters to the Second Jelco Loan Facility, which, deferred our obligation to mandatory prepay to Jelco the amount of \$4.75 million due under the loan. Relevant mandatory prepayment of \$4.75 million was made through the proceeds we received from the above stated note of \$13.75 million issued to Jelco on September 27, 2017.

On September 27, 2017, we entered into an amending and restating agreement with Jelco to amend and restate the Second Jelco Loan Facility, which was further amended and supplemented on February 13, 2019. The amended facility currently bears interest at three-month LIBOR plus a margin of 6% per annum and is repayable in one bullet payment due on December 30, 2020. The facility is secured by a second preferred mortgage on the Partnership, a second priority general assignment covering earnings, insurances and requisition compensation over the Partnership, a guarantee from our vessel-owning subsidiary that owns the Partnership and a guarantee from our wholly-owned subsidiary, Emperor Holding Ltd., all cross collateralized with the First Jelco Loan Facility and the Third Jelco Note. As of December 31, 2018, \$11.45 million was outstanding under this facility.

##### Third Jelco Loan Facility

On April 10, 2018, we entered into a \$2 million loan facility with Jelco for working capital purposes, the Third Jelco Loan Facility. The facility, as amended and restated on June 13, 2018 and as further amended on August 11, 2018 and on January 31, 2019, bears interest at 10% per annum and is repayable in one bullet payment due on April 1, 2019. The facility is secured by a guarantee from our wholly-owned subsidiary, Emperor Holding Ltd., which is the holding company of the ship-owning subsidiary owning the Lordship and the bareboat charterer of the Knightship. As of December 31, 2018, \$2 million was outstanding under the Third Jelco Loan Facility, excluding the unamortized financing fees.

In March 2019, the Company reached an in-principle agreement with Jelco for (i) an additional term loan facility in the amount of \$7.0 million to be provided by Jelco to the Company, the proceeds of which will be used to (a) refinance the Third Jelco Loan Facility with current outstanding balance of \$2.0 million and (b) for general corporate purposes; (ii) the extension of the maturity of the First Jelco Note to December 31, 2020 and (iii) the extension of the

availability of the \$3.5 million advance under the Second Jelco Note by one more year, to April 10, 2020. This agreement is subject to completion of definitive documentation.

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#### Commercial Real Estate Sublease Agreement

We previously leased our executive office space in Athens, Greece pursuant to the terms of a sublease agreement between Seanergy Management and Waterfront S.A., a company affiliated with a member of the Restis family. The initial sublease was subsequently amended, including on January 1, 2015 to provide that for the remaining term of the sublease agreement the sublease fee would be EUR 25,000 per month and that the term of the agreement was extended to January 31, 2015, on February 1, 2015 to extend the sublease term to February 28, 2015, and on March 13, 2015 to extend the sublease term to March 15, 2015, at a lease payment of EUR 12,500 per month, following which we relocated our executive office space to premises owned by an unaffiliated third party.

#### C. Interests of Experts and Counsel

Not applicable.

### ITEM 8. FINANCIAL INFORMATION

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

See Item 18.

#### Legal Proceedings

We have previously reported that between 2010 and 2017 certain of our then shareholders, including our former Chairman that served between 2008 to 2010, had brought suits in Greece against certain other shareholders of the Company, our former Chief Financial Officer, and such Chairman's immediate successor to the board of directors. The plaintiffs withdrew their suits filed in 2010 and 2014 and therefore these are now closed.

The hearing of the only two remaining suits that were filed in 2017 against, amongst other, the former Chairman's immediate successor, took place on November 15, 2018 and the court's decision is now expected to be issued. These suits seek damages from the defendants (including our former Chairman) for alleged willful misconduct that purportedly caused the plaintiffs damage both by way of diminution of the value of their shares in the Company and harm to their reputations. Our former Chairman has advised us that he does not believe the action has any merit. Neither we nor our Directors nor our current Chairman is named in any of these 2017 actions. We have also notified our insurance underwriters of these actions, and our underwriters are advancing a portion of the defendants' legal expenses.

Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. Other than the proceedings mentioned above, we are not a party to any material litigation where claims or counterclaims have been filed against us other than routine legal proceedings incidental to our business.

#### Dividend Policy

The declaration, timing and amount of any dividend is subject to the discretion of our board of directors and will be dependent upon our earnings, financial condition, market prospects, capital expenditure requirements, investment opportunities, restrictions in our loan agreements, the provisions of the Marshall Islands law affecting the payment of dividends to shareholders, overall market conditions and other factors. We have not declared any dividends since our inception. Our board of directors may review and amend our dividend policy from time to time in light of our plans for future growth and other factors. In addition, since we are a holding company with no material assets other than the shares of our subsidiaries and affiliates through which we conduct our operations, our ability to pay dividends will depend on our subsidiaries and affiliates distributing to us their earnings and cash flow. Some of our loan agreements limit our ability to pay dividends and our subsidiaries' ability to make distributions to us.

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B. Significant Changes

There have been no significant changes since the date of the consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our common shares and class A warrants trade on the NASDAQ Capital Market under the symbol "SHIP" and "SHIPW" respectively.

B. Plan of Distribution

Not applicable.

C. Markets

Our common shares and class A warrants trade on the NASDAQ Capital Market under the symbol "SHIP" and "SHIPW" respectively.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Incorporation

Our amendment to the amended and restated articles of incorporation has been filed in the Annex to Seanergy Maritime's proxy statement filed with the Commission on Form 6-K on March 19, 2019. Those amended and restated articles of incorporation (as amended) contained in such Annex are incorporated by reference. Our second amended and restated bylaws have been filed with the Commission on Form 6-K on July 20, 2011, which we incorporate by reference. We also incorporate by reference, the section titled "Description of Capital Stock and Warrants" in our Registration Statement on Form F-1 (Registration No. 333-214322), declared effective by the Commission on December 7, 2016.

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#### C. Material contracts

Attached as exhibits to this annual report are the contracts we consider to be both material and outside the ordinary course of business during the two-year period immediately preceding the date of this annual report. We refer you to "Item 4. Information on the Company – A. History and Development of the Company", "Item 4. Information on the Company – B. Business Overview", "Item 5. Operating and Financial Review and Prospects – B. Liquidity and Capital Resources – Loan Arrangements", and "Item 7. Major Shareholders and Related Party Transactions–B. Related Party Transactions" for a discussion of these contracts. Other than as discussed in this annual report, we have no material contracts, other than contracts entered into in the ordinary course of business, to which we are a party.

#### D. Exchange controls

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

#### E. Taxation

The following is a summary of the material U.S. federal income tax and Marshall Islands tax consequences of the ownership and disposition of our common stock as well as the material U.S. federal and Marshall Islands income tax consequences applicable to us and our operations. The discussion below of the U.S. federal income tax consequences to "U.S. Holders" will apply to a beneficial owner of our common stock and/or warrants that is treated for U.S. federal income tax purposes as:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that is created or organized (or treated as created or organized) in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or a trust if (i) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are not described as a U.S. Holder and are not an entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes, you will be considered a "Non-U.S. Holder". The U.S. federal income tax consequences applicable to Non-U.S. Holders is described below under the heading "United States Federal Income Taxation of Non-U.S. Holders".

This discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold our common stock or warrants through such entities. If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our common stock or warrants, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, its legislative history, Treasury Regulations promulgated thereunder, published rulings and court decisions, all as currently in effect. These authorities are subject to change, possibly on a retroactive basis.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to any particular holder based on such holder's individual circumstances. In particular, this discussion considers only holders that will own and hold our common stock and warrants as capital assets within the meaning of Section 1221 of the Code and does not address the potential application of the alternative minimum tax or the U.S. federal income tax consequences to holders that are subject to special rules, including:

- financial institutions or "financial services entities";
- broker-dealers;
- taxpayers who have elected mark-to-market accounting;
- tax-exempt entities;
- governments or agencies or instrumentalities thereof;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- certain expatriates or former long-term residents of the United States;
- persons that actually or constructively own 10% or more of our voting shares;
- persons that own shares through an "applicable partnership interest";
- persons required to recognize income for U.S. federal income tax purposes no later than when such income is reported on an "applicable financial statement";
- persons that hold our common stock or warrants as part of a straddle, constructive sale, hedging, conversion or other integrated transaction; or
- persons whose functional currency is not the U.S. dollar.

This summary does not address any aspect of U.S. federal non-income tax laws, such as gift or estate tax laws, or state, local or non-U.S. tax laws.

We have not sought, nor will we seek, a ruling from the Internal Revenue Service, or the IRS, as to any U.S. federal income tax consequence described herein. The IRS may disagree with the description herein, and its determination may be upheld by a court.

Because of the complexity of the tax laws and because the tax consequences to any particular holder of our common stock and warrants may be affected by matters not discussed herein, each such holder is urged to consult with its tax advisor with respect to the specific tax consequences of the ownership and disposition of our common stock and warrants, including the applicability and effect of state, local and non-U.S. tax laws, as well as U.S. federal tax laws.

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## United States Federal Income Tax Consequences

### Taxation of Operating Income In General

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

Shipping income attributable to transportation that both begins and ends in the United States is considered to be 100% from sources within the United States. We are prohibited by law from engaging in transportation that produces income considered to be 100% from sources within the United States.

Shipping income attributable to transportation exclusively between non-U.S. ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any United States federal income tax.

For our 2018 taxable year, we had U.S. source gross shipping income of approximately \$827,000.

We are subject to a 4% tax imposed without allowance for deductions for such taxable year, as described in " – Taxation in the Absence of Exemption", unless we qualify for exemption from tax under Section 883 of the Code, the requirements of which are described in detail below. For our 2018 taxable year, we had U.S. source gross shipping income, on which we were subject to a U.S federal tax of \$33,080.

### Exemption of Operating Income from United States Federal Income Taxation

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

- we are organized in a foreign country (our "country of organization") that grants an "equivalent exemption" to corporations organized in the United States; and
- more than 50% of the value of our stock is owned, directly or indirectly, by "qualified shareholders", that are persons (i) who are "residents" of our country of organization or of another foreign country that grants an "equivalent exemption" to corporations organized in the United States, and (ii) we satisfy certain substantiation requirements, which we refer to as the "50% Ownership Test"; or
- our stock is "primarily" and "regularly" traded on one or more established securities markets in our country of organization, in another country that grants an "equivalent exemption" to United States corporations, or in the United States, which we refer to as the "Publicly-Traded Test".

The jurisdictions where we and our ship-owning subsidiaries are incorporated grant "equivalent exemptions" to United States corporations. Therefore, we will be exempt from United States federal income taxation with respect to our U.S. source shipping income if we satisfy either the 50% Ownership Test or the Publicly-Traded Test.

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#### 50% Ownership Test

Under the regulations, a foreign corporation will satisfy the 50% Ownership Test for a taxable year if (i) for at least half of the number of days in the taxable year, more than 50% of the value of its stock is owned, directly or constructively through the application of certain attribution rules prescribed by the regulations, by one or more shareholders who are residents of foreign countries that grant "equivalent exemption" to corporations organized in the United States and (ii) the foreign corporation satisfies certain substantiation and reporting requirements with respect to such shareholders. Holders of warrants will not be treated as constructive owners of shares for purposes of the 50% Ownership Test.

These substantiation requirements are onerous and therefore there can be no assurance that we would be able to satisfy them. Even if we were not able to satisfy the 50% Ownership Test for a taxable year, we may nonetheless qualify for exemption from tax under Section 883 if we are able to satisfy the Publicly-Traded Test, which is described below.

#### Publicly-Traded Test

The regulations provide that the stock of a foreign corporation will be considered to be "primarily traded" on an established securities market in a country if the number of shares of each class of stock that is traded during the taxable year on all established securities markets in that country exceeds the number of shares in each such class that is traded during that year on established securities markets in any other single country.

Under the regulations, the stock of a foreign corporation will be considered "regularly traded" if one or more classes of its stock representing 50% or more of its outstanding shares, by total combined voting power of all classes of stock entitled to vote and by total combined value of all classes of stock, are listed on one or more established securities markets (such as NASDAQ Capital Market), which we refer to as the "listing threshold".

The regulations further require that with respect to each class of stock relied upon to meet the listing requirement: (i) such class of the stock is traded on the market, other than in minimal quantities, on at least sixty (60) days during the taxable year or one-sixth (1/6) of the days in a short taxable year; and (ii) the aggregate number of shares of such class of stock traded on such market is at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year. Even if a foreign corporation does not satisfy both tests, the regulations provide that the trading frequency and trading volume tests will be deemed satisfied by a class of stock if such class of stock is traded on an established market in the United States and such class of stock is regularly quoted by dealers making a market in such stock.

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

For purposes of being able to determine our 5% Shareholders, the regulations permit a foreign corporation to rely on Schedule 13G and Schedule 13D filings with the Commission. The regulations further provide that an investment company that is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Shareholder for such purposes.

Additionally, holders of warrants will not be treated as constructive owners of shares for purposes of the Closely Held Rule.

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The Closely-Held Rule will not disqualify a foreign corporation, however, if it can establish or substantiate that qualified shareholders own, actually or constructively under specified attribution rules, sufficient shares in the closely-held block of stock to preclude the shares in the closely-held block that are owned by non-qualified 5% Shareholders from representing 50% or more of the value of such class of stock for more than half of the days during the tax year. These substantiation requirements are onerous and consequently there can be no assurance that we would be able to satisfy them with respect to any taxable year. We do not believe that we can satisfy that less than 50% of our shares were held for more than half of the days in the 2018 taxable year by non-qualified 5% Shareholders. Due to the factual nature of the issues involved, there can be no assurance that we or any of our subsidiaries will qualify for the benefits of Section 883 of the Code for our subsequent taxable years.

#### Taxation in Absence of Exemption

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

To the extent the benefits of the Section 883 exemption are unavailable and our U.S. source gross shipping income is considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, any such "effectively connected" U.S. source gross shipping income, net of applicable deductions, would be subject to the U.S. federal corporate income tax currently imposed at a rate of 21%. In addition, we may be subject to the 30% "branch profits" tax on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of our U.S. trade or business.

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

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

We do not intend to have, or permit circumstances that would result in having, any vessel operating to the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of our shipping operations and other activities, we believe that none of our U.S. source gross shipping income will be "effectively connected" with the conduct of a U.S. trade or business.

#### United States Taxation of Gain on Sale of Vessels

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

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

### Taxation of Distributions Paid on Common Stock

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

Dividends paid on common shares to a U.S. Holder which is an individual, trust, or estate (a "U.S. Non-Corporate Holder") will generally be treated as "qualified dividend income" that is taxable to such shareholders at preferential U.S. federal income tax rates provided that (1) the common shares are readily tradable on an established securities market in the United States (such as the Nasdaq Capital Market on which the common shares are currently listed); (2) we are not a passive foreign investment company, or PFIC, for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we are, have been or will be); (3) the U.S. Non-Corporate Holder has owned the common shares for more than 60 days in the 121-day period beginning 60 days before the date on which the common shares become ex-dividend; and (4) certain other conditions are met. Any dividends paid by us which are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Holder.

Special rules may apply to any "extraordinary dividend"—generally, a dividend in an amount which is equal to or in excess of 10% of a shareholder's adjusted basis in a common share—paid by us. If we pay an "extraordinary dividend" on our common stock that is treated as "qualified dividend income", then any loss derived by a U.S. Non-Corporate Holder from the sale or exchange of such common stock will be treated as long-term capital loss to the extent of such dividend.

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

Assuming we do not constitute a PFIC for any taxable year, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our common shares in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's tax basis in such stock. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the common shares is greater than one year at the time of the sale, exchange or other disposition. A U.S. Holder's ability to deduct capital losses is subject to certain limitations.

### Exercise, Sale, Retirement or Other Taxable Disposition of Warrants

Neither we nor a U.S. Holder of a warrant will recognize gain or loss as a result of the U.S. Holder's receipt of our common stock upon exercise of a warrant. A U.S. Holder's adjusted tax basis in the common shares received will be an amount equal to the sum of (i) the U.S. Holder's adjusted tax basis in the warrant exercised plus (ii) the amount of the exercise price for the warrant. If the warrants lapse without exercise, the U.S. Holder will recognize capital loss in the amount equal to the U.S. Holder's adjusted tax basis in the warrants. A U.S. Holder's holding period for common shares received upon exercise of a warrant will commence on the date the warrant is exercised.

Upon the sale, retirement or other taxable disposition of a warrant, the U.S. Holder will recognize gain or loss to the extent of the difference between the sum of the cash and the fair market value of any property received in exchange therefor and the U.S. Holder's tax basis in the warrant. Any such gain or loss recognized by a holder upon the sale, retirement or other taxable disposition of a warrant will be capital gain or loss and will be long-term capital gain or loss if the warrant has been held for more than one year.

The exercise price of a warrant is subject to adjustment under certain circumstances. If an adjustment increases a proportionate interest of the holder of a warrant in the fully diluted common stock without proportionate adjustments to the holders of our common stock, U.S. Holder of the warrants may be treated as having received a constructive distribution, which may be taxable to the U.S. Holder as a dividend.

#### Passive Foreign Investment Company Rules

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

at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or

at least 50% of the average value of the assets held by the corporation during such taxable year produce, or are held for the production of, passive income.

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

Based on our current operations and future projections, we do not believe that we are, nor do we expect to become, a PFIC with respect to any taxable year. Although there is no legal authority directly on point, our belief is based principally on the position that, for purposes of determining whether we are a PFIC, the gross income we derive or are deemed to derive from the time chartering and voyage chartering activities of our wholly-owned subsidiaries should constitute services income, rather than rental income. Correspondingly, we believe that such income does not constitute passive income, and the assets that we or our wholly-owned subsidiaries own and operate in connection with the production of such income, in particular the vessels, do not constitute passive assets for purposes of determining whether we are a PFIC. We believe there is substantial legal authority supporting its position consisting of case law and Internal Revenue Service pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. It should be noted that in the absence of any legal authority specifically relating to the statutory provisions governing PFICs, the Internal Revenue Service or a court could disagree with this position. In addition, although we intend to conduct its affairs in a manner to avoid being classified as a PFIC with respect to any taxable year, there can be no assurance that the nature of our operations will not change in the future.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund", which election is referred to as a "QEF election". As an alternative to making a QEF election, a U.S. Holder should be able to make a "mark-to-market" election with respect to the common shares, as discussed below. In addition, if we were to be treated as a PFIC for any taxable year ending on or after December 31, 2013, a U.S. Holder would be required to file an IRS Form 8621 for the year with respect to such holder's common stock.

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

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

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

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

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

Finally, if we were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make either a QEF election or a "mark-to-market" election for that year, whom we refer to as a "Non-Electing Holder", would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common stock or warrants in a taxable year in excess of 125 percent of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common stock or warrants), and (2) any gain realized on the sale, exchange or other disposition of our common stock or warrants. Under these special rules:

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

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

#### United States Federal Income Taxation of Non-U.S. Holders

Dividends paid to a Non-U.S. Holder with respect to our common stock generally should not be subject to U.S. federal income tax, unless the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains in the United States).

In addition, a Non-U.S. Holder generally should not be subject to U.S. federal income tax on any gain attributable to a sale or other disposition of our common stock or warrants unless such gain is effectively connected with its conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains in the United States) or the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of sale or other disposition and certain other conditions are met (in which case such gain from United States sources may be subject to tax at a 30% rate or a lower applicable tax treaty rate).

Dividends and gains that are effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base in the United States) generally should be subject to tax in the same manner as for a U.S. Holder and, if the Non-U.S. Holder is a corporation for U.S. federal income tax purposes, it also may be subject to an additional branch profits tax at a 30% rate or a lower applicable tax treaty rate.

A Non-U.S. Holder will not recognize any gain or loss on the exercise or lapse of the warrants.

#### Backup Withholding and Information Reporting

In general, information reporting for U.S. federal income tax purposes should apply to distributions made on our common stock within the United States to a non-corporate U.S. Holder and to the proceeds from sales and other dispositions of our common stock to or through a U.S. office of a broker by a non-corporate U.S. Holder. Payments made (and sales and other dispositions effected at an office) outside the United States will be subject to information reporting in limited circumstances.

In addition, backup withholding of U.S. federal income tax, currently at a rate of 24%, generally should apply to distributions paid on our common stock to a non-corporate U.S. Holder and the proceeds from sales and other dispositions of our common stock by a non-corporate U.S. Holder, who:

- fails to provide an accurate taxpayer identification number;
- is notified by the IRS that backup withholding is required; or
- fails in certain circumstances to comply with applicable certification requirements.

A Non-U.S. Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status, under penalties of perjury, on a duly executed applicable IRS Form W-8 or by otherwise establishing an exemption.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding generally should be allowed as a credit against a U.S. Holder's or a Non-U.S. Holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

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

#### Marshall Islands Tax Consequences

We are incorporated in the Marshall Islands. Under current Marshall Islands law, we are not subject to tax on income or capital gains, no Marshall Islands withholding tax will be imposed upon payment of dividends by us to its shareholders, and holders of our common stock that are not residents of or domiciled or carrying on any commercial activity in the Marshall Islands will not be subject to Marshall Islands tax on the sale or other disposition of our common stock.

#### F. Dividends and paying agents

Not applicable.

#### G. Statement by experts

Not applicable.

#### H. Documents on display

We file annual reports and other information with the Commission. You may inspect and copy any report or document we file, including this annual report and the accompanying exhibits, at the Commission's public reference facilities located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference facilities by calling the Commission at 1-800-SEC-0330, and you may obtain copies at prescribed rates. Our Commission filings are also available to the public at the website maintained by the Commission at <http://www.sec.gov>, as well as on our website at <http://www.seanergymaritime.com>. Information on our website does not constitute a part of this annual report and is not incorporated by reference.

We will also provide without charge to each person, including any beneficial owner of our common stock, upon written or oral request of that person, a copy of any and all of the information that has been incorporated by reference in this annual report. Please direct such requests to Investor Relations, Seanergy Maritime Holdings Corp., 154 Vouliagmenis Avenue, 166 74 Glyfada, Athens, Greece, telephone number +30 213 0181507 or facsimile number +30 210 9638404.

#### I. Subsidiary information

Not applicable.

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ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to risks associated with changes in interest rates relating to our unhedged variable-rate borrowings, according to which we pay interest at LIBOR plus a margin; as such increases in interest rates could affect our results of operations and ability to service our debt. As of December 31, 2018, we had aggregate variable-rate borrowings, including the convertible notes issued to Jelco, of \$204.5 million. An increase of 1% in the interest rates of our variable-rate borrowings, including the convertible notes issued to Jelco, as of December 31, 2018 would increase our interest payments \$2.2 million per year. We have not entered into any hedging contracts to protect against interest rate fluctuations. We expect to manage any exposure in interest rates through our regular operating and financing activities.

Foreign Currency Exchange Rate Risk

We generate all of our revenue in U.S. dollars. The minority of our operating expenses (approximately 2% in 2018) and the slight majority of our general and administrative expenses (approximately 59% in 2018) are in currencies other than the U.S. dollar, primarily the Euro. For accounting purposes, expenses incurred in other currencies are converted into U.S. dollars at the exchange rate prevailing on the date of each transaction. We do not consider the risk from exchange rate fluctuations to be material for our results of operations, as during 2018, these non-US dollar expenses represented 5% of our revenues. However, the portion of our business conducted in other currencies could increase in the future, which could expand our exposure to losses arising from exchange rate fluctuations. We have not hedged currency exchange risks associated with our expenses.

Inflation Risk

We do not consider inflation to be a significant risk to direct expenses in the current and foreseeable future. However, in the event that inflation becomes a significant factor in the global economy, inflationary pressures would result in increased operating, voyage and financing costs.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OR PROCEEDS

Both of our loan facilities with Alpha Bank A.E. place restrictions on our ability to distribute dividends to our shareholders, specifically that the amount of the dividends so declared shall not exceed 50% of our net income except in case that cash and marketable securities are equal or greater than the amount required to meet our debt service for the following eighteen-month period.

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## ITEM 15. CONTROLS AND PROCEDURES

### (a) Disclosure Controls and Procedures

Management (our Chief Executive Officer and our Chief Financial Officer) has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, as of the end of the period covered by this annual report (as of December 31, 2018). The term disclosure controls and procedures is defined under the Commission's rules as controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management (our Chief Executive Officer and our Chief Financial Officer, or persons performing similar functions) as appropriate to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective as of the evaluation date.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is identified in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and our Chief Financial Officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with U.S. GAAP.

Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with the authorization of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Management (our Chief Executive Officer and our Chief Financial Officer), has assessed the effectiveness of our internal control over financial reporting as of December 31, 2018, based on the framework established in Internal Control - Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that the Company's internal control over financial reporting is effective as of December 31, 2018.

However, it should be noted that because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements with certainty even when determined to be effective and can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate / obsolete because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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(c) Attestation Report of the Registered Public Accounting Firm

Not applicable.

(d) Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the year covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Dimitrios Anagnostopoulos, an independent director and a member of our audit committee, is an "Audit Committee Financial Expert" under Commission rules and the corporate governance rules of the NASDAQ Stock Market.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics that applies to our employees, officers and directors. Our Code of Business Conduct and Ethics is available on the Corporate Governance section of our website at [www.seanergymaritime.com](http://www.seanergymaritime.com). Information on our website does not constitute a part of this annual report and is not incorporated by reference. We will also provide a hard copy of our Code of Business Conduct and Ethics free of charge upon written request. We intend to disclose any waivers to or amendments of the Code of Business Conduct and Ethics for the benefit of any of our directors and executive officers within 5 business days of such waiver or amendment. Shareholders may direct their requests to the attention of Investor Relations, Seanergy Maritime Holdings Corp., 154 Vouliagmenis Avenue, 16674 Glyfada, Athens, Greece, telephone number +30 213 0181507 or facsimile number +30 210 9638404.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our principal accountants are Ernst & Young (Hellas) Certified Auditors-Accountants S.A., or EY. EY has billed us for audit, audit-related and non-audit services as follows:

	2018	2017
Audit fees	\$199,000	\$202,000
Audit related fees	38,000	129,000
Tax fees	-	-
All other fees	-	-
Total fees	\$237,000	\$331,000

Audit fees for 2018 and 2017 related to professional services rendered for the audit of our financial statements for the years ended December 31, 2018 and 2017, respectively. Audit related fees for 2018 and 2017 related to services provided related to our equity offerings during 2018 and 2017, respectively. As per the audit committee charter, our audit committee pre-approves all audit, audit-related and non-audit services not prohibited by law to be performed by our independent registered public accounting firm and associated fees prior to the engagement of the independent registered public accounting firm with respect to such services.

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ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Please see "Item 7. Major Shareholders and Related Party Transactions–B. Related Party Transactions–Share Purchase Agreements" for a description of our recent sales of our common shares to certain of our affiliates.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

As a foreign private issuer, as defined in Rule 3b-4 under the Exchange Act, the Company is permitted to follow certain corporate governance rules of its home country in lieu of NASDAQ's corporate governance rules. The Company's corporate governance practices deviate from NASDAQ's corporate governance rules in the following ways:

In lieu of obtaining shareholder approval prior to the issuance of designated securities or the adoption of equity compensation plans or material amendments to such equity compensation plans, we will comply with provisions of the BCA, providing that the board of directors approve share issuances and adoptions of and material amendments to equity compensation plans. Likewise, in lieu of obtaining shareholder approval prior to the issuance of securities in certain circumstances, consistent with the BCA and our amended and restated articles of incorporation and second amended and restated bylaws, the board of directors approves certain share issuances.

The Company's board of directors is not required to have an Audit Committee comprised of at least three members.

Our Audit Committee is comprised of two members.

The Company's board of directors is not required to meet regularly in executive sessions without management present.

As a foreign private issuer, we are not required to solicit proxies or provide proxy statements to Nasdaq pursuant to Nasdaq corporate governance rules or Marshall Islands law. Consistent with Marshall Islands law and as provided in our second amended and restated bylaws, we will notify our shareholders of meetings between 15 and 60 days before the meeting. This notification will contain, among other things, information regarding business to be transacted at the meeting.

Other than as noted above, we are in full compliance with all other applicable NASDAQ corporate governance standards.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

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PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18.

ITEM 18. FINANCIAL STATEMENTS

The financial information required by this item, together with the report of Ernst & Young (Hellas) Certified Auditors-Accountants S.A., is set forth on pages F-1 through F-34 and are filed as part of this annual report.

ITEM SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF SEANERGY MARITIME HOLDINGS

18.1 CORP. (PARENT COMPANY ONLY)

The Schedule I, beginning on page F-30, is filed as part of this report.

ITEM 19. EXHIBITS

Exhibit  
Number

Description

- 1.1 Amended and Restated Articles of Incorporation<sup>(1)</sup>
- 1.2 Second Amended and Restated Bylaws<sup>(2)</sup>
- 1.3 Amendment to Amended and Restated Articles of Incorporation<sup>(3)</sup>
- 1.4 Second Amendment to Amended and Restated Articles of Incorporation<sup>(4)</sup>
- 1.5 Third Amendment to Amended and Restated Articles of Incorporation<sup>(5)</sup>
- 1.6 Fourth Amendment to Amended and Restated Articles of Incorporation<sup>(6)</sup>
- 1.7 Fifth Amendment to Amended and Restated Articles of Incorporation<sup>(7)</sup>
- 1.8 Sixth Amendment to Amended and Restated Articles of Incorporation<sup>(8)</sup>
- 2.1 Specimen Common Stock Certificate<sup>(9)</sup>
- 4.1 Registration Rights Agreement dated March 26, 2010 between the registrant, United Capital Investments Corp., Atrion Shipholding S.A., Plaza Shipholding Corp. and Comet Shipholding Inc. <sup>(10)</sup>
- 4.2 Registration Rights Agreement dated January 4, 2012 between the registrant, United Capital Investments Corp., Atrion Shipholding S.A., Plaza Shipholding Corp. and Comet Shipholding Inc. <sup>(11)</sup>
- 4.3 Registration Rights Agreement dated June 24, 2014 between the registrant, Comet Shipholding Inc. and Plaza Shipholding Corp. <sup>(12)</sup>
- 4.4 Registration Rights Agreement dated September 29, 2014 between the registrant, Comet Shipholding Inc. and Plaza Shipholding Corp. <sup>(13)</sup>

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- 4.5 Amended and Restated 2011 Equity Incentive Plan of the registrant adopted on February 1, 2018<sup>(14)</sup>
- 4.6 Amended and Restated 2011 Equity Incentive Plan of the registrant adopted on January 10, 2019\*
- 4.7 Ship Technical Management Agreement dated as of February 11, 2015 between Leader Shipping Co. and V.Ships Greece Ltd. <sup>(15)</sup>
- 4.8 Novation Agreement to Ship Technical Management Agreement dated July 27, 2015, between V.Ships Greece Ltd., Leader Shipping Co. and V.Ships Limited with respect to the Ship Technical Management Agreement dated February 11, 2015 <sup>(16)</sup>
- 4.9 Addendum No. 1 to Technical Management Agreement dated March 18, 2016, between Leader Shipping Co. and V.Ships Limited with respect to the Ship Technical Management Agreement dated February 11, 2015 <sup>(17)</sup>
- 4.10 Amendment dated May 23, 2018 with respect to the Partnership, between Partner Shipping Co. and V.Ships Limited with respect to the Ship Technical Management Agreement dated May 15, 2017\*
- 4.11 Amendment dated May 23, 2018 with respect to the Championship, between Champion Ocean Navigation Co. Limited and V.Ships Limited with respect to the Ship Technical Management Agreement dated September 1, 2015\*
- 4.12 Amendment dated June 28, 2018 with respect to the Knightship, between Knight Ocean Navigation Co. and V.Ships Limited with respect to the Ship Technical Management Agreement dated November 23, 2016<sup>(18)</sup>
- 4.13 Novation Agreement dated October 30, 2018 with respect to the Championship, between Champion Ocean Navigation Co. Limited, Champion Marine Co. and V.Ships Limited with respect to the Ship Technical Management Agreement dated September 1, 2015<sup>(19)</sup>
- 4.14 Form of Ship Technical Management Agreement with V.Ships Limited <sup>(20)</sup>
- 4.15 Commercial Management Agreement dated as of March 2, 2015 between Seanergy Management Corp. and Fidelity Marine Inc. <sup>(21)</sup>
- 4.16 Amendment No. 1 dated September 11, 2015 between Seanergy Management Corp. and Fidelity Marine Inc. with respect to the Commercial Management Agreement dated March 2, 2015 <sup>(22)</sup>
- 4.17 Amendment No. 2 dated as of March 2, 2015 between Seanergy Management Corp. and Fidelity Marine Inc. with respect to the Commercial Management Agreement dated March 2, 2015 <sup>(23)</sup>
- 4.18 Amendment No. 3 dated February 1, 2018 between Seanergy Management Corp. and Fidelity Marine Inc. with respect to the Commercial Management Agreement dated March 2, 2015<sup>(24)</sup>
- 4.19 Amendment No. 4 dated June 28, 2018 between Seanergy Management Corp. and Fidelity Marine Inc. with respect to the Commercial Management Agreement dated March 2, 2015\*
- 4.20 Loan Agreement dated March 6, 2015 between Leader Shipping Co. and Alpha Bank A.E. <sup>(25)</sup>
- 4.21 First Supplemental Agreement dated December 23, 2015 between Leader Shipping Co. and Alpha Bank A.E. with respect to the Loan Agreement dated March 6, 2015 <sup>(26)</sup>

4.22 Second Supplemental Agreement dated July 28, 2016 between Leader Shipping Co. and Alpha Bank A.E. with respect to the Loan Agreement dated March 6, 2015 <sup>(27)</sup>  
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- 4.23 Third Supplemental Agreement dated June 29, 2018 between Leader Shipping Co. and Alpha Bank A.E. with respect to the Loan Agreement dated March 6, 2015<sup>(28)</sup>
- 4.24 Convertible Note dated March 12, 2015 of the registrant to Jelco Delta Holding Corp.<sup>(29)</sup>
- 4.25 Amendment No. 1 dated May 14, 2015 between the registrant and Jelco Delta Holding Corp. with respect to the Convertible Note dated March 12, 2015<sup>(30)</sup>
- 4.26 Mutual Consent dated September 18, 2017 between the registrant and Jelco Delta Holding Corp. with respect to the Convertible Note dated March 12, 2015<sup>(31)</sup>
- 4.27 Amendment No. 2 dated September 18, 2017 between the registrant and Jelco Delta Holding Corp. with respect to the Convertible Note dated March 12, 2015<sup>(32)</sup>
- 4.28 Share Purchase Agreement dated March 12, 2015 between the registrant and Stamatios Tsantanis<sup>(33)</sup>
- 4.29 Registration Rights Agreement dated March 12, 2015 between the registrant and Stamatios Tsantanis<sup>(34)</sup>
- 4.30 Loan Agreement dated September 1, 2015 between Sea Glorius Shipping Co., Sea Genius Shipping Co., Hamburg Commercial Bank AG (formerly known as HSH Nordbank AG) and the Banks and Financial Institutions listed in Schedule 1 thereto<sup>(35)</sup>
- 4.31 Supplemental Letter dated May 16, 2016 from Hamburg Commercial Bank AG (formerly known as HSH Nordbank AG) to Sea Glorius Shipping Co. and Sea Genius Shipping Co. with respect to the Loan Agreement dated September 1, 2015<sup>(36)</sup>
- 4.32 Supplemental Letter dated February 23, 2017 from Hamburg Commercial Bank AG (formerly known as HSH Nordbank AG) to Sea Glorius Shipping Co., Sea Genius Shipping Co. and the registrant with respect to the Loan Agreement dated September 1, 2015<sup>(37)</sup>
- 4.33 Amendment to Term Loan Facility dated March 28, 2018 between Hamburg Commercial Bank AG (formerly known as HSH Nordbank AG), the registrant, Sea Glorius Shipping Co. and Sea Genius Shipping Co. with respect to the Loan Agreement dated September 1, 2015<sup>(38)</sup>
- 4.34 Revolving Convertible Note dated September 7, 2015 of the registrant to Jelco Delta Holding Corp.<sup>(39)</sup>
- 4.35 First Amendment dated December 1, 2015 between the registrant and Jelco Delta Holding Corp. with respect to the Revolving Convertible Note dated September 7, 2015<sup>(40)</sup>
- 4.36 Second Amendment dated December 14, 2015 between the registrant and Jelco Delta Holding Corp. with respect to the Revolving Convertible Note dated September 7, 2015<sup>(41)</sup>
- 4.37 Third Amendment dated January 27, 2016 between the registrant and Jelco Delta Holding Corp. with respect to the Revolving Convertible Note dated September 7, 2015<sup>(42)</sup>
- 4.38 Fourth Amendment dated March 7, 2016 between the registrant and Jelco Delta Holding Corp. with respect to the Revolving Convertible Note dated September 7, 2015<sup>(43)</sup>
- 4.39



Fifth Amendment dated April 21, 2016 between the registrant and Jelco Delta Holding Corp. with respect to the Revolving Convertible Note dated September 7, 2015 <sup>(44)</sup>

4.40 Sixth Amendment dated May 17, 2016 between the registrant and Jelco Delta Holding Corp. with respect to the Revolving Convertible Note dated September 7, 2015 <sup>(45)</sup>

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- 4.41 Seventh Amendment dated June 16, 2016 between the registrant and Jelco Delta Holding Corp. with respect to the Revolving Convertible Note dated September 7, 2015 <sup>(46)</sup>
- 4.42 Eighth Amendment dated March 28, 2017 between the registrant and Jelco Delta Holding Corp. with respect to the Revolving Convertible Note dated September 7, 2015 <sup>(47)</sup>
- 4.43 Mutual Consent dated September 8, 2017 between the registrant and Jelco Delta Holding Corp. with respect to the Revolving Convertible Note dated September 7, 2015 <sup>(48)</sup>
- 4.44 Ninth Amendment dated September 27, 2017 between the registrant and Jelco Delta Holding Corp. with respect to the Revolving Convertible Note dated September 7, 2015 <sup>(49)</sup>
- 4.45 Tenth Amendment dated September 1, 2018 between the registrant and Jelco Delta Holding Corp. with respect to the Revolving Convertible Note dated September 7, 2015 <sup>(50)</sup>
- 4.46 Facility Agreement dated September 11, 2015 between Premier Marine Co., Gladiator Shipping Co., Guardian Shipping Co., the registrant and UniCredit Bank AG <sup>(51)</sup>
- 4.47 Supplemental Agreement dated June 3, 2016 between Premier Marine Co., Gladiator Shipping Co., Guardian Shipping Co., the registrant and UniCredit Bank AG with respect to the Facility Agreement dated September 11, 2015 <sup>(52)</sup>
- 4.48 Supplemental Letter dated July 29, 2016 from UniCredit Bank AG to Premier Marine Co., Gladiator Shipping Co., Guardian Shipping Co. and the registrant with respect to the Facility Agreement dated September 11, 2015 <sup>(53)</sup>
- 4.49 Supplemental Letter dated March 7, 2017 from UniCredit Bank AG to Premier Marine Co., Gladiator Shipping Co., Guardian Shipping Co. and the registrant with respect to the Facility Agreement dated September 11, 2015 <sup>(54)</sup>
- 4.50 Supplemental Letter dated September 25, 2017 from UniCredit Bank AG to Premier Marine Co., Gladiator Shipping Co., Guardian Shipping Co. and the registrant with respect to the Facility Agreement dated September 11, 2015 <sup>(55)</sup>
- 4.51 Supplemental Letter dated April 30, 2018 from UniCredit Bank AG to Premier Marine Co., Gladiator Shipping Co., Guardian Shipping Co. and the registrant with respect to the Facility Agreement dated September 11, 2015 <sup>(56)</sup>
- 4.52 Supplemental Letter dated October 10, 2018 from UniCredit Bank AG to Premier Marine Co., Gladiator Shipping Co., Guardian Shipping Co. and the registrant with respect to the Facility Agreement dated September 11, 2015 <sup>(57)</sup>
- 4.53 Amended and Restated Facility Agreement dated November 22, 2018 between Premier Marine Co., Fellow Shipping Co., the registrant and UniCredit Bank AG with respect to the Facility Agreement dated September 11, 2015\*
- 4.54 Loan Agreement dated November 4, 2015 between Squire Ocean Navigation Co. and Alpha Bank A.E. <sup>(58)</sup>

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Explanation of Responses:

First Supplemental Agreement dated July 28, 2016 between Alpha Bank A.E. and Squire Ocean Navigation Co. with respect to the Loan Agreement dated November 4, 2015 <sup>(59)</sup>

4.56 Second Supplemental Agreement dated June 29, 2018 between Alpha Bank A.E. and Squire Ocean Navigation Co. with respect to the Loan Agreement dated November 4, 2015 <sup>(60)</sup>

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- 4.57 Amended and Restated Loan Agreement dated November 28, 2016 between the registrant and Jelco Delta Holding Corp. <sup>(61)</sup>
- 4.58 Supplemental Agreement dated June 13, 2018 between the registrant, Knight Ocean Navigation Co. and Jelco Delta Holding Corp. with respect to the Amended and Restated Loan Agreement dated November 28, 2016\*
- 4.59 Amended and Restated Loan Agreement dated February 13, 2019 between the registrant and Jelco Delta Holding Corp. with respect to the Amended and Restated Facility Agreement dated November 28, 2016\*
- 4.60 Memorandum of Agreement dated March 28, 2017 with respect to the Partnership <sup>(62)</sup>
- 4.61 Addendum No. 1 dated April 25, 2017 with respect to the Memorandum of Agreement dated March 28, 2017 <sup>(63)</sup>
- 4.62 Addendum No. 2 dated May 15, 2017 with respect to the Memorandum of Agreement dated March 28, 2017 <sup>(64)</sup>
- 4.63 Addendum No. 3 dated May 30, 2017 with respect to the Memorandum of Agreement dated March 28, 2017 <sup>(65)</sup>
- 4.64 Amended and Restated Loan Agreement dated September 25, 2017 between the registrant, Partner Shipping Co., Champion Ocean Navigation Co., and Amsterdam Trade Bank N.V <sup>(66)</sup>
- 4.65 Supplemental Agreement dated May 18, 2018 between the registrant, Partner Shipping Co. Limited (formerly known as Partner Shipping Co.), Champion Ocean Navigation Co. Limited (formerly known as Champion Ocean Navigation Co.), and Amsterdam Trade Bank N.V. with respect to the Amended and Restated Loan Agreement dated September 25, 2017\*
- 4.66 Amended and Restated Loan Agreement dated September 27, 2017 between the registrant and Jelco Delta Holding Corp. <sup>(67)</sup>
- 4.67 Supplemental Agreement dated February 13, 2019 between the registrant and Jelco Delta Holding Corp. with respect to the Amended and Restated Loan Agreement dated September 27, 2017\*
- 4.68 Convertible Note dated September 27, 2017 between the registrant and Jelco Delta Holding Corp. <sup>(68)</sup>
- 4.69 Amendment to Convertible Note dated February 13, 2019, between the registrant and Jelco Delta Holding Corp. with respect to the Convertible Note dated September 27, 2017\*
- 4.70 Registration Rights Agreement dated September 27, 2017 between the registrant and Jelco Delta Holding Corp. <sup>(69)</sup>
- 4.71 Amended and Restated Loan Agreement dated June 13, 2018 between the registrant and Jelco Delta Holding Corp. <sup>(70)</sup>
- 4.72 Supplemental Letter dated August 11, 2018 between the registrant and Jelco Delta Holding Corp. with respect to the Amended and Restated Loan Agreement dated June 13, 2018 <sup>(71)</sup>
- 4.73 Supplemental Letter dated January 31, 2019 between the registrant and Jelco Delta Holding Corp. with respect to the Amended and Restated Loan Agreement dated June 13, 2018\*

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- 4.74 Loan Agreement dated June 11, 2018, between the registrant, Lord Ocean Navigation Co., the financial institutions listed in Part B of Schedule 1 thereto and Wilmington Trust, National Association <sup>(72)</sup>
- 4.75 Bareboat Charter Party dated June 28, 2018 between Knight Ocean Navigation Co. and Hanchen Limited <sup>(73)</sup>
- 4.76 Memorandum of Agreement dated June 28, 2018 between Knight Ocean Navigation Co. and Hanchen Limited <sup>(74)</sup>
- 4.77 Guarantee dated June 28, 2018 between the registrant and Hanchen Limited\*
- 4.78 Memorandum of Agreement dated August 31, 2018 between the registrant and Dr. Hagen Frhr. Von Diepenbroick in his capacity as insolvency administrator over the assets of Kommanditgesellschaft MS "CPO OCEANIA" Offen Reederei UG (haftungsbeschränkt) & Co. <sup>(75)</sup>
- 4.79 Addendum No. 1 dated September 28, 2018 between Dr. Hagen Frhr. Von Diepenbroick in his capacity as insolvency administrator over the assets of Kommanditgesellschaft MS "CPO OCEANIA" Offen Reederei UG (haftungsbeschränkt) & Co. and Fellow Shipping Co. with respect to the Memorandum of Agreement dated August 31, 2018 <sup>(76)</sup>
- 4.80 Addendum No. 2 dated October 31, 2018 between Dr. Hagen Frhr. Von Diepenbroick in his capacity as insolvency administrator over the assets of Kommanditgesellschaft MS "CPO OCEANIA" Offen Reederei UG (haftungsbeschränkt) & Co. and Fellow Shipping Co. with respect to the Memorandum of Agreement dated August 31, 2018 <sup>(77)</sup>
- 4.81 On Demand Guarantee dated September 14, 2018 by the registrant in favor of Uniper Global Commodities SE in respect of the charterparty for the Partnership <sup>(78)</sup>
- 4.82 On Demand Guarantee dated September 14, 2018 by the registrant in favor of Uniper Global Commodities SE in respect of the charterparty for the Lordship <sup>(79)</sup>
- 4.83 Sale and Purchase Agreement dated September 19, 2018 between Seenergy Management Corp. and Hyundai Materials Corporation <sup>(80)</sup>
- 4.84 Addendum No. 1 to Sale and Purchase Agreement dated September 28, 2018 between Seenergy Management Corp. and Hyundai Materials Corporation in respect of the Sale and Purchase Agreement dated September 19, 2018 <sup>(81)</sup>
- 4.85 Memorandum of Agreement dated September 20, 2018 between Guardian Shipping Co. and Xiang B7 HK International Ship Lease Co., Limited <sup>(82)</sup>
- 4.86 Addendum No.1 dated September 27, 2018 between Guardian Shipping Co. and Xiang B7 HK International Ship Lease Co., Limited in respect of the Memorandum of Agreement dated September 20, 2018 <sup>(83)</sup>
- 4.87 Addendum No.2 dated October 26, 2018 between Guardian Shipping Co. and Xiang B7 HK International Ship Lease Co., Limited in respect of the Memorandum of Agreement dated September 20, 2018 <sup>(84)</sup>
- 4.88 Memorandum of Agreement dated September 20, 2018 between Gladiator Shipping Co. and Xiang B8 HK International Ship Lease Co., Limited <sup>(85)</sup>

4.89 Addendum No. 1 dated September 27, 2018 between Gladiator Shipping Co. and Xiang B8 HK International Ship Lease Co., Limited in respect of the Memorandum of Agreement dated September 20, 2018 <sup>(86)</sup>  
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- 4.90 Sale and Purchase Agreement dated September 28, 2018 between Champion Marine Co. and Hyundai Materials Corporation <sup>(87)</sup>
- 4.91 Memorandum of Agreement dated November 5, 2018 between Champion Ocean Navigation Co. Limited, Seanergy Maritime Holdings Corp. and Cargill International SA\*
- 4.92 Bareboat Charter Agreement dated November 7, 2018 between Cargill International SA and Champion Marine Co. for the Championship\*
- 4.93 Registration Rights Agreement dated November 7, 2018 between the registrant and Cargill International SA\*
- 4.94 Guarantee and Indemnity dated November 7, 2018 between the registrant and Cargill International SA\*
- 4.95 Facility Agreement dated February 13, 2019 between Partner Shipping Co. Limited, the registrant, and Amsterdam Trade Bank N.V.\*
- 8.1 List of Subsidiaries\*
- 12.1 Certificate of Principal Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act\*
- 12.2 Certificate of Principal Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act\*
- 13.1 Certificate of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002\*
- 13.2 Certificate of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002\*
- 15.1 Consent of Ernst & Young (Hellas) Certified Auditors-Accountants S.A.\*
- 101 The following financial information from the registrant's annual report on Form 20-F for the fiscal year ended December 31, 2018, formatted in Extensible Business Reporting Language (XBRL)\*
- (1) Consolidated Balance Sheets as of December 31, 2018 and 2017;
  - (2) Consolidated Statements of Income/(loss) for the years ended December 31, 2018, 2017 and 2016;
  - (3) Consolidated Statements of Shareholders' (Deficit) / Equity for the years ended December 31, 2018, 2017 and 2016; and
  - (4) Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016.

\* Filed herewith

- (1) Incorporated herein by reference to Annex M to Exhibit 99.1 to the registrant's report on Form 6-K filed with the Commission on July 31, 2008 (File No. 001-33690).
- (2) Incorporated herein by reference to Exhibit 99.1 to the registrant's report on Form 6-K filed with the Commission on July 20, 2011.
- (3) Incorporated herein by reference to Exhibit 3.3 to the registrant's registration statement on Form F-1MEF filed with the Commission on August 28, 2009 (File No. 333--161595).
- (4) Incorporated herein by reference to Exhibit 3.4 to the registrant's report on Form 6-K filed with the Commission on September 16, 2010 (File No. 001-34848).
- (5) Incorporated herein by reference to Exhibit 1 to the registrant's report on Form 6-K filed with the Commission on June 27, 2011.

Explanation of Responses:

(6) Incorporated herein by reference to Exhibit 1 to the registrant's report on Form 6-K filed with the Commission on August 5, 2011.

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- (7) Incorporated herein by reference to Exhibit 3.7 to the registrant's report on Form 6-K filed with the Commission on January 7, 2016.
- (8) Incorporated herein by reference to Exhibit 3.8 to the registrant's report on Form 6-K filed with the Commission on March 19, 2019.
- (9) Incorporated herein by reference to Exhibit 4.1 to the registrant's report on Form 6-K filed with the Commission on March 19, 2019.
- (10) Incorporated herein by reference to Exhibit 4.1 to the registrant's annual report on Form 20-F filed with the Commission on April 28, 2017.
- (11) Incorporated herein by reference to Exhibit 4.2 to the registrant's annual report on Form 20-F filed with the Commission on April 28, 2017.
- (12) Incorporated herein by reference to Exhibit C to the Schedule 13D/A related to the registrant filed by United Capital Investments Corp. with the Commission on September 12, 2014.
- (13) Incorporated herein by reference to Exhibit D to the Schedule 13D related to the registrant filed by Jelco Delta Holding Corp. with the Commission on March 12, 2015.
- (14) Incorporated herein by reference to Exhibit 4.5 to the registrant's annual report on Form 20-F filed with the Commission on March 7, 2018.
- (15) Incorporated herein by reference to Exhibit 4.51 to the registrant's annual report on Form 20-F filed with the Commission on April 21, 2015.
- (16) Incorporated herein by reference to Exhibit 4.10 to the registrant's annual report on Form 20-F filed with the Commission on April 20, 2016.
- (17) Incorporated herein by reference to Exhibit 4.11 to the registrant's annual report on Form 20-F filed with the Commission on April 20, 2016.
- (18) Incorporated herein by reference to Exhibit 10.9 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (19) Incorporated herein by reference to Exhibit 10.10 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (20) Incorporated herein by reference to Exhibit 4.12 to the registrant's annual report on Form 20-F filed with the Commission on April 20, 2016.
- (21) Incorporated herein by reference to Exhibit 4.52 to the registrant's annual report on Form 20-F filed with the Commission on April 21, 2015.
- (22) Incorporated herein by reference to Exhibit 4.14 to the registrant's annual report on Form 20-F filed with the Commission on April 20, 2016.
- (23) Incorporated herein by reference to Exhibit 4.15 to the registrant's annual report on Form 20-F filed with the Commission on April 20, 2016.
- (24) Incorporated herein by reference to Exhibit 4.13 to the registrant's annual report on Form 20-F filed with the Commission on March 7, 2018.
- (25) Incorporated herein by reference to Exhibit 4.53 to the registrant's annual report on Form 20-F filed with the Commission on April 21, 2015.
- (26) Incorporated herein by reference to Exhibit 4.17 to the registrant's annual report on Form 20-F filed with the Commission on April 20, 2016.
- (27) Incorporated herein by reference to Exhibit 10.18 to the registrant's registration statement on Form F-1 filed with the Commission on October 28, 2016.
- (28) Incorporated herein by reference to Exhibit 10.19 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (29) Incorporated herein by reference to Exhibit B to the Schedule 13D/A related to the registrant filed by Jelco Delta Holding Corp. with the Commission on April 13, 2015.
- (30) Incorporated herein by reference to Exhibit 10.17 to the registrant's registration statement on Form F-1 filed with the Commission on October 20, 2017.
- (31) Incorporated herein by reference to Exhibit 10.18 to the registrant's registration statement on Form F-1 filed with the Commission on October 20, 2017.

- (32) Incorporated herein by reference to Exhibit B to the Schedule 13D/A related to the registrant filed by Jelco Delta Holding Corp. with the Commission on October 20, 2017.
- (33) Incorporated herein by reference to Exhibit 4.57 to the registrant's annual report on Form 20-F filed with the Commission on April 21, 2015.

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- (34) Incorporated herein by reference to Exhibit 4.58 to the registrant's annual report on Form 20-F filed with the Commission on April 21, 2015.
- (35) Incorporated herein by reference to Exhibit 4.38 to the registrant's annual report on Form 20-F filed with the Commission on April 20, 2016.
- (36) Incorporated herein by reference to Exhibit 10.43 to the registrant's registration statement on Form F-1 filed with the Commission on October 28, 2016.
- (37) Incorporated herein by reference to Exhibit 4.43 to the registrant's annual report on Form 20-F filed with the Commission on April 28, 2017.
- (38) Incorporated herein by reference to Exhibit 10.29 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (39) Incorporated herein by reference to Exhibit B to the Schedule 13D/A related to the registrant filed by Jelco Delta Holding Corp. with the Commission on October 29, 2015.
- (40) Incorporated herein by reference to Exhibit C to the Schedule 13D/A related to the registrant filed by Jelco Delta Holding Corp. with the Commission on December 29, 2015.
- (41) Incorporated herein by reference to Exhibit D to the Schedule 13D/A related to the registrant filed by Jelco Delta Holding Corp. with the Commission on December 29, 2015.
- (42) Incorporated herein by reference to Exhibit A to the Schedule 13D/A related to the registrant filed by Jelco Delta Holding Corp. with the Commission on February 11, 2016.
- (43) Incorporated herein by reference to Exhibit A to the Schedule 13D/A related to the registrant filed by Jelco Delta Holding Corp. with the Commission on March 14, 2016.
- (44) Incorporated herein by reference to Exhibit 10.1 to the registrant's report on Form 6-K filed with the Commission on August 5, 2016.
- (45) Incorporated herein by reference to Exhibit 10.2 to the registrant's report on Form 6-K filed with the Commission on August 5, 2016.
- (46) Incorporated herein by reference to Exhibit 10.3 to the registrant's report on Form 6-K filed with the Commission on August 5, 2016.
- (47) Incorporated herein by reference to Exhibit A to the Schedule 13D/A related to the registrant filed by Jelco Delta Holding Corp. with the Commission on April 7, 2017.
- (48) Incorporated herein by reference to Exhibit 10.34 to the registrant's registration statement on Form F-1 filed with the Commission on October 20, 2017.
- (49) Incorporated herein by reference to Exhibit C to the Schedule 13D/A related to the registrant filed by Jelco Delta Holding Corp. with the Commission on October 20, 2017.
- (50) Incorporated herein by reference to Exhibit 10.41 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (51) Incorporated herein by reference to Exhibit 4.39 to the registrant's annual report on Form 20-F filed with the Commission on April 20, 2016.
- (52) Incorporated herein by reference to Exhibit 10.45 to the registrant's registration statement on Form F-1 filed with the Commission on October 28, 2016.
- (53) Incorporated herein by reference to Exhibit 10.46 to the registrant's registration statement on Form F-1 filed with the Commission on October 28, 2016.
- (54) Incorporated herein by reference to Exhibit 4.47 to the registrant's annual report on Form 20-F filed with the Commission on April 28, 2017.
- (55) Incorporated herein by reference to Exhibit 10.40 to the registrant's registration statement on Form F-1 filed with the Commission on October 20, 2017.
- (56) Incorporated herein by reference to Exhibit 10.47 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (57) Incorporated herein by reference to Exhibit 10.48 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (58) Incorporated herein by reference to Exhibit 4.40 to the registrant's annual report on Form 20-F filed with the Commission on April 20, 2016.

- (59) Incorporated herein by reference to Exhibit 10.48 to the registrant's registration statement on Form F-1 filed with the Commission on October 28, 2016.
- (60) Incorporated herein by reference to Exhibit 10.51 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.

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- (61) Incorporated herein by reference to Exhibit 10.52 to the registrant's registration statement on Form F-1/A filed with the Commission on November 29, 2016
- (62) Incorporated herein by reference to Exhibit 4.56 to the registrant's annual report on Form 20-F filed with the Commission on April 28, 2017.
- (63) Incorporated herein by reference to Exhibit 4.57 to the registrant's annual report on Form 20-F filed with the Commission on April 28, 2017.
- (64) Incorporated herein by reference to Exhibit 10.57 to the registrant's registration statement on Form F-1 filed with the Commission on October 20, 2017.
- (65) Incorporated herein by reference to Exhibit 10.58 to the registrant's registration statement on Form F-1 filed with the Commission on October 20, 2017.
- (66) Incorporated herein by reference to Exhibit 10.59 to the registrant's registration statement on Form F-1 filed with the Commission on October 20, 2017.
- (67) Incorporated herein by reference to Exhibit 10.60 to the registrant's registration statement on Form F-1 filed with the Commission on October 20, 2017.
- (68) Incorporated herein by reference to Exhibit A to the Schedule 13D/A related to the registrant filed by Jelco Delta Holding Corp. with the Commission on October 20, 2017.
- (69) Incorporated herein by reference to Exhibit D to the Schedule 13D/A related to the registrant filed by Jelco Delta Holding Corp. with the Commission on October 20, 2017.
- (70) Incorporated herein by reference to Exhibit 10.79 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (71) Incorporated herein by reference to Exhibit 10.80 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (72) Incorporated herein by reference to Exhibit 10.81 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (73) Incorporated herein by reference to Exhibit 10.82 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (74) Incorporated herein by reference to Exhibit 10.83 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (75) Incorporated herein by reference to Exhibit 10.84 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (76) Incorporated herein by reference to Exhibit 10.85 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (77) Incorporated herein by reference to Exhibit 10.86 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (78) Incorporated herein by reference to Exhibit 10.87 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (79) Incorporated herein by reference to Exhibit 10.88 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (80) Incorporated herein by reference to Exhibit 10.89 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (81) Incorporated herein by reference to Exhibit 10.90 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (82) Incorporated herein by reference to Exhibit 10.91 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (83) Incorporated herein by reference to Exhibit 10.92 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (84) Incorporated herein by reference to Exhibit 10.93 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (85) Incorporated herein by reference to Exhibit 10.94 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.

- (86) Incorporated herein by reference to Exhibit 10.95 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.
- (87) Incorporated herein by reference to Exhibit 10.96 to the registrant's registration statement on Form F-1 filed with the Commission on November 8, 2018.

SIGNATURES

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

SEANERGY MARITIME HOLDINGS  
CORP.

By: /s/ Stamatios Tsantanis  
Name: Stamatios Tsantanis  
Title: Chairman & Chief Executive Officer

Date: March 22, 2019

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Seanergy Maritime Holdings Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Seanergy Maritime Holdings Corp. (the Company) as of December 31, 2018 and 2017, the related consolidated statements of loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 18.1 (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, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

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

We have served as the Company's auditor since 2012.

Athens, Greece  
March 22, 2019  
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Seanergy Maritime Holdings Corp.

Consolidated Balance Sheets

December 31, 2018 and 2017

(In thousands of US Dollars, except for share and per share data)

	Notes	2018	2017
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	2, 4	6,684	8,889
Restricted cash	4, 7	260	1,550
Accounts receivable trade, net	2	2,649	3,626
Inventories	5	5,289	4,797
Prepaid expenses and other current assets		1,594	636
Deferred voyage expenses	2	407	-
Total current assets		16,883	19,498
Fixed assets:			
Vessels, net	6	243,214	254,730
Other fixed assets, net		503	-
Right of use asset - leases	9	615	-
Total fixed assets		244,332	254,730
Other non-current assets:			
Deposits assets, non-current	7	3,495	-
Deferred charges, non-current	2(p)	2,323	846
Restricted cash, non-current	4, 7	500	600
Other non-current assets	7	29	31
<b>TOTAL ASSETS</b>		<b>267,562</b>	<b>275,705</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
Current liabilities:			
Current portion of long-term debt and other financial liabilities, net of deferred finance costs of \$1,078 and \$362, respectively	7, 14	16,195	19,216
Trade accounts and other payables	2	14,426	8,778
Accrued liabilities		4,634	4,725
Lease liability	2	118	-
Deferred revenue	2	890	1,741
Total current liabilities		36,263	34,460
Non-current liabilities:			
Long-term debt and other financial liabilities, net of current portion and deferred finance costs of \$2,308 and \$1,067, respectively	7, 14	179,026	175,805
Due to related parties, non-current	3, 14	19,349	17,342
Long-term portion of convertible notes	3	11,124	6,785
Lease liability, non-current	2	497	-
Total liabilities		246,259	234,392
Commitments and contingencies	9	-	-
<b>STOCKHOLDERS EQUITY</b>			
Preferred stock, \$0.0001 par value; 25,000,000 shares authorized; none issued		-	-

Explanation of Responses:

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Common stock, \$0.0001 par value; 500,000,000 authorized shares as at December 31, 2018 and 2017; 2,666,223 and 2,465,289 shares issued and outstanding as at December 31, 2018 and 2017, respectively	10	-	-
Additional paid-in capital	3	385,846	383,010
Accumulated deficit	2	(364,543)	(341,697)
Total Stockholders' equity		21,303	41,313
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY		267,562	275,705

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

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Seanergy Maritime Holdings Corp.  
Consolidated Statements of Loss  
For the years ended December 31, 2018, 2017 and 2016  
(In thousands of US Dollars, except for share and per share data)

	Notes	2018	2017	2016
Revenues:				
Vessel revenue		94,859	77,710	35,983
Commissions		(3,339 )	(2,876 )	(1,321 )
Vessel revenue, net		91,520	74,834	34,662
Expenses:				
Voyage expenses		(40,184 )	(34,949 )	(21,008 )
Vessel operating expenses		(20,742 )	(19,598 )	(14,251 )
Management fees		(1,042 )	(1,016 )	(895 )
General and administration expenses		(6,500 )	(5,081 )	(4,134 )
Amortization of deferred dry-docking costs		(634 )	(870 )	(556 )
Depreciation		(10,876 )	(10,518 )	(8,531 )
Impairment loss	6	(7,267 )	-	-
Operating income / (loss)		4,275	2,802	(14,713 )
Other income / (expenses), net:				
Interest and finance costs	11	(16,415 )	(12,277 )	(7,235 )
Interest and finance costs - related party	3 & 11	(8,881 )	(5,122 )	(2,616 )
Gain on debt refinancing	7	-	11,392	-
Interest and other income		83	47	20
Foreign currency exchange losses, net		(104 )	(77 )	(45 )
Total other expenses, net		(25,317 )	(6,037 )	(9,876 )
Net loss before income taxes		(21,042 )	(3,235 )	(24,589 )
Income taxes		(16 )	-	(34 )
Net loss		(21,058 )	(3,235 )	(24,623 )
Net loss per common share				
Basic	12	(8.40 )	(1.35 )	(17.97 )
Weighted average common shares outstanding				
Basic	12	2,507,087	2,389,719	1,370,200

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

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Seanergy Maritime Holdings Corp.  
Consolidated Statements of Stockholders' Equity  
For the years ended December 31, 2018, 2017 and 2016  
(In thousands of US Dollars, except for share data)

	Common stock				Total stockholders' equity
	# of Shares	Par Value	Additional paid-in capital	Accumulated deficit	
Balance, January 1, 2016	1,301,494	-	337,123	(313,839 )	23,284
Issuance of common stock and warrants (Note 10)	918,998	-	22,147	-	22,147
Issuance of convertible notes (Note 3)	-	-	9,400	-	9,400
Stock based compensation (Note 13)	50,987	-	624	-	624
Net loss	-	-	-	(24,623 )	(24,623 )
Balance, December 31, 2016	2,271,479	-	369,294	(338,462 )	30,832
Issuance of common stock (Note 10)	193,810	-	2,597	-	2,597
Issuance of convertible notes (Note 3)	-	-	10,389	-	10,389
Stock based compensation (Note 13)	-	-	730	-	730
Net loss	-	-	-	(3,235 )	(3,235 )
Balance, December 31, 2017	2,465,289	-	383,010	(341,697 )	41,313
Adoption of revenue recognition accounting policy adjustment (Note 2)	-	-	-	(1,788 )	(1,788 )
Stock based compensation (Note 13)	80,934	-	1,295	-	1,295
Issuance of common stock (Note 7)	120,000	-	1,541	-	1,541
Net loss	-	-	-	(21,058 )	(21,058 )
Balance, December 31, 2018	2,666,223	-	385,846	(364,543 )	21,303

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

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Seanergy Maritime Holdings Corp.  
Consolidated Statements of Cash Flows  
For the years ended December 31, 2018, 2017 and 2016  
(In thousands of US Dollars)

	2018	2017	2016
Cash flows from operating activities:			
Net loss	(21,058)	(3,235 )	(24,623)
Adjustments to reconcile net loss to net cash provided by / (used in) operating activities:			
Depreciation	10,876	10,518	8,531
Amortization of deferred dry-docking costs	634	870	556
Amortization of deferred finance charges	1,117	531	265
Amortization of convertible note beneficial conversion feature	4,339	2,127	1,163
Stock based compensation	1,295	730	624
Amortization of other deferred charges	63	-	-
Gain on debt refinancing	-	(11,392)	-
Impairment loss	7,267	-	-
Changes in operating assets and liabilities:			
Accounts receivable trade, net	(511 )	(843 )	(1,496 )
Inventories	(492 )	(748 )	(1,069 )
Prepaid expenses and other current assets	(958 )	453	(432 )
Deferred voyage expenses	(707 )	-	-
Deferred charges, non-current	(32 )	(144 )	(934 )
Other non-current assets	2	(26 )	(5 )
Trade accounts and other payables	5,499	2,345	371
Accrued liabilities	(760 )	1,705	14
Deferred revenue	(851 )	(109 )	1,696
Net cash provided by / (used in) operating activities	5,723	2,782	(15,339)
Cash flows from investing activities:			
Vessels acquisitions and improvements	(30,921)	(32,992)	(40,779)
Net proceeds from sale of vessels	22,652	-	-
Other fixed assets, net	(558 )	-	-
Net cash used in investing activities	(8,827 )	(32,992)	(40,779)
Cash flows from financing activities:			
Net proceeds from issuance of common stock and warrants	-	2,637	22,606
Proceeds from long term debt	67,130	34,500	32,000
Proceeds from convertible notes	-	9,000	9,400
Proceeds from related party debt	2,000	16,200	12,800
Repayments of related party debt	-	-	(6,900 )
Payments of financing costs	(1,153 )	(561 )	(584 )
Repayments of long term debt	(68,468)	(36,435)	(650 )
Net cash (used in) / provided by financing activities	(491 )	25,341	68,672
Net (decrease) / increase in cash and cash equivalents and restricted cash	(3,595 )	(4,869 )	12,554
Cash and cash equivalents and restricted cash at beginning of period	11,039	15,908	3,354
Cash and cash equivalents and restricted cash at end of period	7,444	11,039	15,908

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid during the period for:			
Interest	18,504	14,661	7,973

Explanation of Responses:

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Deposits	4,075	-	-
Noncash financing activities:			
Shares issued in connection with financing	1,541	-	-
Conversion of related party debt into convertible note	-	(4,750 )	-

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

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## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

## 1. Basis of Presentation and General Information:

Seanergy Maritime Holdings Corp. (the "Company" or "Seanergy") was formed under the laws of the Republic of the Marshall Islands on January 4, 2008, with executive offices located in Athens, Greece and an office in Hong Kong. The Company provides global transportation solutions in the dry bulk shipping sector through its vessel-owning subsidiaries.

The accompanying consolidated financial statements include the accounts of Seanergy Maritime Holdings Corp. and its subsidiaries (collectively, the "Company" or "Seanergy").

## Reverse stock split

On March 20, 2019, the Company's common stock began trading on a split-adjusted basis, following a February 26, 2019 approval from the Company's Board of Directors to reverse split the Company's common stock at a ratio of one-for-fifteen. No fractional shares were issued in connection with the reverse split. Shareholders who would otherwise hold a fractional share of the Company's common stock will receive a cash payment in lieu of such fractional share (Note 14h). All share and per share amounts disclosed in the consolidated financial statements and notes give effect to this reverse stock split retroactively, for all periods presented.

## a. Subsidiaries in Consolidation:

Seanergy's subsidiaries included in these consolidated financial statements as of December 31, 2018:

Company	Country of Incorporation	Vessel name	Date of Delivery	Date of Sale/Disposal
Seanergy Management Corp.(1)(3)	Marshall Islands	N/A	N/A	N/A
Seanergy Shipmanagement Corp.(1)(3)	Marshall Islands	N/A	N/A	N/A
Sea Glorius Shipping Co.(1)	Marshall Islands	Gloriuship	November 3, 2015	N/A
Sea Genius Shipping Co.(1)	Marshall Islands	Geniuship	October 13, 2015	N/A
Leader Shipping Co.(1)	Marshall Islands	Leadership	March 19, 2015	N/A
Premier Marine Co.(1)	Marshall Islands	Premiership	September 11, 2015	N/A
Gladiator Shipping Co.(1)(Note 6)	Marshall Islands	Gladiatorship	September 29, 2015	October 11, 2018
Guardian Shipping Co.(1)(Note 6)	Marshall Islands	Guardianship	October 21, 2015	November 19, 2018
Champion Ocean Navigation Co. Limited (1)(6)(8)	Malta	Championship	December 7, 2015	November 7, 2018
Squire Ocean Navigation Co.(1)	Liberia	Squireship	November 10, 2015	N/A
Emperor Holding Ltd.(1)	Marshall Islands	N/A	N/A	N/A
Knight Ocean Navigation Co.(1)(8)(Note 7)	Liberia	Knightship	December 13, 2016	June 29, 2018
Lord Ocean Navigation Co.(1)	Liberia	Lordship	November 30, 2016	N/A
Partner Shipping Co. Limited (1)(7)	Malta	Partnership	May 31, 2017	N/A
Pembroke Chartering Services Limited (1)(4)	Malta	N/A	N/A	N/A
Martinique International Corp. (1)(5)	British Virgin Islands	Bremen Max		March 7, 2014

## Explanation of Responses:



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Harbour Business International Corp. (1)(5)	British Virgin Islands	Hamburg Max	September 11, 2008	September 25, 2008	March 10, 2014
Maritime Capital Shipping Limited (1)	Bermuda	N/A	N/A	N/A	N/A
Maritime Capital Shipping (HK) Limited (3)	Hong Kong	N/A	N/A	N/A	N/A
Maritime Glory Shipping Limited (2)	British Virgin Islands	Clipper Glory	May 21, 2010	December 4, 2012	
Maritime Grace Shipping Limited (2)	British Virgin Islands	Clipper Grace	May 21, 2010	October 15, 2012	
Atlantic Grace Shipping Limited (5)	British Virgin Islands	N/A	N/A	N/A	N/A
Fellow Shipping Co. (1)(Note 6)	Marshall Islands	Fellowship	November 22, 2018	N/A	
Champion Marine Co. (1)	Liberia	N/A	N/A	N/A	N/A
Champion Marine Co. (1)	Marshall Islands	N/A	N/A	N/A	N/A

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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

- (1) Subsidiaries wholly owned
- (2) Vessel owning subsidiaries owned by Maritime Capital Shipping Limited (or "MCS")
- (3) Management companies
- (4) Chartering services company
- (5) Dormant companies
- (6) Previously known as Champion Ocean Navigation Co., of the Republic of Liberia and redomiciled to the Republic of Malta on May 23, 2018
- (7) Previously known as Partner Shipping Co., of the Republic of the Marshall Islands and redomiciled to the Republic of Malta on May 23, 2018
- (8) Vessels under bareboat charter

2. Significant Accounting Policies:

(a) Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) and include the accounts and operating results of Seanergy and its wholly-owned subsidiaries where Seanergy has control. Control is presumed to exist when Seanergy, through direct or indirect ownership, retains the majority of the voting interest. In addition, Seanergy evaluates its relationships with other entities to identify whether they are variable interest entities and to assess whether it is the primary beneficiary of such entities. If the determination is made that the Company is the primary beneficiary, then that entity is included in the consolidated financial statements. When the Company does not have a controlling interest in an entity, but exerts a significant influence over the entity, the Company applies the equity method of accounting. All significant intercompany balances and transactions and any intercompany profit or loss on assets remaining with the Group have been eliminated in the accompanying consolidated financial statements.

The Company deconsolidates a subsidiary or derecognizes a group of assets when the Company no longer controls the subsidiary or group of assets specified in Accounting Standards Codification (ASC or Codification) 810-10-40-3A. When control is lost, the Company derecognizes the assets and liabilities of the qualifying subsidiary or group of assets. The Financial Accounting Standards Board ("FASB") concluded that the loss of control and the related deconsolidation of a subsidiary or derecognition of a group of assets specified in ASC 810-10-40-3A is a significant economic event that changes the nature of the investment held in the subsidiary or group of assets. Based on this consideration, a gain or loss is recognized upon the deconsolidation of a subsidiary or derecognition of a group of assets.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Significant items subject to such estimates include evaluation of relationships with other entities to identify whether they are variable interest entities, determination of vessel useful lives, allocation of purchase price in a business combination, determination of vessels' impairment and determination of goodwill impairment.

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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

(c) Foreign Currency Translation

Seanergy's functional currency is the United States dollar since the Company's vessels operate in international shipping markets and therefore primarily transact business in U.S. Dollars. The Company's books of accounts are maintained in U.S. Dollars. Transactions involving other currencies are translated into the United States dollar using exchange rates that are in effect at the time of the transaction. At the balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are translated to United States dollars at the foreign exchange rate prevailing at year-end. Gains or losses resulting from foreign currency translation are reflected in the consolidated statement of loss.

(d) Concentration of Credit Risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents and trade accounts receivable. The Company places its cash and cash equivalents, consisting mostly of deposits, with high credit qualified financial institutions. The Company performs periodic evaluations of the relative credit standing of the financial institutions in which it places its deposits. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of the financial condition of its customers.

(e) Cash and Cash Equivalents

Seanergy considers time deposits and all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(f) Restricted Cash

Restricted cash is excluded from cash and cash equivalents. Restricted cash represents minimum cash deposits or cash collateral deposits required to be maintained with certain banks under the Company's borrowing arrangements or in relation to bank guarantees issued on behalf of the Company, which are legally restricted as to withdrawal or use. In the event that the obligation relating to such deposits is expected to be terminated within the next twelve months, these deposits are classified as current assets; otherwise they are classified as non-current assets.

(g) Accounts Receivable Trade, Net

Accounts receivable trade, net at each balance sheet date, includes receivables from charterers for hire, freight and demurrage billings, net of a provision for doubtful accounts. Receivables related to spot voyages are determined to be unconditional and include in Accounts Receivable Trade, Net. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. No provision for doubtful accounts was established as of December 31, 2018 and 2017.

(h) Inventories

Inventory is measured at the lower of cost or net realizable value according to the provisions of ASU 2015-11, Inventory. Net realizable value is defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Cost is determined by the first in, first out method.

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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

(i) Insurance Claims

The Company records insurance claim recoveries for insured losses incurred on damage to fixed assets and for insured crew medical expenses and for legal fees covered by directors' and officers' liability insurance. Insurance claim recoveries are recorded, net of any deductible amounts, at the time the Company's fixed assets suffer insured damages or when crew medical expenses are incurred, recovery is probable under the related insurance policies, the claim is not subject to litigation and the Company can make an estimate of the amount to be reimbursed. The classification of the insurance claims into current and non-current assets is based on management's expectations as to their collection dates.

(j) Vessels

Vessels acquired as a part of a business combination are recorded at fair market value on the date of acquisition. Vessels acquired as asset acquisitions are stated at historical cost, which consists of the contract price less discounts, plus any material expenses incurred upon acquisition (delivery expenses and other expenditures to prepare for the vessel's initial voyage). Vessels acquired from entities under common control are recorded at historical cost. Subsequent expenditures for conversions and major improvements are capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Expenditures for routine maintenance and repairs are expensed as incurred.

(k) Vessel Depreciation

Depreciation is computed using the straight-line method over the estimated useful life of the vessels (25 years), after considering the estimated salvage value. Salvage value is estimated by the Company by taking the cost of steel times the weight of the ship noted in lightweight ton. Salvage values are periodically reviewed and revised to recognize changes in conditions, new regulations or for other reasons. Revisions of salvage values affect the depreciable amount of the vessels and affect depreciation expense in the period of the revision and future periods.

(l) Impairment of Long-Lived Assets (Vessels)

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances, such as prevailing market conditions, obsolescence or damage to the asset, business plans to dispose a vessel earlier than the end of its useful life and other business plans, indicate that the carrying amount of the assets, plus unamortized dry-docking costs, may not be recoverable. The volatile market conditions in the dry bulk market with decreased charter rates and decreased vessel market values are conditions that the Company considers to be indicators of a potential impairment for its vessels.

The Company determines undiscounted projected operating cash flows for each vessel and compares it to the vessel's carrying value. When the undiscounted projected operating cash flows expected to be generated by the use of the vessel and/or its eventual disposition are less than the vessel's carrying amount, the Company impairs the carrying amount of the vessel. Measurement of the impairment loss is based on the fair value of the asset as determined by independent valuers and use of available market data. The undiscounted projected operating cash inflows are determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the non-fixed days (based on a combination of one year charter rates estimates and the average of the trailing 10-year historical charter rates, excluding the trough years 2015 and 2016, available for each type of vessel) adjusted for commissions, expected off hires due to scheduled maintenance and estimated unexpected breakdown off hires. The undiscounted projected operating cash outflows are determined by applying various assumptions regarding vessel operating expenses and scheduled maintenance.

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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

(m) Dry-Docking and Special Survey Costs

The Company follows the deferral method of accounting for dry-docking costs and special survey costs whereby actual costs incurred are deferred and are amortized on a straight-line basis over the period through the expected date of the next dry-docking which is scheduled to become due in 2 to 3 years. Dry-docking costs which are not fully amortized by the next dry-docking period are expensed.

(n) Commitments and Contingencies

Liabilities for loss contingencies, arising from claims, assessments, litigation, fines and penalties, environmental and remediation obligations and other sources are recorded when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

(o) Revenue Recognition

Revenues are generated from time charters, bareboat charters and spot charters. A time charter is a contract for the use of a vessel as well as vessel operations for a specific period of time and a specified daily charter hire rate, which is generally payable in advance. Some of the time charters also include profit sharing provisions, under which additional revenue can be realized in the event the spot rates are higher than the base rates under the time charters. A bareboat charter is a contract in which the vessel is provided to the charterer for a fixed period of time at a specified daily rate, which is generally payable in advance. Spot charter agreements are charter hires, where a contract is made in the spot market for the use of a vessel for a specific voyage at a specified charter rate per ton of cargo.

Time charter revenue, including bareboat charter revenue, is recorded over the term of the charter agreement as the service is provided and collection of the related revenue is reasonably assured. Under a time charter, revenue is adjusted for a vessel's off hire days due to major repairs, dry dockings or special or intermediate surveys (Note 2(p)). Spot charter revenue is recognized on a pro-rata basis over the duration of the voyage, when a voyage agreement exists, the price is fixed or determinable, service is provided and the collection of the related revenue is reasonably assured.

On January 1, 2018, the Company adopted ASU No. 2014-09, Revenue from Contracts with Customers and the related amendments ("ASC 606" or "the new revenue standard") using the modified retrospective method, requiring recognition of the cumulative effect of adopting this guidance as an adjustment to the 2018 opening balance of retained earnings and not retrospectively adjusting prior periods. The prior period comparative information has not been restated and continues to be reported under the accounting guidance in effect for these periods. The core principle is that a company should recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The Company has analyzed its contracts with charterers as at the adoption date, and has determined that its spot charters fall under the provisions of ASC 606, while its time charter agreements contain leases which are evaluated under lease guidance as discussed in Note 2(p). ASC 606 indicates that an entity should perform a five-step approach in recognizing revenue, which might require more judgement and estimates compared to previous guidance. The Company assessed its contracts with charterers for spot charters with effect as at January 1, 2018, and concluded that there is one single performance obligation for its spot charters, which is to provide the charterer with a transportation service within a specified time period. In addition, the Company has concluded that spot charters meet the criteria to recognize revenue over time as the charterer simultaneously receives and consumes the benefits of the Company's performance. Previously, voyage revenue was recognized from the latter of the cargo discharge of the previous voyage and the signing of the next charter or date of the new charter party until completion of cargo discharge. Under the new revenue standard, voyage revenue is recognized from the time when the vessel arrives at the load port until completion of cargo discharge. This change results in revenue being recognized over a shorter voyage time period, which may cause additional volatility in revenues and earnings between reporting periods. Under a spot charter, the Company incurs and pays for certain voyage expenses, primarily consisting of bunkers consumption, brokerage commissions,

port and canal costs. Under ASC 606 and after implementation of ASC 340-40 “Other assets and deferred costs” for contract costs, incremental costs of obtaining a contract with a customer, and contract fulfillment costs, should be capitalized and amortized as the performance obligation is satisfied, if certain criteria are met. The Company has adopted the practical expedient

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## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

not to capitalize incremental costs when the amortization period (voyage period) is less than one year. Costs to fulfill the contract prior to arriving at the load port primarily consist of bunkers which are deferred and amortized during the voyage period. Voyage costs arising as performance obligation are expensed as incurred.

The adoption of new standard resulted in an increase in the opening Accumulated deficit balance as of January 1, 2018 of approximately \$1,788 as a result of the adjustment of Vessels revenue and Voyage expenses. The balance sheet accounts affected are Accounts Receivable Trade, Net by \$1,488 and Deferred Voyage Expenses by \$300. Having not adopted ASC 606, the Company's: (i) vessel revenues would have been \$95,202 for the year ended December 31, 2018, (ii) voyage expenses would have been \$40,162 for the year ended December 31, 2018 and (iii) commissions would have been \$3,352 as of December 31, 2018. Having not adopted ASC 606, the Company's consolidated net loss would have been \$352 (approximately \$0.14 per share) less for the year ended December 31, 2018.

## Remaining Performance Obligations

The Company has taken the practical expedient not to disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

## Disaggregation of Revenue

The Company disaggregates its revenue from contracts with customers by the type of charter (time charters and spot charters). The following table presents the Company's net trade accounts receivable disaggregated by revenue source as at December 31, 2018 and 2017:

	December 31,	
	2018	2017
Accounts receivable trade, net from spot charters	2,332	1,855
Accounts receivable trade, net from time charters	317	1,771
Total	2,649	3,626

Deferred revenue represents cash received in advance of performance under the contract prior to the balance sheet date and is realized when the associated revenue is recognized under the contract in periods after such date. Revenue recognized in 2018 from amounts included in deferred revenue at the beginning of the period was approximately \$1,741.

## (p) Leases

In February 2016, the FASB issued ASU No. 2016-02 - Leases (ASC 842), and as amended, it requires lessees to recognize most leases on the balance sheet. This is expected to increase both reported assets and liabilities. The new lease standard does not substantially change lessor accounting. For public companies, the standard will be effective for the first interim reporting period within annual periods beginning after December 15, 2018, although early adoption is permitted. Lessees and lessors will be required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. In July 2018, the FASB issued ASU No. 2018-11, Leases (ASC 842) – Targeted Improvements. The amendments in this Update: (i) provide entities with an additional (and optional) transition method to adopt the new leases standard, under which an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption consistent with preparers' requests and (ii) provide lessors with a practical expedient, by class of underlying asset, to

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## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

not separate non-lease components from the associated lease component and, instead, to account for those components as a single component if both of the following are met: (a) the timing and pattern of transfer of the non-lease component(s) and associated lease component are the same and (b) the lease component, if accounted for separately, would be classified as an operating lease. If the non-lease component or components associated with the lease component are the predominant component of the combined component, an entity is required to account for the combined component in accordance with ASC 606. Otherwise, the entity should account for the combined component as an operating lease in accordance with ASC 842. Under ASC 842, lessees and lessors will be required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. The requirements of this standard include a significant increase in required disclosures.

The Company elected to early adopt ASC 842, as amended from time to time, retrospectively from January 1, 2018, the beginning of the Company's annual period in accordance with ASC 250, using the modified retrospective method. The prior period comparative information has not been restated and continues to be reported under the accounting guidance in effect for those periods (ASC 840), including disclosure requirements. The Company also elected to apply the additional and optional transition method to new and existing leases at the adoption date as well as all the practical expedients discussed above which allowed the Company's existing lease arrangements, in which it was a lessee or lessor, classified as operating leases under ASC 840 to continue to be classified as operating leases under ASC 842. In this respect, no cumulative-effect adjustment was recognized to the 2018 opening balance of retained earnings even though the Company recognized a right of use asset for rental of office space at the adoption date. The Company assessed its new time charter contracts at the adoption date under the new guidance and concluded that these contracts contain a lease with the related executory costs (insurance), as well as non-lease components to provide other services related to the operation of the vessel, with the most substantial service being the crew cost to operate the vessel. The Company concluded that the criteria for not separating lease and non-lease components of its time charter contracts are met, since (i) the time pattern of recognizing revenues for crew and other services for the operation of the vessels is similar to the time pattern of recognizing rental income, (ii) the lease component of the time charter contracts, if accounted for separately, would be classified as an operating lease, and (iii) the predominant component in its time charter agreements is the lease component. In this respect, the Company accounts for the combined component as an operating lease in accordance with ASC 842. The Company will recognize income for variable lease payments in the period when changes in facts and circumstances on which the variable lease payments occur.

The following table presents the Company's income statement figures derived from spot charters for the years ended December 31, 2018:

	December 31, 2018
Vessel revenues	73,769
Commissions	(2,789 )
Voyage expenses	(39,007 )
Total	31,973



## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

The following table presents the Company's income statement figures derived from time charters for the year ended December 31, 2018:

	December 31, 2018
Vessel revenues	21,090
Commissions	(550 )
Voyage expenses	(1,177 )
Total	19,363

Charterers individually accounting for more than 10% of revenues during the years ended December 31, 2018, 2017 and 2016 were:

Customer	2018	2017	2016
A	26 %	17 %	-
B	21 %	-	18 %
C	11 %	17 %	-
D	-	-	12 %

As of December 31, 2018, the Company has entered into three time charter agreements for periods of thirty-three to sixty months, with charterer's option to extend all time charters. The first time charter commenced on November 5, 2018. The remaining two time charters are expected to commence in the second quarter of 2019. As of December 31, 2018, the Company has also entered into agreements for the installation of exhaust gas cleaning systems, or scrubbers, on these vessels. Installation of the scrubbers is expected to take place in 2019. During 2018, an amount of \$2,450 was received as advance from these charterers in order to fund the installation of the scrubbers, on the three vessels associated with these time charters. The charterers will fund the entire cost of the scrubbers. As of December 31, 2018, an amount of \$1,739 out of the advances has been paid by the Company to shipyards as an advance for the scrubbers installation.

## Office lease

In April 2018, the Company moved into new office spaces. Under ASC 842, the lease is classified as an operating lease and a lease liability and right-of-use asset based on the present value of future minimum lease payments have been recognized on the balance sheet. The monthly rent expense is recorded in General and administrative expenses.

## (q) Sale and Leaseback Transactions

In accordance with ASC 842, the Company, as seller-lessee, determines whether the transfer of an asset should be accounted for as a sale in accordance with ASC 606. The existence of an option for the seller-lessee to repurchase the asset precludes the accounting for the transfer of the asset as a sale unless both of the following criteria are met: (1) the exercise price of the option is the fair value of the asset at the time the option is exercised and (2) there are alternative assets, substantially the same as the transferred asset, readily available in the marketplace; and the classification of the leaseback as a finance lease or a sales-type lease, precludes the buyer-lessor from obtaining control of the asset. The existence of an obligation for the Company, as seller-lessee, to repurchase the asset precludes accounting for the transfer of the asset as sale as the transaction would be classified as a financing arrangement by the Company as it effectively retains control of the underlying asset.

Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

If the transfer of the asset meets the criteria of sale, the Company, as seller-lessee recognizes the transaction price for the sale when the buyer-lessor obtains control of the asset, derecognizes the carrying amount of the underlying asset and accounts for the lease in accordance with ASC 842. If the transfer does not meet the criteria of sale, the Company does not derecognize the transferred asset, accounts for any amounts received as a financing arrangement and recognizes the difference between the amount of consideration received and the amount of consideration to be paid as interest.

(r) Commissions

Commissions, which include address and brokerage commissions, are recognized in the same period as the respective charter revenues. Address commissions to third parties are included in Commissions while brokerage commissions to third parties are included in Voyage expenses.

(s) Vessel Voyage Expenses

Vessel voyage expenses primarily consist of port, canal, bunker expenses and brokerage commissions that are unique to a particular charter and are paid for by the charterer under time charter agreements and other non-specified voyage expenses.

(t) Repairs and Maintenance

All repair and maintenance expenses, including major overhauling and underwater inspection expenses are expensed in the year incurred. Such costs are included in Vessel operating expenses.

(u) Financing Costs

Underwriting, legal and other direct costs incurred with the issuance of long-term debt or to refinance existing debt are deferred and amortized to interest expense over the life of the related debt using the effective interest method.

Unamortized fees relating to loans repaid are expensed in the period the repayment is made. The Company presents unamortized deferred financing costs as a reduction of long-term debt in the accompanying balance sheets.

(v) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized, when applicable, for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits in interest expense and penalties in general and administration expenses.

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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

Maritime Capital Shipping (HK) Limited, the Company's management office in Hong Kong, is subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profit for the year. The estimated profits tax for the year ended December 31, 2018 is \$NIL.

Seanergy Management Corp. ("Seanergy Management"), the Company's management company, established in Greece under Greek Law 89/67 (as amended to date), is subject to an annual contribution calculated on the total amount of foreign exchange annually imported and converted to Euros. The contribution to be paid in 2019 by Seanergy Management for 2018 is estimated at \$99.

Two of the Company's vessel-owning subsidiaries were registered in Malta since May 23, 2018. The subsidiaries are subject to a corporate flat tax rate for that period.

Pursuant to the Internal Revenue Code of the United States (the "Code"), U.S. source income from the international operations of ships is generally exempt from U.S. tax if the company operating the ships meets both of the following requirements: (a) the Company is organized in a foreign country that grants an equivalent exception to corporations organized in the United States and (b) either (i) more than 50% of the value of the Company's stock is owned, directly or indirectly, by individuals who are "residents" of the Company's country of organization or of another foreign country that grants an "equivalent exemption" to corporations organized in the United States (50% Ownership Test) or (ii) the Company's stock is "primarily and regularly traded on an established securities market" in its country of organization, in another country that grants an "equivalent exemption" to United States corporations, or in the United States (Publicly-Traded Test).

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

The Company and each of its subsidiaries did not qualify for this statutory tax exemption for the 2018 taxable year, as the Company did not meet the 50% Ownership Test requirement for 2018.

The Company estimates that since no more than the 50% of its shipping income will be treated as being United States source income, the effective tax rate is expected to be 2% and accordingly it anticipates that the impact on its results of operations will not be material. Some of the charterparties contain clauses that permit the Company to seek reimbursement from charterers of any U.S. tax paid. The Company has sought reimbursement and has secured payment from most of its charterers. The Company's U.S. federal income tax based on its U.S. source shipping income for 2018, 2017 and 2016, taking into consideration charterers' reimbursement, was \$NIL, \$NIL and \$34, respectively.

#### (w) Stock-based Compensation

Stock-based compensation represents vested and non-vested common stock granted to directors and employees for their services as well as to non-employees. For common stock granted to directors and employees, the Company calculates stock-based compensation expense for the award based on its fair value on the grant date and recognizes it on an accelerated basis over the vesting period. For common stock granted to non-employees, the Company calculates stock-based compensation expense for the award based on its fair value at each financial reporting date and recognizes the aggregate fair value on the measurement date (i.e., the vesting date). The Company assumes that all non-vested shares will vest. The Company does not include estimated forfeitures in determining the total stock-based compensation expense because it estimates the forfeitures of non-vested shares to be immaterial. The Company re-evaluates the reasonableness of its assumption at each reporting period.

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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

(x) Earnings (Losses) per Share

Basic earnings (losses) per common share are computed by dividing net income (loss) available to Seanergy's shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (losses) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted at the beginning of the periods presented, or issuance date, if later. The treasury stock method is used to compute the dilutive effect of warrants and shares issued under the Equity Incentive Plan. The if-converted method is used to compute the dilutive effect of shares which could be issued upon conversion of the convertible notes. Potential common shares that have an anti-dilutive effect (i.e. those that increase income per share or decrease loss per share) are excluded from the calculation of diluted earnings per share.

(y) Segment Reporting

Seanergy reports financial information and evaluates its operations by total charter revenues and not by the length of vessel employment, customer, or type of charter. As a result, management, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet and thus, Seanergy has determined that it operates under one reportable segment. Furthermore, when Seanergy charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, disclosure of geographic information is impracticable.

(z) Financial Instruments

Derivative instruments (including certain derivative instruments embedded in other contracts) are recorded in the balance sheet as either an asset or liability measured at its fair value, with changes in the derivatives' fair value recognized currently in earnings unless specific hedge accounting criteria are met.

(aa) Fair Value Measurements

The Company follows the provisions of ASC 820, Fair Value Measurement, which defines fair value and provides guidance for using fair value to measure assets and liabilities. The guidance creates a fair value hierarchy of measurement and describes fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In accordance with the requirements of accounting guidance relating to Fair Value Measurements, the Company classifies and discloses its assets and liabilities carried at the fair value in one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities;
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;
- Level 3: Unobservable inputs that are not corroborated by market data.

(ab) Troubled Debt Restructurings

A restructuring of a debt constitutes a troubled debt restructuring if the lender or creditor for economic or legal reasons related to the Company's financial difficulties grants a concession to the Company that it would not otherwise consider. Troubled debt that is fully satisfied by foreclosure, repossession, or other transfer of assets or by grant of equity securities by the Company is included in the term troubled debt restructuring and is accounted as such.

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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

The Company, when issuing or otherwise granting an equity interest to a lender or creditor to fully settle a payable or debt, accounts for the equity interest granted at its fair value. The difference between the fair value of the equity interest granted and the carrying amount of the payable or debt settled is recognized as a gain on restructuring of payables or debt. Legal fees and other direct costs incurred in granting an equity interest to a creditor reduce the fair value of the equity interest issued. All other direct costs incurred in connection with a troubled debt restructuring are charged to expense as incurred.

(ac) Convertible Notes and related Beneficial Conversion Features

The convertible notes are accounted for in accordance with ASC 470-20 "Debt with Conversion and Other Options." The terms of each convertible note included an embedded conversion feature which provided for a conversion at the option of the holder into shares of common stock at a predetermined rate. The Company determined that the conversion features were beneficial conversion features ("BCF") pursuant to ASC 470-20. The Company considered the BCF guidance only after determining that the features did not need to be bifurcated under ASC 815 "Derivatives and Hedging" or separately accounted for under the cash conversion literature of ASC 470-20.

Accounting for an embedded BCF in a convertible instrument requires that the BCF be recognized separately at issuance by allocating a portion of the proceeds equal to the intrinsic value of the BCF to additional paid-in capital, resulting in a discount on the convertible instrument. This discount is accreted from the date on which the BCF is first recognized through the stated maturity date of the convertible instrument using the effective yield method. If the intrinsic value of the BCF is greater than the proceeds allocated to the convertible instrument, the amount of the discount assigned to the BCF is limited to the amount of the proceeds allocated to the convertible instrument. The intrinsic value of the BCF is determined as the number of shares converted from the convertible note times the positive difference between the fair value of the stock on the commitment date and the contractual conversion price.

(ad) Going Concern

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements - Going Concern. ASU No. 2014-15 provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and on related required footnote disclosures. For each reporting period, management is required to evaluate 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.

Recent Accounting Pronouncements adopted

On January 1, 2018, 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. On the same date, the Company adopted ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments—Credit Losses. The amendments in this update clarify that receivables arising from operating leases are not within the scope of Subtopic 326-20. Instead, collectability of receivables arising from operating leases should be accounted for in accordance with Topic 842, Leases. The adoption of ASU No. 2016-13 and ASU No. 2018-19 did not have any effect in the Company's consolidated financial statements and disclosures.

On January 1, 2018, the Company adopted ASU No. 2016-15, Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments, which addresses the following eight specific cash flow issues with the

Explanation of Responses:

objective of reducing the existing diversity in practice: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (COLIs) (including bank-owned life insurance policies (BOLIs)); distributions received from equity method

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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. The adoption of the new accounting guidance did not have a material impact on the Company's consolidated results of operations, financial condition or cash flows.

On January 1, 2018, the Company adopted ASU No. 2017-09, Compensation—Stock Compensation (Topic 718), which clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. ASU 2017-09 allows companies to make certain changes to awards without accounting for them as modifications, and does not change the accounting for modifications. The adoption of this new accounting guidance did not have a material effect on the Company's consolidated results of operations, financial condition or cash flows.

#### Recent Accounting Pronouncements Not Yet Adopted

In June 2018, the FASB issued ASU No. 2018-07, Compensation—Stock Compensation, which concerns improvements to nonemployee share-based payment accounting. The amendments in this Update affect all entities that enter into share-based payment transactions for acquiring goods and services from nonemployees. The amendments in this Update expand the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. An entity should apply the requirements of Topic 718 to nonemployee awards except for specific guidance on inputs to an option pricing model and the attribution of cost (that is, the period of time over which share-based payment awards vest and the pattern of cost recognition over that period). The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The amendments also clarify that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Topic 606, Revenue from Contracts with Customers. Consistent with the accounting requirement for employee share-based payment awards, nonemployee share-based payment awards within the scope of Topic 718 are measured at grant-date fair value of the equity instruments that an entity is obligated to issue when the good has been delivered or the service has been rendered and any other conditions necessary to earn the right to benefit from the instruments have been satisfied. Equity-classified nonemployee share-based payment awards are measured at the grant date. The definition of the term grant date is amended to generally state the date at which a grantor and a grantee reach a mutual understanding of the key terms and conditions of a share-based payment award. Generally, the classification of equity-classified nonemployee share-based payment awards will continue to be subject to the requirements of Topic 718 unless modified after the good has been delivered, the service has been rendered, any other conditions necessary to earn the right to benefit from the instruments have been satisfied, and the nonemployee is no longer providing goods or services. This eliminates the requirement to reassess classification of such awards upon vesting. ASU 2018-07 is effective for public business entities in annual periods beginning after December 15, 2018 and interim periods within those years. Early adoption is permitted, including adoption in any interim period for which financial statements have not yet been issued or made available for issuance, but not before an entity adopts the new revenue guidance. The Company is currently evaluating the provisions of this guidance and assessing its impact on its consolidated financial statements and notes disclosures.

In August 2018, the FASB issued ASU No. 2018-13, 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. ASU No. 2018-13 is effective for annual periods, including

interim periods within those annual periods, beginning after December 15, 2019. 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

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## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted upon issuance of this Update. An entity is permitted to early adopt any removed or modified disclosures upon issuance of this Update and delay adoption of the additional disclosures until their effective date. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and related disclosures.

## 3. Transactions with Related Parties:

## a. Convertible Notes:

## March 12, 2015 - \$4,000 Convertible Note

On March 12, 2015 ("Commitment Date"), the Company issued a convertible note of \$4,000 to Jelco Delta Holding Corp., or Jelco, a company affiliated with Claudia Restis, who is also the Company's principal shareholder, for general corporate purposes. As of December 31, 2018, \$3,800 was outstanding under this note. The next two installments, \$200 each, are due in 2019 and the final installment of \$200, along with a balloon installment of \$3,200, is payable on the final maturity date, March 19, 2020 (Note 14j). The note is secured by a guarantee from the Company's wholly-owned subsidiary, Emperor Holding Ltd., which is the holding company of the vessel-owning subsidiary that owns the Lordship and of the bareboat charterer of the Knightship.

## September 27, 2017 - \$13,750 Convertible Note

On September 27, 2017 ("Commitment Date"), the Company issued a convertible note to Jelco for an amount of \$13,750. On February 13, 2019, the Company and Jelco entered into an amendment to this note (Note 14(d)). As of December 31, 2018, \$13,750 was outstanding under this note. The note is secured by a second preferred mortgage and second priority general assignment covering earnings, insurances and requisition compensation over the Partnership and guarantees from the Company's respective vessel-owning subsidiary that owns the Partnership and from the Company's wholly-owned subsidiary, Emperor Holding Ltd.; all cross collateralized with the loan entered into with Jelco on May 24, 2017, as amended and restated and further supplemented (Note 14). Of the \$13,750 under the note, \$4,750 were used to make a mandatory prepayment under the May 2017 Jelco loan facility (Note 3(b)).

This note was determined to contain a BCF at the commitment date for which the intrinsic value of the BCF was not greater than the proceeds of \$13,750 allocated to the convertible instrument, and the amount of the discount assigned to the BCF was \$10,389.

The debt movement of the above two convertible notes is presented below:

	Applicable limit	Debt discount	Accumulated deficit	Debt
Balance, December 31, 2016	4,000	(4,000 )	425	425
Additions	13,750	(10,389 )	-	3,361
Amortization (Note 11)	-	-	792	792
Balance, December 31, 2017	17,750	(14,389 )	1,217	4,578
Amortization (Note 11)	-	-	2,384	2,384
Balance, December 31, 2018	17,750	(14,389 )	3,601	6,962

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## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

The equity movement of the above two convertible notes is presented below:

	Additional paid-in capital
Balance, December 31, 2016	3,800
Additions	10,389
Balance, December 31, 2017	14,189
Balance, December 31, 2018	14,189

## September 7, 2015 - Revolving Convertible Note

On September 7, 2015 ("Commitment Date"), the Company issued a revolving convertible note to Jelco for an amount up to \$6,765 (the "Applicable Limit") for general corporate purposes. Following ten amendments to the revolving convertible note between December 2015 and September 2018, the Applicable Limit was raised to \$24,665.

Following the tenth amendment on September 1, 2018, a drawdown request of up to \$3,500 may be made by April 10, 2019 (Note 14j) (the "Final Revolving Advance Date"). If the request is not made by the Final Revolving Advance Date, the advance will not be available to be drawn. The aggregate outstanding principal is repayable in December 2022.

The note is secured by a guarantee from the Company's wholly-owned subsidiary, Emperor Holding Ltd. As of December 31, 2018, \$21,165 was outstanding under this note.

The debt movement of the revolving convertible note is presented below:

	Applicable limit	Debt discount	Accumulated deficit	Debt
Balance, December 31, 2016	21,165	(21,165 )	872	872
Amortization (Note 11)	-	-	1,335	1,335
Balance, December 31, 2017	21,165	(21,165 )	2,207	2,207
Additions	3,500	-	-	-
Amortization (Note 11)	-	-	1,955	1,955
Balance, December 31, 2018	24,665	(21,165 )	4,162	4,162

The equity movement of the revolving convertible note is presented below:

	Additional paid-in capital
Balance, December 31, 2016	21,165
Balance, December 31, 2017	21,165
Balance, December 31, 2018	21,165

All three convertible notes bear interest at three-month LIBOR plus a margin of 5% with quarterly interest payments. At Jelco's option, the outstanding principal amount under each of the three convertible notes or any part thereof may be paid at any time in common shares at a conversion price of \$13.50 per share. Jelco will receive customary registration rights with respect to all shares upon conversion.

## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

## b. Loan Agreements:

On October 4, 2016, the Company entered into a \$4,150 loan facility with Jelco to finance the initial deposits for the vessels Lordship and Knightship. As amended, the aggregate amount that could be borrowed was increased to up to \$12,800 (to partially finance the remaining payment for the Lordship and the Knightship). The facility bears interest at LIBOR plus a margin of 8.5% per annum and is repayable in one bullet payment together with accrued interest on the maturity date. Seanergy Maritime Holdings Corp. is the borrower under this facility. On December 14, 2016, the Company prepaid Jelco \$6,900. On February 13, 2019, the Company and Jelco entered into a second amendment and restatement agreement, whereby, among other things, the final repayment date was extended to June 30, 2020 (Note 14(d)). The facility is secured by a second preferred mortgage and second priority general assignment covering earnings, insurances and requisition compensation over the Partnership and guaranteed from the Company's wholly-owned subsidiary, Emperor Holding Ltd. and the vessel-owning subsidiary of the Partnership. As of December 31, 2018, \$5,900 was outstanding under this loan facility and is classified under non-current liabilities. The balance sheet amount is shown net of deferred financing costs.

On May 24, 2017, the Company entered into an up to \$16,200 loan facility with Jelco to partially finance the acquisition of the Partnership. The Company drew down the \$16,200 on May 24, 2017 with an amount of \$4,750 being repaid during 2017 (Note 3(a)). The facility, as amended, currently bears interest at three-month LIBOR plus a margin of 6% per annum which is payable quarterly and the principal is repayable in one bullet payment due on the maturity date. The maturity date, as amended on February 13, 2019, has been deferred to December 30, 2020 (Note 14). The facility is secured by a second preferred mortgage over the Partnership, second priority general assignment covering earnings, insurances and requisition compensation over the vessel, a guarantee from the vessel-owning subsidiary of the Partnership and a guarantee from the Company's wholly-owned subsidiary, Emperor Holding Ltd. (Note 14). As of December 31, 2018, \$11,450 was outstanding under this loan facility and is classified under non-current liabilities.

On April 10, 2018, the Company entered into a \$2,000 loan facility with Jelco for working capital purposes. The Company drew down the \$2,000 on April 12, 2018. The facility, as amended on June 13, 2018 and as further amended on August 11, 2018 and January 31, 2019 (Note 14) by supplemental letters, bears interest at 10% per annum, payable quarterly, and the principal is payable in one bullet payment due by April 1, 2019 (Note 14j). The facility is secured by a guarantee from the Company's wholly-owned subsidiary, Emperor Holding Ltd. As of December 31, 2018, \$2,000 was outstanding under this loan facility and is classified under non-current liabilities.

## 4. Cash and Cash Equivalents and Restricted Cash:

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statement of cash flows:

	December 31, 2018	December 31, 2017
Cash and cash equivalents	6,684	8,889
Restricted cash	260	1,550
Restricted cash, non-current	500	600
Total	7,444	11,039

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## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

Restricted cash as of December 31, 2018 amounts include \$500 of minimum liquidity requirements as per the Amsterdam Trade Bank N.V. loan agreement (Note 7), \$210 in a dry-docking reserve account as per the Amsterdam Trade Bank N.V. loan agreement and \$50 of restricted deposits pledged as collateral regarding credit cards balances with one of the Company's financial institutions. Minimum liquidity, not legally restricted, of \$4,000 as per the Company's credit facilities covenants, calculated as \$500 per owned vessel, is included in Cash and cash equivalents. An aggregate amount of \$2,925 as per the sale and leaseback transactions is included in Cash and cash equivalents (Note 7). As of December 31, 2017, restricted cash amounts included \$1,500 of restricted deposits as contractually required under the loan facility with Northern Shipping Fund III LP, or NSF (Note 7), \$500 of minimum liquidity requirements as per the Amsterdam Trade Bank N.V. loan agreement (Note 7), \$100 in dry-docking reserve accounts as per the Amsterdam Trade Bank N.V. loan agreement and \$50 of restricted deposits pledged as collateral regarding credit cards balances with one of the Company's financial institutions.

## 5. Inventories:

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

	December 31, 2018	December 31, 2017
Lubricants	556	582
Bunkers	4,733	4,215
Total	5,289	4,797

## 6. Vessels, Net:

## Vessels, Net

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

	December 31, 2018	December 31, 2017
Cost:		
Beginning balance	275,582	242,462
- Additions	28,789	33,120
- Disposals	(26,290 )	-
- Impairment charges	(7,267 )	-
Ending balance	270,814	275,582
Accumulated depreciation:		
Beginning balance	(20,852 )	(10,353 )
- Additions	(10,793 )	(10,499 )
- Disposals	4,045	-
Ending balance	(27,600 )	(20,852 )
Net book value	243,214	254,730

## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

On August 31, 2018, the Company entered into an agreement with an unaffiliated third party for the purchase of one second hand Capesize vessel, the Fellowship, for a gross purchase price of \$28,700. The vessel was delivered to the Company on November 22, 2018. The acquisition of the vessel was financed through the loan facility with UniCredit (Note 7) and by cash on hand.

On September 20, 2018, the Company entered into two separate agreements with unaffiliated third parties for the sale of two Supramax vessels, namely the Gladiatorship and the Guardianship for a gross sale price of \$10,960 and \$11,700, respectively. The Gladiatorship and the Guardianship were delivered to their new owners on October 11, 2018 and on November 19, 2018, respectively. Proceeds of \$9,505 from the sale of Gladiatorship and \$10,332 from the sale of Guardianship were retained with UniCredit to fund the acquisition of Fellowship. The specific vessels were impaired since their carrying amount on the sale agreement date was higher than their fair value less cost to sell. Accordingly, an impairment loss of \$7,267 was recognized in the Consolidated Statements of Loss. The fair value of the vessels was determined based on the agreed sale prices (Note 8).

On March 28, 2017, the Company entered into an agreement with an unaffiliated third party for the purchase of a secondhand Capesize vessel, at a gross purchase price of \$32,650. On May 31, 2017, the Company acquired the 2012 Capesize, 179,213 DWT Partnership. The acquisition was financed with the Amsterdam Trade Bank N.V. loan facility (Note 7), the Jelco loan facility entered into on May 24, 2017 (Note 3) and by cash on hand.

Approximately \$89 and \$465 worth of expenditures that increased the earning capacity and improved the efficiency of certain vessels were capitalized during the twelve month periods ended December 31, 2018 and December 31, 2017, respectively.

As of December 31, 2018, all vessels, except for the Knightship and the Championship, are mortgaged to secured loans (Notes 3 and 7).

## 7. Long-Term Debt and Financial Liabilities:

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

	December 31, 2018	December 31, 2017
Secured loan facilities and other financial liabilities	198,607	196,450
Less: Deferred financing costs	(3,386 )	(1,429 )
Total	195,221	195,021
Less - current portion	(16,195 )	(19,216 )
Long-term portion	179,026	175,805

## Secured credit facilities

On March 6, 2015, the Company entered into a loan agreement with Alpha Bank A.E., for a secured loan facility in an amount of \$8,750. The loan was used to partially finance the acquisition of the Leadership. The loan bears interest of LIBOR plus a margin of 3.75% with quarterly interest payments. The loan is guaranteed by the Company and is secured by a first priority mortgage over the vessel. The facility places a restriction on the Company's ability to distribute dividends to its shareholders. The amount of the dividends so declared shall not exceed 50% of Seanergy's net income except in case the cash and marketable securities are equal or greater than the amount required to meet Seanergy's consolidated installment and debt interest payments for the following eighteen-month period. On December 23, 2015, the Company amended the loan agreement with Alpha Bank A.E. in order to (i) defer from

## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

December 31, 2015, to June 30, 2018, the requirement that the Company maintain a corporate leverage ratio (as defined in the loan facility) that does not exceed 75% and (ii) defer from December 31, 2015, to June 30, 2018, the requirement that the Company maintain a ratio of EBITDA to net interest expense (as defined in the loan facility) that is not less than 2:1. On July 28, 2016, the Company further amended the loan agreement with Alpha Bank A.E. in order to defer part of the then next four installments to the final maturity date. Following the reduction of the four installments that was added to the balloon installment, 80% of Leadership's excess earnings (as defined in the loan agreement) during each financial year starting from 2016, shall be applied by Alpha Bank towards payment of the deferred amount until same is fully repaid. On a consolidated basis, we are required to (i) maintain a corporate leverage ratio, as defined in the loan agreement, that will not be (a) at the end of December 31, 2018 higher than 0.85:1.0, the compliance with such obligation to be tested on each financial semester starting from July 1, 2018; (b) on March 31, 2019 higher than 0.80:1.0 and (c) starting from June 1, 2019 and at the end of each accounting period higher than 0.75:1.0, (ii) from July 1, 2018 the consolidated interest cover ratio (EBITDA to Net Interest Expense) shall not be (a) until and including the 31, March 2019, lower than 1.2:1 and (b) as from April 1, 2019 until the expiration of the Security Period, lower than 2:1, and (iii) liquidity in a specified amount. In addition, from July 1, 2017, the borrower shall ensure that the market value of the vessel plus any additional security to total facility outstanding shall not be less than 125%. The outstanding loan balance of \$5,703 as of December 31, 2018 is repayable in five consecutive quarterly installments being \$250 each, and a balloon installment of \$4,453 payable on the final maturity date, March 17, 2020.

On September 1, 2015, the Company entered into a loan agreement with Hamburg Commercial Bank AG, formerly known as HSH Nordbank AG, for a secured loan facility in an amount of \$44,430, or the HCOB Facility. The loan was fully drawn down in 2015 and was used to pay for the acquisition of the vessels Geniuship and Gloriuship. The loan is repayable in quarterly installments being approximately \$1,049 each, along with a balloon installment of \$28,837 payable on the final maturity date, June 30, 2020. On July 2, 2018, the Company made a prepayment of \$3,000, as per the terms of the loan facility. The loan bears interest of LIBOR plus margin 3.75% until the full repayment of the facility, with quarterly interest payments. The loan facility is secured by a first priority mortgage over the two vessels. On March 28, 2018, the Company signed an amendment to the HCOB Facility by which: i) the application of the security cover requirement (as defined in the loan facility) was waived until September 30, 2018, ii) the security cover percentage requirement was amended as follows: 100% during the period commencing on October 1, 2018 and ending on March 31, 2019, 111% during the period commencing on April 1, 2019 and ending on September 30, 2019, and 120% thereafter, iii) the Leverage Ratio covenant was redefined to reflect Net debt / Total assets (as defined in the loan facility) and the relevant threshold was amended to: no more than 85% during the period commencing on June 30, 2018 and ending on December 31, 2018, no more than 80% during the period commencing on January 1, 2019 and ending on March 31, 2019, and no more than 75% thereafter, iv) the ratio of EBITDA to net interest payments (as defined in the loan facility) was amended to: no less than 1.2 times during the period commencing on June 30, 2018 and ending on March 31, 2019, and no less than 2 times thereafter and v) the liquidity covenant applicable on the Company as guarantor was amended to include restricted cash. As of December 31, 2018, the amount outstanding under the facility was \$35,134.

On September 11, 2015, the Company entered into a facility agreement with UniCredit Bank AG, for a secured loan facility in an amount of \$52,705. The loan was fully drawn down in 2015 and was made available to partially finance the acquisition of the vessels Premiership, Gladiatorship and Guardianship. The loan is repayable in eight quarterly installments being \$1,552 each, along with a balloon installment of \$29,425 payable on the final maturity date, December 28, 2020. The loan bears interest of LIBOR plus a margin of 3.20% with quarterly interest payments.

## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

On September 25, 2017, the Company entered into a supplemental letter in order to defer the installment due on September 25, 2017 to October 2, 2017. On April 30, 2018, the Company signed a supplemental letter with UniCredit Bank A.G. by which: i) the Leverage Ratio covenant was redefined to reflect the Group's Net Debt / Consolidated Market Value adjusted assets (excluding cash, cash equivalents and restricted cash) and relevant threshold was amended to: no more than 85% during the period commencing on May 1, 2018 and ending on December 31, 2018, no more than 80% during the period commencing on January 1, 2019 and ending on March 31, 2019 and no more than 75% for the remaining part of the security period, ii) the ratio of EBITDA to net interest payments was amended to: not less than 1.2 times during the period commencing on May 1, 2018 and ending on March 31, 2019 and not less than 2 times for the remaining part of the security period and iii) the security cover percentage requirement was amended as follows: not to be less than 100% during the period commencing on May 1, 2018 and ending on September 30, 2018, not to be less than 111% during the period commencing on October 1, 2018 and ending on June 30, 2019 and not to be less than 120% for the remaining part of the security period. On November 22, 2018, the Company amended and restated the facility to (i) release the respective vessel-owning subsidiaries of the Gladiatorship and the Guardianship as borrowers and (ii) to include the vessel-owning subsidiary of the Fellowship as replacement borrower. The first-priority mortgages over the Gladiatorship and Guardianship and all other securities created in favor of UniCredit for the specific vessels under the UniCredit facility were irrevocably and unconditionally released. The amendment and restatement of the facility did not alter the interest rate, the maturity date, the amortization and the repayment terms of the UniCredit facility or the financial covenants applicable to the Company as guarantor. The amended and restated loan facility is secured by first preferred mortgages and general assignments covering earnings, insurances and requisition compensation over the Premiership and the Fellowship, earnings account pledges, shares security deeds relating to the shares of both vessels' owning subsidiaries, technical and commercial managers' undertakings and, where applicable, charter assignments. As of December 31, 2018, the amount outstanding under the facility was \$41,841.

On November 4, 2015, the Company entered into a loan agreement with Alpha Bank A.E., for a secured loan facility in an amount of \$33,750. The loan was used to partially finance the acquisition of the Squireship. On November 10, 2015, the Company drew down the \$33,750. The loan is repayable in twelve quarterly installments being approximately \$844, each along with a balloon installment of \$20,250 payable on the final maturity date, November 10, 2021. The loan bears interest of LIBOR plus a margin of 3.50% with quarterly interest payments. The loan is guaranteed by the Company and is secured by a first priority mortgage over the vessel and, following the June 29, 2018 amendment, a second priority mortgage over the Leadership. The facility places a restriction on the Company's ability to distribute dividends to its shareholders. The amount of the dividends so declared shall not exceed 50% of the Company's net income except in case the cash and marketable securities are equal or greater than the amount required to meet the Company's consolidated installment and debt interest payments for the following eighteen-month period. On June 29, 2018, the Company further amended the loan agreement with Alpha Bank A.E. Pursuant to the terms of the amendment, i) the ratio of the market value of the Squireship plus any additional security to the total facility outstanding shall not be less than 100% as from April 1, 2019 until March 31, 2020, shall not be less than 111% starting from April 1, 2020 until March 31, 2021 and shall not be less than 125% from April 1, 2021 until the end of the security period, ii) the consolidated interest cover ratio (EBITDA to Net Interest Expense) shall not be (a) until and including March 31, 2019 lower than 1.2:1, the compliance with such obligation to be tested on each Financial Semester Day starting from July 1, 2018 and (b) as from April 1, 2019 until the expiration of the security period, lower than 2:1, the compliance with such obligation to be tested on each Financial Semester Day starting from April 1, 2019 and iii) the Corporate Leverage Ratio as defined in the loan agreement will not be (a) at the end of December 31, 2018 higher than 0.85:1.0, the compliance with such obligation to be tested on each Financial Semester Day starting from July 1, 2018; (b) on March 31, 2019 higher than 0.80:1.0 and (c) starting from June 1, 2019 and at the end of each Accounting Period higher than 0.75:1.0, the compliance with such obligation to be tested on each Financial

Semester Day starting from June 30, 2019. As of December 31, 2018, the amount outstanding under the facility was \$30,375.

On December 2, 2015, the Company entered into a facility agreement with Natixis, for a secured loan facility in an amount of \$39,412. The loan was used to partially finance the acquisition of the Championship. On December 7, 2015, the Company drew down the \$39,412. The loan was repayable in quarterly installments being \$985 each along

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## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

with a balloon installment of \$24,637 payable on the final maturity date, February 26, 2021. The loan bore interest of LIBOR plus a margin of 2.50% with quarterly interest payments. The loan was secured by a first priority mortgage over the vessel. On March 7, 2017, the Company entered into a supplemental agreement and a settlement agreement with Natixis to the secured term loan facility dated December 2, 2015. Under the terms of the supplemental agreement the secured term loan was repayable in four installments: \$2,000 due April 28, 2017, \$2,000 due June 30, 2017, \$3,000 due September 29, 2017, and \$32,412 due May 2, 2018. Under the terms of the settlement agreement, the Company had an option, until September 29, 2017, to satisfy the full amount of the facility by making a prepayment of \$28,000, which included any payments made in connection with the first three installment payments made under the supplemental agreement. Upon such prepayment, the facility would be deemed satisfied in full. On September 29, 2017, Natixis entered into a deed of release and fully discharged the \$35,412 outstanding balance of the secured term loan facility obligations to the lender for a total settlement amount of \$24,000 on September 29, 2017. The first-priority mortgage over the Championship and all other securities created in favour of Natixis were irrevocably and unconditionally released pursuant to the deed of release. In the third quarter of 2017, the Company recognized a gain from the Natixis refinancing of \$11,392, net of \$6 refinancing charges and \$14 write-off of unamortized deferred financing charges.

On November 28, 2016, the Company entered into a \$32,000 secured term loan facility with Northern Shipping Fund III LP, or NSF, to partly finance the acquisition of the two second hand Capesize vessels Lordship and Knightship. The facility bore interest at 11% per annum, which was payable quarterly, and the principal was repayable in four consecutive quarterly installments of \$900 each, commencing on March 13, 2019. On June 13, 2018 and June 28, 2018, respectively, NSF entered into deeds of release, with respect to the Lordship and the Knightship, respectively, resulting in a complete release of the facility agreement dated November 28, 2016 after full settlement of the outstanding balance of \$32,000. The first-priority mortgages over the Lordship and the Knightship and all other securities created in favor of NSF were irrevocably and unconditionally released pursuant to the deeds of release. On May 24, 2017, the Company entered into an up to \$18,000 term loan facility with Amsterdam Trade Bank N.V. to partially finance the acquisition of the Partnership. The loan bore interest at LIBOR plus a margin of 4.65% per annum which is payable quarterly. The principal was repayable by twenty equal consecutive quarterly installments of \$200 each and a balloon installment of \$14,000 due on the maturity date, May 26, 2022. On each quarterly repayment date, an additional repayment of at least \$10, or an integral multiple of that amount, of any excess cash standing in the vessel's operating account would be applied towards reducing the balloon installment. Excess cash, as defined in the loan facility, was any amount above \$1,000. The aggregate amount of the additional repayments would not exceed \$3,600. As of December 31, 2018, the aggregate amount of the additional repayments was \$410. The loan was made available in two drawdowns: (i) \$13,250 was drawn down on May 26, 2017 and (ii) \$4,750 was drawn down on June 22, 2017. The loan facility required that the borrower would maintain in aggregate \$500 as minimum liquidity. The loan was secured by a first priority mortgage and general assignment covering earnings, insurances and requisition compensation over the vessel, an earnings account pledge, shares security deed relating to the shares of the vessel's owning subsidiary, technical and commercial managers' undertakings and a charter assignment.

On September 25, 2017, in order to partially fund the refinancing of the Natixis facility, the Amsterdam Trade Bank loan facility was amended and restated, increasing the loan amount of the facility by an additional tranche of \$16,500, or Tranche B. The principal of Tranche B was repayable by quarterly installments in addition to a balloon installment of any outstanding indebtedness due on the maturity date, May 26, 2022. The amendment and restatement of the facility did not alter the interest rate, the maturity date, the amortization and the repayment terms of the existing tranche under the loan facility, or the financial covenants applicable to the Company as guarantor. The amended and restated loan facility was secured by first preferred mortgages and general assignments covering earnings, insurances and requisition compensation over the Partnership and Championship, earnings account pledges, shares security deeds

relating to the shares of both vessels' owning subsidiaries, technical and commercial managers' undertakings and, where applicable, charter assignments. On May 18, 2018, the Company signed a supplemental agreement with Amsterdam Trade Bank N.V. by which: i) the ratio of EBITDA to net interest payments was amended to: not less than 1.2 times during the period commencing on June 30, 2018 and ending on June 29, 2019 and not less than 2

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## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

times from June 30, 2019 and for the remaining part of the security period and ii) the Leverage Ratio was amended to: no more than 85% during the period commencing on June 30, 2018 and ending on March 30, 2019, no more than 80% during the period commencing on March 31, 2019 and ending on June 29, 2019 and no more than 75% during the period commencing on June 30, 2019 and for the remaining part of the security period. On November 7, 2018, Amsterdam Trade Bank entered into a deed of release with respect to the Championship, releasing the underlying borrower in full after the settlement of the outstanding balance of \$15,700 pertaining to the specific vessel tranche. The first-priority mortgage over the Championship and all other securities created in favor of Amsterdam Trade Bank for the specific vessel tranche were irrevocably and unconditionally released pursuant to the deed of release. The second-priority mortgage over the Championship and all other securities created in favor of Jelco were also irrevocably and unconditionally released pursuant to a separate deed of release. As of December 31, 2018, the amount outstanding under the facility was \$16,390. On February 15, 2019, Amsterdam Trade Bank N.V. entered into a further deed of release with respect to the Partnership resulting in a complete release of the facility agreement after full settlement of the outstanding balance of \$16,390 (Note 14(g)). On February 13, 2019, the Company entered into a new loan facility with Amsterdam Trade Bank N.V. (Note 14(c)).

On June 11, 2018, the Company entered into a \$24,500 loan agreement with Blue Ocean maritime lending funds managed by EnTrustPermal for the purpose of refinancing the outstanding indebtedness of the Lordship under the previous loan facility with NSF dated November 28, 2016. The borrower under the facility is the applicable vessel-owning subsidiary and the facility is guaranteed by the Company. The facility matures in June 2023 and can be extended until June 2025 subject to certain conditions. Specifically, the borrower has the right to sell the vessel back to the lender at a pre-agreed price of \$20,800 on the fifth anniversary of the loan utilization (“Year-5 Put Option”). If the borrower elects to exercise the Year-5 Put Option, the lender has the right to extend the termination date of the loan by a further two years, in which case the exercise of the Year-5 Put Option by the borrower shall be cancelled in its entirety. Furthermore, the borrower has the right to sell the ship back to the lender at a pre-agreed price of \$15,000 on the seventh anniversary of the loan utilization (“Year-7 Put Option”). If the borrower elects to exercise the Year-7 Put Option then the lenders will be obliged to purchase the ship at the pre-agreed price. The new facility is secured by a first priority mortgage over the vessel, general assignment covering earnings, insurances and requisition compensation, an account pledge agreement and a share pledge agreement concerning the respective vessel-owning subsidiary and technical and commercial managers' undertakings. The new loan facility bears a weighted average all-in interest rate of 11.4% and 11.2% assuming a maturity date in June 2023 or in June 2025, respectively. The principal obligation amortizes in 20 or 28 quarterly installments, with a balloon payment of \$15,300 or \$9,500 due at maturity, assuming a maturity date in June 2023 or in June 2025, respectively. The facility also imposes certain customary operating covenants. Certain of these covenants may significantly limit or prohibit, among other things, the borrower's ability to incur additional indebtedness, create liens, sell capital shares of subsidiaries, engage in mergers, or sell the vessel without the consent of the relevant lenders. As of December 31, 2018, the amount outstanding under the facility was \$24,100.

Each secured facility is secured by a first priority mortgage over the respective vessel. As of December 31, 2018, the Company was in compliance with all debt covenants in effect with respect to its secured facilities.

## Other Financial Liabilities - Sale and Leaseback Transactions

On June 28, 2018, the Company entered into a \$26,500 sale and leaseback agreement for the Knightship with Hanchen Limited (“Hanchen”), an affiliate of AVIC International Leasing Co., Ltd., for the purpose of refinancing the outstanding indebtedness of the Knightship under the previous loan facility with NSF dated November 28, 2016. The Company's wholly-owned subsidiary (“Charterer”) sold and chartered back the vessel on a bareboat basis for an eight year period, having a purchase obligation of \$5,299 at the end of the eighth year and having the option to repurchase the Knightship at any time following the second anniversary of the bareboat charter. Under ASC 842-40, the

transaction was accounted for as a financial liability. The bareboat charter is secured by a general assignment covering earnings, insurances and requisition compensation, an account pledge agreement and a share pledge agreement of the shares of the Charterer and technical and commercial managers' undertakings. The Company provided a guarantee to Hanchen.

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## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

Of the \$26,500, \$18,550 were cash proceeds, \$6,625 was withheld by Hanchen as an upfront charterhire upon the delivery of the vessel, and an amount of \$1,325, included in "Deposits assets, non-current" in the consolidated balance sheet, was paid as a deposit by the Charterer to Hanchen upon the delivery of the vessel in order to secure the due observance and performance by the Charterer of its obligations and undertakings as per the sale and leaseback agreement. The deposit can be set off against the balloon payment at maturity. The Charterer is required to maintain a value maintenance ratio (as defined in the additional clauses of the bareboat charter) of at least 120%. In addition, the bareboat charter requires the Charterer to maintain an amount of \$1,325 (Note 4) until the second anniversary of the delivery date or if earlier, a sub-charter in form and substance acceptable to Hanchen is available. The charterhire principal bears interest at LIBOR plus a margin of 4% and amortizes in thirty two consecutive equal quarterly installments of approximately \$456 along with a balloon payment of \$5,299 at maturity on June 29, 2026. The charterhire principal, as of December 31, 2018, is \$18,964.

On November 7, 2018, the Company entered into a \$23,500 sale and leaseback agreement for the Championship with Cargill International SA ("Cargill") for the purpose of refinancing the outstanding indebtedness of the Championship under the previous loan facility with Amsterdam Trade Bank N.V. dated September 25, 2017. The Company sold and chartered back the vessel from Cargill on a sub-bareboat basis for a five year period, having a purchase obligation at the end of the fifth year and subsequently entered into a five-year time charter with Cargill. Under ASC 842-40, the transaction was accounted for as a financial liability. The sub-bareboat charter is secured by an account pledge agreement and technical and commercial managers' undertakings. The Company is required to maintain an amount of \$1,600 which will be used at the vessel repurchase (Note 4). Moreover, under the subject sale and leaseback agreement, an additional tranche was provided to the Company for an amount of up to \$2,750 for the purpose of financing the cost associated with the acquisition and installation on board the Championship of an open loop scrubber system. As of December 31, 2018, \$2,170 remains from this additional tranche, which is included in "Deposits assets, non-current" in the consolidated balance sheet, with the balance of \$580 having been paid towards the acquisition and installation of the open loop scrubber system. The subject tranche has been placed in an escrow account included in "Deposits assets, non-current" in the consolidated balance sheet, in the name of Cargill and will be made available gradually subject to certain progress milestones. The cost of the financing is equivalent to an expected fixed interest rate of 4.71% for five years. The sale and leaseback agreement does not include any financial covenants or security value maintenance provisions. The Company has continuous options to buy back the vessel during the whole five-year sale and leaseback period at predetermined prices as set forth in the agreement and at the end of which period it has a purchase obligation at \$14,051. Additionally, at the time of purchase, if the market value of the vessel is greater than a floor price, the Company will pay to Cargill 20% of the difference between the market price and the floor price. The floor price, as set forth in the agreement, starts at \$30,000 on November 7, 2018, and amortizes to \$22,773 at the end of the five year term. The Company has concluded that such contingency shall not be accrued in the consolidated financial statements, since information available does not indicate that it is probable that a liability has been incurred as of the latest balance sheet date and cannot be estimated. Moreover, as part of the transaction, the Company has issued 120,000 of its common shares to Cargill which are subject to customary statutory registration requirements. The fair market value of the shares on the date issued to Cargill will be amortized over the lease term using the effective interest method. The unamortized balance is classified in other financial liabilities on the consolidated balance sheet. The charterhire principal amortizes in sixty monthly installments averaging approximately \$167 each along with a balloon payment of \$14,051, including the additional scrubber tranche, at maturity on November 7, 2023. The charterhire principal, as of December 31, 2018, is \$26,101.

The borrowers under each of the existing financing arrangements are the applicable vessel owning subsidiaries or bareboat charterers of the vessels, as applicable, and the facilities are guaranteed by Seanergy Maritime Holdings Corp.

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At December 31, 2018, eight of the Company's owned vessels, having a net carrying value of \$187,415, were subject to first and second priority mortgages as collateral to their loan facilities. In addition, the Company's two bareboat chartered vessels, having a net carrying value of \$55,799 at December 31, 2018, collateralized the Company's bareboat lease agreements.

The annual principal payments required to be made after December 31, 2018, are as follows:

Twelve month periods ending	Amount
2019	17,273
2020	84,511
2021	31,190
2022	20,868
Thereafter	44,765
Total	198,607

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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

#### 8. Financial Instruments:

The guidance for fair value measurements applies to all assets and liabilities that are being measured and reported on a fair value basis. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The same guidance requires that assets and liabilities carried at fair value should be classified and disclosed in one of the following three categories based on the inputs used to determine its fair value:

- 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.

#### (a) Significant Risks and Uncertainties, including Business and Credit Concentration

The Company places its temporary cash investments, consisting mostly of deposits, primarily with high credit qualified financial institutions. The Company 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.

#### (b) Interest Rate Risk

##### Fair Value of Financial Instruments

The fair values of the financial instruments shown in the consolidated balance sheets as of December 31, 2018 and December 31, 2017, represent management's best estimate of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Company's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Company based on the best information available in the circumstances. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- a. Cash and cash equivalents, restricted cash, accounts receivable trade, other current assets and trade accounts and other payables: the carrying amounts approximate fair value because of the short maturity of these instruments. The carrying value approximates the fair market value for interest bearing cash classified as restricted cash, non-current.
- Long-term debt and other financial liabilities: The carrying value of long-term debt and other financial liabilities with variable interest rates approximates the fair market value as the long-term debt and other financial liabilities bear interest at floating interest rate. The fair value of fixed interest long-term debt is estimated using prevailing market rates as of the period end. The Company believes the terms of its fixed interest long-term debt are similar to those that could be procured as of December 31, 2018, and the carrying value of \$2,000 approximates the fair market value of \$2,007. The fair value of the fixed interest long-term debt has been obtained through Level 2 inputs of the fair value hierarchy.

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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

## 9. Commitments and Contingencies:

### Contingencies

Various claims, lawsuits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Company's vessels. Currently, management is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements.

The Company accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. Currently, management is not aware of any such claims or contingent liabilities that should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements. The Company is covered for liabilities associated with the individual vessels' actions to the maximum limits as provided by Protection and Indemnity (P&I) Clubs, members of the International Group of P&I Clubs.

### Commitments

As discussed in Note 2(p), the Company employees certain of its' vessels under lease agreements. Time charters typically may provide for variable lease payments with charterers' options to extend the lease terms and termination clauses. The Company's time charters range from 5 to 60 months and extension periods vary from 3 to 18 months. In addition, the time charters contain termination clauses which protect either the Company or the charterers from material adverse situations. Variable lease payments in the Company's time charters vary based on changes on freight market index. The Company has the option to convert some of these variable lease payments to fixed based on the prevailing Capesize forward freight agreement rates.

Future minimum contractual charter revenue, based on vessels committed to non-cancelable, time charter contracts as of December 31, 2018, will be \$30,805 during the years 2019 to 2023. These amounts do not include any assumed off-hire.

The following table sets forth the Company's future minimum contractual charter revenue as at December 31, 2018:

Twelve month periods ending December 31,	Amount
2019	8,540
2020	5,661
2021	5,738
2022	5,831
2023	5,035
Total	30,805

In April 2018, the Company moved into its new office spaces under a five year lease term, with a Company option to extend the lease term for another five years. The monthly rent is Euro 13,000 (or \$15 based on the Euro/U.S. dollar exchange rate of €1.0000:\$1.145 as of December 31, 2018), which is adjusted annually by one percent for inflation. The first year rent payments have been prepaid as of December 31, 2018. Under ASC 842, the lease is classified as an operating lease and a lease liability and right-of-use asset based on the present value of future minimum lease payments have been recognized on the balance sheet. The monthly rent expense is recorded in General and administrative expenses.

The following table sets forth the Company's office rental obligations as at December 31, 2018:

Twelve month periods ending December 31,	Amount
2019	128

Explanation of Responses:



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2020	182
2021	184
2022	185
2023	54
Total	733
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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

#### 10. Capital Structure:

##### (a) Common Stock

On January 8, 2016, the Company effected a one-for-five reverse stock split of the Company's issued common stock. The reverse stock split ratio and the implementation and timing of the reverse stock split were determined by the Company's Board of Directors. The reverse stock split did not change the authorized number of shares or par value of the Company's common stock or preferred stock but did effect a proportionate adjustment to the number of shares of common stock issuable upon the vesting of restricted stock awards, and the number of shares of common stock eligible for issuance under the Plan.

On August 5, 2016, the Company entered into a securities purchase agreement with an unaffiliated third party, which is an institutional investor, under which the Company sold 78,666 of its common shares in a registered direct offering at a price of \$62.25 per share. On August 10, 2016, the Company completed the registered direct offering for net proceeds of approximately \$4,080. The net proceeds of this offering were used for general corporate purposes.

On November 18, 2016, the Company entered into a securities purchase agreement with unaffiliated third parties, which are institutional investors, under which the Company sold 87,000 of its common shares in a registered direct offering at a price of \$41.25 per share. On November 23, 2016, the Company completed the registered direct offering for net proceeds of approximately \$3,210, which proceeds were used for general corporate purposes, including funding of vessel acquisitions.

On December 13, 2016, the Company completed its public offering of 666,666 of its common shares and 10,000,000 class A warrants to purchase an aggregate of 666,666 common shares of the Company, at a combined price of \$22.50 per share and class A warrant. The offering was in connection with the Company's form F-1 filed with the SEC on October 28, 2016, which was further amended on November 29, 2016, December 5, 2016, December 6, 2016 and December 8, 2016. The net proceeds were approximately \$13,081, which proceeds were used to prepay \$6,900 of the Jelco loan facility (Note 3) and for general corporate purposes, including funding of vessel acquisitions.

On December 21, 2016, the Company completed the sale of an additional 86,666 of its common shares and 1,500,000 class A warrants to purchase 86,666 common shares of the Company, at a price of \$22.35 per share and \$0.01 per class A warrant, respectively, pursuant to the exercise of the over-allotment option granted to the underwriters in the Company's public offering that closed on December 13, 2016. The net proceeds were approximately \$1,775, which proceeds were used for general corporate purposes, including funding of vessel acquisitions.

On February 3, 2017, the Company entered into an Equity Distribution Agreement with Maxim Group LLC, or "Maxim", as sales agent, under which the Company would offer and sell, from time to time through Maxim up to \$20,000 of its common shares. The Company would determine, at its sole discretion, the timing and number of shares to be sold pursuant to the Equity Distribution Agreement along with any minimum price below which sales would not be made. Maxim would make any sales pursuant to the Equity Distribution Agreement using its commercially reasonable efforts consistent with its normal trading and sales practices. Sales of common shares, if any, would be made by means of ordinary brokers' transactions on the Nasdaq Capital Market, in negotiated transactions or transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices. On June 27, 2017, the Company and Maxim mutually terminated the Equity Distribution Agreement. As of June 27, 2017, the Company has sold a total of 185,477 of its common shares for aggregate net proceeds of \$2,597 in connection with this public at-the-market offering. Maxim has received aggregate compensation for such sales of \$86 as of June 27, 2017.

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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

On April 10, 2017, the Company issued 8,333 of its common shares to an unaffiliated third party for the provision of professional services related to the Company's internet-based investor relations efforts.

On May 18, 2017, the Company was notified by NASDAQ that it was no longer in compliance with NASDAQ Listing Rule 5550(a)(2) because the closing bid price of the Company's common stock for 30 consecutive business days, from April 5, 2017 to May 17, 2017, was below the minimum \$1.00 per share bid price requirement for continued listing on the Nasdaq Capital Market. This notification had no effect on the listing of the Company's common stock, and the applicable grace period to regain compliance was 180 days, expiring on November 14, 2017. The Company could cure this deficiency if the closing bid price of its common stock was \$1.00 per share or higher for at least ten consecutive business days during the grace period. On September 5, 2017, the Company received a letter from The Nasdaq Stock Market confirming that it has regained compliance with the minimum bid price requirement. On April 23, 2018, the Company received written notification from the NASDAQ Stock Market, indicating that because the closing bid price of the Company's common stock for 30 consecutive business days, from March 8, 2018 to April 20, 2018, was below the minimum \$1.00 per share bid price requirement for continued listing on the Nasdaq Capital Market, the Company was not in compliance with Nasdaq Listing Rule 5550(a)(2). Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the applicable grace period to regain compliance was 180 days, or until October 22, 2018. On October 23, 2018, the Company received written notification from the NASDAQ Stock Market, indicating that the Company was granted an additional 180-day grace period, until April 22, 2019, to cure its non-compliance with Nasdaq Listing Rule 5550(a)(2). The Company can cure this deficiency if the closing bid price of its common stock is \$1.00 per share or higher for at least ten consecutive business days during the grace period. The Company intends to cure the deficiency with a reverse stock split effectuated on March 20, 2019. During this time, the Company's common stock will continue to be listed and trade on the Nasdaq Capital Market.

On March 20, 2019, the Company's common stock began trading on a split-adjusted basis, following a February 26, 2019 approval from the Company's Board of Directors to reverse split the Company's common stock at a ratio of one-for-fifteen. No fractional shares were issued in connection with the reverse split. Shareholders who would otherwise hold a fractional share of the Company's common stock will receive a cash payment in lieu of such fractional share. All share and per share amounts disclosed in the consolidated financial statements and notes give effect to this reverse stock split retroactively, for all periods presented (Note 14h).

On November 7, 2018, the Company issued 120,000 of its common shares to Cargill as part of the sale and leaseback transaction (Note 7).

(b) Warrants

On December 13, 2016, in connection with the public offering of December 13, 2016, the Company granted 10,000,000 class A warrants with an exercise price of \$30.00 each. In connection with the offering, the Company also issued the representative of the underwriters a warrant ("Warrant I") to purchase 33,333 of its common shares ("Warrant Shares"). The purchase price of one Warrant Share, which will be received by the Company, is equal to \$28.13. Exercise of the purchase rights represented by Warrant I may be made, in whole or in part. The class A warrants were approved for listing on the Nasdaq Capital Market and trade under the ticker symbol "SHIPW" beginning on December 8, 2016. The class A warrants are immediately exercisable and expire on December 13, 2021. The Warrant I is exercisable beginning June 6, 2017 and expires on December 7, 2019. If and only if an effective registration statement covering the issuance of the common shares under the class A warrants is not available, the class A warrants may be exercised, at the holder's option, pursuant to the "cashless exercise" clause of the class A warrant agreement. Under the "cashless exercise", the holder will receive a net number of common shares determined according to class A warrant agreement. Similarly, if and only if an effective registration statement covering the issuance of the common shares under Warrant I is not available, the Warrant I may be exercised, at the holder's option, pursuant to the "cashless exercise" clause of the representative's warrant agreement. Under the



Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

"cashless exercise", the holder will receive a net number of common shares determined according to representative's warrant agreement. The Company may call the class A warrants for cancellation upon ten trading days prior written notice commencing thirteen months after issuance, subject to certain conditions, including the volume weighted average price of the Company's common shares exceeding \$105.00 for a period of ten consecutive trading days. On December 21, 2016, in connection with the exercise of the over-allotment option granted to the underwriters in the public offering of December 13, 2016, the Company granted an additional 1,500,000 class A warrants at a price of \$0.01 per class A warrant with an exercise price of \$30.00 each. In connection with the offering, the Company also issued the representative of the underwriters a warrant ("Warrant II") to purchase 4,333 of its common shares ("Warrant Shares"). The purchase price of one Warrant Share, which will be received by the Company, is equal to \$28.13. Exercise of the purchase rights represented by Warrant II may be made, in whole or in part. The class A warrants are immediately exercisable and expire on December 13, 2021. If and only if an effective registration statement covering the issuance of the common shares under the class A warrants is not available, the class A warrants may be exercised, at the holder's option, pursuant to the "cashless exercise" clause of the class A warrant agreement. Under the "cashless exercise", the holder will receive a net number of common shares determined according to class A warrant agreement. Similarly, if and only if an effective registration statement covering the issuance of the common shares under Warrant II is not available, the Warrant II may be exercised, at the holder's option, pursuant to the "cashless exercise" clause of the representative's warrant agreement. Under the "cashless exercise", the holder will receive a net number of common shares determined according to representative's warrant agreement. The Warrant II is exercisable beginning June 6, 2017 and expires on December 7, 2019. As of December 31, 2018, the Company had outstanding warrants, including both the class A warrants and Warrant I and Warrant II issued to the representative of the underwriters, exercisable to purchase an aggregate of 804,333 shares of the Company's common shares.

#### 11. Interest and Finance Costs:

Interest and finance costs are analyzed as follows:

	Year ended December 31,		
	2018	2017	2016
Interest on long-term debt	14,819	11,698	6,943
Amortization of debt issuance costs	1,173	518	265
Other	423	61	27
Total	16,415	12,277	7,235

Interest and finance costs-related party are analyzed as follows:

	Year ended December 31,		
	2018	2017	2016
Interest on long-term debt - related party	1,724	1,182	155
Amortization of debt issuance costs related party	7	13	-
Convertible notes interest expense	2,811	1,800	1,298
Convertible notes amortization of debt discount	4,339	2,127	1,163
Total	8,881	5,122	2,616

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Explanation of Responses:

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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

## 12. Loss per Share:

The calculation of net loss per common share is summarized below:

	For the years ended December 31,		
	2018	2017	2016
Net loss	(21,058 )	(3,235 )	(24,623 )
Weighted average common shares outstanding – basic	2,507,087	2,389,719	1,370,200
Net loss per common share – basic	\$(8.40 )	\$(1.35 )	\$(17.97 )

As of December 31, 2018, 2017 and 2016, securities that could potentially dilute basic EPS in the future that were not included in the computation of diluted EPS, because to do so would have anti-dilutive effect, are any incremental shares of non-vested equity incentive plan shares (Note 13) and of unexercised warrants (Note 10), both calculated with the treasury stock method, as well as shares assumed to be converted with respect to the convertible notes (Note 3) calculated with the if-converted method.

## 13. Equity Incentive Plan:

On December 15, 2016, the Compensation Committee granted an aggregate of 51,520 restricted shares of common shares, pursuant to the 2011 Equity Incentive Plan. Of the total 51,520 shares, 18,320 shares were granted to the Company's board of directors, 29,866 shares were granted to certain of the Company's other employees and 3,334 shares were granted to the sole director of the Company's commercial manager, a non-employee. The fair value of each share on the grant date was \$19.50. All the shares will vest over a period of three years.

On February 1, 2018, the Compensation Committee granted an aggregate of 84,000 restricted shares of common stock pursuant to the 2011 Equity Incentive Plan, as amended. Of the total 84,000 shares issued, 38,334 shares were granted to the Company's board of directors, 44,333 shares were granted to certain of the Company's employees and 1,333 shares were granted to the sole director of the Company's commercial manager, a non-employee. The fair value of each share on the grant date was \$15.53. All the shares will vest over a period of two years.

As of December 31, 2018, 122,102 shares remained reserved for issuance under the Company's Equity Incentive Plan.

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## Seanergy Maritime Holdings Corp.

## Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

Restricted shares during 2018, 2017 and 2016 is analyzed as follows:

	Number of Shares	Weighted Average Grant Date Price
Outstanding at December 31, 2015	10,133	\$ 55.50
Granted	51,520	19.50
Vested	(17,606)	25.35
Forfeited	(533 )	55.50
Outstanding at December 31, 2016	43,514	\$ 25.05
Vested	(18,340)	26.55
Outstanding at December 31, 2017	25,174	24.00
Granted	84,000	15.53
Vested	(71,607)	15.53
Forfeited	(3,066 )	18.60
Outstanding at December 31, 2018	34,501	16.35

The fair value of the restricted shares has been determined with reference to the closing price of the Company's common share on the date the agreements were signed. The aggregate compensation cost is being recognized ratably in the consolidated statement of loss over the respective vesting periods. The related expense for shares granted to the Company's board of directors and certain of its employees for the years ended December 31, 2018, 2017 and 2016 amounted to \$1,281, \$591 and \$604, respectively, and is included under general and administration expenses. The unrecognized cost for the non-vested shares granted to the Company's board of directors and certain of its employees as of December 31, 2018 and 2017 amounted to \$221 and \$242, respectively. The related expense for shares granted to non-employees for the years ended December 31, 2018, 2017 and 2016, amounted to \$21, \$24 and \$20, respectively, and is included under voyage expenses. At December 31, 2018, the weighted-average period over which the total compensation cost related to non-vested awards granted to the Company's board of directors and its other employees not yet recognized is expected to be recognized is 0.75 year.

#### 14. Subsequent Events

- On January 10, 2019, the Compensation Committee granted an aggregate of 144,000 restricted shares of common stock pursuant to the Plan. Of the total 144,000 shares issued, 66,667 shares were granted to the board of directors, 70,666 shares were granted to certain of the Company's employees and 6,667 shares were granted to the sole director of the Company's commercial manager, a non-employee. The fair value of each share on the grant date was \$9.15. All the shares will vest over a period of two years. 48,000 shares vested on January 10, 2019, 48,000 shares will vest on October 1, 2019 and 48,000 shares will vest on October 1, 2020.
- (a) On January 31, 2019, the Company and Jelco entered into a supplemental letter with regards to the April 10, 2018 facility in order to extend the final repayment date to April 1, 2019.
- (b) On February 13, 2019, the Company entered into a new loan facility with Amsterdam Trade Bank N.V. in order to (i) refinance the existing indebtedness over the Partnership under the May 24, 2017 facility, as amended and restated thereon and (ii) for general working capital purposes and more specifically for the financing of installation of open loop scrubber systems on the Squireship and Premiership. The loan is divided in Tranche A, relating to the refinancing of the Partnership, and Tranches B and C for the financing of the scrubber systems on the Squireship and



the Premiership, respectively. Pursuant to the terms of the facility, Tranche A is repayable in sixteen equal quarterly installments being \$200 each starting from  
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Seanergy Maritime Holdings Corp.

Notes To The Consolidated Financial Statements

(All amounts in footnotes in thousands of US Dollars, except for share and per share and warrants data, unless otherwise stated)

February 26, 2019 and a balloon payment of \$13,190 and each of Tranche B and C in twelve quarterly installments of \$187.5 starting from November 27, 2019. The loan bears interest of LIBOR plus a margin of 4.65% with quarterly interest payments. The loan is secured by a first priority mortgage over the Partnership, a general assignment covering earnings, insurances and requisition compensation over the Partnership, an earnings account pledge, a shares security deed relating to the shares of the vessel's owning subsidiary, technical and commercial managers' undertakings and charter assignments.

(d) On February 13, 2019, the Company and Jelco entered into a second amending and restating deed amending and restating the October 4, 2016 facility, as amended and restated thereon, in order to, among other things, (i) extend the final repayment date to June 30, 2020 and (ii) record new second priority securities over the Partnership. A second priority mortgage, a second priority general assignment covering earnings, insurances and requisition compensation over the Partnership and a guarantee issued from the vessel's owning subsidiary were executed on February 15, 2019.

(e) On February 13, 2019, the Company and Jelco entered into a supplemental agreement to the May 24, 2017 facility, as amended and restated thereon, in order to, among other things, (i) extend the final repayment date to December 30, 2020 and (ii) record new second priority securities over the Partnership. A second priority mortgage, a second priority general assignment covering earnings, insurances and requisition compensation over the Partnership and a guarantee issued from the vessel's owning subsidiary were executed on February 15, 2019. On the same date, Jelco entered into a deed of release and fully discharged the previous second priority mortgage over the Partnership and all other securities created in favour of Jelco.

(f) On February 13, 2019, the Company amended the September 27, 2017 convertible note issued to Jelco, pursuant to which (i) the maturity date was extended to December 31, 2022, (ii) the aggregate outstanding principal amount shall be repaid on the maturity date, (iii) an option was given to the Company to prepay at any time the whole or any part of the note in a number of fully paid and nonassessable shares in the Company equal to an amount of the note being prepaid divided by a price per share to be agreed with Jelco and (iv) the note was secured by new second priority securities over the Partnership. A second priority mortgage, a second priority general assignment covering earnings, insurances and requisition compensation over the Partnership and a guarantee issued from the vessel's owning subsidiary were executed on February 15, 2019.

(g) On February 15, 2019, Amsterdam Trade Bank N.V. entered into a deed of release and fully discharged the \$16,390 outstanding balance of the May 24, 2017, as amended, senior secured term loan facility. The first priority mortgage over the Partnership and all other securities created in favour of Amsterdam Trade Bank N.V. were irrevocably and unconditionally released pursuant to the deed of release.

(h) On March 20, 2019, the Company's common stock began trading on a split-adjusted basis, following a February 26, 2019 approval from the Company's Board of Directors to reverse split the Company's common stock at a ratio of one-for-fifteen. All share and per share amounts disclosed in the consolidated financial statements and notes give effect to this reverse stock split retroactively, for all periods presented.

(i) In February and March 2019, the Company received approval from the credit committees of certain of its lenders to (i) amend the applicable thresholds of certain financial covenants of its credit facilities until March 31, 2020 and (ii) defer a total of \$3,311 of debt installments that were originally scheduled for 2019 to dates falling in 2020 and 2021. The approvals are subject to the completion of definitive documentation.

(j) In March 2019, the Company reached an in-principle agreement with Jelco for (i) an additional term loan facility in the amount of \$7,000 to be provided by Jelco to the Company, the proceeds of which will be used to (a) refinance the Third Jelco Loan Facility with current outstanding balance of \$2,000 and (b) for general corporate purposes; (ii) the extension of the maturity of the First Jelco Note to December 31, 2020 and (iii) the extension of the availability of the \$3,500 advance under the Second Jelco Note by one more year, to April 10, 2020. This agreement is subject to completion of definitive documentation.

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## Schedule I- Condensed Financial Information of Seanergy Maritime Holdings Corp. (Parent Company Only)

## Balance Sheets

December 31, 2018 and 2017

(In thousands of US Dollars, except for share and per share data)

	2018	2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	792	1,988
Restricted cash	50	50
Other current assets	222	323
Total current assets	1,064	2,361
Non-current assets:		
Investments in subsidiaries*	52,999	64,121
Total non-current assets	52,999	64,121
<b>TOTAL ASSETS</b>	<b>54,063</b>	<b>66,482</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Trade accounts and other payables	433	257
Accrued liabilities	1,854	785
Total current liabilities	2,287	1,042
Non-current liabilities:		
Due to related parties, noncurrent	19,349	17,342
Long-term portion of convertible notes	11,124	6,785
Total liabilities	32,760	25,169
Commitments and contingencies	-	-
<b>STOCKHOLDERS EQUITY</b>		
Preferred stock, \$0.0001 par value; 25,000,000 shares authorized; none issued	-	-
Common stock, \$0.0001 par value; 500,000,000 authorized shares as at December 31, 2018 and 2017; 2,666,223 and 2,465,289 shares issued and outstanding as at December 31, 2018 and 2017, respectively	-	-
Additional paid-in capital	385,846	383,010
Accumulated deficit	(364,543)	(341,697)
Total Stockholders' equity	21,303	41,313
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>54,063</b>	<b>66,482</b>

\* Eliminated in consolidation

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## Schedule I- Condensed Financial Information of Seanergy Maritime Holdings Corp. (Parent Company Only)

## Statements of Loss

For the years ended December 31, 2018, 2017 and 2016

(In thousands of US Dollars, except for share and per share data)

	2018	2017	2016
Expenses:			
General and administration expenses	(3,380 )	(2,642 )	(2,115 )
Operating loss	(3,380 )	(2,642 )	(2,115 )
Other (expenses) / income, net:			
Interest and finance cost – related party	(8,881 )	(5,122 )	(2,621 )
Gain on debt refinancing	-	11,392	-
Other, net	(327 )	(29 )	(18 )
Total other (expenses) / income, net	(9,208 )	6,241	(2,639 )
Equity in loss of subsidiaries*	(8,470 )	(6,834 )	(19,869 )
Net loss	(21,058 )	(3,235 )	(24,623 )
Net loss per common share			
Basic	(8.40 )	(1.35 )	(17.97 )
Weighted average common shares outstanding			
Basic	2,507,087	2,389,719	1,370,200

\* Eliminated in consolidation

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Schedule I- Condensed Financial Information of Seanergy Maritime Holdings Corp. (Parent Company Only)  
 Statements of Cash Flows  
 For the years ended December 31, 2018, 2017 and 2016  
 (In thousands of US Dollars)

	2018	2017	2016
Net cash (used in) / provided by operating activities	(5,609)	6,314	(2,441 )
Cash flows used in investing activities:			
Investments in subsidiaries	2,413	(40,972)	(28,734)
Net cash provided by / (used in) investing activities	2,413	(40,972)	(28,734)
Cash flows from financing activities:			
Net proceeds from issuance of common stock	-	2,637	22,606
Proceeds from convertible notes	-	9,000	9,400
Proceeds from related party debt	2,000	16,200	12,800
Repayments of related party debt	-	-	(6,900 )
Repayments of convertible notes	-	-	-
Net cash provided by financing activities	2,000	27,837	37,906
Net (decrease) / increase in cash and cash equivalents and restricted cash	(1,196)	(6,821 )	6,731
Cash and cash equivalents and restricted cash at beginning of period	2,038	8,859	2,128
Cash and cash equivalents and restricted cash at end of period	842	2,038	8,859
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
Cash paid during the period for:			
Interest	3,648	2,773	1,176
Non cash financing activities:			
Shares issued in connection with financing	1,541	-	-
Conversion of related party debt into convertible note	-	(4,750 )	-

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Schedule I- Condensed Financial Information of Seanergy Maritime Holdings Corp. (Parent Company Only)

Notes To The Condensed Financial Statements

(All amounts in footnotes in thousands of US Dollars)

1. Basis of Presentation

In the parent-company-only condensed financial statements, the Parent Company's (the "Company") investment in subsidiaries is stated at cost plus equity in undistributed earnings of subsidiaries. The Parent Company did not receive cash dividends from its subsidiaries during the years ended December 31, 2018, 2017 and 2016.

The parent-company-only condensed financial statements should be read in conjunction with the Company's consolidated financial statements.

2. Transactions with Related Parties

Convertible Notes

On March 12, 2015, the Company issued a convertible note of \$4,000 to Jelco for general corporate purposes. As amended, at Jelco's option, the outstanding principal amount under the convertible note may be paid at any time in common shares at a conversion price of \$13.50 per share.

On September 7, 2015, the Company issued a revolving convertible note of up to \$6,765 to Jelco for general corporate purposes. As amended, the maximum principal amount available to be drawn was increased to \$24,665. Following an amendment on September 1, 2018, a drawdown request of up to \$3,500 may be made by April 10, 2019 (the "Final Revolving Advance Date"). If the request is not made by the Final Revolving Advance Date, the advance will not be available to be drawn and the principal amount will be decreased to \$21,165. At Jelco's option, the Company's obligation to repay the principal amount under the revolving convertible note may be paid in common shares at a conversion price of \$13.50 per share.

On September 27, 2017, the Company issued a convertible note of \$13,750 to Jelco. As amended, at Jelco's option, the outstanding principal amount under the convertible note may be paid at any time in common shares at a conversion price of \$13.50 per share. Of the \$13,750 under the note, \$4,750 were used to make a mandatory prepayment under the May 2017 Jelco loan facility.

See Note 3 "Transactions with Related Parties" to the consolidated financial statements for further information.

Loan Agreements

On October 4, 2016, the Company entered into a \$4,150 secured loan facility with Jelco to finance the initial deposits for the vessels Lordship and the Knightship. On November 17, 2016 and November 28, 2016, the Company entered into amendments to this facility, which, among other things, increased the aggregate amount that may be borrowed under the facility to up to \$12,800. On December 14, 2016, the Company prepaid Jelco a total of \$6,900 in accordance with the facility provisions.

On March 28, 2017, the Company had entered into a \$47,500 loan agreement with Jelco. Under the terms of this agreement, Jelco would have made available this facility to the Company in the event that the Company was not able to secure third party financing to partly fund a couple of the its transactions. This facility was terminated on September 27, 2017, and no amounts were drawn down under this facility.

On May 24, 2017, the Company entered into an up to \$16,200 secured loan facility with Jelco to partially finance the acquisition of the Partnership. The Company drew down the \$16,200 on May 24, 2017. On June 22, 2017 and on August 22, 2017, the Company entered into supplemental letters with Jelco to amend the terms of this loan facility, whereby a mandatory repayment of \$4,750 was deferred until September 29, 2017. On September 27, 2017, the facility was amended and restated. The mandatory repayment of \$4,750 was financed by the convertible note issued to Jelco on September 27, 2017.

On April 10, 2018, the Company entered into a \$2,000 loan facility with Jelco for working capital purposes. The Company drew down the \$2,000 on April 12, 2018. The facility, as amended and restated on June 13, 2018 and as further amended on August 11, 2018 and January 31, 2019 by supplemental letters, bears interest at 10% per annum, payable quarterly, and the principal is payable in one bullet payment due on April 1, 2019. The facility is secured by a guarantee from the Company's wholly-owned subsidiary, Emperor Holding Ltd. As of December 31, 2018, \$2,000 was outstanding under this loan facility and is classified under non-current liabilities.

See Note 3 "Transactions with Related Parties" to the consolidated financial statements for further information.

In March 2019, the Company reached an in-principle agreement with Jelco for (i) an additional term loan facility in the amount of \$7,000 to be provided by Jelco to the Company, the proceeds of which will be used to (a) refinance the Third Jelco Loan Facility with current outstanding balance of \$2,000 and (b) for general corporate purposes; (ii) the extension of the maturity of the First Jelco Note to December 31, 2020 and (iii) the extension of the availability of the \$3,500 advance under the Second Jelco Note by one more year, to April 10, 2020. This agreement is subject to completion of definitive documentation.

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Schedule I- Condensed Financial Information of Seanergy Maritime Holdings Corp. (Parent Company Only)

Notes To The Condensed Financial Statements

(All amounts in footnotes in thousands of US Dollars)

3. Guarantee

The Company has guaranteed the payment of principal and interest under the terms of the following loan agreements: the March 6, 2015 loan agreement with Alpha Bank A.E., the September 1, 2015 loan agreement with Hamburg Commercial Bank AG, formerly known as HSH Nordbank AG, the September 11, 2015 facility agreement with UniCredit Bank AG, the November 4, 2015 loan agreement with Alpha Bank A.E., the May 24, 2017 facility agreement with Amsterdam Trade Bank N.V, the June 11, 2018 loan agreement with Blue Ocean maritime lending funds managed by EnTrustPermal and the June 28, 2018 sale and leaseback agreement with Hanchen Limited. In the event of a default under these loan agreements, the Company will be directly liable to the lenders. These facilities mature at various times between 2020 and 2026. The maximum potential amount that the Company could be liable for under these guarantee as of December 31, 2018 is \$195,857.

See Note 7 "Long-Term Debt" to the consolidated financial statements for further information.

4. Restrictions Which Limit the Payment of Dividends

Restrictions on Payment of Dividends

The Alpha Bank A.E. loan facility dated March 6, 2015 places a restriction on the Company's ability to distribute dividends to its shareholders. The amount of the dividends so declared shall not exceed 50% of Seanergy's net income except in case the cash and marketable securities are equal or greater than the amount required to meet Seanergy's consolidated installment and debt interest payments for the following eighteen-month period.

The Alpha Bank A.E. loan facility dated November 4, 2015 places a restriction on the Company's ability to distribute dividends to its shareholders. The amount of the dividends so declared shall not exceed 50% of Seanergy's net income except in case the cash and marketable securities are equal or greater than the amount required to meet Seanergy's consolidated installment and debt interest payments for the following eighteen-month period.

Restricted Net Assets of Consolidated Subsidiaries

As of December 31, 2018, the negative restricted net assets of the vessel owning subsidiary of Geniuship under the September 1, 2015 loan agreement with Hamburg Commercial Bank AG amounted to \$903. As of December 31, 2018, the restricted net assets of the vessel owning subsidiary of Gloriuship under the September 1, 2015 loan agreement with Hamburg Commercial Bank amounted to \$1,721. The Hamburg Commercial Bank AG loan agreement places a restriction on the vessel owning subsidiaries' ability to distribute dividends to the t, in case the market values of Geniuship and Gloriuship plus any additional security is less than 145% of total facility outstanding and the cash balance of the borrowers after distribution of dividends is less than \$3,000. The \$3,000 condition on payment of dividends does not apply after June 30, 2018.

As of December 31, 2018, the restricted net assets of the vessel owning subsidiary of Partnership that has entered into the May 24, 2017 loan agreement with Amsterdam Trade Bank NV (ATB), as amended and restated in September 25, 2017, amounted to \$15,219. The ATB loan agreement places a restriction on the vessel owning subsidiary's ability to distribute dividends to the Company, unless an additional repayment in an aggregate amount of \$3,190 have been made.