

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 20-F

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

OR

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

For the fiscal year ended December 31, 2024

OR

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

For the transition period from _____ to _____

OR

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

Date of event requiring this shell company report: Not applicable

Commission file number 001-41561

Toro Corp.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant’s name into English)

Republic of the Marshall Islands

(Jurisdiction of incorporation or organization)

223 Christodoulou Chatzipavlou Street
Hawaii Royal Gardens
3036 Limassol, Cyprus

(Address of principal executive offices)

Petros Panagiotidis, Chairman and Chief Executive Officer
223 Christodoulou Chatzipavlou Street, Hawaii Royal Gardens, 3036 Limassol, Cyprus
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(Name, Telephone, E-mail and/or Facsimile number and
Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, \$0.001 par value, including associated Preferred Share Purchase Rights under the Shareholder Protection Rights Agreement	TORO	Nasdaq Capital Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer’s classes of share capital as of the close of the period covered by the annual report:

As of December 31, 2024, there were outstanding 19,093,853 common shares of the Registrant, \$0.001 par value per share.

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☒ Yes ☐ No

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

☒ Yes ☐ No

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

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☐ Emerging Growth Company ☒

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

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

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

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

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

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

☒ U.S. GAAP
☐ International Financial Reporting Standards as issued by the International Accounting Standards Board
☐ Other

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

☐ Item 17
☐ Item 18

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

☐ Yes ☒ No

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

☐ Yes ☐ No

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CERTAIN DEFINED TERMS

Unless the context otherwise requires, as of the date of and as used in this Annual Report the term:

- “we”, “us”, “our” or the “Company” include the Toro Corp. and all of its subsidiaries;
- “Castor” refers to Castor Maritime Inc.;
- “Castor Master Management Agreement” refers to the amended and restated master management agreement between Castor and Castor Ships, effective July 1, 2022 under which the vessels owned by the Toro Subsidiaries were commercially and technically managed by Castor Ships prior to the Spin-Off;
- “common shares” refers to the common shares, par value \$0.001 per share, of Toro;
- “Distribution” refers to the distribution of 9,461,009 common shares on a pro rata basis to the holders of common stock of Castor
- “Master Management Agreement” refers to the amended and restated master management agreement entered into between Toro, Toro’s shipowning subsidiaries and Castor Ships, effective April 26, 2023, for the commercial and technical management of the Company’s vessels;
- “Robin” refers to Robin Energy Ltd., our wholly-owned subsidiary to which we contributed our Handysize tanker business in connection with the Robin Spin-Off (as defined and described in “*Item 3. Key Information*”);
- “Spin-Off” refers to, collectively, the separation of the assets, liabilities and obligations of Castor and the Toro Subsidiaries and the contribution of the Toro Subsidiaries to Toro, the issuance of 140,000 shares of 1.00% Series A Fixed Rate Cumulative Perpetual Convertible Preferred Shares (the “Series A Preferred Shares”) to Castor, the issuance of the 40,000 Series B Preferred Shares (the “Series B Preferred Shares”) of Toro to Pelagos Holdings Corp (“Pelagos”) and the Distribution, all of which occurred on March 7, 2023 (such date, the “Distribution Date”);
- “Toro” refers only to Toro Corp. (formerly named “Tankco Shipping Inc.”) and not to its subsidiaries;
- “Toro Spin-Off Resolutions” refers to, collectively, resolutions by our board of directors (the “Board”) on November 15, 2022 and December 30, 2022, (a) to focus our efforts on our then current business of tanker shipping services, (b) that we have no interest or expectancy to participate or pursue any opportunity in areas of business outside of the tanker shipping business and (c) that Petros Panagiotidis, our director, Chairman, Chief Executive Officer and controlling shareholder and his affiliates, such as Castor Ships S.A. (“Castor Ships”), are not required to offer or inform us of any such opportunity; and
- “Toro Subsidiaries” refers to the eight tanker-owning subsidiaries and an additional subsidiary formerly owning the *M/T Wonder Arcturus* contributed to Toro prior to the Distribution (as defined herein).

We use the term “deadweight ton”, or “dwt”, in describing the size of vessels. Dwt, expressed in metric tons, each of which is equivalent to 1,000 kilograms, refers to the maximum weight of cargo and supplies that a vessel can carry. A “ton mile” is a standardized shipping metric and refers to the volume of cargo being carried (a “ton”) and the distance sailed for the shipment in nautical miles.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Matters discussed in this Annual Report on Form 20-F (the “Annual Report”) may constitute forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements include all matters that are not historical facts or matters of fact at the date of this document. We are including this cautionary statement in connection with this safe harbor legislation. This Annual Report and any other written or oral statements made by us or on our behalf may include forward-looking statements, which reflect our current views with respect to future events and financial performance. These forward-looking statements may generally, but not always, be identified by the use of words such as “anticipate”, “believe”, “target”, “likely”, “will”, “would”, “could”, “should”, “seeks”, “continue”, “contemplate”, “possible”, “might”, “expect”, “intend”, “estimate”, “forecast”, “project”, “plan”, “objective”, “potential”, “may”, “anticipates” or similar expressions or phrases.

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

In addition to these assumptions, other important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include generally:

- the effects of the Spin-Off;
- the effects of the spin-off of our Handysize tanker business;
- our business strategy, expected capital spending and other plans and objectives for future operations, including our ability to expand our business as a new entrant to the liquefied petroleum gas (“LPG”) shipping industry;
- market conditions and trends, including volatility and cyclicity in charter rates (particularly for vessels employed in the spot voyage market or pools), factors affecting supply and demand for vessels, such as fluctuations in demand for and the price of the products we transport, fluctuating vessel values, changes in worldwide fleet capacity, opportunities for the profitable operations of vessels in the segments of the shipping industry in which we operate and global economic and financial conditions, including interest rates, inflation and the growth rates of world economies;
- our ability to realize the expected benefits of vessel acquisitions or sales, and the effects of any change in our fleet’s size or composition, increased transactions costs and other adverse effects (such as lost profit) due to any failure to consummate any sale of our vessels, on our future financial condition, operating results, future revenues and expenses, future liquidity and the adequacy of cash flows from our operations;
- our relationships with our current and future service providers and customers, including the ongoing performance of their obligations, dependence on their expertise, compliance with applicable laws, and any impacts on our reputation due to our association with them;
- the availability of debt or equity financing on acceptable terms and our ability to comply with the covenants contained in agreements relating thereto, in particular due to economic, financial or operational reasons;
- our continued ability to enter into time charters, voyage charters or pool arrangements with existing and new customers and pool operators and to re-charter our vessels upon the expiry of the existing charters or pool agreements;
- any failure by our contractual counterparties to meet their obligations;
- changes in our operating and capitalized expenses, including bunker prices, dry-docking, insurance costs, costs associated with regulatory compliance and costs associated with climate change;
- our ability to fund future capital expenditures and investments in the acquisition and refurbishment of our vessels (including the amount and nature thereof and the timing of completion thereof, the delivery and commencement of operations dates, expected downtime and lost revenue);
- instances of off-hire;

- fluctuations in interest rates and currencies, including the value of the U.S. dollar relative to other currencies;
- any malfunction or disruption of information technology systems and networks that our operations rely on or any impact of a possible cybersecurity breach;
- existing or future disputes, proceedings or litigation;
- future sales of our securities in the public market, our ability to maintain compliance with applicable listing standards or the delisting of our common shares;
- volatility in our share price;
- potential conflicts of interest involving members of our Board, senior management and certain of our service providers that are related parties;
- general domestic and international geopolitical conditions, such as political instability, events or conflicts (including armed conflicts, such as the war in Ukraine and the conflict in the Middle East), acts of piracy or maritime aggression, such as recent maritime incidents involving vessels in and around the Red Sea, sanctions, “trade wars” (including the imposition of tariffs) and potential governmental requisitioning of our vessels during a period of war or emergency;
- global public health threats and major outbreaks of disease;
- any material cybersecurity incident;
- changes in seaborne and other transportation, including due to the maritime incidents in and around the Red Sea, fluctuating demand for LPG carriers and/or disruption of shipping routes due to accidents, political events, international sanctions, international hostilities and instability, piracy, smuggling or acts of terrorism;
- changes in governmental rules and regulations or actions taken by regulatory authorities, including changes to environmental regulations applicable to the shipping industry and to vessel rules and regulations, as well as changes in inspection procedures and import and export controls;
- inadequacies in our insurance coverage;
- developments in tax laws, treaties or regulations or their interpretation in any country in which we operate and changes in our tax treatment or classification;
- the impact of climate change, adverse weather and natural disasters;
- accidents or the occurrence of other unexpected events, including in relation to the operational risks associated with transporting refined petroleum products; and
- any other factor described in this Annual Report.

Any forward-looking statements contained herein are made only as of the date of this Annual Report, and we disclaim any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this Annual Report, except to the extent required by applicable law. New factors emerge from time to time, and it is not possible for us to predict all or any of these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement. See “*Item 3. Key Information—D. Risk Factors*” for a more detailed discussion of these risks and uncertainties and for other risks and uncertainties. Please see our filings with the Securities and Exchange Commission for a more complete discussion of these foregoing and other risks and uncertainties. These factors and the other risk factors described in this Annual Report are not necessarily all of the important factors that could cause actual results or developments to differ materially from those expressed in any of our forward-looking statements. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

The descriptions of agreements contained herein are summaries that set forth certain material provisions of those agreements. Such descriptions do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the applicable provisions of each agreement, each of which is an exhibit to this Annual Report or included as an exhibit to certain of our other of our reports and other information filed with the Securities and Exchange Commission (the “SEC”). We encourage you to refer to each agreement for additional information.

On February 28, 2025, the disinterested and independent members of the board of directors of the Company, based on the recommendation of a special committee of disinterested and independent directors, approved and authorized, subject to the fulfillment of certain conditions, the spin-off of our Handysize tanker segment, whereby (a) our Handysize tanker-owning subsidiary, (b) the holding company of the now sold tanker vessel *M/T Wonder Formosa*, and (c) \$10.4 million in cash would be contributed to the Company’s wholly-owned subsidiary, Robin, as a capital contribution in exchange for (i) the issuance to the Company of 2,386,732 common shares of Robin, (ii) the issuance to the Company of 2,000,000 1.00% Series A Fixed Rate Cumulative Perpetual Convertible Preferred Shares of Robin having a stated amount of \$25 per share and (iii) the issuance to Pelagos Holdings Corp., a controlled affiliate of Mr. Petros Panagiotidis, of 40,000 Series B Preferred Shares of Robin, par value \$0.001 per share against payment of the par value of such shares (such transactions, collectively, the “Robin Contribution”). On April 14, 2025, we effected the Robin Contribution and distributed on a pro rata basis all common shares of Robin received in the Robin Contribution to our holders of common stock of record at the close of business on April 7, 2025 (the “Robin Distribution”, and together with the Robin Contribution and related transactions, the “Robin Spin-Off”). As of the date of this Annual Report, we and Robin operate as independent publicly traded companies each listed on the Nasdaq Capital Market. The Contribution and Spin-Off Distribution Agreement entered into with Robin also provided for the settlement or extinguishment of certain liabilities and other obligations between us and Robin.

As of April 14, 2025, our Chairman and Chief Executive Officer, Petros Panagiotidis, also serves as Chairman and Chief Executive Officer of Robin.

For further information regarding the Robin Spin-Off, refer to “*Item 4. Information on the Company—A. History and Development of the Company*”, “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions*” and as included elsewhere in this Annual Report.

Market and Industry Data

This Annual Report includes estimates regarding market and industry data. Unless otherwise indicated, information concerning our industry and the markets in which we operate, including our general expectations, market position, market opportunity, market trends and market size, are based on our management’s knowledge and experience in the markets in which we operate, together with currently available information obtained from various sources, including publicly available information, industry reports and publications, surveys, our clients, trade and business organizations and other contacts in the markets in which we operate. Certain information is based on management estimates, which have been derived from third-party sources, as well as data from our internal research, and are based on certain assumptions that we believe to be reasonable based on such data and other similar sources and on our knowledge of, and our experience to date in, the markets in which we operate.

While we believe the estimated market and industry data included in this Annual Report are generally reliable, such information, which is derived in part from management’s estimates and beliefs, is inherently uncertain and imprecise. Market and industry data are subject to change and may be limited by the availability of raw data, the voluntary nature of the data gathering process and other limitations inherent in any statistical survey of such data. In addition, projections, assumptions and estimates of the future performance of the markets in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described in “*Cautionary Statement Regarding Forward-Looking Statements*” and “*Item 3. Key Information—D. Risk Factors.*” These and other factors could cause results to differ materially from those expressed in the estimates made by third parties and by us. Accordingly, you are cautioned not to place undue reliance on such market and industry data or any other such estimates. We cannot guarantee the accuracy or completeness of this information.

A. [Reserved]

Not applicable.

B. Capitalization and Indebtedness

Not applicable

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Some of the following risks relate principally to the industry in which we operate. Other risks relate principally to the ownership of our common shares. The occurrence of any of the events described in this section could significantly and negatively affect our business, financial condition, operating results, cash available for dividends, as and if declared, or the trading price of our common shares or any other securities of ours.

Summary of Risk Factors

- Charter rates for our vessels are volatile and cyclical in nature. A decrease in charter rates may adversely affect our business, financial condition and operating results.
- An oversupply of LPG carrier capacity may prolong or further depress charter rates when they occur, which may limit our ability to operate our vessels profitably.
- Future growth in the demand for our services will depend among others on changes in supply and demand, economic growth in the world economy and demand for LPG and LPG transportation relative to changes in worldwide fleet capacity.
- Global economic and financial conditions may negatively impact the sectors of the shipping industry in which we operate, including the extension of credit.
- Risks involved in operating ocean-going vessels could affect our business and reputation.
- The operation of LPG carriers has unique operational risks associated with the transportation of liquefied petroleum gases.
- Geopolitical conditions, such as political instability or conflict, terrorist attacks and international hostilities, can affect the seaborne transportation industry, which could adversely affect our business.
- Trade disputes or the imposition of tariffs on imports and exports could affect international trade and therefore could adversely affect our business.
- Compliance with rules and other vessel requirements imposed by classification societies may be costly and could reduce our net cash flows and negatively impact our results of operations.
- We are subject to international laws and regulations and standards (including, but not limited to, environmental standards such as IMO 2020 for the low sulfur fuels and the International Ballast Water Convention for discharging of ballast water), as well as to regional requirements, such as European Union (EU) and U.S. laws and regulations for the protection of the environment, each of which may adversely affect our business, results of operations, and financial condition. In particular, new short-, medium- and long-term measures developed by the IMO, the European Union and other entities to promote decarbonization and the reduction of greenhouse gas (“GHG”) emissions may adversely impact our operations and markets.
- Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.
- We may not be able to execute our strategy and we may not realize the benefits we expect from acquisitions or other strategic transactions.
- We operate secondhand vessels, some of which have an age above the industry average, which may lead to increased technical problems for our vessels and/or higher operating expenses or affect our ability to profitably charter our vessels and to comply with environmental standards and future maritime regulations and result in a more rapid depreciation in our vessels’ market and book values.
- We are dependent upon Castor Ships, a related party, and other third-party sub-managers for the management of our fleet and business, and failure of such counterparties to meet their obligations could cause us to suffer losses or could negatively impact our results of operations and cash flows.
- Our term loan to Castor and investment in the Series D Preferred Shares of Castor constitute a substantial portion of our assets, therefore we are exposed to the risks affecting Castor’s business.
- Our Chairman and Chief Executive Officer, who may be deemed to beneficially own, directly or indirectly, a majority of our outstanding common shares and 100% of our Series B Preferred Shares, has control over us.

- We expect that any new or amended credit facility we enter into will contain restrictive financial covenants that we may not be able to comply with due to economic, financial or operational reasons and may limit our business and financing activities.
- We may be unable to achieve some or all of the benefits that we expect to derive from the spin-off of our Handysize tanker business.
- We do not have a declared dividend policy and our Board may never declare dividends on our common shares.
- Our share price may be highly volatile, as a result, investors in our common shares could incur substantial losses.
- Future issuances of common shares or other equity securities, including as a result of an optional conversion of Series A Preferred Shares, or the potential for such issuances, may impact the price of our common shares and could impair our ability to raise capital through equity offerings, to the extent available and permitted. Shareholders may experience significant dilution as a result of any such issuances.
- We are incorporated in the Marshall Islands, which does not have a well-developed body of corporate and case law.
- We have limited the fields in which we focus our operations and this may have an adverse effect on our business, financial condition and operating results.

Risks Relating to Our Industry

Charter rates for our vessels are volatile and cyclical in nature. A decrease in charter rates may adversely affect our business, financial condition and operating results.

The LPG carrier industry is both cyclical and volatile in terms of charter rates, profitability and vessel values. Fluctuations in charter rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the products transported by LPG carriers. Further, because many factors influencing the supply of, and demand for, vessel capacity (including the supply and demand for the products transported by LPG carriers) are unpredictable, the timing, direction and degree of changes in these markets are also unpredictable. Deterioration of charter rates resulting from various factors relating to the cyclicality and volatility of our business may adversely affect our ability to profitably charter or re-charter our vessels or to sell our vessels on a profitable basis. This could negatively impact our operating results, liquidity and financial condition.

For a discussion of factors impacting charter rates in the LPG carrier industry, refer to “—*Charter rates for LPG carriers are volatile and cyclical in nature. A decrease in LPG carrier charter rates may adversely affect our business, financial condition and operating results*”.

We are exposed to fluctuating demand, supply and prices for LPG products, and may be affected by a decrease in the demand for such products and the volatility in their prices due to their effects on supply and demand of maritime transportation services.

Our growth significantly depends on continued growth in worldwide and regional demand for the products we transport and their carriage by sea, which could be negatively affected by several factors, including declines in prices for such products or general political, regulatory and economic conditions.

In past years, China and India have had two of the world’s fastest growing economies in terms of gross domestic product and have been the main driving forces behind increases in shipping trade and the demand for marine transportation. While China in particular has enjoyed rates of economic growth significantly above the world average, slowing economic growth rates may reduce the country’s contribution to world trade growth. If economic growth continues to slow down in China, India or other countries in the Asia Pacific region, particularly in sectors of the economy related to the products we transport, we may face decreases in shipping trade and demand. The level of imports to and exports from China may also be adversely affected by changes in political, economic and social conditions (including a slowing of economic growth) or other relevant policies of the Chinese government, such as changes in laws, regulations or export and import restrictions, internal political instability, changes in currency policies, changes in trade policies and territorial or trade disputes. Furthermore, a slowdown in the economies of the United States or the European Union, or certain other Asian countries may also have adverse impacts on economic growth in the Asia Pacific region. Therefore, a negative change in the economic conditions of any of these countries or elsewhere may reduce demand for LPG carriers and their associated charter rates, which could have a material adverse effect on our business, financial condition and operating results, as well as our prospects.

Supply and demand for the products our vessels transport are sensitive to the price of oil, which has been volatile in recent years. Volatility in 2024 was moderate, despite continued heightened geopolitical tension, including the imposition of new sanctions against Russia and Belarus in connection with its invasion of Ukraine. The price of Very Low Sulphur Fuel Oil (“VLSFO”) in Singapore ranged from a peak of around \$656 per metric ton in February 2024 to a low of \$547 per metric ton in December 2024 . As of March 4, 2025, the price of VLSFO in Singapore was \$525 per metric ton. For further details on the Russian sanctions, see “—*Our charterers calling on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government (including OFAC) or other authorities or failure to comply with the U.S. Foreign Corrupt Practices Act (the “FCPA”) or similar laws could lead to monetary fines or penalties and adversely affect our reputation. Such failures and other events could adversely affect the market for our common shares.*” However, growth in the supply of oil products, including LPG, may outpace demand for such products in 2024, as there is growing evidence of softening global demand due to, among other factors, persistent inflationary pressures, the impact of higher interest rates and deteriorating macroeconomic outlooks in certain of the regions we operate in, such as Europe, which has experienced a decline in manufacturing and industrial activity. In light of these economic pressures, the price of oil is generally expected to decline and may remain volatile as the market continues to adjust in changing patterns in supply and demand.

Certain additional factors may influence the price of oil and therefore supply and demand for the products we transport. For example, sustained periods of low oil prices typically result in reduced exploration and extraction because oil companies’ capital expenditure budgets are subject to cash flow from such activities and are therefore sensitive to changes in energy prices, a fact which could limit oil supply and lead to increases in crude oil and refined petroleum product prices. Consumer demand for crude oil and refined petroleum products, and as a result crude oil and refined petroleum product prices, could also be affected by a shift towards other (renewable) energy resources such as wind energy, solar energy, nuclear energy, electricity or water energy. Changes in oil supply balance and oil prices, or the supply balance and prices of products derived from oil, can have a material effect on demand for LPG shipping services. In particular, changes to the trade patterns or trade routes of the products we transport may have a significant negative or positive impact on the ton mile, and therefore the demand for our LPG carriers. As of March 4, 2025, trade routes for LPG carriers have been disrupted by escalating attacks on vessels in and around the Red Sea. For further details, see “—*Geopolitical conditions, such as political instability or conflict, terrorist attacks and international hostilities, can affect the seaborne transportation industry, which could adversely affect our business.*” Periods of low demand can cause excess vessel supply and intensify the competition in the industry, which often results in vessels being idle for long periods of time, which could reduce our revenues and materially harm the profitability of our business and/or segments, operating results and/or available cash. As noted above, the global economy and demand for LPG continues to adapt to disruptions in oil supply due to Russia’s invasion of Ukraine and related sanctions and the market may enter a period of oversupply of oil products as demand shows signs of weakening, which may have a material effect on demand for LPG carriers shipping services, and, consequently, on our business, financial condition, cash flows and operating results. See also “—*Geopolitical conditions, such as political instability or conflict, terrorist attacks and international hostilities, can affect the seaborne transportation industry, which could adversely affect our business*” and “—*Trade disputes or the imposition of tariffs on imports and exports could affect international trade, and therefore could adversely affect our business.*”

Worldwide inflationary pressures could negatively impact our results of operations and cash flows.

Over the course of 2024, inflationary pressures across many sectors globally continued to weigh on economic activity, though to a lesser extent than in 2023. While the U.S. consumer price index, an inflation gauge that measures costs across dozens of items fell to 2.7% before seasonal adjustment in December 2024, down from 3.4% in December 2023, inflation has proven stickier in parts of the global economy and above the inflation targets as set by the central banks in the United States of America, United Kingdom and the Eurozone. The ongoing effects of inflation on the supply and demand of the products we transport could alter demand for our services and reduced economic activity due to governmental responses to persistent inflation in any of the regions in which we operate could cause a reduction in trade by altering consumer purchasing habits and reducing demand for the products we carry. As a result, the volumes of goods we deliver and/or charter rates for our vessels may be affected. Alternatively, if inflation fails to abate in 2025, we could experience persistently high operating, voyage and administrative costs. Any of these factors could have an adverse effect on our business, financial condition, cash flows and operating results. For additional information, see “—*We are exposed to fluctuating demand, supply and prices for LPG products, and may be affected by a decrease in the demand for such products and the volatility in their prices due to their effects on supply and demand of maritime transportation services.*”

Global economic and financial conditions may negatively impact the sectors of the shipping industry in which we operate, including the extension of credit.

As the shipping industry is highly dependent on economic growth and the availability of credit to finance and expand operations, it may be negatively affected by a decline in economic activity or a deterioration of economic growth and financial conditions. Various factors may impact economic growth and the availability of credit, including those discussed in “—*We are exposed to fluctuating demand, supply and prices for LPG products, and may be affected by a decrease in the demand for such products and the volatility in their prices due to their effects on supply and demand of maritime transportation services*” and “—*Worldwide inflationary pressures could negatively impact our results of operations and cash flows.*”

A decline in economic activity or a deterioration of economic growth and financial conditions may have a number of adverse consequences for the sectors of the shipping industry in which we operate, including, among other things:

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

The occurrence of one or more of these events could have a material adverse effect on our business, cash flows, compliance with debt covenants, financial condition and operating results.

Increases in bunker prices could affect our operating results and cash flows.

Fuel is a significant, if not the largest, expense in our shipping operations when vessels are under voyage charters and is an important factor in negotiating charter rates. Bunker prices have increased significantly since 2021, starting at \$415 per metric ton in January 2021 and reaching a high of \$1,100 per metric ton in July 2022, before declining to a still elevated price of \$617 per metric ton by the end of December 2022. This volatility was in part attributable to the eruption of the armed conflict in Ukraine. In 2023 and 2024, bunker rates demonstrated overall decreasing volatility as the market adapted to the conflict in Ukraine. In particular, in 2024, the price of VLSFO in Singapore reached a high of \$656 per metric ton in February, and a low of \$547 per metric ton in December. As of March 4, 2025, the price of VLSFO in Singapore was approximately \$525 per metric ton but uncertainty regarding its future direction remains. In addition, the conflict in the Middle East, including recent maritime incidents in and around the Red Sea, could cause disruptions to the production and supply of oil, and therefore fuel, with adverse impacts on the price of VLSFO in 2024. As a result, our bunker costs for our vessels when off-hire, idling, or operating in the spot voyage charter market have increased substantially in recent years and may continue to increase, which could have an adverse impact on our operating results and cash flows.

Geopolitical conditions, such as political instability or conflict, terrorist attacks and international hostilities, can affect the seaborne transportation industry, which could adversely affect our business.

We conduct most of our operations outside of the United States and our business, results of operations, cash flows, financial condition and ability to pay dividends, if any, in the future may be adversely affected by changing economic, political and government conditions in the countries and regions where our vessels are employed or registered. Moreover, we operate in a sector of the economy that has been and is likely to continue to be adversely impacted by the effects of geopolitical developments, including political instability or conflict, terrorist attacks or international hostilities.

Currently, the world economy faces a number of challenges, including tensions between the United States and China, new and continuing turmoil and hostilities in Russia, Ukraine, the Middle East (such as recent maritime incidents in and around the Red Sea) and other geographic areas and countries, continuing economic weakness in the European Union and slowing growth in China and the continuing threat of terrorist attacks around the world.

In particular, the armed conflict between Russia and Ukraine and a severe worsening of Russia’s relations with Western economies has disrupted global markets, contributing to shifts in trading patterns and trade routes for products, including LPG, that may continue into the future. These changes are due in part to the imposition of sanctions against Russia and Belarus by various governments, which have contributed to increased volatility in the price of energy and other products. See “—Our charterers calling on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government (including OFAC) or other authorities or failure to comply with the U.S. Foreign Corrupt Practices Act (the “FCPA”) or similar laws could lead to monetary fines or penalties and adversely affect our reputation. Such failures and other events could adversely affect the market for our common shares”, “—Worldwide inflationary pressures could negatively impact our results of operations and cash flows”, “—The Company is exposed to fluctuating demand and supply for maritime transportation services, as well as fluctuating prices of LPG products and may be affected by a decrease in the demand for such products and the volatility in their prices” and “—Trade disputes or the imposition of tariffs on imports and exports could affect international trade, and therefore could adversely affect our business”.

Geopolitical conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping. An attack on one of our vessels or merely the perception that our vessels are a potential piracy or terrorist target could have a material adverse effect on our business, financial condition and operating results. Notably, since November 2023, vessels in and around the Red Sea have faced an increasing number of attempted hijackings and attacks by drones and projectiles launched from Yemen, which armed Houthi groups have claimed responsibility for. These groups have stated that these attacks are a response to the Israel-Hamas conflict. While initially Israeli and US-linked vessels were thought to be the primary targets of these attacks, vessels from a variety of countries have been the subject of these incidents, including vessels flying the Marshall Islands flag. As a result of these attacks, certain vessels have sunk, been set alight and suffered other physical damage and crew injuries and fatalities have occurred, leading to heightened concerns for crew safety and security, as well as trade disruption. An increasing number of companies have rerouted their vessels to avoid passage through affected areas and are now completing their trades via alternative routes, such as through the Cape of Good Hope, incurring greater shipping costs and delays, as well as the costs of security measures. Though governments including the United States and United Kingdom have responded with air strikes against the hostile groups believed to be responsible for these attacks, the continuation or escalation of the conflict may drive the foregoing costs and risks higher. Any physical damage to our vessels or injury or loss of life of any of the individuals onboard our vessels could result in significant reputational damage or operational disruption, the exact magnitude of which cannot be estimated with certainty at this time. There can be no assurance regarding the precise nature, expected duration or likely severity of these maritime incidents. Future hostilities or other political instability in regions where our vessels trade could also negatively affect the shipping industry by resulting rising costs and changing patterns of supply and demand, as well as our trade patterns, trade routes, operations and performance.

Further, if attacks on vessels occur in regions that insurers characterize as “war risk” zones or by the Joint War Committee as “war and strikes” listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain, if available at all. As of March 4, 2025, such listed areas included parts of the Southern Red Sea, Gulf of Aden and Black Sea, as well as the coastal waters of Yemen, Israel and Iran, among others. Insurance costs for vessels with links to the United States, United Kingdom or Israel have already increased as a result of attacks in and around the Red Sea, with such vessels reportedly seeing increases of 25% to 50% in their war risk premium relative to other vessels transiting through the Red Sea, and should these attacks continue or become indiscriminate, we could similarly experience a significant increase in our insurance costs and/or we may not be adequately insured to cover losses from these incidents. See also “—*Our business has inherent operational risks, which may not be adequately covered by insurance.*” Crew costs, including costs that may be incurred to the extent we employ onboard security guards, could also increase due to acts of piracy or other maritime incidents, including attacks on vessels. Our customers could also suffer significant losses, impairing their ability to make payments to us under our charters. Any of the foregoing factors could have an adverse effect on our business, results of operations, financial condition and cash flows.

The threat of future terrorist attacks around the world also continues to cause uncertainty in the world’s financial markets and international commerce and may affect our business, operating results and financial condition. Continuing conflicts, tensions and recent developments in the Middle East, including continuing unrest in Iran, the fall of the Assad regime in Syria in December 2024 and the establishment of a transitional government in Syria, the Israel-Hamas conflict and recent attacks on vessels in and around the Red Sea which armed Houthi groups have claimed responsibility for, as well as the overthrow of Afghanistan’s democratic government by the Taliban, may lead to additional acts of terrorism and armed conflict around the world. This may contribute to further economic instability in the global financial markets and international commerce. Additionally, any escalations between Western Nations, Israel and/or Iran could result in retaliation that could potentially affect the shipping industry. For example, there have been an increased number of attacks on or seizures of vessels in the Strait of Hormuz (which already experienced an increased number of attacks on and seizures of vessels in recent years, including the seizure of two Greek-flagged vessels in 2022, one Marshall Islands-flagged vessel in 2023 and a Portuguese-flagged vessel in 2024), and ship owners have reported a heightened level of harassment when transiting through the region. Any of these occurrences could have a material adverse impact on our operating results, revenues and costs. See also “—*Acts of piracy or other attacks on ocean-going vessels, including due to geopolitical conflicts, could adversely affect our business.*”

Trade disputes or the imposition of tariffs on imports and exports could affect international trade, and therefore could adversely affect our business.

Protectionism has been on the rise globally, in recent years. For example, in Europe, large sovereign debts and fiscal deficits, low growth prospects and high unemployment rates in a number of countries have contributed to the rise of various Eurosceptic parties, which advocate for their countries to leave the European Union and/or adopt protectionist policies. These parties are increasingly popular in various European countries, including major European economic powers such as Germany and France. The withdrawal of the United Kingdom from the European Union has increased the risk of additional trade protectionism and has created supply chain disruptions.

The United States, which has emerged as a key market for LPG , has similarly seen a rise in protectionist policies. Since 2018, China and the United States each began implementing increasingly protective trade measures, including significant tariff increases, in a trade war between these countries. Beginning in February 2025, President Trump has announced new tariffs on imports, including 10% tariffs on virtually all imports to the United States, and higher tariffs on imports of certain products or from certain countries (including Canada, Mexico and China). In response, foreign governments, including China, have enacted retaliatory tariffs. It is unknown whether and to what extent new tariffs will be adopted, or the effect that any such actions would have on us or our industry.

Trade barriers to protect domestic industries against foreign imports depress shipping demand. Protectionist developments, such as the imposition of trade tariffs or the perception they may occur, may have a material adverse effect on global economic conditions, and may significantly reduce global trade. Moreover, increasing trade protectionism may cause an increase in (a) the cost of goods exported from regions globally, (b) the length of time required to transport goods and (c) the risks associated with exporting goods. Such increases may significantly affect the quantity of goods to be shipped, shipping time schedules, voyage costs and other associated costs, which could have an adverse impact on our charterers’ business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could have a material adverse effect on our business, financial condition and operating results. Further, protectionist policies in any country could impact global markets, including foreign exchange and securities markets. Any resulting changes in currency exchange rates, tariffs, treaties and other regulatory matters could in turn adversely impact our business, results of operations, financial condition and cash flows.

We are new entrants to the competitive LPG shipping sector and may face difficulties in establishing our business.

Our LPG carrier-owning subsidiaries entered into the LPG shipping business in 2023. As new entrants to the LPG shipping businesses, we may struggle to establish market share and broaden our customer base for our operations in these highly competitive markets due to our lesser-known reputation, while incurring operating costs associated with the operation and upkeep of our LPG carriers. In addition, we compete with various companies that operate larger fleets and may be able to offer more competitive prices and greater availability and diversity of vessels, all while achieving economies of scale in their fleet operating costs. Due in part to the fragmented LPG carrier markets, existing or additional competitors with greater resources may enter or grow their positions in the LPG carrier sector through consolidations or acquisitions and could operate more competitive fleets, causing us to lose or be unable to gain market share. Any of these competitors may be able to devote greater financial and other resources to their activities than we can, resulting in a significant competitive threat to us.

Further, we likely possess less operational expertise relative to more experienced competitors and, in general, are more heavily reliant on the knowledge and services of third-party managers for our commercial success. As of the date of this Annual Report, our manager, Castor Ships, has subcontracted, with our consent, the technical management for all of our vessels to a third-party ship-management company, except one LPG carrier vessel for which Castor Ships has provided technical management since November 5, 2024. Any failure by us or Castor Ships to partner with third-party providers with the appropriate expertise to effectively deliver our services could tarnish our reputation as a vessel operator and impact the growth of our business, our financial condition and operating profits.

Risks involved in operating ocean-going vessels could affect our business and reputation.

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

- a marine disaster;
- war and terrorism;
- piracy;
- environmental and other accidents;
- cargo and property losses and damage;
- business interruptions caused by mechanical failure, human error, armed conflict, terrorism, piracy, political action in various countries, labor strikes or adverse weather conditions; and
- work stoppages or other labor problems with crew members serving on our vessels, some of whom are unionized and covered by collective bargaining agreements.

Environmental laws often impose strict liability for remediation of spills and releases of oil, oil products and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. A spill of any products carried by our vessels, or a release of other hazardous substances from our vessels, could result in significant liability, including fines, penalties and criminal liability and remediation costs for natural resource damages, as well as third-party damages.

Any of these circumstances or events could increase our costs or lower our revenues. The involvement of our vessels in an oil spill or other environmental incident may harm our reputation as a safe and reliable operator, which could have a material adverse effect on our business, cash flows, financial condition, and operating results.

In addition to the foregoing risks, the operation of LPG carriers and transportation of oil presents unique operational risks. See “—*The operation of LPG carriers has unique operational risks associated with the transportation of liquefied petroleum gases.*”

Acts of piracy or other attacks on ocean-going vessels, including due to geopolitical conflicts, could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean and, in particular, the Gulf of Aden off the coast of Somalia and the Gulf of Guinea region off Nigeria, which experienced increased incidents of piracy in recent years. Pirate activity is also intermittent off the coast of Eastern Malaysia and a number of oil cargo seizures have occurred there. Sea piracy incidents continue to occur with LPG carrier vessels particularly vulnerable to such attacks. Acts of piracy may result in death or injury to persons or damage to property. In addition, crew costs, including costs of employing on-board security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on our business, financial condition, cash flows and results of operations. See also “—*Geopolitical conditions, such as political instability or conflict, terrorist attacks and international hostilities, can affect the seaborne transportation industry, which could adversely affect our business*” and “—*Our business has inherent operational risks, which may not be adequately covered by insurance.*”

Our charterers calling on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government (including OFAC) or other authorities or failure to comply with the U.S. Foreign Corrupt Practices Act (the “FCPA”) or similar laws could lead to monetary fines or penalties and adversely affect our reputation. Such failures and other events could adversely affect the market for our common shares.

Certain countries (including certain regions of Ukraine, Russia, Belarus, Cuba, Iran, North Korea and Syria), entities and persons are targeted by economic sanctions and embargoes imposed by the United States, the European Union and other jurisdictions, and a number of those countries have been identified as state sponsors of terrorism by the U.S. Department of State. In particular, sanctions imposed in relation to the Russian invasion of Ukraine have created significant disruptions in the global economy and in the shipping industry. Since Russia’s invasion of Ukraine in 2022, economic sanctions have been imposed by the United States, the European Union, the United Kingdom and a number of other countries on Russian financial institutions, businesses and individuals, as well as certain regions within the Donbas region of Ukraine. Certain of these sanctions have targeted the Russian oil and petroleum industry and, in particular, the transport of Russian crude oil and refined petroleum products by maritime vessels. Several jurisdictions, including the United States, the United Kingdom, European Union and Canada, have adopted import bans of Russian energy products, such as crude oil and refined petroleum products. The United Kingdom and European Union have also introduced export restrictions, which capture the provision of maritime vessels and supplies to or for use in Russia. They have also imposed additional restrictions on providing financing, financial assistance, technical assistance and brokering or other services that would further the provision of vessels to or for use in Russia. For example, the United Kingdom has barred the provision of ships or services, including shipping services, facilitating the maritime transport of Russian crude oil, with effect from December 5, 2022, and refined oil products, with effect from February 5, 2023. The Group of Seven nations and the European Union have also imposed a price cap of \$60 per barrel on Russian crude oil with effect from December 5, 2022 and introduced a separate price cap on refined petroleum products with effect from February 5, 2023. In October 2023, the United States also introduced sanctions against 50 tanker vessels with ties to the Russian oil trade, significantly impeding such vessels’ abilities to load cargoes, and has imposed sanctions against at least two companies and their tankers for breaching the \$60 per barrel price cap on Russian crude oil. In June 2024, the Council of the European Union introduced a new package of sanctions on Russian oil, including a new measure targeting specific vessels contributing to Russia’s war against Ukraine, which are subject to a port access ban and a ban on the provision of services; so far, the EU has placed 79 vessels on this list, including tankers transporting Russian oil and performing dangerous and illegal shipping practices. On January 15, 2025, the U.S. Department of Treasury introduced new sanctions on two Russian oil producers as well as 183 vessels that have shipped Russian oil in violation of existing sanctions. These and other recent sanctions efforts by the United States, the European Union and United Kingdom have focused on preventing the circumvention of sanctions against Russia. These restrictions may affect our current or future charters.

In addition, certain jurisdictions, such as Greece and the United States, have temporarily detained vessels suspected of violating sanctions. Countries, such as Canada, the United Kingdom and the EU, have also broadly prohibited Russian-affiliated vessels from entering their waters and/or ports. Furthermore, certain of the oil majors, such as ExxonMobil and BP, have divested from Russia or announced their intention to exit the region.

As a result of these bans and related trade sanctions, many consumers of crude oil and refined petroleum products have sought out alternative sources of these products and trade patterns and trade routes for crude oil and refined petroleum products have changed. For example, the United States has emerged as a major producer of crude oil, refined petroleum products and natural gas liquids, producing record amounts of oil in 2023 that have helped to offset supply constraints due to Russia’s exclusion from the market and strong demand for exported crude oil. The prices of crude oil, refined petroleum and LPG-related products have increased and remained elevated as a result of these bans and related trade sanctions, though record production by the United States has exerted downward price pressure. Increases in the price of oil, refined petroleum and LPG products have and are likely to affect adversely global oil demand and reduce worldwide oil transport should they continue. While global shipping rates of oil have generally increased since the commencement of Russia’s invasion of Ukraine, especially because of increased ton mile demand due to changing trading patterns and the banning of Russian oil tankers by several countries, it is uncertain what the ultimate result will be on the Company’s business and financial position. However, due to their effect on the global market for petroleum products, current or additional sanctions could have a material adverse impact on the Company’s business, cash flows, financial condition and operating results. We will keep monitoring the events in the Ukraine war and the possibility of the cessation of the hostilities between the two nations.

Economic sanctions and embargo laws and regulations vary in their application with regard to countries, entities or persons and the scope of activities they subject to sanctions. These sanctions and embargo laws and regulations may be strengthened, relaxed or otherwise modified over time. Any violation of sanctions or embargoes could result in the Company incurring monetary fines, penalties or other sanctions. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contacts with countries or entities or persons within these countries that are identified by the U.S. government as state sponsors of terrorism. We are required to comply with such policies in order to maintain access to charterers and capital.

Current or future counterparties of ours may be affiliated with persons or entities that are or may be in the future the subject of sanctions imposed by the governments of the United States, the European Union, and/or other international bodies. Further, it is possible that, in the future, our vessels may call on ports located in sanctioned jurisdictions on charterers’ instructions, without our consent and in violation of their charter party. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels. As a result, we may be required to terminate existing or future contracts to which we, or our subsidiaries, are party.

We operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws, and have adopted a code of business conduct and ethics. However, we are subject to the risk that we, or our affiliated entities, or our or our affiliated entities’ respective officers, directors, employees or agents’ actions may be deemed to be in violation of such anti-corruption laws, including the FCPA. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions.

If the Company, our affiliated entities, or our or their respective officers, directors, employees and agents, or any of our charterers are deemed to have violated economic sanctions and embargo laws, or any applicable anti-corruption laws, our results of operations may be adversely affected due to the resultant monetary fines, penalties or other sanctions. In addition, we may suffer reputational harm as a result of any actual or alleged violations. This may affect our ability to access U.S. capital markets and conduct our business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. The determination by these investors not to invest in, or to divest from, our common shares may adversely affect the price at which our common shares trade. Investor perception of the value of our common shares may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in the countries or territories in which we operate. Any of these factors could adversely affect our business, financial condition, and operating results.

Furthermore, detecting, investigating and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management and adversely affect our business, results of operations or financial condition as a result.

Global public health threats can affect the seaborne transportation industry, which could adversely affect our business.

Public health threats or widespread health emergencies, such as the COVID-19 pandemic, influenza and other highly communicable diseases or viruses (or concerns over the possibility of such threats or emergencies) could lead to a significant decrease in demand for the transportation of the products carried by our vessels. In recent years, our business and the LPG carrier sectors have from time to time been impacted by various public health emergencies in various parts of the world in which we operate, most notably the COVID-19 pandemic. While most countries around the world have removed restrictions implemented in response to the COVID-19 pandemic, the emergence of new public health threats or widespread health emergencies, whether globally or in the regions in which we operate, may result in new restrictions, lead to further economic uncertainty and heighten certain of the other risks described in this Annual Report. In particular, such events have and may also in the future adversely impact our operations, including timely rotation of our crews, the timing of completion of any outstanding or future newbuilding projects or repair works in dry-dock as well as the operations of our customers. Delayed rotation of crew may adversely affect the mental and physical health of our crew and the safe operation of our vessels as a consequence. Any public health threat or widespread health emergency, whether widespread or localized, could create significant disruptions in our business and adversely impact our business, financial condition, cash flows and operating results.

A cyber-attack could materially disrupt our business and may result in a significant financial cost to us.

We rely on information technology systems and networks in our operations, our vessels and administration of our business. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry-accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches. Our business operations could be targeted by individuals or groups seeking to sabotage or disrupt our information technology systems and networks, to steal data, or to ask for ransom. A successful cyber-attack could materially disrupt our operations, including the safety of our operations, or lead to unauthorized release, alteration or unavailability of information in our systems. Any such attack or other breach of our information technology systems could have a material adverse effect on our business and operating results. In addition, the unavailability of our information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased operating costs, causing our business and operating results to suffer.

In 2017, the IMO adopted Resolution MSC.428(98) on Maritime Cyber Risk Management, which encourages administrations to ensure that cyber risks are appropriately addressed in SMS no later than the first annual verification of the Company’s Document of Compliance (DOC) after January 1, 2021, and the U.S. Coast Guard published non-binding guidance in February 2021 on addressing cyber risks in a vessel’s safety management system. While we are currently in compliance with the requirements of Resolution MSC.428(98), the cybersecurity measures we maintain may not be sufficient to prevent the occurrence of a cybersecurity attack and/or incident. Any inability to prevent security breaches (including the inability of our third-party vendors, suppliers or counterparties to prevent security breaches) or any failure to adopt or maintain appropriate cybersecurity risk management and governance procedures could cause existing or prospective clients to lose confidence in our IT systems and could adversely affect our reputation, cause losses to us or our customers and/or damage our brand. This might require us to create additional procedures for managing the risk of cybersecurity, which could require additional expenses and/or capital expenditures.

The risks associated with informational and operational technology incidents have increased in recent years given the increased prevalence of remote work arrangements, and may be further heightened by geopolitical tensions and conflicts, such as the ongoing conflict between Russia and Ukraine. State-sponsored Russian actors have taken and may continue to take retaliatory actions and enact countermeasures against countries and companies that have divested from or curtailed business with Russia as a result of Russia’s invasion of Ukraine and related sanctions imposed on Russia. See “—Our charterers calling on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government (including OFAC) or other authorities or failure to comply with the U.S. Foreign Corrupt Practices Act (the “FCPA”) or similar laws could lead to monetary fines or penalties and adversely affect our reputation. Such failures and other events could adversely affect the market for our common shares” for further information on these sanctions. This includes cyber-attacks and espionage against other countries and companies in the world, which may negatively impact such countries in which we operate and/or companies to whom we provide services or receive services from. Any such attacks, whether widespread or targeted, could create significant disruptions in our business and adversely impact our financial condition, cash flows and operating results.

Compliance with rules and other vessel requirements imposed by classification societies may be costly and could reduce our net cash flows and negatively impact our results of operations.

The hull and machinery of every commercial vessel must be certified as being “in class” by a classification society recognized by the flag administration in the jurisdiction in which the vessel is registered (or “flagged”). The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules of the class and the regulations of the country of registry of the vessel and the Safety of Life at Sea Convention.

A vessel must undergo annual surveys, intermediate surveys and special surveys. A vessel’s machinery may be placed on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. We expect our vessels to be on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Vessels are also required to be dry-docked, or inspected by divers, every two to three years for inspection of underwater parts.

While the Company believes that it has adequately budgeted for compliance with all currently applicable safety and other vessel operating requirements, newly enacted regulations applicable to the Company and its vessels may result in significant and unanticipated future expense. If any vessel does not maintain its class or fails any annual, intermediate or special survey, the vessel will be unable to trade between ports and will be unemployable, which could have a material adverse effect on our business, cash flows, financial condition and operating results.

We are subject to international laws and regulations and standards (including, but not limited to, environmental standards such as IMO 2020 for the low sulfur fuels and the International Ballast Water Convention for discharging of ballast water), as well as to regional requirements, such as European Union and U.S. laws and regulations for the protection of the environment, each of which may adversely affect our business, results of operations, and financial condition. In particular, new short-, medium- and long-term measures developed by the IMO, the European Union and other entities to promote decarbonization and the reduction of GHG emissions may adversely impact our operations and markets.

Our operations are subject to numerous international, regional, national, state and local laws, regulations, treaties and conventions in force in international waters and the jurisdictions in which our vessels operate or are registered, which can significantly affect the ownership and operation of our vessels. See “*Item 4. Information on the Company—B. Business Overview—Environmental and Other Regulations in the Shipping Industry*” for a discussion of certain of these laws, regulations and standards. Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or implementation of operational changes and may affect the profitability, resale value and useful lives of our vessels. These costs could have a material adverse effect on our business, cash flows, financial condition, and operating results. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations.

Environmental laws can impose strict liability for emergency response, remediation of spills and releases of oil and hazardous substances and natural resource damages, which could subject us to liability without regard to whether we are negligent or at fault. See “*—Risks involved in operating ocean-going vessels could affect our business and reputation.*” and “*—The operation of LPG carriers has unique operational risks associated with the transportation of liquefied petroleum gases.*”

In connection with IMO 2020 regulations and requirements relating to fuel sulfur levels, as of the date of this Annual Report, we have transitioned to burning IMO compliant fuels as none of our vessels is equipped with scrubbers (also known as Exhaust Gas Cleaning Systems). As a result, these vessels currently utilize VLSFO containing up to 0.5% sulfur content. Notably, low sulfur fuel is more expensive than standard high fuel oil and may become more expensive. The price of VLSFO in Singapore ranged from a peak of \$656 per metric ton in February 2024 to a low of around \$547 per metric ton in December 2024. As of March 4, 2025, the price of VLSFO in Singapore was around \$525 per metric ton, but uncertainty regarding its future direction and the availability of VLSFO remains. For further information, see “*—Increases in bunker prices could affect our operating results and cash flows.*”

The IMO has also imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel’s ballast water. Depending on the date of the International Oil Pollution Prevention (IOPP) renewal survey, existing vessels constructed before September 8, 2017 must comply with the updated D-2 standard on or after September 8, 2019. For most vessels, compliance with the D-2 standard involves installing onboard systems to treat ballast water and eliminate unwanted organisms. All of our vessels are equipped with a ballast water treatment system and therefore are currently in compliance with this regulation.

Due to concern over climate change, a number of countries, the European Union and the IMO have adopted regulatory frameworks to reduce greenhouse gas emissions. These regulatory measures may include, among others, adoption of cap-and-trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy. Further, although the emissions of GHG from international shipping currently are not subject to the Paris Agreement or the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which required adopting countries to implement national programs to reduce emissions of certain gases. In addition, the International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI has been adopted that restricts air emissions from vessels.

In June 2021, IMO’s Marine Environment Protection Committee (“MEPC”) adopted amendments to the MARPOL Annex VI that will require ships to reduce their carbon dioxide and GHG emissions. These requirements combine technical and operational approaches to improve the energy efficiency of ships for future GHG reduction measures. Beginning January 1, 2023, each vessel is required to comply with the new Energy Efficiency Existing Ship Index (“EEXI”). Furthermore, from 2023 to 2026, each vessel must initiate the collection of data for the reporting of its annual operational Carbon Intensity Indicator (“CII”) and CII rating. The IMO is required to review the effectiveness of the implementation of the CII and EEXI requirements by January 1, 2026 at the latest. Prior to the implementation of the new regulations under revised Annex VI of MARPOL, official calculations and estimations suggested that merchant vessels built before 2013, including some of our older vessels, may not fully comply with the EEXI requirements. Therefore, to ensure compliance with EEXI requirements many owners/operators may choose to limit engine power rather than apply energy-saving devices and/or effect certain alterations on existing propeller designs, as the reduction of engine power can be a less costly solution than these measures. As of the date of this Annual Report, official calculations had determined that three of the four LPG carrier vessels were in compliance with the EEXI requirements as of January 1, 2023. Our remaining one LPG carrier vessel is in compliance with the EEXI requirements by installing the Shaft Power Limitation (“ShaPoli”) system on April 30, 2024 and obtained its first annual International Air Pollution Prevention (“IAPP”) certificate, effective from June 4, 2024.

The engine power limitation is predicted to lead to reduced ballast and laden speeds (at scantling draft) in the non-compliant vessels, which will affect non-compliant vessels’ commercial utilization and also decrease the global availability of vessel capacity. Furthermore, required software and hardware alterations as well as documentation and recordkeeping requirements will increase a vessel’s capital and operating expenditures.

Further, on January 27, 2021 the Biden administration issued an executive order temporarily blocking new leases for oil and gas drilling in U.S. federal waters. While leasing has since resumed, a record low of just three offshore lease sales over the next five years were unveiled in September 2023. However, leasing for oil and gas drilling in federal waters remains a contentious political issue, with certain states and Republicans in U.S. Congress pushing for increased leasing. On January 6, 2025, the Biden administration issued an executive order prohibiting new oil and gas leases in offshore areas, and President Trump then issued an executive order seeking to revoke it.

On November 13, 2021, the Glasgow Climate Pact was announced following discussions at the 2021 United Nations Climate Change Conference (“COP26”). The Glasgow Climate Pact calls for signatory states to voluntarily phase out fossil fuels subsidies. A shift away from these products could potentially affect the demand for our vessels and negatively impact our future business, operating results, cash flows and financial position. COP26 also produced the Clydebank Declaration, in which 22 signatory states (including the United States and United Kingdom) announced their intention to voluntarily support the establishment of zero-emission shipping routes. Governmental and investor pressure to voluntarily participate in these green shipping routes could cause us to incur significant additional expenses to “green” our vessels. The 2023 United Nations Climate Change Conference (“COP28”) in Dubai called for, among other measures, a swift transition from fossil fuels and deep GHG emission cuts. The 2024 United Nations Climate Change Conference (“COP29”) in Marrakesh called for, among other measures, mitigating actions that would keep the Paris Agreement’s temperature goals on track through rapid and sustained emissions reductions globally. On January 20, 2025 President Trump signed an Executive Order seeking to withdraw the United States from the Paris Agreement.

The foregoing regulations represent a growing trend towards “green” or sustainable sources of energy and increasing intervention by certain governments to impose more stringent emissions regimes. These regulations have had, and will continue to have, an impact on demand for LPG, as well as increase our costs of operation, any of which could have an adverse effect on our business and operating results.

Developments in safety and environmental requirements relating to the recycling and demolition of vessels may result in escalated and unexpected costs.

The 2009 Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, or the Hong Kong Convention, aims to ensure ships being recycled once they reach the end of their operational lives do not pose any unnecessary risks to the environment, human health and safety. On November 28, 2019, the Hong Kong Convention was ratified by the required number of countries and it will be in force on June 26, 2025. Upon the Hong Kong Convention’s entry into force, each ship sent for recycling will have to carry an inventory of its hazardous materials. The hazardous materials, the use or installation of which are prohibited in certain circumstances, are listed in an appendix to the Hong Kong Convention. Ships will be required to have surveys to verify their inventory of hazardous materials initially, throughout their lives and prior to the ship being recycled. When implemented, the foregoing requirement may lead to cost escalation by shipyards, repair yards and recycling yards. This may then result in a decrease in the residual scrap value of a vessel, and a vessel could potentially not cover the cost to comply with the latest requirements, which may have an adverse effect on our future performance, cash flows, financial position and operating results.

Further, on November 20, 2013, the European Parliament and the Council of the EU adopted the Ship Recycling Regulation, which, among other things, requires any non-EU flagged vessels calling at a port or anchorage of an EU member state, including ours, to set up and maintain an Inventory of Hazardous Materials from December 31, 2020. Such a system includes information on the hazardous materials with a quantity above the threshold values specified in relevant EU Resolution that are identified in the ship’s structure and equipment. This inventory must be properly maintained and updated, especially after repairs, conversions or unscheduled maintenance on board the ship.

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

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

We are subject to international safety standards and the failure to comply with these regulations may subject us to increased liability, may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports.

The operation of our vessels is affected by the requirements set forth in the International Safety Management Code, or the ISM Code, promulgated by the IMO under the SOLAS Convention (each as defined in “Item 4. Information on the Company—B. Business Overview—Environmental and Other Regulations in the Shipping Industry—International Maritime Organization”). The ISM Code requires ship owners, ship managers and bareboat charterers to develop and maintain an extensive “Safety Management System” that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for the safe operation of vessels and describing procedures for dealing with emergencies. In addition, vessel classification societies impose significant safety and other requirements on our vessels. Failure to comply with these regulations may subject us to increased liability, may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports, and have a material adverse effect on our business, financial condition and operating results.

Maritime claimants could arrest our vessels, which could interrupt our cash flow and business.

Crew members, suppliers of goods and services to a vessel, shippers and receivers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by “arresting” or “attaching” a vessel through judicial proceedings. The arrest or attachment of our vessels, if not timely discharged, could have significant ramifications for the Company, including off-hire periods and/or potential cancellations of charters, high costs incurred in discharging the maritime lien, other expenses to the extent such arrest or attachment is not covered under our insurance coverage, breach the covenants in our future credit facilities and reputational damage. This in turn could negatively affect the market for our shares and adversely affect our business, financial condition, results of operations, cash flows and ability to service or refinance our debt. In addition, in jurisdictions where the “sister ship” theory of liability applies, such as South Africa, a claimant may arrest the vessel that is subject to the claimant’s maritime lien and any “associated” vessel, which is any vessel owned or controlled by the same owner. In countries with “sister ship” liability laws, claims might be asserted against us or any of our vessels for liabilities of other vessels that we then own, compounding the negative effects of an arrest or attachment on the Company. Any of those occurrences could have a material adverse effect on our business, financial condition and operating results.

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

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

Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.

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

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

Our business has inherent operational risks, which may not be adequately covered by insurance.

Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, adverse weather conditions, mechanical failures, human error, environmental accidents, war, terrorism, piracy and other circumstances or events. In addition, transporting cargoes across a wide variety of international jurisdictions creates a risk of business interruptions due to political circumstances in foreign countries, hostilities, labor strikes and boycotts, the potential changes in tax rates or policies, and the potential for government expropriation of our vessels. See “—*Geopolitical conditions, such as political instability or conflict, terrorist attacks and international hostilities, can affect the seaborne transportation industry, which could adversely affect our business*” and “*Trade disputes or the imposition of tariffs on imports and exports could affect international trade, and therefore could adversely affect our business*” for further information regarding geopolitical circumstances which have or may impact insurance. Any of these events may result in loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters.

We procure insurance for our vessels against those risks that we believe the shipping industry commonly insures against. This insurance includes marine hull and machinery insurance, protection and indemnity insurance, which include environmental damage, pollution insurance coverage, crew insurance, and, in certain circumstances, war risk insurance. Currently, the amount of coverage for liability for pollution, spillage and leakage available to us on commercially reasonable terms through protection and indemnity associations and providers of excess coverage is \$1 billion per occurrence. In certain instances, we may be required by our pooling agreements to arrange for additional loss of hire cover.

We do not carry loss of hire insurance. Loss of hire insurance covers the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled dry-docking due to damage to the vessel from accidents. Accordingly, any loss of a vessel or any extended period of vessel off-hire, due to an accident or otherwise, could have a material adverse effect on our business, results of operations and financial condition.

Despite the above policies, we may not be insured in amounts sufficient to address all risks and we or our pool managers may not be able to obtain adequate insurance coverage for our vessels in the future or may not be able to obtain certain coverage at reasonable rates. For example, in the past more stringent environmental regulations have led to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. We may enter into credit facilities that impose restrictions on the use of any proceeds we may receive from claims under our insurance policies.

Further, insurers may not pay particular claims. Our insurance policies contain deductibles for which we will be responsible and limitations and exclusions which may increase our costs or lower our revenues. Moreover, insurers may default on claims they are required to pay. Any of these factors could have a material adverse effect on our financial condition.

Risks Relating to the LPG Carrier Industry

Charter rates for LPG carriers are volatile and cyclical in nature. A decrease in LPG carrier charter rates may adversely affect our business, financial condition and operating results.

The LPG carrier industry is both cyclical and volatile in terms of charter rates, profitability and vessel values. Fluctuations in charter rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the products transported by LPG carriers. The degree of charter rate volatility among different types of LPG carriers has also varied widely. Further, because many factors (including the supply and demand for the products transported by LPG carriers) influencing the supply of, and demand for, vessel capacity are unpredictable, the timing, direction and degree of changes in the LPG carrier market are also unpredictable.

The global economy and the LPG carrier industry have experienced significant disruptions as a result of Russia’s invasion of Ukraine and sanctions imposed in relation to such conflict. LPG carrier rates have been impacted by changing energy prices as a result of disruptions to energy production, trade patterns and trade routes, including shipping in the Black Sea and elsewhere. The continuation or further extension of economic sanctions, boycotts or otherwise may eventually result in a reduction in the supply of LPG available for transportation and could negatively impact charter rates over the longer term. For further details regarding Russian sanctions, see “—*Our charterers calling on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government (including OFAC) or other authorities or failure to comply with the U.S. Foreign Corrupt Practices Act (the “FCPA”) or similar laws could lead to monetary fines or penalties and adversely affect our reputation. Such failures and other events could adversely affect the market for our common shares.*”

Any deterioration of charter rates resulting from various factors relating to the cyclicality and volatility of our business, including those above, may adversely affect our ability to profitably charter or re-charter our LPG carriers or to sell our vessels LPG carriers on a profitable basis. In particular, a significant decrease in charter rates would cause asset values to decline. Any of the foregoing factors could negatively impact our operating results, liquidity and/or financial condition.

Future growth in the demand for our services will depend among others on changes in supply and demand, economic growth in the world economy and demand for LPG and LPG transportation relative to changes in worldwide fleet capacity.

The capacity of the world LPG carrier fleet appears likely to increase in the near term. However, future growth in the demand for LPG carriers, as well as the charter rates for such LPG carriers, depends on a variety of factors that may impact the supply of and demand for the products we transport. Factors that influence demand for LPG carrier capacity include, but are not limited to:

- changes in the supply of vessel capacity for the seaborne transportation of LPG products, which is influenced by the following factors;
- the available supply of LPG products;
- changes in the supply of vessel capacity for the seaborne transportation of LPG products, which is influenced by the following factors;
- the availability of financing for new and secondhand LPG carriers and shipping activity;
- the number of newbuilding deliveries and the ability of shipyards to deliver newbuildings by contracted delivery dates and capacity levels of shipyards;
- the scrapping rate of older vessels and secondhand LPG carrier values in relation to scrap prices;
- the number of vessels that are out of service, as a result of vessel casualties, repairs and dry-dockings;
- the number of conversions LPG carriers to other uses or conversions of other vessels to LPG carriers, as applicable;
- port and canal congestion;
- the speed of LPG carriers being operated;

- changes in environmental and other regulations that may limit the useful lives of vessels;
- changes in LPG carrier prices;
- any factors that affect the foregoing;
- changes in the level of demand for seaborne transportation of LPG products, which is influenced by the following factors:
- the level of production of LPG products in net export regions;
- the level of demand for LPG products globally, and in particular, in net import regions such as Asia, Europe, Latin America and India;
- regional availability of refining, liquefaction and deliquefaction capacity and inventories compared to geographies of oil and natural gas production and liquefaction and deliquefaction regions;
- a reduction in global or general industrial activity specifically in the plastics and chemical industry;
- changes in the cost of petroleum and natural gas from which liquefied gases are derived;
- prevailing global and regional economic conditions;
- global and regional economic and political conditions and developments, including economic growth in global and local economies and the timeframe over which such growth occurs, demand for LPG carrier transport that exceeds capacity for such fleets worldwide, armed conflicts (such as Russia’s invasion of Ukraine or the armed conflict(s) in the Middle East, including maritime incidents in and around the Red Sea, and the spread or worsening of any such conflicts) and terrorist activities, international trade sanctions, embargoes and strikes, particularly those that impact the regions or trade routes traveled by our vessels, the regions where the cargoes we carry are produced or consumed, or any similar events which would interrupt the production or consumption of liquefied gases and associated products;
- developments in international trade, including national policies regarding strategic oil inventories (including the reduction or replenishment of strategic reserves and if strategic reserves are set at a lower level in the future as oil decreases in the energy mix), actions taken by OPEC and major oil and gas producers and refiners, as well as major LPG companies, and fluctuations in the profit margins of crude oil, refined petroleum products and/or LPG;
- the distances between exporting and importing regions over which LPG products are to be transported by sea;
- infrastructure to support seaborne LPG products trade, including pipelines, railways and terminals;
- changes in seaborne and other transportation and distribution patterns, typically influenced by the relative advantage of the various sources of production, locations of consumption, opportunities for arbitrage, pricing differentials and seasonality;
- changes to the arbitrage of certain LPG products in different countries, regions or continents;
- currency exchange and interest rates;
- changes in environmental and other regulations that may limit the production or consumption of LPG products;
- competition from alternative sources of energy alternative sources of energy, such as natural gas, coal, hydroelectric power and other alternative sources of energy, and consumer demand for “green” or sustainable products;
- inclement weather and/or natural catastrophes; and
- epidemics and pandemics.

These factors are outside of our control and are unpredictable, and accordingly we may not be able to correctly assess the nature, timing and degree of changes or their precise impact on our business. Any of these factors could have a material adverse effect on our business, financial condition and operating results.

The active fleet on the small LPG carrier vessels, which have similar characteristics to the ones we own, has remained largely stable with a slight 1% decrease between 2023 and 2024 (from 589 to 584 vessels, respectively). Moreover, the orderbook of small LPG carrier vessels has remained at low levels and has not changed in 2024 from 9 vessels in 2023.

A decline in the market values of our LPG carriers could limit the amount of funds that we can borrow, cause us to breach certain financial covenants in our future credit facilities and/or result in impairment charges or losses on sale.

The fair market values of LPG carriers have generally experienced high volatility based on a variety of factors. Factors which may affect the fair market values of our LPG carriers include, without limitation:

- prevailing level of charter rates;
- general economic and market conditions affecting the shipping industry;
- the types, sizes and ages of the LPG carriers, including as compared to other LPG carriers in the market and as relates to environmental and energy efficiency;
- supply of and demand for LPG carriers, including as a result of the competitive environment we operate in;
- the availability and cost of other modes of transportation;
- distressed asset sales, including newbuilding contract sales below acquisition costs due to lack of financing;
- cost of new buildings;
- speculative LPG carrier orders from peers during periods of low LPG carrier prices, thereby increasing the supply of LPG carrier capacity, satisfying demand sooner and potentially suppressing charter rates;
- shipyard capacity;
- governmental or other regulations, including those that may limit the useful life of LPG carriers;
- the need to upgrade LPG carriers as a result of environmental, safety, regulatory or charterer requirements, technological advances in LPG carrier design or equipment or otherwise; and
- the size of the LPG carrier market is small and illiquid resulting to only a limited number of vessel sales taking place on an annual basis.

In addition, when vessel prices are considered to be low, companies not usually involved in shipping may make speculative vessel orders, thereby increasing the supply of vessel capacity, satisfying demand sooner and potentially suppressing charter rates. To the extent we enter into any future facilities that require the maintenance of a certain percentage of the fair market values of the LPG carriers securing any future facility to the principal outstanding amount of the respective facility, a decline in the fair value of our LPG carriers could cause us not to be in compliance with such covenants. We have entered into facilities on these terms in the past.

Further, if vessel values are elevated at a time when we wish to acquire additional vessels, the cost of such acquisitions may increase and this could adversely affect our business, cash flows, financial condition and operating results. We may also incur losses and be unable to recoup part of our investment in our LPG carriers if we sell any LPG carrier at less than its book value due to unfavorable market or operating conditions.

The operation of LPG carriers has unique operational risks associated with the transportation of liquefied petroleum gases.

The operation of LPG carriers is inherently risky and presents unique operational risks. For example, an LPG release may cause significant environmental damage. Additionally, compared to other types of vessels, LPG carriers are exposed to a higher risk of damage and loss by fire, whether ignited by a terrorist attack, collision, or other cause, due to the high flammability and hazardous characteristics of LPG. Our crews could also be inadvertently exposed to escaped gases, which may pose a risk to their health and safety. As a result, the unique operational risks associated with the transportation of LPG could result in significantly more expensive insurance coverage and the associated costs of an LPG release or other health and safety incidents could exceed the insurance coverage available to us. Any of the foregoing factors may adversely affect our LPG carrier fleet, our cash flows and segment and overall operating results.

Risks Relating to Our Company

We may be dependent on a small number of charterers for the majority of our business.

A small number of charterers have accounted for a significant part of our revenues and we expect this trend to continue in our operations. Indicatively, for the period ended December 31, 2023, we derived 70% of our operating revenues from continuing operations from one pool manager and in the year ended December 31, 2024, we derived 82% of our operating revenues from continuing operations from one pool manager and three charterers. While the majority of our vessels no longer participate in pools, we expect our credit concentration to remain significant because our LPG carrier vessels are chartered by a small number of charterers. All the charters for our fleet have fixed terms, but may be terminated earlier due to certain events, such as a charterers’ failure to make payments to us because of financial inability, disagreements with us or otherwise. The ability of each of our counterparties to perform their obligations under a charter with us depends on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the shipping industry, prevailing prices for LPG-related products and the overall financial condition of the counterparty. Should a counterparty fail to honor its obligations under an agreement with us, we may be unable to realize revenue under that charter arrangement and could sustain losses. In addition, if we lose an existing charterer, it may be difficult for us to promptly replace the revenue we derived from that counterparty. Any of these factors could have a material adverse effect on our business, financial condition, cash flows and operating results. For further information, see Note 1 to our consolidated financial statements included elsewhere in this Annual Report for an overview of our charterer concentration.

We may not be able to execute our business strategy and we may not realize the benefits we expect from acquisitions or other strategic transactions.

As our business grows, we intend to acquire additional LPG carrier vessels, including to replace existing vessels, diversify our fleet and expand our activities, subject to conditions set out in the Toro Spin-Off Resolutions. See “*—We have limited the fields in which we focus our operations and this may have an adverse effect on our business, financial condition and operating results.*” These objectives have implications for various operating costs, the perceived desirability of our vessels to charterers and the ability to attract financing for our business on favorable terms or at all. Our future growth will primarily depend upon a number of factors, some of which may not be within our control. These factors include our ability to:

- identify suitable vessels, including newbuilding slots at reputable shipyards and/or shipping companies for acquisitions at attractive prices;
- realize anticipated benefits, such as new customer relationships, cost savings or cash flow enhancements from acquisitions;
- obtain required financing for our existing and new operations;
- integrate any acquired vessels, assets or businesses successfully with our existing operations, including obtaining any approvals and qualifications necessary to operate vessels that we acquire;
- enlarge our customer base and continue to meet technical and safety performance standards;
- ensure, either directly or through our manager and sub-managers, that an adequate supply of qualified personnel and crew are available to manage and operate our growing business and fleet;
- improve our operating, financial and accounting systems and controls; and
- cope with competition from other companies, many of which have significantly greater financial resources than we do, and may reduce our acquisition opportunities or cause us to pay higher prices.

Our failure to effectively identify, acquire, develop and integrate any vessels could adversely affect our business, financial condition, investor sentiment and operating results. Finally, acquisitions may require additional equity issuances, which may dilute our common shareholders if issued at lower prices than the price they acquired their shares, or debt issuances (with amortization payments), both of which could lower our available cash. See “*—Future issuances of common shares or other equity securities, including as a result of an optional conversion of Series A Preferred Shares, or the potential for such issuances, may impact the price of our common shares and could impair our ability to raise capital through equity offerings. Shareholders may experience significant dilution as a result of any such issuances.*” If any such events occur, our financial condition may be adversely affected.

We operate secondhand vessels, which may lead to increased technical problems for our vessels and/or higher operating expenses or affect our ability to profitably charter our vessels, to comply with environmental standards and future maritime regulations and to obtain financing on favorable terms or at all and result in a more rapid deterioration in our vessels’ market and book values.

Our current fleet consists only of secondhand vessels. While we have inspected our vessels and we intend to inspect any potential future vessel acquisition, this does not provide us with the same knowledge about its condition that we would have had if the vessel had been built for and operated exclusively by us. Generally, purchasers of secondhand vessels do not receive the benefit of warranties that purchasers of newbuild vessels receive from the builders and the makers of the vessels that they acquire.

The cost of maintaining a vessel in good operating condition and operating it generally increases with the age of a vessel because, amongst other things:

- as our vessels age, typically, they become less fuel-efficient and more costly to maintain than more recently constructed vessels due to improvements in design, engineering and technology and due to increased maintenance requirements;
- cargo insurance rates increase with the age of a vessel, making our vessels more expensive to operate; and
- governmental regulations, environmental and safety or other equipment standards related to the age of vessels may also require expenditures for alterations or the addition of new equipment to our vessels and may restrict the type of activities in which our vessels may engage.

The average age of our LPG carrier fleet was 8.5 years as of March 4, 2025, compared to the industry average of the world fleet of small LPG carriers up to 5,000 cbm, which was 23.2 years as of the same date.

Charterers have age restrictions on the vessels they charter and in the past have actively discriminated against chartering older vessels, which may result in lower utilization of our vessels and, in turn, in lower revenues. Our charterers have a high and increasing focus on quality and compliance standards with their suppliers across the entire supply chain, including the shipping and transportation segment. Our continued compliance with these standards and quality requirements is vital for our operations. The charter hire rates and the value and operational life of a vessel are determined by a number of factors, including the vessel’s efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, operate in extreme climates, utilize related docking facilities and pass-through canals and straits. The length of a vessel’s physical life is related to its original design and construction, its maintenance and the impact of the stress of operations.

While the average age of our LPG carriers is relatively low compared to the industry average, over the course of time the age of our vessels may impact our ability to obtain external financing against that older vessels at all or at reasonable terms, to the extent our vessels may be seen as less valuable collateral.

We face competition from companies with more modern vessels with more fuel-efficient designs than our vessels (“eco–vessels”). If new LPG carriers are built that are more efficient or more flexible or have longer physical lives than even the current eco-vessels, competition from the current eco-vessels and any more technologically advanced vessels could adversely affect the amount of charter hire payments we receive for our vessels once their charters expire and the resale value of our vessels could significantly decrease.

We cannot assure you that, as our vessels age, market conditions will justify expenditures to maintain or update our vessels or enable us to operate our vessels profitably during the remainder of their useful lives or that we will be able to finance the acquisition of new vessels at the time that we retire or sell our aging vessels. This could have a material adverse effect on our business, financial condition and operating results.

We are reliant on the spot market for a portion of our revenue, thereby exposing us to risk of losses based on short-term volatility in shipping rates.

We may opportunistically employ some or all of our vessels in the spot market, either in the voyage charter market or in spot-market oriented pools, if spot market conditions are favorable. The spot charter market is highly competitive and freight rates in this market have been volatile, fluctuating significantly based upon supply of and demand for vessels and LPG products. Conversely, longer-term charter contracts have pre-determined rates over more extended periods of time, providing a fixed source of revenue to us. The successful operation of our vessels in the competitive spot charter market depends upon, among other things, our commercial manager and/or our pool operators obtaining profitable spot charters and minimizing, to the extent possible, time spent waiting for charters and time spent traveling unladen to pick up cargo. We cannot assure you that we will be successful in keeping our vessels fully employed in these short-term markets, or that future spot revenues will be sufficient to enable such vessels to operate profitably.

In the past, there have been periods when revenues derived in the spot market have declined below the operating cost of vessels. If spot charter rates decline, then we may be unable to operate our vessels trading in the spot market profitably and/or meet our obligations, including payments on indebtedness. Furthermore, as charter rates for spot charters are fixed for a single voyage which may last up to several weeks, during periods in which spot charter rates are rising, we will generally experience delays in realizing the benefits from such increases. A significant decrease in spot revenues or our inability to fully employ our vessels by taking advantage of the spot market would therefore adversely affect operating results, including our profitability and cash flows, with the result that our ability to serve our working capital and debt service needs could be impaired.

We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or negatively impact our results of operations and cash flows.

We have entered into, and may enter into in the future, various contracts, including charter agreements, pool agreements, management agreements, shipbuilding contracts and credit facilities. Such agreements subject us to counterparty risks. The ability of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the maritime and offshore industries, the overall financial condition of the counterparty, charter rates received for specific types of vessels, and various expenses. For example, the combination of a reduction of cash flow resulting from a decline in world trade and the lack of availability of debt or equity financing may result in a significant reduction in the ability of our charterers and/or pool operators to make payments to us. In addition, in depressed market conditions, our charterers and customers may no longer need a vessel that is then under charter or contract or may be able to obtain a comparable vessel at lower rates and pool operators may not be able to profitably employ our participating vessels, if any. As a result, charterers and customers may seek to renegotiate the terms of their existing charter agreements or avoid their obligations under those contracts and pool operators may terminate the pool agreements or admit inability to comply with their obligations under those agreements. This may have a significant impact on our revenues due to our concentrated customer base. For further details, see “*—We may be dependent on a small number of charterers for the majority of our business.*” We may also face these counterparty risks due to assignments. Should a counterparty fail to honor its obligations under agreements with us, we could sustain significant losses which could have a material adverse effect on our business, cash flows, financial condition, and operating results.

We are dependent upon Castor Ships, a related party, and other third-party sub-managers for the management of our fleet and business and failure of such counterparties to meet their obligations could cause us to suffer losses or could negatively impact our results of operations and cash flows.

The management of our business, including, but not limited to, the commercial and technical management of our fleet as well as administrative, financial and other business functions, is carried out by Castor Ships, which is a company controlled by our Chairman and Chief Executive Officer, Petros Panagiotidis. We are reliant on Castor Ships’ continued and satisfactory provision of its services.

As of the date of this Annual Report, Castor Ships has subcontracted, with our consent, the technical management for all our vessels to a third-party ship-management company at its own expense, except for the *LPG Dream Syrax*, for which Castor Ships has provided the technical management since November 5, 2024. Our subcontracting arrangements with third-parties may expose us to risks such as low customer satisfaction with the service provided by these subcontractors, increased operating costs compared to those we would achieve for our vessels, and an inability to maintain our vessels according to our standards or our current or potential customers’ standards.

Our ability to enter into new charters and expand our customer relationships depends largely on our ability to leverage our relationship with our manager and its subcontractors and their reputations and relationships in the shipping industry. If any of these counterparties suffer material damage to their reputations or relationships, it may also harm our ability to renew existing charters upon their expiration, obtain new charters or maintain satisfactory relationships with suppliers and other third parties. In addition, the inability of our manager to fix our vessels at competitive charter rates either due to prevailing market conditions at the time or due to its inability to provide the requisite quality of service, could adversely affect our revenues and profitability and we may have difficulty meeting our working capital and debt obligations.

Our operational success and ability to execute our business strategy will depend significantly upon the satisfactory and continued performance of these services by our manager and/or sub-managers, as well as their reputations. Any of the foregoing factors could have an adverse effect on our and their reputations and on our business, financial condition and operating results. Although we may have rights against our manager and/or sub-managers if they default on their obligations to us, our shareholders will share that recourse only indirectly to the extent that we recover funds.

We have limited the fields in which we focus our operations and this may have an adverse effect on our business, financial condition and operating results.

Our Chairman and Chief Executive Officer also serves as Chairman, Chief Executive Officer and Chief Financial Officer of our former parent company, Castor and as Chairman and Chief Executive Officer of our former wholly-owned subsidiary, Robin. In connection with the Spin-Off, we resolved to limit the fields in which we focus our operations. We currently focus our efforts on LPG carrier shipping services, and we have no interest or expectancy to participate or pursue any opportunity in areas of business outside of these shipping businesses nor that Petros Panagiotidis, our director, Chairman, Chief Executive Officer and controlling shareholder and his affiliates, such as Castor Ships, offer or inform us of any such opportunity. This does not, however, preclude us from pursuing opportunities outside of this shipping business if in the future our Board determines to do so. Focusing our operations LPG carrier shipping business may reduce the scope of opportunities we may exploit and have an adverse effect on our business, financial condition and operating results.

In connection with the Spin-Off, Castor’s board resolved to, among other things, limit the fields in which it focuses its operations, and that Castor has no interest or expectancy to participate or pursue any opportunity in areas of business outside of the dry bulk shipping business nor that Petros Panagiotidis, its director, Chairman, Chief Executive Officer, Chief Financial Officer and controlling shareholder and his affiliates will offer or inform it of any such opportunity. This does not preclude Castor, however, from pursuing opportunities outside of the dry bulk shipping business if in the future Castor’s board determines to do so, including in the shipping sectors we operate in.

Robin may pursue opportunities outside of the Handysize tanker shipping business if Robin’s board determines to do so, including in the LPG carrier shipping business, which may have an adverse effect on our business, financial condition and operating results.

Our failure to obtain an opportunity that our Board deems in the interest of our shareholders may have an adverse effect on our business, financial condition and operating results. See also “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Certain resolutions of the board of directors of Toro, Robin and Castor in connection with the Robin Spin-Off and the Spin-Off.*”

We expect that any new or amended credit facility we enter into will contain restrictive covenants that we may not be able to comply with due to economic, financial or operational reasons and may limit our business and financing activities.

In the past, we have entered into facilities that have imposed operating and financial restrictions and covenants on us and we expect that any new or amended facilities that we enter into in the future may require us to abide by similar terms. In particular, under the terms of any new or amended facilities, we may be required to obtain the consent of our lenders to undertake various actions, such as:

- incurring or guaranteeing additional indebtedness outside of our ordinary course of business;
- charging, pledging or encumbering our vessels;
- changing the flag, class, management or ownership of our vessels;
- changing the commercial and technical management of our vessels;
- declaring or paying any dividends or other distributions at a time when the Company has an event of default or the payment of such distribution would cause an event of default;
- forming or acquiring any subsidiaries;

- making any investments in any person, asset, firm, corporation, joint venture or other entity;
- merging or consolidating with any other person;
- changing the ownership, beneficial ownership, control or management of the Company entities party to the facility, or of any of secured vessels, if the effect of such change would be to materially change the ultimate legal and beneficial ownership in effect at the time the facility was executed; and
- entering into any demise charter contract or let our vessels under any pooling agreement whereby all of the vessel’s earnings are pooled or shared with any other person.

We may also be subject to various financial covenants under any new or amended facilities, including those that require us to maintain a (i) certain minimum level of cash and cash equivalents, (ii) specified leverage ratio and/or (iii) minimum net worth amount.

Our ability to comply with the covenants and restrictions contained in our future credit facilities may be affected by events beyond our control and which could impair our ability to comply with the terms of such facilities, including prevailing economic, financial and industry conditions, interest rate developments, changes in the funding costs of our banks and changes in vessel earnings and asset valuations. In particular, inflationary pressures have and may continue to impact interest rates, including SOFR, as discussed in “—*Worldwide inflationary pressures could negatively impact our results of operations and cash flows.*” In the event of non-compliance, we may be required to make prepayments or trigger cross-default provisions that we may not have sufficient funds to satisfy. Any such payments may impede our business strategy due to the diversion of funds away from our core operating activities. To the extent facilities are secured by our vessels, lenders could also seek to foreclose on those assets. Financial and operating covenants in our facilities could also constrain our ability to acquire vessels, as we would have to make contemplated expenditures for vessel acquisitions at levels which do not breach any applicable covenants in our future credit facilities. Any of these factors could have a material adverse effect on our business, financial condition and operating results.

We may not be able to obtain debt or equity financing on acceptable terms, which may negatively impact our planned growth.

As a result of concerns about the stability of financial markets generally and the solvency of counterparties, among other factors, the ability to obtain money from the credit markets has become more difficult as many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt and reduced, and, in some cases, ceased to provide funding to borrowers. Due to these factors, we cannot be certain that financing or refinancing will be available if needed and, to the extent required, on acceptable terms. If financing is not available when needed, or is available only on unfavorable terms, we may be unable to enhance our existing business, complete additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

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

We are a holding company and have no significant assets other than the equity interests in our subsidiaries. Our subsidiaries own all of our existing vessels, and subsidiaries we form or acquire will own any other vessels we may acquire in the future. All payments under our charters and/or pool arrangements are made to our subsidiaries. As a result, our ability to meet our financial and other obligations, and to pay dividends in the future, as and if declared, will depend on the performance of our subsidiaries and their ability to distribute funds to us. The ability of a subsidiary to make these distributions could be affected by a claim or other action by a third party, including a creditor, by the terms of our financing arrangements, or by the applicable law regulating the payment of dividends in the jurisdictions in which our subsidiaries are organized. If we are unable to obtain funds from our subsidiaries, we will not be able to meet our liquidity needs unless we obtain funds from other sources, which we may not be able to do.

We may be unable to achieve some or all of the benefits that we expect to derive from our spin-off of our Handysize tanker business.

On February 28, 2025, the disinterested and independent members of the board of directors of the Company approved the spin-off of our Handysize tanker segment, which occurred on April 14, 2025. Although we believe that the Robin Spin-Off will enable our Handysize tanker business, on the one hand, and our LPG carrier businesses, on the other, to each increase its focus on its distinct line of business, which is expected to enhance operational efficiencies, attract new investors and facilitate efficient strategic expansion, we may not be able to achieve some or all of the anticipated benefits from the separation of our businesses and the Robin Spin-Off may adversely affect our business. The separation of such businesses created two independent, publicly traded companies, each of which will initially be smaller, less diversified and more narrowly focused than before the Robin Spin-Off, which could make such businesses more vulnerable to changing market and economic conditions. Operating as a relatively smaller independent entity may reduce or eliminate some of the benefits and synergies which previously existed across our business platforms before the Robin Spin-Off, including our operating diversity, borrowing leverage, available capital for investments, partnerships and relationships and opportunities to pursue integrated strategies with the businesses within our former combined company and the ability to attract, retain and motivate key employees. In addition, as a smaller company, our ability to absorb costs may be negatively impacted, including the significant cost of the spin-off transaction, and we may be unable to obtain financing or refinance our existing indebtedness. Any of these factors could have a material adverse effect on our business, financial condition, results of operations, cash flows, business prospects and the trading price of our common stock. As a result of having spun off our Handysize tanker business, we also may be more susceptible to market fluctuations and other adverse events than we would be if we did not spin off such business. If we fail to achieve some or all of the benefits that we expect to derive as a result of the Robin Spin-Off, or do not achieve them in the time we expect, our results of operations and financial condition could be materially adversely affected.

We do not have a declared dividend policy and our Board may never declare dividends on our common shares.

The declaration and payment of dividends, if any, will always be subject to the discretion of our Board, restrictions contained in our current or future agreements and the requirements of Marshall Islands law. We do not have a declared dividend policy and if the Board determines to declare dividends, the timing and amount of any dividends declared will depend on, among other things, our earnings, financial condition and cash requirements and availability, our ability to obtain debt and equity financing on acceptable terms as contemplated by our business strategy, our compliance with the terms of our outstanding indebtedness and the ability of our subsidiaries to distribute funds to us. The LPG shipping industry is highly volatile, and we cannot predict with certainty the amount of cash, if any, that will be available for distribution as dividends in any period. Also, there may be a high degree of variability from period to period in the amount of cash that is available for the payment of dividends.

In addition, we pay dividends on our Series A Preferred Shares. The dividend rate for the Series A Preferred Shares is 1.00% per annum of the stated amount of \$1,000 per share; for each quarterly dividend period commencing on or after the seventh anniversary of the issue date (the “Reset Date”), the dividend rate will be the dividend rate in effect for the prior quarterly dividend period multiplied by a factor of 1.3; provided, however, that the dividend rate will not exceed 20% per annum in respect of any quarterly dividend period. Further, in the event that we declare a dividend of the stock of a subsidiary which we control, the holder(s) of the Series B Preferred Shares are entitled to receive preferred shares of such subsidiary. The rights of the holders of our Series A Preferred Shares rank senior to the obligations to holders of our common shares. This means that, unless accumulated dividends have been paid or set aside for payment on all of our outstanding Series A Preferred Shares for all past completed dividend periods, no distributions may be declared or paid on our common shares subject to limited exceptions. See “*Item 8. Financial Information—A. Consolidated Statements and other Financial Information—Dividend Policy.*”

We may incur expenses or liabilities or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution as dividends, including as a result of the risks described herein. Our business strategy contemplates that we will finance our acquisitions of additional vessels using cash from operations, through debt financings and/or from the net proceeds of future equity issuances on terms acceptable to us. If financing is not available to us on acceptable terms or at all, our Board may determine to finance or refinance acquisitions with cash from operations, which would reduce the amount of any cash available for the payment of dividends, if any.

The Republic of Marshall Islands laws generally prohibit the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. We may not have sufficient surplus in the future to pay dividends and our subsidiaries may not have sufficient funds or surplus to make distributions to us. We currently pay no cash dividends and we may never pay dividends.

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

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

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

These limitations in both the debt and equity capital markets may affect our ability to grow. If those markets are unavailable, or if we are unable to access alternative means of financing on acceptable terms, or at all, we may be unable to implement our business strategy, which could impair our ability to service our indebtedness. Further, it is likely that we will incur additional costs and require additional resources to monitor, report, comply with and implement wide-ranging ESG requirements. Any of the foregoing factors could have a material adverse effect on our business, financial condition and operating results.

We are a new company, and our anti-fraud and corporate governance procedures might not be as advanced as those implemented by our listed peer competitors having a longer presence in the shipping industry.

As a publicly traded company, the SEC, Nasdaq Capital Market, and other regulatory bodies subject us to increased scrutiny on the way we manage and operate our business by urging us or mandating us to take a series of actions that have nowadays become an area of focus among policymakers and investors. Listed companies are occasionally encouraged to follow best practices and often must comply with these rules and/or practices addressing a variety of corporate governance and anti-fraud matters, such as director independence, board committees, corporate transparency, ethical behavior, sustainability and prevention of and controls relating to corruption and fraud. While we believe we follow all requirements that regulatory bodies may from time to time impose on us, our internal processes and procedures might not be as advanced or mature as those implemented by other listed shipping companies with a longer experience and presence in the U.S. capital markets, which could be an area of concern to our investors and expose us to greater operational risks.

We may be subject to litigation that, if not resolved in our favor and not sufficiently insured against, could have a material adverse effect on us.

We may, from time to time, be involved in various litigation or arbitration matters. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, asbestos and other toxic tort claims, employment matters, governmental claims for taxes or duties, and other litigation or arbitration that arises in the ordinary course of our business. We cannot predict with certainty the outcome or effect of any claim or other litigation matter, and the ultimate outcome of any litigation or arbitration, or the potential costs to resolve it, may have a material adverse effect on our business. Insurance may not be applicable or sufficient in all cases and/or insurers may not remain solvent, which could have a material adverse effect on our financial condition.

We may have to pay tax on United States source income, which would reduce our earnings, cash from operations and cash available for distribution to our shareholders.

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

We intend to take the position that we and each of our subsidiaries qualify for this statutory tax exemption for our 2021 and future taxable years. However, as discussed below under “*Taxation—U.S. Federal Income Tax Considerations—U.S. Federal Income Taxation of Our Company*”, whether we qualify for this exemption in view of our share structure is unclear and there can be no assurance that the exemption from tax under Section 883 of the Code will be available to us. If we or our subsidiaries are not entitled to this exemption, we would be subject to an effective 2% U.S. federal income tax on the gross shipping income we derive during the year that is attributable to the transport of cargoes to or from the United States. If this tax had been imposed for our 2022, 2023 and 2024 taxable year, we anticipate that U.S source income taxes of approximately \$0, \$47,071 and \$0 from continuing operations and \$960,181, \$303,596 and \$0 from discontinued operations would be charged for these periods, respectively, and we have included a provision for these amounts in our Consolidated Financial Statements. However, there can be no assurance that such taxes will not be materially higher or lower in future taxable years.

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we operate could result in a higher tax rate on our worldwide earnings, which could result in a significant negative impact on our earnings and cash flows from operations.

We conduct our operations through subsidiaries which can trade worldwide. Tax laws and regulations are highly complex and subject to interpretation. Consequently, we are subject to changing tax laws, treaties and regulations in and between countries in which we operate. Our income tax expense, if any, is based upon our interpretation of tax laws in effect in various countries at the time that the expense was incurred. A change in these tax laws, treaties or regulations, or in the interpretation thereof, could result in a materially higher tax expense or a higher effective tax rate on our worldwide earnings, and such change could be significant to our financial results. If any tax authority successfully challenges our operational structure, or the taxable presence of our operating subsidiaries in certain countries, or if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could increase substantially. An increase in our taxes could have a material adverse effect on our earnings and cash flows from these operations.

EU Finance ministers rate jurisdictions for tax rates and tax transparency, governance and real economic activity. Countries that are viewed by such finance ministers as not adequately cooperating, including by not implementing sufficient standards in respect of the foregoing, may be put on a “grey list” or a “blacklist”. EU member states have agreed upon a set of measures, which they can choose to apply against grey- or blacklisted countries, including increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions. The European Commission has stated it will continue to support member states’ efforts to develop a more coordinated approach to sanctions for the listed countries. EU legislation prohibits EU funds from being channeled or transited through entities in countries on the blacklist.

The Marshall Islands was added to the EU blacklist in February 2023, and it was subsequently removed from the EU blacklist in October 2023. If any jurisdiction in which we are incorporated in is added to the list of non-cooperative jurisdictions in the future and sanctions or other financial, tax or regulatory measures were applied by European Member States to countries on the list, our business could be harmed. In addition, if further economic substance or other requirements were imposed by the Marshall Islands, our business could be adversely affected.

Our subsidiaries may be subject to taxation in the jurisdictions in which its activities are conducted. The amount of any such taxation may be material and would reduce the amounts available for distribution to us.

Our historical financial results may not be representative of our results as a separate, standalone company.

Some of the historical financial information we have included in this Annual Report has been derived from the consolidated financial statements and accounting records of Castor and does not necessarily reflect what our financial position, results of operations or cash flows would have been had we been a separate, standalone company during the periods presented. Although Castor did account for our business as two separate business segments, we were not operated as a separate, standalone company for the historical periods presented. The historical information included for the period prior to March 7, 2023 does not necessarily indicate what our results of operations, financial position, cash flows or costs and expenses will be in the future.

We are dependent on our management and their ability to hire and retain key personnel and their ability to devote sufficient time and attention to their respective roles. In particular, we are dependent on the retention and performance of our Chairman and Chief Executive Officer, Petros Panagiotidis.

Our success depends upon our and our management’s ability to hire and retain key members of our management team and the ability of our management team to devote sufficient time and attention to their respective roles in light of outside business interests. In particular, we are dependent upon the performance of our Chairman and Chief Executive Officer, Petros Panagiotidis, who has outside business interests in Castor, Castor Ships and other ventures. Mr. Panagiotidis will continue to devote such portion of his business time and attention to our business as is appropriate and will also continue to devote substantial time to Castor’s business and other business and/or investment activities that Mr. Panagiotidis maintains now or in the future. Mr. Panagiotidis’ intention to provide adequate time and attention to other ventures will preclude him from devoting substantially all his time to our business. Further, the loss of Mr. Panagiotidis, either to outside business interests or for unrelated reasons, or resignation of Mr. Panagiotidis from any of his current managerial roles could adversely affect our business prospects and financial condition. Any difficulty in hiring and retaining key personnel generally could also adversely affect our results of operations. We do not maintain “key man” life insurance on any of our officers.

Risks Relating to Our Preferred Shares

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

Dividends on the Series A Preferred Shares accrue and are cumulative from their issue date and are payable quarterly on each distribution payment date declared by the Board, out of funds legally available for such purpose. The dividend rate for the period from, and including, the issue date to, but excluding, the Reset Date will be 1.00% per annum of the stated amount of \$1,000 per share; however, for each quarterly dividend period commencing on or after the Reset Date, the dividend rate will be the dividend rate in effect for the prior quarterly dividend period multiplied by a factor of 1.3, provided that the dividend rate will not exceed 20% per annum in respect of any quarterly dividend period.

The rights of the holders of our Series A Preferred Shares rank senior to the obligations to holders of our common shares. This means that, unless accumulated dividends have been paid or set aside for payment on all of our outstanding Series A Preferred Shares for all past completed dividend periods, no distributions may be declared or paid on our common shares subject to limited exceptions. Likewise, in the event of our voluntary or involuntary liquidation, dissolution or winding-up, no distribution of our assets may be made to holders of our common shares until we have paid to holders of our Series A Preferred Shares a liquidation preference equal to \$1,000 per share plus accumulated and unpaid dividends.

In addition, our Series A Preferred Shares are convertible, in whole or in part, at their holder’s option, to common shares at any time and from time to time from and after the third anniversary of their issue date and prior to the seventh anniversary of such date. The conversion of our Series A Preferred Shares could result in significant dilution to our shareholders at the time of conversion. See also “—*Risks Relating to Our Common Shares—Future issuances of common shares or other equity securities, including as a result of an conversion of Series A Preferred Shares, or the potential for such issuances, may impact the price of our common shares and could impair our ability to raise capital through equity offerings. Shareholders may experience significant dilution as a result of any such issuances.*”

Accordingly, the existence of the Series A Preferred Shares and the ability of a holder to convert the Series A Preferred Shares into common shares on or after the third and prior to the seventh anniversary of their issue date could have a material adverse effect on the value of our common shares. See “*Item 10. Additional Information—B. Memorandum and Articles of Incorporation—Description of the Series A Preferred Shares*” for a more detailed description of the Series A Preferred Shares.

Risks Relating to Our Common Shares

Our share price may be highly volatile, as a result, investors in our common shares could incur substantial losses.

The stock market in general, and the market for shipping companies in particular, have experienced extreme volatility that has often been unrelated or disproportionate to the operating performance of particular companies. As a result of this volatility, investors may experience rapid and substantial losses on their investment in our common shares that are unrelated to our operating performance. Our stock price has been volatile and may continue to be volatile, which may cause our common shares to trade above or below what we believe to be their fundamental value. Furthermore, significant historical fluctuations in the market price of our former parent company’s common shares have been accompanied by reports of strong and atypical retail investor interest, including on social media and online forums, and, as our common shares were distributed to our former parent company’s common shareholders in connection with the Spin-Off, we may have a similar shareholder base and experience similar patterns of investment. Since completion of the Spin-Off, the price of our common shares has been volatile, ranging from a low of \$1.47 per share on March 23, 2023 to a high of \$6.42 per share on August 14, 2023. As of March 4, 2025, the closing bid price of our common shares was \$2.63 per common share. Our shares may continue to experience volatility as the market evaluates our prospects as an independent publicly traded company.

Market volatility and trading patterns may create several risks for investors, including but not limited to the following:

- the market price of our common shares may experience rapid and substantial increases or decreases unrelated to our operating performance or prospects, or macro or industry fundamentals;
- to the extent volatility in our common shares is caused by a “short squeeze” in which coordinated trading activity causes a spike in the market price of our common shares as traders with a short position make market purchases to avoid or to mitigate potential losses, investors may purchase common shares at inflated prices unrelated to our financial performance or prospects, and may thereafter suffer substantial losses as prices decline once the level of short-covering purchases has abated; and
- if the market price of our common shares declines, you may be unable to resell your shares at or above the price at which you acquired them. We cannot assure you that the equity issuance of our common shares will not fluctuate, increase or decline significantly in the future, in which case you could incur substantial losses.

We may incur rapid and substantial increases or decreases in our stock price in the foreseeable future that may not coincide in timing with the disclosure of news or developments by or affecting us. Accordingly, the market price of our common shares may decline or fluctuate rapidly, regardless of any developments in our business. Overall, there are various factors, many of which are beyond our control, that could negatively affect the market price of our common shares or result in fluctuations in the price or trading volume of our common shares, which include but are not limited to:

- investor reaction to our business strategy;

- the sentiment of the significant number of retail investors whom we believe hold our common shares, in part due to direct access by retail investors to broadly available trading platforms, and whose investment thesis may be influenced by views expressed on financial trading and other social media sites and online forums;
- the amount and status of short interest in our common shares, access to margin debt, trading in options and other derivatives on our common shares and any related hedging and other trading factors;
- our continued compliance with the listing standards of the Nasdaq Capital Market and any action we may take to maintain such compliance, such as a reverse stock split;
- regulatory or legal developments in the United States and other countries, especially changes in laws or regulations applicable to our industry;
- variations in our financial results or those of companies that are perceived to be similar to us;
- our ability or inability to raise additional capital and the terms on which we raise it;
- our dividend strategy;
- our continued compliance with our debt covenants;
- variations in the value of our fleet;
- declines in the market prices of stocks generally;
- trading volume of our common shares;
- sales of our common shares by us or our shareholders;
- speculation in the press or investment community about our Company, our industry or our securities;
- general economic, industry and market conditions; and
- other events or factors, including those resulting from such events, or the prospect of such events, including war, terrorism and other international conflicts, public health issues including health epidemics or pandemics, and natural disasters such as fire, hurricanes, earthquakes, tornados or other adverse weather and climate conditions, whether occurring in the United States or elsewhere, could disrupt our operations or result in political or economic instability.

In addition, the Robin Spin-Off could temporarily increase the volatility of our share price for a variety of reasons. For example, it is possible that some of our shareholders will sell our common shares as a result of the Robin Spin-Off, for reasons such as our business profile or market capitalization as a stand-alone company no longer fitting their investment objectives. Volatility in our share price may also increase as the market evaluates our and Robin’s prospects as independent publicly traded companies. There can be no assurance that the effects of any such volatility in share price would be borne equally among us and Robin. The sale of significant volumes of our common shares, or the perception in the market that this will occur, may decrease their market price and have an adverse impact on our business, including due to Nasdaq minimum bid price requirements.

Some companies that have experienced volatility in the market price of their common shares have been subject to securities class-action litigation. If instituted against us, such litigation could result in substantial costs and diversion of management’s attention and resources, which could materially and adversely affect our business, financial condition, operating results and growth prospects. There can be no guarantee that the price of our common shares will remain at or rise above its current level or that future sales of our common shares will not be at prices lower than those initially distributed or sold to investors.

The combined post-Distribution value of our and Robin’s common shares may not equal or exceed the pre-Distribution value of our common shares.

Our common shares are listed and traded on the Nasdaq Capital Market and Robin common shares have also been approved for listing on the Nasdaq Capital Market. We cannot assure you that the combined trading prices of our common shares and Robin common shares after the Distribution, as adjusted for any changes in the combined capitalization of these companies, will be equal to or greater than the trading price of our common shares prior to the Distribution. Until the market has fully evaluated the business of Robin, the price at which shares of Robin common shares trade may fluctuate significantly. Similarly, until the market has fully evaluated our business without the business of Robin, the price at which our common shares trades may fluctuate significantly and we could experience significant fluctuations in the trading price of our common shares. See also “—*Our share price may be highly volatile, as a result, investors in our common shares could incur substantial losses.*”

Our term loan to Castor and investment in the Series D Preferred Shares of Castor constitute a substantial portion of our assets, therefore we are exposed to the risks affecting Castor’s business

On August 7, 2023, we agreed to purchase 50,000 Castor Series D Preferred Shares for aggregate cash consideration of \$50.0 million. On December 12, 2024, we agreed to purchase an additional 50,000 Castor Series D Preferred Shares for an aggregate consideration of \$50.0 million in cash. As of the date of this Annual Report, we own all 100,000 outstanding Castor Series D Preferred Shares. For additional information, see “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions— Purchase by the Company of 5.00% Series D Cumulative Perpetual Convertible Preferred Shares of Castor.*”

In addition, on December 11, 2024, we entered into a facility agreement with Castor to provide a \$100.0 million senior term loan facility to Castor which was drawn down on the same date.

Our term loan granted to Castor and investment in the Castor Series D Preferred Shares constitute a substantial portion of our total assets. Our term loan to Castor and investment in Castor Series D Preferred Shares expose us to the risk of Castor’s default. Castor could default on its payment obligations to us due to, by way of example, bankruptcy or lack of liquidity, which in turn could be caused by the occurrence of any events which affect the business, results of operations and financial condition of Castor. The Castor Series D Preferred Shares are preferred equity securities of Castor and in a liquidation would rank junior to Castor’s debt obligations.

The Castor Series D Preferred Shares entitle us to certain dividends and, from January 1, 2026 will be convertible, in whole or in part, at our option, into common shares of Castor.

As a result of our term loan to Castor and our investment in the Castor Series D Preferred Shares, we are, and in the event of a conversion of the Series D Preferred Shares into common shares of Castor we would continue to be, subject to risks affecting Castor, including the risks that Castor discloses in its annual report on Form 20-F and other reports filed with or furnished to the SEC.

Future issuances of common shares or other equity securities, including as a result of an optional conversion of Series A Preferred Shares, or the potential for such issuances, may impact the price of our common shares and could impair our ability to raise capital through equity offerings, to the extent available and permitted. Shareholders may experience significant dilution as a result of any such issuances.

Toro has an authorized share capital of 3,900,000,000 common shares that it may issue without further shareholder approval. Our business strategy may require the issuance of a substantial amount of additional shares and in the year ended December 31, 2023, we issued 8,500,000 common shares to Pani Corp. (“Pani”), a company controlled by Toro’s Chairman and Chief Executive Officer, for gross proceeds of \$19,465,000, less issuance costs of \$817,764. Based on market conditions, we may also opportunistically seek to issue equity securities, including additional common shares, to the extent available and permitted. We cannot assure you at what price the offering of our shares in the future, if any, will be made and they may be offered and sold at a price significantly below the current trading price of our common shares or the acquisition price of common shares by shareholders and may be at a discount to the trading price of our common shares at the time of such sale. Purchasers of the common shares we sell, as well as our existing shareholders, will experience significant dilution if we sell shares at prices significantly below the price at which they invested.

Further, our Series A Preferred Shares are convertible, in whole or in part, at their holder’s option, to common shares at any time and from time to time from and after the third anniversary of their issue date and prior to the seventh anniversary of such date. All 140,000 Series A Preferred Shares outstanding as of the date of this Annual Report are beneficially owned by Castor. Subject to certain adjustments, the “Conversion Price” for any conversion of the Series A Preferred Shares shall be the lower of (i) 150% of the volume weighted average price (“VWAP”) of our common shares over the five consecutive trading day period commencing on and including the Distribution Date, and (ii) the VWAP of our common shares over the 10 consecutive trading day period expiring on the trading day immediately prior to the date of delivery of written notice of the conversion; provided, that, in no event shall the Conversion Price be less than \$2.50. The number of common shares to be issued to a converting holder shall be equal to the quotient of (i) the aggregate stated amount of the Series A Preferred Shares converted plus Accrued Dividends (but excluding any dividends declared but not yet paid) thereon on the date on which the conversion notice is delivered divided by (ii) the Conversion Price. If converted by Castor, Castor will have registration rights in relation to the common shares issued upon conversion. See “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Contribution and Spin-Off Distribution Agreement.*” The issuance of additional common shares upon conversion of the Series A Preferred Shares could result in significant dilution to our shareholders at the time of conversion.

In addition, we may issue additional common shares or other equity securities of equal or senior rank in the future in connection with, among other things, our Equity Incentive Plan (under which a total of 2,000,000 restricted common have already been granted subject but 1,440,000 remain unvested as of March 4, 2025), debt prepayments or future vessel acquisitions, without shareholder approval, in a number of circumstances. To the extent that we issue restricted stock units, stock appreciation rights, options or warrants to purchase our common shares in the future and those stock appreciation rights, options or warrants are exercised or as the restricted stock units vest, our shareholders may experience further dilution. Holders of shares of our common shares have no preemptive rights that entitle such holders to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our shareholders.

Our issuance of additional common shares or other equity securities of equal or senior rank, or the perception that such issuances may occur, could have the following effects:

- our existing shareholders’ proportionate ownership interest in us will decrease;
- the earnings per share and the per share amount of cash available for dividends on our common shares (as and if declared) could decrease;
- the relative voting strength of each previously outstanding common share could be diminished;
- the market price of our common shares could decline; and
- our ability to raise capital through the sale of additional securities at a time and price that we deem appropriate could be impaired.

The market price of our common shares could also decline due to sales, or the announcements of proposed sales, of a large number of common shares by our large shareholders (including sales of common shares issued upon conversion, if any, of the Series A Preferred Shares), or the perception that these sales could occur.

We are incorporated in the Marshall Islands, which does not have a well-developed body of corporate and case law.

We are organized in the Republic of the Marshall Islands, which does not have a well-developed body of corporate or case law, and as a result, shareholders may have fewer rights and protections under Marshall Islands law than under a typical jurisdiction in the United States. Our corporate affairs are governed by our Articles of Incorporation and Bylaws and by the Marshall Islands Business Corporations Act (the “BCA”). The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the laws of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in the United States. The rights of shareholders of companies incorporated in the Marshall Islands may differ from the rights of shareholders of companies incorporated in the United States. While the BCA provides that its provisions shall be applied and construed in a manner to make them uniform with the laws of the State of Delaware and other states with substantially similar legislative provisions, there have been few, if any, court cases interpreting the BCA in the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as U.S. courts. Thus, you may have more difficulty in protecting your interests in the face of actions by our management, directors or controlling shareholders than shareholders of a corporation incorporated in a United States jurisdiction which has developed a relatively more substantial body of case law would.

The Marshall Islands has no established bankruptcy act, and as a result, any bankruptcy action involving us would have to be initiated outside the Marshall Islands, and our shareholders may find it difficult or impossible to pursue their claims in such other jurisdictions.

We are incorporated in the Marshall Islands, and the majority of our officers and directors are non-U.S. residents. It may be difficult to serve legal process or enforce judgments against us, our directors or our management.

We are incorporated under the laws of the Republic of the Marshall Islands, and substantially all of our assets are located outside of the United States. Our principal executive office is located in Cyprus. In addition, the majority of our directors and officers are non-residents of the United States, and substantially all of their assets are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Republic of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or our directors and officers. Although you may bring an original action against us or our affiliates in the courts of the Marshall Islands, and the courts of the Marshall Islands may impose civil liability, including monetary damages, against us or our affiliates for a cause of action arising under Marshall Islands law, it may be impracticable for you to do so.

Our Bylaws contain exclusive forum provisions that may limit a shareholder’s ability to bring a claim in a judicial forum that it finds favorable.

Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the High Court of the Republic of the Marshall Islands shall be the sole and exclusive forum for asserting any internal corporate claim, intra-corporate claim or claim governed by the internal affairs doctrine and that the United States District Court for the Southern District of New York shall be the sole and exclusive forum for any action asserting a claim arising under the Securities Act or the Exchange Act. If the United States District Court for the Southern District of New York does not have jurisdiction over the claims assigned to it by our exclusive forum provisions, any other federal district court of the United States may hear such claims.

While the validity of exclusive forum provisions has been upheld under the law of certain jurisdictions, uncertainty remains as to whether our exclusive forum provisions will be fully or partially recognized by all jurisdictions. If a court were to find either exclusive forum provision contained in our articles of association to be inapplicable or unenforceable (in whole or in part) in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our operating results and financial condition.

The exclusive forum provision in our Bylaws will not relieve us of our duties to comply with federal securities laws and the rules and regulations thereunder, and our shareholders will not be deemed to have waived our compliance with these laws, rules and regulations. In particular, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder, and Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

Our exclusive forum provision may limit a shareholder’s ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors or other employees or increase the costs associated with bringing litigation against us or our directors, employees or officers, which may discourage lawsuits against such parties.

We are subject to certain anti-takeover provisions that could have the effect of discouraging, delaying or preventing a merger or acquisition, or could make it difficult for our shareholders to replace or remove our current Board, and could adversely affect the market price of our common shares.

Several provisions of our Articles of Incorporation and Bylaws could make it difficult for our shareholders to change the composition of our Board in any one year, preventing them from changing the composition of management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable. These provisions include:

- authorizing our Board to issue “blank check” preferred shares without shareholder approval;
- providing for a classified Board with staggered, three-year terms;
- establishing certain advance notice requirements for nominations for election to our Board or for proposing matters that can be acted on by shareholders at shareholder meetings;

- prohibiting cumulative voting in the election of directors;
- prohibiting any owner of 15% or more of our voting stock from engaging in a business combination with us within three years after the owner acquired such ownership, except under certain conditions;
- limiting the persons who may call special meetings of shareholders; and
- establishing supermajority voting provisions with respect to amendments to certain provisions of our Articles of Incorporation and Bylaws.

On the Distribution Date, our Board declared a dividend of one preferred share purchase right (a “Right”), for each outstanding common share and adopt a shareholder rights plan, as set forth in the Shareholder Protection Rights Agreement (the “Rights Agreement”) entered into between Toro and Broadridge Corporate Issuer Solutions, Inc., as rights agent (the “Rights Agent”), on such same date. Each Right allows its holder to purchase from Toro one common share (or one one-thousandth of a share of Series C Participating Preferred Shares), for the Exercise Price of \$22 once the Rights become exercisable. This portion of a Series C Participating Preferred Share will give the shareholder approximately the same dividend, voting and liquidation rights as would one common share. The Rights Agreement is intended to protect shareholders from coercive or otherwise unfair takeover tactics. In general terms, it imposes a significant penalty upon any person or group that acquires 15% or more of our outstanding common shares without the approval of our Board. If a shareholder’s beneficial ownership of our common shares as of the time of the public announcement of the rights plan and associated dividend declaration is at or above the applicable threshold, that shareholder’s then-existing ownership percentage would be grandfathered, but the rights would become exercisable if at any time after such announcement, the shareholder increases its ownership percentage by 1% or more. Our Chairman and Chief Executive Officer, Petros Panagiotidis, and Mr. Panagiotidis’ controlled affiliates are exempt from these provisions. For a full description of the rights plan, see “*Item 10. Additional Information—B. Shareholder Protection Rights Agreement.*”

The Rights may have anti-takeover effects. The Rights will cause substantial dilution to any person or group that attempts to acquire us without the approval of our Board. As a result, the overall effect of the Rights may be to render more difficult or discourage any attempt to acquire us. Because our Board can approve a redemption of the Rights for a permitted offer, the Rights should not interfere with a merger or other business combination approved by our Board.

In addition to the Rights above, we have issued 40,000 Series B Preferred Shares, representing 99.5% of the aggregate voting power of our total issued and outstanding share capital, as of March 4, 2025 to an entity controlled by Mr. Panagiotidis. See “—*Our Chairman and Chief Executive Officer, who may be deemed to beneficially own, directly or indirectly, a majority of our outstanding common shares and 100% of our Series B Preferred Shares, has control over us*” and “*Item 10. Additional Information—B. Memorandum and Articles of Association.*”

In addition, our future credit facilities may contain covenants prohibiting or limiting a change of control. See “—*We expect that any new or amended credit facility we enter into will contain restrictive covenants that we may not be able to comply with due to economic, financial or operational reasons and may limit our business and financing activities*” for associated risks.

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

Our Chairman and Chief Executive Officer, who may be deemed to beneficially own, directly or indirectly, a majority of our outstanding common shares and 100% of our Series B Preferred Shares, has control over us.

Our Chairman and Chief Executive Officer, Petros Panagiotidis, may be deemed to be the ultimate beneficial owner of 10,371,240 common shares representing 54.3% of the 19,093,853 common shares outstanding, as of March 4, 2025 and 40,000 shares of our Series B Preferred Shares outstanding as of the same date. The shares of Series B Preferred Shares each carry 100,000 votes. Together, such shares represent 54.4% of our total outstanding share capital and 99.8% of the aggregate voting power of our total outstanding share capital as of March 4, 2025 and Mr. Panagiotidis therefore has control over our actions. Mr. Panagiotidis also controls Castor as he was the ultimate beneficial owner of 12,000 Series B Preferred Shares, each carrying 100,000 votes, of Castor as of March 4, 2025. Mr. Panagiotidis also controls Robin as he was the ultimate beneficial owner of 40,000 Series B Preferred Shares, each carrying 100,000 votes of Robin as of the date of Robin Spin-Off. The interests of Mr. Panagiotidis may be different from your interests.

We cannot assure you that our internal controls and procedures over financial reporting will be sufficient. Further, we are an “emerging growth company”, and we cannot be certain if the reduced requirements applicable to emerging growth companies make our securities less attractive to investors.

We are subject to the reporting requirements of the Exchange Act and the other rules and regulations of the SEC which create additional costs for us and will require the time and attention of management, including the Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”). Section 404 of the Sarbanes-Oxley Act requires any company subject to the reporting requirements of the U.S. securities laws to do a comprehensive evaluation of its and its consolidated subsidiaries’ internal control over financial reporting. To comply with this statute, we are required to document and test our internal control procedures and our management is required to assess and issue a report concerning our internal control over financial reporting. Such evaluations, as well as any proposed remedial measures, require time and resources. We may not be able to predict or estimate the amount of the additional costs we may incur, the timing of such costs or the degree of impact that our management’s attention to these matters will have on our business. If our management cannot favorably assess the effectiveness of our internal control over financial reporting, investor confidence in our financial results may weaken, and our stock price may suffer. Further, controls previously evaluated as effective may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Because of its inherent limitations, internal control over financial reporting may also not prevent or detect misstatements.

As of the date of this Annual Report, we are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). As an emerging growth company, we are not required to comply with, among other things, the auditor attestation requirements of the Sarbanes-Oxley Act. Investors may find our securities less attractive because we rely on this provision. If investors find our securities less attractive as a result, there may be a less active trading market for our securities and prices of such securities may be more volatile.

We are a foreign private issuer and, as a result, are not subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time, and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events. In addition, foreign private issuers are not required to file their annual report on Form 20-F until four months after the end of each financial year, while U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation FD, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers or controlled companies.

In addition, as a foreign private issuer, we are also entitled to and do rely on exceptions from certain corporate governance requirements of the Nasdaq Capital Market.

As a result, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

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

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

We do not believe that we will be treated as a PFIC for any taxable year. However, our status as a PFIC is determined on an annual basis and will depend upon the operations of our vessels and our other activities during each taxable year. In this regard, we intend to treat the gross income we derive or are deemed to derive from our time chartering, pool arrangements and/or voyage chartering activities as services income, rather than rental income. Accordingly, we believe that our income from our chartering and/or pool activities does not constitute “passive income,” and the assets that we own and operate in connection with the production of that income do not constitute passive assets.

There is, however, no direct legal authority under the PFIC rules addressing our method of operation, in particular, in the event that all our vessels are employed in pools. Accordingly, no assurance can be given that the U.S. Internal Revenue Service (the “IRS”), or a court of law will accept our position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any taxable year in which we become unable to acquire vessels in a timely fashion or if there were to be changes in the nature and extent of our operations.

In addition, for purposes of the PFIC “asset” test described above, we are relying on the application of certain “look-through” rules, taking into account certain intercompany items (including our interest in Castor). The application of these rules can be complex and can depend on facts that may change in the future. In particular, our conclusion that we do not expect to be a PFIC for our 2024 taxable year depends, in-part, on our determination that we are related to Castor under the PFIC rules, but the Castor Series D Preferred Shares represent less than 25% of the value of Castor’s stock. We have made this determination based on an independent valuation analysis.

PFIC status is also determined annually, and further depends upon the composition of our gross income and assets, both of which are subject to change. Therefore, there can be no assurance as to our PFIC status for the current taxable year or for future taxable years, nor any assurance that the IRS or a court will agree with our determination of our PFIC status. Moreover, the Robin Spin-Off will mean that we no longer own certain assets, and the nature of the assets that we cease to own as a result of the Robin Spin-Off may also affect our future PFIC status.

If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders would face adverse U.S. federal income tax consequences and information reporting obligations. Under the PFIC rules, unless those shareholders made an election available under the Internal Revenue Code (which election could itself have adverse consequences for such shareholders, as discussed below under “*Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Status and Significant Tax Consequences*”), such shareholders would be liable to pay U.S. federal income tax upon excess distributions and upon any gain from the disposition of our common shares at the then prevailing income tax rates applicable to ordinary income plus interest as if the excess distribution or gain had been recognized ratably over the shareholder’s holding period of our common shares. Please see the section of this Annual Report entitled “*Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Status and Significant Tax Consequences*” for a more comprehensive discussion of the U.S. federal income tax consequences to U.S. shareholders if we are treated as a PFIC.

The distribution of common shares of Robin in connection with the Robin Spin-Off may result in significant tax liability.

In connection with the spin-off of our Handysize tanker business, holders of our common shares will receive one common share of Robin, the holding company for our Handysize tanker business, for every eight of our common shares held at the close of business on April 7, 2025. We do not expect that such distribution of shares or the Robin Spin-Off will qualify for tax-free treatment for U.S. federal income tax purposes. Therefore, we expect that the receipt by our shareholders of Robin common shares in such circumstances would be a taxable distribution, and each U.S. holder that receives Robin common shares in such distribution would be treated as if the U.S. holder had received a distribution equal to the fair market value of such stock that was distributed to it, which, in the case of our shareholders, would generally be treated first as a taxable dividend to the extent of such holder’s pro rata share of our earnings and profits, then as a non-taxable return of capital to the extent of the holder’s tax basis in its Toro common shares, and thereafter as capital gain with respect to any remaining value. The amount of any such taxes to our shareholders may be substantial.

Although we do not expect that the distribution of Robin common shares in connection with the Robin Spin-Off will qualify for tax-free treatment for U.S. federal income tax purposes, Toro, which is not a U.S. corporation, will not be subject to U.S. federal income tax as a result of the distribution of Robin common shares.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Spin-Off from Castor

Toro was incorporated by Castor under the laws of the Republic of the Marshall Islands on July 29, 2022 as Tankco Shipping Inc., to serve as the holding company of the Toro Subsidiaries in connection with the Spin-Off. On September 29, 2022, we were renamed Toro Corp. On November 15, 2022 and December 30, 2022, based on the recommendation of a special committee of independent disinterested directors of Castor, the independent disinterested members of the board of directors of Castor approved the Spin-Off in order for each of Toro, holding Castor’s tanker segments, and Castor, holding its dry bulk segment, to operate and pursue opportunities as a separate “pure play” company in the relevant shipping sector, to be evaluated as such by the market and to enhance our and Castor’s financing and growth opportunities. The Spin-Off was intended to operate our and Castor’s business separately, however, (a) through our holding of Castor Series D Preferred Shares we are exposed to the risks affecting the business of Castor, and (b) Castor, through its holding of our common shares and Series A Preferred Shares, is exposed to the risks affecting our business. The terms of the Spin-Off were negotiated and approved by the above mentioned special committee.

In connection with the Spin-Off, on March 7, 2023, Castor contributed to us the Toro Subsidiaries, in exchange for (i) all of our 9,461,009 common shares at the time, (ii) the issue of 140,000 Series A Preferred Shares to Castor, with a cumulative preferred distribution accruing initially at a rate of 1.00% per annum on the stated amount of \$1,000 per share and a par value of \$0.001 per share, all of which were retained by Castor after the Spin-Off, and (iii) the issue of 40,000 Series B Preferred Shares, each carrying 100,000 votes on all matters on which our shareholders are entitled to vote but no economic rights, to Pelagos, a company controlled by our and Castor’s Chairman and Chief Executive Officer, against payment of their nominal value of \$0.001 per Series B Preferred Share. On March 7, 2023, Castor distributed all of our 9,461,009 common shares at the time on a pro rata basis to its holders of common stock. Our common shares commenced trading on March 7, 2023 on the Nasdaq Capital Market under the symbol “TORO”.

Subscription Agreement with Pani

On April 17, 2023, Toro entered into a subscription agreement with Pani, a company controlled by Toro’s Chairman and Chief Executive Officer. For a description of this and other recent equity transactions, please see “*Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Equity Transactions.*”

Purchase of Series D Cumulative Perpetual Convertible Preferred Shares of Castor

On August 7, 2023, we agreed to purchase 50,000 Castor Series D Preferred Shares for aggregate cash consideration of \$50.0 million. On December 12, 2024, we agreed to purchase an additional 50,000 Castor Series D Preferred Shares for aggregate cash consideration of \$50.0 million For a description of these transactions, please see “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions— Purchase by the Company of 5.00% Series D Cumulative Perpetual Convertible Preferred Shares of Castor.*”

Loan Facility Agreement to Castor

On December 11, 2024, Toro entered into a facility agreement with Castor to provide a \$100.0 million senior term loan facility to Castor which was drawn down on the same date. For a description of this transaction, please see “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions— Loan Facility Agreement of \$100.0 million to Castor.*”

Robin Spin-Off

On February 28, 2025, the independent disinterested directors of Toro approved, based on the recommendation of a special committee of independent disinterested directors of Castor, and authorized, subject to the fulfillment of certain conditions, the proposed spin-off of the Company’s Handysize tanker segment to our newly formed wholly-owned subsidiary, Robin Energy Ltd., in order for each of Toro Corp., holding the LPG carrier segment, and Robin, holding the Handysize tanker segment, to operate and pursue opportunities as a separate “pure play” company in the relevant shipping sector, to be evaluated as such by the market and to enhance our and Robin’s financing and growth opportunities. Separating the LPG carrier and Handysize tanker businesses is intended to enable each of us and Robin to increase its focus on its distinct line of business, which is expected to enhance operational efficiencies, attract new investors and facilitate efficient strategic expansion. In connection with and as part of the Robin Spin-Off, our independent disinterested directors approved, based on the recommendation of the aforementioned special committee, the contribution to Robin of (a) our Handysize tanker-owning subsidiary (owning one Handysize tanker vessel) and an additional subsidiary formerly owning the *M/T Wonder Formosa* (which was sold pursuant to a memorandum of agreement entered into on September 1, 2023 and delivered to its new owner on November 16, 2023) and (b) \$10.4 million in cash as a capital contribution, in exchange for (i) all issued and outstanding shares of Robin common stock, par value \$0.001 per share, (ii) 2,000,000 shares of Robin’s 1.00% Series A Fixed Rate Cumulative Perpetual Convertible Preferred Shares of Robin, with a cumulative preferred distribution accruing initially at a rate of 1.00% per annum on the stated amount of \$25 per share, all of which would be retained by us after the Robin Spin-Off and (iii) the issuance of 40,000 Series B Preferred Shares of Robin, each carrying 100,000 votes on all matters on which our shareholders are entitled to vote but no economic rights, to Pelagos, a company controlled by our and Robin’s Chairman and Chief Executive Officer, against payment of their nominal value of \$0.001 per Series B Preferred Share.

On April 14, 2025, we distributed on a pro rata basis all of the common shares of Robin received in connection with the Robin Spin-Off to our holders of common stock of record at the close of business on April 7, 2025. Our common shareholders received one common share of Robin for every eight of our common shares held at the close of business on April 7, 2025. Further information regarding the details of the Robin Spin-Off may be found on Registration Statement No. 001- 42543 on Form 20-F of Robin Energy Ltd., declared effective by the U.S. Securities Exchange Commission (“SEC”) on March 28, 2025. The common shares of Robin have been approved for listing on the Nasdaq Capital Market. The terms of the Robin Spin-Off were negotiated and approved by a special committee of independent disinterested directors. The Robin Spin-Off was intended to operate our and Robin’s business separately, however, through our holding of Robin’s Series B Preferred Shares, we remain exposed to the risks affecting the Handysize tanker business of Robin.

Business

We are an independent, growth-oriented shipping company that acquires, owns, charters and operates oceangoing LPG carrier vessels and provides worldwide energy seaborne transportation services for LPG. As of the date of this Annual Report, we primarily operate in the LPG sector and maintain a fleet of four LPG carrier vessels with an aggregate cargo carrying capacity of 0.02 million dwt and an average fleet age of 8.5 years. As of December 31, 2024, our fleet comprised four LPG carrier vessels and one Handysize tanker vessel.

Our commercial strategy primarily focuses on deploying our fleet under a mix of time charters and voyage charters and according to our assessment of market conditions. We adjust the mix of these charters to take advantage of the relatively stable cash flows and high utilization rates for our vessels associated with period time charters, to profit from attractive trip charter rates during periods of strong charter market conditions associated with voyage charters or to take advantage of high utilization rates for our vessels along with exposure to attractive charter rates during periods of strong charter market conditions when employing our vessels in pools. As of the date of this Annual Report, our four LPG carrier vessels were employed in period time charters. Such arrangements will be reevaluated by management on a periodic basis.

We intend to expand our fleet in the future and may acquire additional LPG carriers or other vessels, including to replace existing vessels or vessels we have disposed of, diversify our fleet, expand our activities and reduce the average age of our fleet, and potentially, if our Board so determines, acquire vessels in other sectors, based on, in each case, our assessment of market conditions and subject to the conditions set out in the Toro Spin-Off Resolutions. We intend to acquire additional vessels principally in the secondhand market, including acquisitions from third-parties, and we may also acquire additional vessels from related parties, provided that such related party acquisitions are negotiated and conducted on an arms-length basis. We may also enter into newbuilding contracts to the extent that we believe they present attractive opportunities. For an overview of our fleet, please see “—*B. Business Overview—Our fleet.*”

Our principal executive office is at 223 Christodoulou Chatzipavlou Street, Hawaii Royal Gardens, 3036 Limassol, Cyprus. Our telephone number at that address is +357 25 357 768. Our website is www.torocorp.com. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC’s Internet site is www.sec.gov. None of the information contained on, or that can be accessed through, these websites is incorporated into or forms a part of this Annual Report.

Fleet Development and Vessel Capital Expenditures

In 2021, our fleet grew from zero vessels to nine vessels through the acquisition by Castor of nine tanker vessels, one of which was sold to a third-party on May 9, 2022 and delivered to that party on July 15, 2022 prior to completion of the Spin-Off. In the second and third quarters of 2023, we acquired four LPG carriers comprising our newly established LPG carrier segment. Between the second and fourth quarters of 2023, we completed the sales of six of our tanker vessels to third-parties due to attractive purchase terms offered by these buyers. This included one of the two Handysize vessels then comprising our Handysize segment and all six of the seven Aframax/LR2 vessels then comprising our Aframax/LR2 segment. On January 24, 2024, we completed the sale of the *M/T Wonder Sirius*, the sole remaining Aframax/LR2 tanker comprising our Aframax/LR2 segment. For further information on these vessel acquisitions and the financing transaction associated with certain of these vessel acquisitions, see “—*B. Business Overview—Our fleet*” and Note 6 to our Consolidated Financial Statements included in this Annual Report.

Following the completion of the Robin Spin-Off, the Handysize vessel was contributed to Robin and our fleet is comprised of four LPG carrier vessels.

As of the date of this Annual Report, all of our vessels are equipped with a ballast water treatment system (“BWTS”). During the years ended December 31, 2022, 2023 and 2024, we made capital expenditures of \$0.3 million, \$0.8 million and \$0, respectively, for the installation of BWTS on our vessels.

B. Business Overview

During the years ended December 31, 2022, 2023 and 2024 we operated tanker vessels that engaged in the worldwide transportation of crude oil and refined petroleum products using our Aframax/LR2 tankers, which transport crude oil, and Handysize tankers, which transport refined petroleum products and, from their first acquisition in the second quarter of 2023, we operated 5,000 cbm LPG carriers, which transport liquefied petroleum gas. Following the sale of the *M/T Wonder Sirius* in January of 2024, the Company no longer has any Aframax/LR2 vessels and the results of operations and cash flows of the Aframax/LR2 segment, as well as its assets and liabilities, are reported as discontinued operations. As a result of the different characteristics of the LPG carriers in relation to the Handysize segment, we determined that, with effect from the second quarter of 2024, we operated in two reportable segments: (i) Handysize tanker segment and (ii) LPG carrier segment. The reportable segments reflect our internal organization and the way our chief operating decision maker reviews the operating results and allocates capital within the Company. Further, the transport of refined petroleum products (carried by Handysize tanker vessels) and LPG (carried by LPG carriers) has different characteristics. In addition, the nature of trade, trading routes, charterers and cargo handling of LPG and refined petroleum products differs. As a result of the completion of the Robin Spin-Off, as of and from the second quarter 2025, our business will be comprised of one reportable segment, LPG carrier vessels.

We do not disclose geographic information relating to our segments. When we charter a vessel to a charterer, the charterer is free, subject to certain exemptions, to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable. For further information, see Note 16 to our Consolidated Financial Statements included elsewhere in this Annual Report.

Our Fleet

The following table summarizes key information about our fleet as of the date of this Annual Report:

Vessel Name	Capacity (dwt)	Year Built	Country of Construction	Type of Charter	Gross Charter Rate (\$/day)	Estimated Earliest Charter Expiration	Estimated Latest Charter Expiration
<i>LPG Carrier Segment</i>							
<i>LPG Dream Terrax</i>	4,743	2020	Japan	Time Charter Period ⁽¹⁾	338,000 per month	August 2025	August 2026
<i>LPG Dream Arrax</i>	4,753	2015	Japan	Time Charter Period ⁽²⁾	323,000 per month	May 2025	May 2026
<i>LPG Dream Syrax</i>	5,158	2015	Japan	Time Charter Period ⁽³⁾	323,000 per month	December 2025	January 2027
<i>LPG Dream Vermax</i>	5,155	2015	Japan	Time Charter Period ⁽⁴⁾	354,500 per month	March 2026	April 2027

- (1) The vessel has been fixed under a time charter period contract of twelve months starting from August 2024, at \$338,000 per month plus twelve months at the charterer’s option. The rate for the optional period will be increased at a rate between 2.5% and 9% to be mutually agreed between us and the charterers.
- (2) The vessel has been fixed under a time charter period contract of twelve months starting from May 2024, at \$323,000 per month plus twelve months at \$335,000 per month at the charterer’s option.
- (3) The vessel has been fixed under a time charter period contract of twelve months starting from May 2024, at \$323,000 per month. On October 9, 2024, it was agreed between us and the charterers that from May 18, 2025 until January 1, 2026 (plus or minus seven days), the rate will be increased to \$337,000 per month, plus twelve months at the charterer’s option. The rate for the optional period will be increased at a rate between 2% and 6% to be mutually agreed between us and the charterers.
- (4) The vessel has been fixed under a time charter period contract of twelve months starting from March 2024, at \$318,000 per month plus twelve months at the charterer’s option at a rate to be mutually agreed between us and the charterers. On January 22, 2025, it was agreed between us and the charterers that from March 22, 2025 until March 22, 2026 (plus or minus thirty days), the rate is increased to \$354,500 per month, plus twelve months at the charterer’s option. The rate for the optional period will be increased at a rate to be mutually agreed between us and the charterers.

Chartering of our Fleet

We intend mainly to employ our LPG carrier fleet, which currently comprises four vessels, in period time charter contracts, while evaluating the conditions and taking advantage of some spot voyages upon redelivery from period time charters if spot market conditions are favorable. Prior to the Robin Spin-Off, we actively marketed our tanker fleet predominantly in pool arrangements but also by entering into spot voyage market and/or time charter contracts in order to secure optimal employment in the tanker shipping market.

Charter rates in the spot market are volatile and sometimes fluctuate on a seasonal and year-to-year basis. Fluctuations derive from imbalances in the availability of cargoes for shipment and the number of vessels available at any given time to transport these cargoes, as well as supply and demand for crude oil and oil and LPG-related products carried by ocean-going vessels internationally. Vessels operating in the spot market generate revenue that is less predictable than those under period time charters but may enable us to capture increased profit margins during periods of improvements in the tanker shipping market. Industry downturns relating to the products that our vessels transport could result in a reduction in profit margins and lead to losses. Based on market conditions, we may opportunistically look to employ more of our vessels in the spot market under time charter trip contracts, voyage charter contracts and/or pooling arrangements.

Voyage charters involve a charterer engaging a vessel for a particular journey. A voyage contract is made for the use of a vessel, for which we are paid freight (a fixed amount per ton of cargo carried or a lump sum amount) on the basis of transporting cargo from a loading port to a discharge port. Depending on charterparty terms, freight can be fully prepaid, or be paid upon reaching the discharging destination upon delivery of the cargo, at the discharging destination but before discharging, or during a ship’s voyage. Revenues from voyage charters are typically tied to prevailing market rates and may therefore be more volatile than rates from other charters, such as time charters.

Time charters involve a charterer engaging a vessel for a set period of time. Time charter agreements may have extension options ranging from months to, sometimes, years and are therefore viewed as providing more predictable cash flows over the period of the engagement than may otherwise be attainable from other charter arrangements. The time charter party generally provides, among others, typical warranties regarding the speed and the performance of the vessel as well as owner protective restrictions such that the vessel is sent only to safe ports by the charterer, subject always to compliance with applicable sanction laws and war risks, and carry only lawful and non-hazardous cargo. We typically enter into time charters ranging from one month to 12 months and, in isolated cases, on longer terms depending on market conditions. Time charter agreements may have extension options that range over certain time periods, which are usually periods of months. The charterer has the full discretion over the ports visited, shipping routes and vessel speed, subject to the owner’s protective restrictions set forth in the agreed charterparty’s terms. Under our time charter agreements, whereby our vessels are utilized by a charterer for a set duration of time, the charterer pays a fixed or floating daily hire rate and other compensation costs related to the contracts.

A pool consists of a group of vessels of similar types and sizes provided by various owners for the purpose of enabling a centralized pool operator to engage those vessels commercially. Pools employ experienced commercial charterers and operators who have close working relationships with customers and brokers, while technical management is separate from pool operations. Their main objective is to enter into arrangements for the employment and operation of the pool vessels, so as to secure for the pool participants the highest commercially available earnings per vessel on the basis of pooling the net revenues of the pool vessels and dividing it between the pool participants based on the terms of the pool agreement. Pool vessels are marketed as a single group of vessels, primarily in the spot market but also from time to time for time charters, and all revenues earned from the operation of the pool vessels are aggregated together and, after deduction of all costs involved in the operation of the pool, shared between the pool participants based on an agreed key. The size and scope of pools enable them to achieve larger economies of scale and to have better negotiating power with all procurement vendors (e.g., bunker suppliers, port agents, towing companies, etc.) and as a result they are able to reduce their costs for such items. They also achieve geographic diversification by deploying their pool vessels in both Atlantic and Pacific markets while arbitraging from spread opportunities. The diversification in revenue streams due to typically broader shipping capabilities of pool fleet vessels and/or more accessible customer base, alongside payments to pool participants on a set schedule, can stabilize revenues for pool participants, though this may be offset by volatility in spot rates. Furthermore, due to their large fleets, pools can make vessels available for prompt cargoes (which are usually priced at higher than market rates) on short notice and thus they are able to capture the premium of such prompt cargoes. Pools also have higher market visibility, which provides them with opportunities not available to smaller market participants. By being able to reduce costs and optimize revenues, pools aim to outperform the industry benchmark indices by utilizing their size and sophistication and improving utilization rates for participating vessels through various methods, including securing backhaul voyages and contracts of affreightment.

For further information on our charters and charter terms, please refer to “*Item 5. Operation and Financial Results Review—A. Operating Results—Hire Rates and the Cyclical Nature of the Industry.*”

Management of our Business

Our vessels are commercially and technically managed by Castor Ships, a company controlled by our Chairman and Chief Executive Officer, Petros Panagiotidis. Castor Ships manages our business overall and provides us with crew management, technical management, operational employment management, insurance management, provisioning, bunkering, commercial, chartering and administrative services, including, but not limited to, securing employment for our fleet, arranging and supervising the vessels’ commercial operations, handling all of the Company’s vessel sale and purchase transactions, undertaking related shipping projects, management advisory and support services, accounting and audit support services, as well as other associated services requested from time to time by us and our ship-owning subsidiaries. Castor Ships may choose to subcontract these services to other parties at its discretion. As of the date of this Annual Report, Castor Ships has subcontracted the technical management of all of our vessels to a third-party ship-management company, except for the *M/T Wonder Mimosa* and *LPG Dream Syrax*, which Castor Ships has directly provided technical management services to since June 7, 2023 and November 5, 2024, respectively. Castor Ships pays, at its own expense, these technical management companies a fee for the services it has subcontracted to them, without burdening the Company with any additional cost.

In exchange for the above management services, Castor Ships charges and collects (i) following an inflation-based adjustment effective July 1, 2024, a (A) flat quarterly management fee in the amount of \$0.82 million for the management and administration of our business and (B) daily fee of \$1,071 per LPG carrier vessel and, until the completion of the Robin Spin-Off, \$1,071 per Handysize tanker vessel for the provision of ship management services under separate Ship Management Agreements entered into by our ship-owning subsidiaries (as defined in *Item 7. Major Shareholder and Related Party Transactions*), (ii) a chartering commission for and on behalf of Castor Ships and/or on behalf of any third-party broker(s) involved in the trading of our vessels, on all gross income received by our shipowning subsidiaries arising out of or in connection with the operation of our vessels for distribution among Castor Ships and any third-party broker(s), which, when calculated together with any address commission that any charterer of any of our vessels is entitled to receive, will not exceed the aggregate rate of 6.25% on each vessel’s gross income and (iii) a sale and purchase brokerage commission at the rate of 1% on each consummated transaction applicable to the total consideration of acquiring or selling: (a) a vessel or (b) the shares of a ship owning entity owning vessel(s) or (c) shares and/or other securities with an aggregate purchase or sale value, as the case may be, of an amount equal to, or in excess of, \$10,000,000 issued by an entity engaged in the maritime industry.

For further information, see “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions.*”

Environmental and Other Regulations in the Shipping Industry

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

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

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

International Maritime Organization

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

Air Emissions

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

The Marine Environment Protection Committee, or “MEPC,” adopted amendments to Annex VI regarding emissions of sulfur dioxide, nitrogen oxide, particulate matter and ozone depleting substances, which entered into force on July 1, 2010. The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board ships. On October 27, 2016, at its seventieth session, the MEPC agreed to implement a global 0.5% m/m sulfur oxide emissions limit (reduced from 3.50%) starting from January 1, 2020. This limitation can be met by using low-sulfur compliant fuel oil, alternative fuels, or certain exhaust gas cleaning systems. Ships are now required to obtain bunker delivery notes and International Air Pollution Prevention Certificates from their flag states that specify sulfur content. Additionally, at MEPC 73, amendments to Annex VI to prohibit the carriage of bunkers above 0.5% sulfur on ships not equipped with exhaust gas cleaning systems were adopted and took effect on March 1, 2020. These regulations subject ocean-going vessels to stringent emissions controls and may cause us to incur substantial costs. As of the date of this Annual Report, our vessels are not equipped with scrubbers and we have transitioned to burning IMO compliant fuels.

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

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for marine diesel engines, depending on their date of installation. At the MEPC meeting held from March to April 2014, amendments to Annex VI were adopted which address the date on which Tier III Nitrogen Oxide (“NOx”) standards in ECAs will go into effect. Under the amendments, Tier III NOx standards apply to ships that operate in the North American and U.S. Caribbean Sea ECAs designed for the control of NOx produced by vessels with a marine diesel engine installed and constructed on or after January 1, 2016. Tier III requirements could apply to areas that will be designated for Tier III NOx in the future. Currently, as four of the five vessels in our current fleet were built prior to 2016, they are not affected by Tier III requirements from an operational perspective. The *LPG Dream Terrax* was built after January 1, 2016 but has not complied with Tier III requirements since the date of its construction and therefore is not trading and cannot be trading in USA. Our LPG carrier vessels are also subject to and currently in compliance with Tier II NOx, which regulates nitrogen dioxide emissions from vessels built on or after January 1, 2011, while our Handysize vessel is subject to and currently in compliance with Tier I NOx requirements. However, we may acquire additional vessels that are subject to Tier II or Tier III NOx in the future and/or additional trading restrictions could be imposed upon vessels that are currently in compliance with Tier I or II NOx standards, each of which may cause us to incur additional capital expenses and/or other compliance costs.

At MEPC 70 and MEPC 71, the MEPC approved the North Sea and Baltic Sea as ECAs for nitrogen oxide for ships built on or after January 1, 2021. As determined at the MEPC 70, the new Regulation 22A of MARPOL Annex VI became effective as of March 1, 2018, and requires ships above 5,000 gross tonnage to collect and report annual data on fuel oil consumption to an IMO database, with the first year of data collection having commenced on January 1, 2019. The IMO intends to use such data as the first step in its roadmap for developing its strategy to reduce greenhouse gas emissions from ships, as discussed further below. The 2023 IMO GHG Strategy seeks a reduction in carbon intensity of international shipping as an average across international shipping, by at least 40% by 2030. Related measures are discussed further below.

At the 82nd session of MEPC 82 (September 30- October 4, 2024), the IMO designated two further Emission Control Areas (ECAs) - the Canadian Arctic and the Norwegian Sea. This ECA will fall under MARPOL Annex VI Regulations 13 (Nitrogen Oxides) and 14 (Sulphur Oxides and Particulate Matter). The ECA will apply to a marine diesel engine that is installed on a ship constructed on or after the following dates and in compliance with tier III standards:

- Norwegian Sea: constructed on or after March 1, 2026 and is operating in the Norwegian Sea Emission Control Area. For the Norwegian Sea Emission Control Area.
- Canadian Arctic: ship is constructed on or after January 1, 2025 and is operating in the Canadian Arctic Emission Control Area.

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for ships. All ships are now required to develop and implement Ship Energy Efficiency Management Plans (“SEEMPS”), and new ships must be designed in compliance with minimum energy efficiency levels per capacity mile as defined by the Energy Efficiency Design Index (“EEDI”). Under these measures, by 2025, all new ships built will be 30% more energy efficient than those built in 2014. Additionally, MEPC 75 adopted amendments to MARPOL Annex VI which brings forward the effective date of the EEDI’s “phase 3” requirements from January 1, 2025 to April 1, 2022 for several ship types, including gas carriers, general cargo ships, and LNG carriers. This may require us to incur additional operating or other costs for those vessels built after January 1, 2013. Further, MEPC 75 approved draft amendments requiring that, after January 1, 2023, all ships above 400 gross tonnage must have an approved SEEMP on board. For ships above 5,000 gross tonnage, the SEEMP needs to include certain mandatory content.

In addition to the recently implemented emission control regulations, the IMO has been devising strategies to reduce greenhouse gases and carbon emissions from ships. According to its latest announcement, IMO plans to initiate measures to reduce carbon intensity by at least 40% by 2030 and 70% by 2050 from the levels in 2008. It also plans to introduce measures to reduce GHG emissions by 50% by 2050 from the 2008 levels. These are likely to be achieved by setting energy efficiency requirements and encouraging ship owners to use alternative fuels such as biofuels, methanol, LNG, LPG and electro-/synthetic fuels such as hydrogen or ammonia and may also include limiting the speed of the ships. However, there is still uncertainty regarding the exact measures that the IMO will undertake to achieve these targets. IMO-related uncertainty is also a factor discouraging ship owners from ordering newbuild vessels, as these vessels may have high future environmental compliance costs with untested technology.

In June 2021, IMO’s Marine Environment Protection Committee (“MEPC”) adopted amendments to MARPOL Annex VI that will require ships to reduce their greenhouse gas emissions. These amendments combine technical and operational approaches to improve the energy efficiency of ships, also providing important building blocks for future GHG reduction measures. The new measures require the IMO to review the effectiveness of the implementation of the Carbon Intensity Indicator (“CII”) and Energy Efficiency Existing Ship Index (“EEXI”) requirements, by January 1, 2026 at the latest. EEXI is a technical measure and will apply to ships above 400 GT. It indicates the energy efficiency of the ship compared to a baseline and is based on a required reduction factor (expressed as a percentage relative to the EEDI baseline). On the other hand, CII is an operational measure which specifies carbon intensity reduction requirements for vessels with 5,000 GT and above. The CII determines the annual reduction factor needed to ensure continuous improvement of the ship’s operational carbon intensity within a specific rating level. The operational carbon intensity rating would be given on a scale of A, B, C, D or E indicating a major superior, minor superior, moderate, minor inferior, or inferior performance level, respectively. The performance level would be recorded in the ship’s SEEMP. A ship rated E for three consecutive years would have to submit a corrective action plan to show how the required index (D or above) would be achieved. Further, the European Union has endorsed a binding target of at least 55% domestic reduction in economy wide GHG reduction by 2030 compared to 1990. The amendments to MARPOL Annex VI (adopted in a consolidated revised Annex VI) entered into force on November 1, 2022, with the requirements for EEXI and CII certification coming into effect from January 1, 2023. This means that the first annual reporting on carbon intensity will be completed for 2023, with the first rating given in 2024. We are also required to comply with requirements relating to new European Union Emissions Trading Scheme (“EU ETS”) regulations for carbon emissions for voyages of vessels above 5000 GT departing from or arriving to ports in the European Union phased in from the beginning of 2024, with an implementation scheme of 40% of emissions, followed by 70% of emissions in 2025 and ending in 2026 with 100% of the emissions produced by these voyages.

We may incur costs to comply with these revised standards including the introduction of new emissions software platform applications which will enable continuous monitoring of CIIs as well as automatic generation of CII reports, amendment of SEEMP part II plans and adoption and implementation of ISO 500001 procedures. Additional or new conventions, laws and regulations may be adopted that could require the installation of expensive emission control systems and could adversely affect our business, cash flows, financial condition and operating results.

Safety Management System Requirements

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

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

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

Regulation II-1/3-10 of the SOLAS Convention on goal-based ship construction standards for oil tankers stipulates that ships over 150 meters in length must have adequate strength, integrity and stability to minimize risk of loss or pollution.

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

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

Furthermore, recent action by the IMO’s Maritime Safety Committee and United States agencies indicates that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. Companies are required from January 2021 to develop additional procedures for monitoring cybersecurity in addition to those required by the IMO, which could require additional expenses and/or capital expenditures.

Fuel Regulations in Arctic Waters

MEPC 76 adopted amendments to MARPOL Annex I (addition of a new regulation 43A) to introduce a prohibition on the use and carriage for use as fuel of heavy fuel oil (HFO) by ships in Arctic waters on and after July 1, 2024. The prohibition will cover the use and carriage for use as fuel of oils having a density at 15°C higher than 900 kg/m3 or a kinematic viscosity at 50°C higher than 180 mm2/s. Ships engaged in securing the safety of ships, or in search and rescue operations, and ships dedicated to oil spill preparedness and response are exempt. Ships which meet certain construction standards with regard to oil fuel tank protection would need to comply on and after July 1, 2029.

Pollution Control and Liability Requirements

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

On December 4, 2013, the IMO Assembly passed a resolution revising the application dates of the BWM Convention so that the dates are triggered by the entry into force date and not the dates originally in the BWM Convention. This, in effect, makes all vessels delivered before the entry into force date “existing vessels” and allows for the installation of ballast water management systems on such vessels at the first International Oil Pollution Prevention (“IOPP”) renewal survey following entry into force of the convention. The MEPC adopted updated guidelines for approval of ballast water management systems (G8) at MEPC 70. At MEPC 71, amendments were introduced to extend the date existing vessels are subject to certain ballast water standards. Those changes were adopted at MEPC 72. Ships over 400 gross tons generally must comply with a “D-1 standard,” requiring the exchange of ballast water only in open seas and away from coastal waters. The “D-2 standard” specifies the maximum amount of viable organisms allowed to be discharged, and compliance dates vary depending on the IOPP renewal dates. Depending on the date of the IOPP renewal survey, existing vessels must comply with the D-2 standard on or after September 8, 2019. For most ships, compliance with the D-2 standard will involve installing onboard systems to treat ballast water and eliminate unwanted organisms. Ballast water management systems, which include systems that make use of chemical, biocides, organisms or biological mechanisms, or which alter the chemical or physical characteristics of the ballast water, must be approved in accordance with IMO Guidelines (Regulation D-3). As of October 13, 2019, MEPC 72’s amendments to the BWM Convention took effect, making the Code for Approval of Ballast Water Management Systems, which governs assessment of ballast water management systems, mandatory rather than permissive, and formalized an implementation schedule for the D-2 standard. Under these amendments, all ships must meet the D-2 standard by September 8, 2024. Significant costs may be incurred to comply with these regulations. Additionally, in November 2020, MEPC 75 adopted amendments to the BWM Convention which would require a commissioning test of the ballast water management system for the initial survey or when performing an additional survey for retrofits. This analysis will not apply to ships that already have an installed BWM system certified under the BWM Convention. These amendments entered into force on June 1, 2022. To date we have made \$2.3 million in capital expenditures relating to the installation of BWTS on our vessels. For further information on these installations, see “—A. History and Development of the Company—Fleet Development and Vessel Capital Expenditures.”

Many countries already regulate the discharge of ballast water carried by vessels from country to country to prevent the introduction of invasive and harmful species via such discharges. The U.S., for example, requires vessels entering its waters from another country to conduct mid-ocean ballast exchange, or undertake some alternate measure, and to comply with certain reporting requirements. Ballast water compliance requirements could adversely affect our business, results of operations, cash flows and financial condition.

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

Ships are required to maintain a certificate attesting that they maintain adequate insurance to cover an incident. In jurisdictions such as the United States where the Bunker Convention has not been adopted, the Oil Pollution Act of 1990, along with various legislative schemes and common law standards of conduct govern, and liability is imposed either on the basis of fault or on a strict-liability basis.

Anti-Fouling Requirements

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

In June 2021, MEPC 76 adopted amendments to the Anti-fouling Convention to prohibit the use of biocide cybutryne contained in anti-fouling systems, which would apply to ships from January 1, 2023, or, for ships already bearing such an anti-fouling system, at the next scheduled renewal of the system after that date, but no later than 60 months following the last application to the ship of such a system, as studies have proven that the substance is harmful to a variety of marine organisms.

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

Compliance Enforcement

Noncompliance with the ISM Code or other IMO regulations may subject the ship owner or bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports. The USCG and European Union authorities have indicated that vessels not in compliance with the ISM Code by applicable deadlines will be prohibited from trading in U.S. and European Union ports, respectively. As of the date of this Annual Report, our vessels are ISM Code certified through their respective third-party managers. Castor Ships has obtained the interim documents of compliance in order to operate the vessels in accordance with the ISM Code and all other international and regional requirements that are applicable to our vessels. However, there can be no assurance that such certificates will be maintained in the future. The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations might have on our operations.

United States Regulations

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

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

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

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

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

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

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

The 2010 *Deepwater Horizon* oil spill in the Gulf of Mexico resulted in additional regulatory initiatives or statutes, including higher liability caps under OPA, new regulations regarding offshore oil and gas drilling, and a pilot inspection program for offshore facilities. Several of these initiatives and regulations have been or may be revised. For example, the U.S. Bureau of Safety and Environmental Enforcement’s (“BSEE”) revised Production Safety Systems Rule (“PSSR”), effective December 27, 2018, modified and relaxed certain environmental and safety protections under the 2016 PSSR. Additionally, the BSEE amended the Well Control Rule, effective July 15, 2019, which rolled back certain reforms regarding the safety of drilling operations. In 2023, the BSSE issued a final Well Control Rule which revises or rescinds certain modifications that were made in the 2019 rule. The effects of these proposals and changes are currently unknown. On January 27, 2021 the Biden administration issued an executive order temporarily blocking new leases for oil and gas drilling in federal waters. On April 18, 2022 the Bureau of Land Management resumed oil and gas leasing on a much reduced basis and, in September 2023, a record low of just three offshore lease sales over the next five years were unveiled. However, leasing for oil and gas drilling in federal waters remains a contentious political issue, with certain states and Republicans in U.S. Congress pushing for increased leasing. On January 6, 2025, the Biden administration issued an executive order prohibiting new oil and gas leases in offshore areas, and President Trump then issued an executive order seeking to revoke it. Compliance with any new requirements of OPA and future legislation or regulations applicable to the operation of our vessels could impact the cost of our operations or demand for our vessels and adversely affect our business.

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

We currently maintain pollution liability coverage insurance in the amount of \$1.0 billion per incident for our vessels. If the damages from a catastrophic spill were to exceed our insurance coverage, it could have an adverse effect on our business and operating results.

Other United States Environmental Initiatives

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

The U.S. Clean Water Act (“CWA”) prohibits the discharge of oil, hazardous substances and ballast water in U.S. navigable waters unless authorized by a duly issued permit or exemption and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA.

The EPA and the USCG have also enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial costs and/or otherwise restrict our vessels from entering U.S. waters. The EPA will regulate these ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters pursuant to the Vessel Incidental Discharge Act (“VIDA”), which was signed into law on December 4, 2018 and replaces the 2013 Vessel General Permit (“VGP”) program (which authorizes discharges incidental to operations of commercial vessels and contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in U.S. waters, stringent requirements for exhaust gas scrubbers, and requirements for the use of environmentally acceptable lubricants) and current Coast Guard ballast water management regulations adopted under the U.S. National Invasive Species Act, such as mid-ocean ballast exchange programs and installation of approved USCG technology for all vessels equipped with ballast water tanks bound for U.S. ports or entering U.S. waters. VIDA establishes a new framework for the regulation of vessel incidental discharges under the CWA, requires the EPA to develop performance standards for those discharges within two years of enactment, and requires the U.S. Coast Guard to develop implementation, compliance and enforcement regulations within two years of the EPA’s promulgation of standards. Though the EPA issued a notice of proposed rulemaking in October 2020 and a supplemental notice of proposed rulemaking in October 2023 (whose comment period closed on December 18, 2023), as of December 31, 2023, the EPA has not promulgated a final rule on new discharge standards and the USCG has not developed implementation, compliance and enforcement regulations. Under VIDA, all provisions of the 2013 VGP and USCG regulations regarding ballast water treatment remain in force and effect until the EPA and U.S. Coast Guard regulations are finalized. Non-military, non-recreational vessels greater than 79 feet in length must continue to comply with the requirements of the VGP, including submission of a Notice of Intent (“NOI”) or retention of a Permit Authorization and Record of Inspection (PARI) form and submission of annual reports. We have submitted NOIs for our vessels where required. Compliance with the EPA, U.S. Coast Guard and state regulations could require the installation of additional ballast water treatment equipment on our vessels which have not already installed this equipment or the implementation of other port facility disposal procedures as a result of which we may incur additional capital expenditures or may otherwise have to restrict certain of our vessels from entering U.S. waters.

The California Air Resources Board regulation for reducing emissions from diesel auxiliary engines on ships while at-berth is applicable for container vessels from January 1, 2023. Effective January 1, 2025, every dry bulk carrier and oil tanker vessel approaching California ports must be also equipped with shore power supply.

European Union Regulations

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

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

As of May 1, 2025, the Mediterranean Sea will effectively become an Emission Control Area (ECA) for sulphur oxides (SOx) under MARPOL Annex VI Regulation 14. This implies that from then on when operating in the Mediterranean Sea, the sulphur content of the fuel used on board shall not exceed 0.10%, unless using an exhaust gas cleaning system (EGCS) ensuring an equivalent SOx emission level. That means that the fuel that will be used in the Mediterranean Sea will become more expensive, which may influence the net revenue of our vessels.

On September 15, 2020, the European Parliament voted to include greenhouse gas emissions from the maritime sector in the European Union’s carbon market. This will require shipowners to buy permits to cover these emissions. On July 14, 2021, the EU Commission proposed legislation to amend the EU ETS to include shipping emissions which was phased in beginning in 2023. In January 2024, EU ETS was extended to cover carbon dioxide emissions from all large ships (of 5,000 gross tonnage and above) entering EU ports, regardless of the flag they fly.

By September 2025, shipping companies will have to surrender emission allowances (EUAs) based on their verified emissions as quantified as per Regulation (EU) 2015/757 (Monitoring, Reporting and Verification of CO2 emissions from maritime transport, MRV).

In addition, the European Union’s Fuel EU Maritime Regulation 2023/1805, set to come into force on January 1, 2025, aims to reduce the carbon intensity of fuels used by ships operating in EU waters. Under this regulation, shipping companies will be required to progressively reduce the carbon intensity of the fuels they use, with specific targets set for different years. By 2030, ships will need to achieve a 40% reduction in carbon intensity compared to 2020 levels, with further reductions by 2040 and 2050. This will impact shipping companies by requiring them to adopt cleaner fuels, invest in new technologies, or implement operational measures to meet the regulations. Compliance may involve additional costs related to fuel procurement, retrofitting vessels, or adopting new carbon-reducing technologies, significantly influencing operational strategies and fuel management practices.

Greenhouse Gas Regulation

Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and pursuant to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions with targets extended through 2020. International negotiations are continuing with respect to greenhouse gas emissions and restrictions on shipping emissions may be included in any new treaty. In December 2009, more than 27 nations, including the U.S. and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce greenhouse gas emissions. The 2015 United Nations Climate Change Conference in Paris resulted in the Paris Agreement, which entered into force on November 4, 2016 and does not directly limit greenhouse gas emissions from ships. The U.S. initially entered into the agreement, but the Trump administration withdrew from the Paris Agreement effective November 4, 2020. On January 20, 2021, U.S. President Biden signed an executive order to rejoin the Paris Agreement, which took effect on February 19, 2021. On January 20, 2025, U.S. President Trump signed an Executive Order seeking, again, to withdraw the United States from the Paris Agreement.

At MEPC 70 and MEPC 71, a draft outline of the structure of the initial strategy for developing a comprehensive IMO strategy on reduction of greenhouse gas emissions from ships was approved. In accordance with this roadmap, in April 2018, nations at the MEPC 72 adopted an initial strategy to reduce greenhouse gas emissions from ships. The initial strategy identifies “levels of ambition” to reducing greenhouse gas emissions, including (1) decreasing the carbon intensity from ships through implementation of further phases of the EEDI for new ships; (2) reducing carbon dioxide emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008 emission levels; and (3) reducing the total annual greenhouse emissions by at least 50% by 2050 compared to 2008 while pursuing efforts towards phasing them out entirely. The initial strategy notes that technological innovation, alternative fuels and/or energy sources for international shipping will be integral to achieve the overall ambition. The MEPC 76 adopted amendments to MARPOL Annex VI that will require ships to reduce their greenhouse gas emissions. These amendments combine technical and operational approaches to improve the energy efficiency of ships, in line with the targets established in the 2018 Initial IMO Strategy for Reducing GHG Emissions from Ships and provide important building blocks for future GHG reduction measures. The new measures will require all ships to calculate their EEXI following technical means to improve their energy efficiency and to establish their annual operational carbon intensity indicator (CII) and CII rating. Carbon intensity links the GHG emissions to the transport work of ships. These regulations could cause us to incur additional substantial expenses.

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

In the United States, the EPA issued a finding that greenhouse gases endanger the public health and safety, adopted regulations to limit greenhouse gas emissions from certain mobile sources, and proposed regulations to limit greenhouse gas emissions from large stationary sources. However, in March 2017, U.S. President Trump sought to eliminate elements of the EPA’s plan to cut greenhouse gas emissions and rolled back standards to control methane and volatile organic compound emissions from new oil and gas facilities. However, the Biden administration directed the EPA to publish rules suspending, revising or rescinding certain of these regulations. The EPA and/or individual U.S. states could enact additional environmental regulations that would affect our operations.

Any passage of climate control legislation or other regulatory initiatives by the IMO, the EU, the U.S. or other countries where we operate, or any treaty adopted at the international level to succeed or further implement the Kyoto Protocol or Paris Agreement which further restricts emissions of greenhouse gases could require us to make significant financial expenditures which we cannot predict with certainty at this time. Even in the absence of climate control legislation, our business may be affected to the extent that climate change results in sea level changes or increases in extreme weather events. Climate change models predict an increase in extreme weather events which would increase risks to our vessels and operations.

International Labor Organization

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

Vessel Security Regulations

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

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

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

The cost of vessel security measures has also been affected by the escalation in the frequency of acts of piracy against ships, notably off the coast of Somalia in the Gulf of Aden and off the coast of Nigeria in the Gulf of Guinea. Furthermore, costs of vessel security measures have been affected by the geopolitical conflicts in the Middle East and maritime incidents in and around the Red Sea, including off the coast of Yemen in the Gulf of Aden where vessels have faced an increased number of armed attacks targeting Israeli and US-linked ships, as well as Marshall Islands’ flagged vessels. Substantial loss of revenue and other costs may be incurred as a result of detention of a vessel or additional security measures, and the risk of uninsured losses could have a material adverse effect on our business, liquidity and operating results. Costs are incurred in taking additional security measures in accordance with Best Management Practices to Deter Piracy, notably those contained in the BMP5 industry standard.

Inspection by Classification Societies

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

A vessel must undergo annual surveys, intermediate surveys, dry-dockings and special surveys. A vessel’s machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Every vessel is also required to be dry-docked every 30 to 36 months for inspection of the underwater parts of the vessel. If any vessel does not maintain its class and/or fails any annual survey, intermediate survey, dry-docking or special survey, the vessel will be unable to carry cargo between ports and will be unemployable and uninsurable which could cause us to be in violation of certain covenants in our loan agreements. Any such inability to carry cargo or to be employed, or any such violation of covenants, could have a material adverse impact on our financial condition and operating results.

Risk of Loss and Liability Insurance

General

The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, piracy incidents, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental events, and the liabilities arising from owning and operating vessels in international trade. We and our pool operators carry insurance coverage as customary in the shipping industry. However, not all risks can be insured, specific claims may be rejected, and we might not be always able to obtain adequate insurance coverage at reasonable rates. Any of these occurrences could have a material adverse effect on our business.

Hull and Machinery Insurance

We procure hull and machinery insurance, protection and indemnity insurance, which includes environmental damage and pollution insurance, war risk insurance, freight and demurrage and defense insurance for all vessels in our fleet. Each of our vessels is insured up to what we believe to be at least its fair market value, after meeting certain deductibles. We do not have and do not expect to obtain loss of hire insurance (or any other kind of business interruption insurance) covering the loss of revenue during off-hire periods, other than due to war risks, for any of our vessels. In certain instances where our vessels are participating in a pool transit through high-risk areas, the pool operator arranges for kidnap and ransom loss of hire insurance for a specified duration on our behalf.

Protection and Indemnity Insurance

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

Our current protection and indemnity insurance coverage for pollution is \$1 billion per vessel per incident. There are 13 P&I Associations that comprise the “International Group”, a group of P&I Associations that insure approximately 90% of the world’s commercial tonnage and have entered into a pooling agreement to reinsure each association’s liabilities. The International Group’s website states that the pool provides a mechanism for sharing all claims in excess of \$10 million up to, currently, approximately \$3.1 billion. As a member of a P&I Association, which is a member of the International Group, we are subject to calls payable to the associations based on our claim records as well as the claim records of all other members of the individual associations and members of the shipping pool of P&I Associations comprising the International Group.

Competition

We operate in a market that is highly competitive. The LPG carrier market is moderately fragmented in terms of ownership. Although we believe that at the present time no single company has a dominant position in the market in which we operate, that could change and we may face substantial competition for charters from a number of established companies who may have greater resources or experience.

The process of obtaining new employment for our fleet generally involves intensive screening, and competitive bidding, and often extends for several months. We compete for charters on the basis of price, vessel location, size, age and condition of the vessel, as well as based on customer relationships and our reputation as an owner and operator. In the LPG carrier sector, we may compete with LPG distributors and traders who use their fleets not only to transport their own LPG, but also to transport LPG for third-party charterers in direct competition with independent owners and operators. Demand for LPG carrier vessels fluctuates in line with the main patterns of trade for the cargoes transported by our vessels and varies according to supply and demand for such products.

Permits and Authorizations

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

Seasonality

Based on the Company’s historical data and industry trends, we expect demand for our LPG carrier vessels to exhibit seasonal variations and, as a result, charter and freight rates to fluctuate. The LPG carrier market is typically stronger in the fall and winter months in anticipation of increased consumption of propane and butane for heating during the winter months. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. These variations may result in quarter-to-quarter volatility in our operating results for our vessels when trading in the spot trip or voyage charter market or if on period time charter when a new time charter is being entered into. Seasonality in the LPG shipping sector in which we operate could materially affect our operating results and cash flows.

C. Organizational Structure

We were incorporated by Castor in the Republic of the Marshall Islands on July 29, 2022, with our principal executive offices located at 223 Christodoulou Chatzipavlou Street, Hawaii Royal Gardens, 3036 Limassol, Cyprus. A list of our subsidiaries is filed as Exhibit 8.1 to this Annual Report.

D. Property, Plants and Equipment

We own no properties other than our vessels. For a description of our fleet, please see “*B. Business Overview—Our Fleet.*”

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following is a discussion of the financial condition and results of operations of the Company for the year ended December 31, 2023, and December 31, 2024. You should read the following discussion and analysis together with our consolidated financial statements and related notes to those statements included in “*Item 18. Financial Statements.*” Amounts relating to percentage variations in period-on-period comparisons shown in this section are derived from those consolidated financial statements. The following discussion contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. These forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control which could cause actual results, cash flows, financial positions, events or conditions to differ materially from those currently anticipated and expressed or implied by such forward-looking statements as a result of many factors, including those set forth in “*Item 3. Key Information—D. Risk Factors.*” Refer to the section captioned “*Cautionary Statement Regarding Forward-Looking Statements*” for further discussion of such events, risks and uncertainties. All dollar amounts referred to in this discussion and analysis are expressed in U.S. dollars except where indicated otherwise.

For a discussion of our results for the year ended December 31, 2023, compared to the year ended December 31, 2022, please see “—*Item 5. Operating and Financial Review and Prospects—A. Operating Results—Year ended December 31, 2023 as compared to year ended December 31, 2022*” contained in our annual report on Form 20-F for the year ended December 31, 2023, filed with the SEC on March 12, 2024.

On April 14, 2025, we distributed on a pro rata basis all common shares of Robin received in connection with the Robin Spin-Off to our holders of common stock of record at the close of business on April 7, 2025. As a result, as of and from the second quarter of 2025, our business will comprise of one reportable segment, LPG carrier vessels. For more information, please see “*Item 3. Key Information*”, “*Item 4. Information on the Company—A. History and Development of the Company*”, “*Item 7. Major Shareholders and Related Party Transaction—B. Related Party Transactions*” and as included elsewhere in this Annual Report.

A. Operating Results

In the second quarter of 2023, we established our LPG carrier operations through the acquisition of two LPG carrier vessels. Following the completion of the sale of the *M/T Wonder Sirius* in January 2024, the Company no longer owns any Aframax/LR2 vessels and management has determined that, with effect from the second quarter of 2024, the Company operates in two reportable segments: (i) the Handysize tanker segment and (ii) the LPG carrier segment, each on a continuing operations basis. The reportable segments comprising Company’s continuing operations reflect the internal organization of the Company and the way the chief operating decision maker (“CODM”), who is the Chief Executive Officer of the Company, reviews the operating results and allocates capital within the Company. The CODM assesses segment performance using key financial measures, including revenues, operating expenses, segment operating income and net income. These metrics help the CODM assess segment profitability, optimize fleet deployment, control costs and determine capital allocation. Based on these segment performance trends, the CODM makes resource allocation decisions such as adjusting chartering strategies, prioritizing fleet expansion or disposals, and optimizing cost efficiencies to enhance profitability and overall segment performance. Further, the transport of refined petroleum products (carried by Handysize tanker vessels) and liquefied petroleum gas (carried by LPG carriers) has different characteristics. In addition, the nature of trade, trading routes, charterers and cargo handling of liquefied petroleum gas and refined petroleum products differs.

Principal factors impacting our business, results of operations and financial condition

Our results of operations are affected by numerous factors. The principal factors that have impacted the business during the fiscal periods presented in the following discussion and analysis and that are likely to continue to impact our business are the following:

- The levels of demand and supply of seaborne cargoes and vessel tonnage in the shipping industries in which we operate;
- The cyclical nature of the shipping industry in general and its impact on charter and freight rates and vessel values;
- The successful implementation of our business strategy, including the ability to obtain equity and debt financing at acceptable and attractive terms to fund future capital expenditures and/or to implement this business strategy;
- The global economic growth outlook and trends;
- Economic, regulatory, political and governmental conditions that affect shipping and the LPG shipping industry, including international conflict or war (or threatened war), such as between Russia and Ukraine and in the Middle East, acts of piracy or maritime aggression, such as recent maritime incidents involving vessels in and around the Red Sea, and the imposition of tariffs;

- The employment and operation of our fleet including the utilization rates of our vessels;
- The ability to successfully employ our vessels at economically attractive rates and the strategic decisions regarding the employment mix of our fleet in the voyage, time charter and pool markets, as our charters expire or are otherwise terminated;
- Management of the operational, financial, general and administrative elements involved in the conduct of our business and ownership of our fleet, including the effective and efficient management of our fleet by our manager and its sub-managers, and each of their suppliers;
- The number of charterers and pool operators who use our services and the performance of their obligations under their agreements, including their ability to make timely payments to us;
- The ability to maintain solid working relationships with our existing charterers and pool operators and our ability to increase the number of our charterers through the development of new working relationships;
- The vetting approvals requested by oil majors and the Chemical Distribution Institute (CDI) for the vessels managed by our manager and/or sub-managers;
- Dry-docking and special survey costs and duration, both expected and unexpected;
- Our borrowing levels and the finance costs related to our outstanding debt as well as our compliance with our debt covenants;
- Management of our financial resources, including banking relationships and of the relationships with our various stakeholders;
- Major outbreaks of diseases and governmental responses thereto;
- The level of any distribution on all classes of our shares; and
- The risks associated with Castor’s business as a result of our term loan to Castor and investment in the Series D Preferred Shares of Castor.

These factors are volatile and in certain cases may not be within our control. Accordingly, past performance is not necessarily indicative of future performance, and it is difficult to predict future performance with any degree of certainty. See also “Item 3. Key Information—D. Risk Factors” in this Annual Report and “Risk Factors” herein.

Hire Rates and the Cyclical Nature of the Industry

One of the factors that impacts our profitability is the hire and freight rates at which we are able to fix our vessels and the pool rates we earn from the pool arrangements. The shipping industry is cyclical with attendant volatility in rates and, as a result, profitability. The tanker shipping sector has been characterized by long and short periods of imbalances between supply and demand, causing charter rates to be volatile.

The degree of charter rate volatility among different types of tanker and LPG carrier vessels has varied widely, and charter rates for these vessels have also varied significantly in recent years. Fluctuations in charter rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the crude oil, refined petroleum products and liquefied petroleum gas carried by oceangoing vessels internationally. The factors and the nature, timing, direction and degree of changes in industry conditions affecting the supply and demand for vessels are unpredictable to a great extent and outside our control.

Our vessel deployment strategy seeks to maximize revenues throughout industry cycles while maintaining cash flow stability and foreseeability. Our gross revenues on a standalone basis for the year ended December 31, 2024 consisted predominantly of hire earned by our vessels under time charter contracts, as well as revenue earned participating in pools and under voyage charter contracts. For a description of these chartering arrangements, refer to “*Item 4. Information on the Company—B. Business Overview—Chartering of Our Fleet.*”

The year ended December 31, 2024 was one of the best years for spot crude tanker trades since 2000. Deadweight carrying capacity of the tanker fleet increased by approximately 0.9% in 2024, as compared to 1.9% in 2023, while demand in terms of tonne miles for crude oil and oil products in 2024 is estimated to have grown by 2.3% and 7.6%, respectively, and is expected to continue growing at a steady pace in 2025. The tanker spot charter market has seen high volatility throughout 2023 and 2024. In 2023, the rates rose from \$47,913 per day in January 2023 to \$68,437 per day in March 2023 before declining to a low of \$23,606 per day in September 2023 and ending the year at \$43,637 per day in December 2023 and in 2024 the rates started the year strong from \$49,006 per day in February 2024, maintaining high levels standing at \$41,474 per day in May 2024, before declining to a low of \$19,638 per day in September 2024 and ending the year at \$24,557 per day in December 2024.

In comparison to the spot market average, LPG 5,000 cbm rates have shown little volatility in 2023 and 2024. In 2023, charter rates ranged from a low of \$10,028 per day in January 2023 to a high of \$10,356 per day in June 2023 after which rates remained roughly the same until year end and in 2024 charter rates ranged from a low of \$10,356 per day in January 2024 to a high of \$11,178 per day in December 2024. There has been a steady increase in time charter rates of around 1.7% in each of 2023 and 2024, in the regions from the Red Sea to the Indian, North and South Pacific Oceans and 6.3% and 7.4% in 2023 and 2024 in the regions from the Mediterranean and Adriatic Seas to the Baltic Sea, North and South Atlantic Oceans compared to last year, respectively. In 2023 and 2024, the deadweight carrying capacity of the small LPG carrier vessels is estimated to have increased by 3.8% and 2.5% annually in each of the two respective periods.

Our future gross revenues may be affected by our commercial strategy, including decisions regarding the employment mix of our fleet among time and voyage charters and pool arrangements. See Note 14 to our Consolidated Financial Statements included elsewhere in this Annual Report for a breakdown of revenues per category.

Employment and operation of our fleet

A significant factor that impacts our profitability is the employment and operation of our fleet. The profitable employment of our fleet is highly dependent on the levels of demand and supply in the shipping segments in which we operate, our commercial strategy including the decisions regarding the employment mix of our fleet among time and voyage charters and pool arrangements, as well as our manager’s and sub-manager’s ability to leverage our relationships with existing or potential customers. As a new entrant to the LPG carriers’ business (and, prior to the Robin Spin-Off, to the tankers’ business), our customer base is currently concentrated to a small number of charterers and a single pool manager. The breadth of our customer base has historically had an impact on the profitability of our business and in the year ended December 31, 2024, 52% of our revenues were earned on time charters entered into with three different charterers and 30% of our revenues were earned on a pool arrangement entered into with one pool manager. Further, the effective operation of our fleet mainly requires regular maintenance and repair, effective crew selection and training, ongoing supply of our fleet with the spares and the stores that it requires, contingency response planning, auditing of our vessels’ onboard safety procedures, arrangements for our vessels’ insurance, chartering of the vessels, training of onboard and on shore personnel with respect to the vessels’ security and security response plans (ISPS), obtaining of ISM certifications, compliance with environmental regulations and standards and performing the necessary audit for the vessels within the year of taking over a vessel and the ongoing performance monitoring of the vessels.

Financial, general and administrative management

The management of financial, general and administrative elements involved in the conduct of our business and ownership of our vessels requires us to manage our financial resources, which includes managing banking relationships, administrating our bank accounts, managing our accounting system, records and financial reporting, monitoring and ensuring compliance with the legal and regulatory requirements affecting our business and assets and managing our relationships with our service providers and customers.

Important Measures and Definitions for Analyzing Results of Operations

Our management uses the following metrics to evaluate our operating results, including our operating results at the segment level, and to allocate capital accordingly:

Total vessel revenues. Total vessel revenues are generated from voyage charters, time charters and pool arrangements. Total vessel revenues are affected by the number of vessels in our fleet, hire and freight rates and the number of days a vessel operates which, in turn, are affected by several factors, including the amount of time that we spend positioning our vessels, the amount of time that our vessels spend in dry-dock undergoing repairs, maintenance and upgrade work, the age, condition and specifications of our vessels, and levels of supply and demand in the seaborne transportation market. Total vessel revenues are also affected by our commercial strategy related to the employment mix of our fleet between vessels on time charters, vessels operating on voyage charters and vessels in pools.

We measure revenues in each segment for three separate activities: (i) time charter revenues, (ii) voyage charter revenues, and (iii) pool revenues.

Voyage expenses. Our voyage expenses primarily consist of bunker expenses, port and canal expenses and brokerage commissions paid in connection with the chartering of our vessels. Voyage expenses are incurred primarily during voyage charters or when the vessel is repositioning or unemployed. Bunker expenses, port and canal dues increase in periods during which vessels are employed on voyage charters because these expenses are in this case borne by us. Under a time charter, the charterer pays substantially all the vessel voyage related expenses. Under pooling arrangements, voyage expenses are borne by the pool operator. Gain/loss on bunkers may also arise where the cost of the bunker fuel sold to the new charterer is greater or less than the cost of the bunker fuel acquired.

Operating expenses. We are responsible for vessel operating costs, which include crewing, expenses for repairs and maintenance, the cost of insurance, tonnage taxes, the cost of spares and consumable stores, lubricating oils costs, communication expenses and other expenses. Expenses for repairs and maintenance tend to fluctuate from period to period because most repairs and maintenance typically occur during periodic dry-docking. Our ability to control our vessels’ operating expenses also affects our financial results. Daily vessel operating expenses are calculated by dividing fleet operating expenses by the Ownership Days for the relevant period.

Management fees. Management fees include fees paid to related parties providing certain ship management services to our fleet pursuant to Ship Management Agreements (as defined in *Item 7. Major Shareholders and Related Party Transactions*) with Castor Ships.

Off-hire. Off-hire is the period our fleet is unable to perform the services for which it is required under a charter for reasons such as scheduled repairs, vessel upgrades, dry-dockings or special or intermediate surveys or other unforeseen events.

Dry-docking/Special Surveys. We periodically dry-dock and/or perform special surveys on our fleet for inspection, repairs and maintenance and any modifications to comply with industry certification or governmental requirements. Our ability to control our dry-docking and special survey expenses and our ability to complete our scheduled dry-dockings and/or special surveys on time also affects our financial results. Dry-docking and special survey costs are accounted for under the deferral method whereby the actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next survey is scheduled to become due.

Ownership Days. Ownership Days are the total number of calendar days in a period during which we owned a vessel. Ownership Days are an indicator of the size of our fleet over a period and determine both the level of revenues and expenses recorded during that specific period.

Available Days. Available Days are the Ownership Days in a period less the aggregate number of days our vessels are off-hire due to scheduled repairs, dry-dockings or special or intermediate surveys. The shipping industry uses Available Days to measure the aggregate number of days in a period during which vessels are available to generate revenues. Our calculation of Available Days may not be comparable to that reported by other companies.

Operating Days. Operating Days are the Available Days in a period after subtracting unscheduled off-hire and idle days.

Fleet Utilization. Fleet Utilization is calculated by dividing the Operating Days during a period by the number of Available Days during that period. Fleet Utilization is used to measure a company’s ability to efficiently find suitable employment for its vessels and minimize the number of days that its vessels are off-hire for reasons such as major repairs, vessel upgrades, dry-dockings or special or intermediate surveys and other unforeseen events.

Daily Time Charter Equivalent Rate (“Daily TCE Rate”). The Daily Time Charter Equivalent Rate (“Daily TCE Rate”), is a measure of the average daily revenue performance of a vessel. The Daily TCE Rate is not a measure of financial performance under U.S. GAAP (i.e., it is a non-GAAP measure) and should not be considered as an alternative to any measure of financial performance presented in accordance with U.S. GAAP. We calculate Daily TCE Rate by dividing total revenues (time charter and/or voyage charter revenues, and/or pool revenues, net of charterers’ commissions), less voyage expenses, by the number of Available Days during that period. Under a time charter, the charterer pays substantially all the vessel voyage related expenses. However, we may incur voyage related expenses when positioning or repositioning vessels before or after the period of a time or other charter, during periods of commercial waiting time or while off-hire during dry-docking or due to other unforeseen circumstances. Under voyage charters, the majority of voyage expenses are generally borne by us whereas for vessels in a pool, such expenses are borne by the pool operator. The Daily TCE Rate is a standard shipping industry performance measure used primarily to compare period-to-period changes in a company’s performance and, management believes that the Daily TCE Rate provides meaningful information to our investors because it compares daily net earnings generated by our vessels irrespective of the mix of charter types (e.g., time charter, voyage charter, pools) under which our vessels are employed between the periods while it further assists our management in making decisions regarding the deployment and use of our vessels and in evaluating our financial performance. Our calculation of the Daily TCE Rates may be different from and may not be comparable to that reported by other companies.

EBITDA. EBITDA is not a measure of financial performance under U.S. GAAP, does not represent and should not be considered as an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance presented in accordance with U.S. GAAP. We define EBITDA as earnings before interest and finance costs (if any), net of interest income, taxes (when incurred), depreciation and amortization of deferred dry-docking costs. EBITDA is used as a supplemental financial measure by management and external users of financial statements to assess our operating performance. We believe that EBITDA assists our management by providing useful information that increases the comparability of our operating performance from period to period and against the operating performance of other companies in our industry that provide EBITDA information. This increased comparability is achieved by excluding the potentially disparate effects between periods or companies of interest, other financial items, depreciation and amortization and taxes, which items are affected by various and possibly changing financing methods, capital structure and historical cost basis and which items may significantly affect net income between periods. We believe that including EBITDA as a measure of operating performance benefits investors in (a) selecting between investing in us and other investment alternatives and (b) monitoring our ongoing financial and operational strength. EBITDA as presented below may be different from and may not be comparable to similarly titled measures of other companies.

The following tables reconcile our consolidated and per segment Daily TCE Rate and our consolidated EBITDA to the most directly comparable GAAP measures and present operational metrics of the Company on a consolidated basis and per operating segment for the periods presented (amounts in U.S. dollars, except for utilization and days).

Reconciliation of Daily TCE Rate to Total vessel revenues — Consolidated (continuing operations)

	Year ended December 31, <u>2023</u>	Year ended December 31, <u>2024</u>
Total vessel revenues	\$ 22,304,613	\$ 22,394,283
Voyage expenses – including commissions to related party	(2,505,152)	(1,594,751)
TCE revenues	\$ 19,799,461	\$ 20,799,532
Available Days	1,379	1,790
Daily TCE Rate	\$ 14,358	\$ 11,620

Reconciliation of Daily TCE Rate to Total vessel revenues — Handysize Tanker Segment

	Year ended December 31, <u>2023</u>	Year ended December 31, <u>2024</u>
Total vessel revenues	\$ 15,611,872	\$ 6,768,672
Voyage expenses – including commissions to related party	(198,730)	(315,055)
TCE revenues	\$ 15,413,142	\$ 6,453,617
Available Days	642	326
Daily TCE Rate	\$ 24,008	\$ 19,796

Reconciliation of Daily TCE Rate to Total vessel revenues — LPG Carrier Segment

	Year ended December 31, <u>2023</u>	Year ended December 31, <u>2024</u>
Total vessel revenues	\$ 6,692,741	\$ 15,625,611
Voyage expenses – including commissions to related party	(2,306,422)	(1,279,696)
TCE revenues	\$ 4,386,319	\$ 14,345,915
Available Days	737	1,464
Daily TCE Rate	\$ 5,952	\$ 9,799

Operational Metrics — Consolidated (continuing operations)

	Year ended December 31, <u>2023</u>	Year ended December 31, <u>2024</u>
Daily vessel operating expenses	\$ 6,605	\$ 5,082
Ownership Days	1,422	1,830
Available Days	1,379	1,790
Operating Days	1,325	1,790
Fleet Utilization	96%	100%
Daily TCE Rate	\$ 14,358	\$ 11,620
EBITDA	\$ 12,570,698	\$ 1,924,499

Operational Metrics — Handysize Tanker Segment

	Year ended December 31, 2023	Year ended December 31, 2024
Daily vessel operating expenses	\$ 7,539	\$ 6,312
Ownership Days	685	366
Available Days	642	326
Operating Days	635	326
Fleet Utilization	99%	100%
Daily TCE Rate	\$ 24,008	\$ 19,796

Operational Metrics — LPG Carrier Segment

	Year ended December 31, 2023	Year ended December 31, 2024
Daily vessel operating expenses	\$ 5,738	\$ 4,775
Ownership Days	737	1,464
Available Days	737	1,464
Operating Days	690	1,464
Fleet Utilization	94%	100%
Daily TCE Rate	\$ 5,952	\$ 9,799

Reconciliation of EBITDA to Net income – Consolidated (continuing operations)

	Year ended December 31, 2023	Year ended December 31, 2024
Net income	\$ 11,180,943	5,511,535
Depreciation and amortization	3,364,618	4,901,246
Interest and finance costs, net ⁽¹⁾	(2,021,934)	(8,488,282)
U.S. source income taxes	47,071	—
EBITDA	\$ 12,570,698	\$ 1,924,499

(1) Includes interest and finance costs and interest income, if any.

Consolidated Results of Operations

Following the sale of the *M/T Wonder Sirius* in January 2024, the Company no longer has any Aframax/LR2 vessels and the results of operations and cash flows of the Aframax/LR2 segment, as well as its assets and liabilities, are reported as discontinued operations. For information on our discontinued operations, see Note 3 to our consolidated financial statements included elsewhere in this Annual Report.

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

	Year ended December 31, 2023	Year ended December 31, 2024	Change – amount
Total vessel revenues	\$ 22,304,613	\$ 22,394,283	\$ 89,670
Expenses:			
Voyage expenses (including commissions to related party)	(2,505,152)	(1,594,751)	910,401
Vessel operating expenses	(9,392,960)	(9,300,399)	92,561
Management fees to related parties	(1,710,651)	(1,930,810)	(220,159)
Depreciation and amortization	(3,364,618)	(4,901,246)	(1,536,628)
General and administrative expenses (including costs from related parties)	(5,357,265)	(10,198,863)	(4,841,598)
Provision for doubtful accounts	—	(25,369)	(25,369)
Gain on sale of vessel	8,226,258	—	(8,226,258)
Operating income/(loss)	\$ 8,200,225	\$ (5,557,155)	(13,757,380)
Interest and finance costs, net ⁽¹⁾	2,021,934	8,488,282	6,466,348
Foreign exchange losses	(14,978)	(21,019)	(6,041)
Dividend income from related party	1,020,833	2,645,833	1,625,000
Dividend income on equity securities	—	4,136	4,136
Loss on equity securities	—	(48,542)	(48,542)
Income taxes	(47,071)	—	47,071
Net income and comprehensive income from continuing operations, net of taxes	\$ 11,180,943	\$ 5,511,535	\$ (5,669,408)
Net income and comprehensive income from discontinued operations, net of taxes	\$ 129,456,050	\$ 19,695,969	\$ (109,760,081)
Net income and comprehensive income	\$ 140,636,993	\$ 25,207,504	\$ (115,429,489)

(1) Includes interest and finance costs, net of interest income (including interest income from related party), if any.

Total Vessel Revenues

Total vessel revenues, net of charterers’ commissions, increased slightly to \$22.4 million in the year ended December 31, 2024, from \$22.3 million in the same period in 2023. This increase of \$0.1 million was mainly associated with (A) the increase in the Available Days of our fleet to 1,790 days in the year ended December 31, 2024, from 1,379 days in the corresponding period in 2023, as a result of the acquisition of four LPG vessels in 2023, partially offset by the sale of the *M/T Wonder Formosa* on November 16, 2023, and (B) partially offset by the decrease of the Daily TCE Rate of the Handysize vessel to \$19,796 in the year ended December 31, 2024, from \$24,008 the same period of 2023. The Daily TCE Rate decreased to \$11,620 in the year ended December 31, 2024, from \$14,358 in the same period in 2023, mainly due to the change in the mix of our fleet following the addition of the LPG vessels which earn a lower Daily TCE Rate than the Handysize tanker vessels due to their size and the trade they operate in. Daily TCE Rate is not a recognized measure under U.S. GAAP. Please refer to “—Daily TCE Rate” and “—Reconciliation of Daily TCE Rate to Total vessel revenues — Consolidated” for the definition and reconciliation of this measure to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP.

Voyage Expenses

Voyage expenses for our fleet decreased to \$1.6 million in the year ended December 31, 2024, from \$2.5 million in the same period in 2023. This decrease of \$0.9 million was mainly associated with decreased bunkers consumption costs by \$1.1 million in the year ended December 31, 2024, as compared to the same period in 2023, which was partially offset by the decrease of brokerage commissions of \$0.2 million.

Vessel Operating Expenses

The decrease in vessel operating expenses by \$0.1 million, to \$9.3 million in the year ended December 31, 2024, from \$9.4 million in the same period of 2023, mainly reflects the decrease in the daily vessel operating expenses of the vessels in our fleet to \$5,082 in the year ended December 31, 2024, from \$6,605 in the same period in 2023, mainly due to the change in the mix of our fleet following the addition of the LPG vessels which incur lower daily vessel operating expenses than the Handysize tanker vessels due to their size, partially offset by the increase in the Ownership Days of our fleet to 1,830 days in the year ended December 31, 2024, from 1,422 days in the corresponding period in 2023 due to the increase of the average number of operating vessels to 5.0 vessels in the year ended December 31, 2024, from 3.9 vessels in the same period of 2023.

Management Fees

Management fees increased to \$1.9 million in the year ended December 31, 2024, from \$1.7 million in the same period of 2023, as a result of (i) the increase in the Ownership Days of our fleet and (ii) higher management fees, which increased from (a) \$975 per vessel per day to \$1,039 per vessel per day effective July 1, 2023, and (b) \$1,039 per vessel per day to \$1,071 per vessel per day effective July 1, 2024, as a result of adjustments for inflation in accordance with the terms of the Master Management Agreement.

Depreciation and Amortization

Depreciation expenses for our fleet increased to \$4.3 million in the year ended December 31, 2024, from \$2.8 million in the same period in 2023 as a result of the increase in the Ownership Days of our fleet. Dry-dock amortization charges in the year ended December 31, 2024, amounted to \$0.6 million, related to the amortization of the *M/T Wonder Mimosa*, which initiated and completed its scheduled dry-dock and special survey in the second and third quarters of 2024, respectively. Dry-dock and special survey amortization charges amounted to \$0.5 million in the same period of 2023, related to the amortization of the *M/T Wonder Mimosa* and the *M/T Wonder Formosa*, which underwent its scheduled dry-dock and special survey in the first quarter of 2023 and was sold on November 16, 2023.

General and Administrative Expenses

General and administrative expenses in the year ended December 31, 2024, amounted to \$10.2 million, whereas, in the same period in 2023, general and administrative expenses totaled \$5.4 million. This increase is mainly associated with the stock based compensation cost for non-vested shares granted under our Equity Incentive Plan amounting to \$5.3 million in the year ended December 31, 2024, as compared to \$1.3 million to the same period of 2023. For the period from January 1, 2023 through March 7, 2023 (completion of Spin-Off), General and administrative expenses reflect the expense allocations made to the Company by Castor based on the proportion of the number of Ownership Days of our fleet vessels to the total Ownership Days of Castor’s full fleet.

Interest and finance costs, net

Interest and finance costs, net, amounted to \$(8.5) million in the year ended December 31, 2024, whereas in the same period of 2023, interest and finance costs, net amounted to \$(2.0) million. This variation is mainly due to higher cash balances compared to the same period of 2023 and the increase in interest income for the year ended December 31, 2024 on the available cash that we earned from our time and cash deposits due to increased interest rates.

Net income from discontinued operations

Net income from discontinued operations decreased by \$109.8 million to \$19.7 million in the year ended December 31, 2024, as compared to \$129.5 million in the same period in 2023. For further details regarding the amounts recorded in respect of discontinued operations in the year ended December 31, 2023 and 2024, please refer to Note 3 to our consolidated financial statements.

Year ended December 31, 2024, as compared to the year ended December 31, 2023 — Handysize Tanker Segment

	Year ended December 31, 2023	Year ended December 31, 2024	Change – amount
Total vessel revenues	\$ 15,611,872	\$ 6,768,672	\$ (8,843,200)
Expenses:			
Voyage expenses (including commissions to related party)	(198,730)	(315,055)	(116,325)
Vessel operating expenses	(5,164,248)	(2,310,289)	2,853,959
Management fees to related parties	(688,547)	(386,162)	302,385
Depreciation and amortization	(1,490,577)	(1,168,558)	322,019
Gain on sale of vessel	8,226,258		(8,226,258)
Segment operating income	\$ 16,296,028	\$ 2,588,608	\$ (13,707,420)

Total Vessel Revenues

Total vessel revenues, net of charterers’ commissions for our Handysize tanker segment decreased to \$6.8 million in the year ended December 31, 2024, from \$15.6 million in the same period in 2023. This decrease of \$8.8 million was largely driven by the decrease in the Available Days of our Handysize vessels in our fleet to 326 days in the year ended December 31, 2024, from 642 days in the corresponding period in 2023, as a result of the sale of the *M/T Wonder Formosa* on November 16, 2023. During the year ended December 31, 2024, our Handysize fleet earned an average Daily TCE Rate of \$19,796, compared to an average Daily TCE Rate of \$24,008 earned during the same period in 2023. Daily TCE Rate is not a recognized measure under U.S. GAAP. Please refer to “-Daily TCE Rate” and “-Reconciliation of Daily TCE Rate to Total vessel revenues — Handysize Tanker Segment” for the definition and reconciliation of this measure to Total vessel revenues, the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP.

Voyage Expenses

Voyage expenses increased to \$0.3 million for our Handysize tanker segment in the year ended December 31, 2024, from \$0.2 million compared to the same period in 2023, as a result of the increase by \$0.1 million of port and other expenses.

Vessel Operating Expenses

The decrease in operating expenses for our Handysize tanker segment by \$2.9 million to \$2.3 million in the year ended December 31, 2024, from \$5.2 million in the corresponding period of 2023, mainly reflects the decrease of the Ownership Days of our Handysize tanker fleet to 366 days in the year ended December 31, 2024, from 685 days in the corresponding period in 2023.

Management Fees

Management fees for our Handysize tanker segment decreased to \$0.4 million in the year ended December 31, 2024, from \$0.7 million in the same period in 2023, as a result of the decrease of the Ownership Days of our Handysize tanker fleet, partially offset by the increased management fees following the inflation-based adjustments in management fees discussed in more detail under “—Consolidated Results of Operations—Management Fees”.

Depreciation and Amortization

Depreciation expenses for our Handysize tanker segment decreased to \$0.6 million in the year ended December 31, 2024, from \$1.0 million in the same period in 2023, as a result of the decrease in the Ownership Days of our Handysize tanker fleet. Dry-dock amortization charges in the year ended December 31, 2024, amounted to \$0.6 million, related to the amortization of the *M/T Wonder Mimosa*, which initiated and completed its scheduled dry-dock and special survey in the second and third quarters of 2024, respectively. Dry-dock and special survey amortization charges amounted to \$0.5 million in the same period of 2023, related to the amortization of the *M/T Wonder Mimosa* and the *M/T Wonder Formosa*, which underwent its scheduled dry-dock and special survey in the first quarter of 2023 and was sold on November 16, 2023.

Year ended December 31, 2024, as compared to the year ended December 31, 2023 — LPG Carrier Segment

	Year ended December 31, 2023	Year ended December 31, 2024	Change – amount
Total vessel revenues	\$ 6,692,741	\$ 15,625,611	\$ 8,932,870
Expenses:			
Voyage expenses (including commissions to related party)	(2,306,422)	(1,279,696)	1,026,726
Vessel operating expenses	(4,228,712)	(6,990,110)	(2,761,398)
Management fees to related parties	(1,022,104)	(1,544,648)	(522,544)
Depreciation and amortization	(1,874,041)	(3,732,688)	(1,858,647)
Provision for doubtful accounts	—	(25,369)	(25,369)
Segment operating (loss)/ income	\$ (2,738,538)	\$ 2,053,100	\$ 4,791,638

Total Vessel Revenues

Total vessel revenues for our LPG carrier segment amounted to \$15.6 million in the year ended December 31, 2024, as compared to \$6.7 million in the same period of 2023. This increase of \$8.9 million is mainly due to the increase in the Available Days of our LPG carrier vessels in our fleet to 1,464 days in the year ended December 31, 2024, from 737 days in the corresponding period in 2023, as the result of the acquisition of the (i) *LPG Dream Terrax* on May 26, 2023, (ii) *LPG Dream Arrax* on June 14, 2023, (iii) *LPG Dream Syrax* on July 18, 2023 and (iv) *LPG Dream Vermax* on August 4, 2023. During the year ended December 31, 2024, our LPG Carrier fleet earned on average a Daily TCE Rate of \$9,799, compared to an average Daily TCE Rate of \$5,952 earned during the same period in 2023. Daily TCE Rate is not a recognized measure under U.S. GAAP. Please refer to “—*Daily TCE Rate*” and “—*Reconciliation of Daily TCE Rate to Total vessel revenues — LPG Carrier Segment*” for the definition and reconciliation of this measure to Total vessel revenues, the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP. During the year ended December 31, 2024, our LPG carriers were engaged in voyage and time charters.

Voyage Expenses

Voyage expenses for our LPG carrier segment amounted to \$1.3 million and \$2.3 million, respectively, in the year ended December 31, 2024 and the same period of 2023. This decrease of \$1.0 million is mainly associated with a \$1.1 million decrease in bunkers consumption costs in the year ended December 31, 2024 compared to the same period in 2023.

Vessel Operating Expenses

The \$2.8 million increase in vessel operating expenses for our LPG carrier segment, to \$7.0 million in the year ended December 31, 2024, from \$4.2 million in 2023, mainly reflects the increase in the Ownership Days of our LPG carrier vessels to 1,464 days in the year ended December 31, 2024, from 737 days in the same period in 2023, due to the vessel acquisitions described above.

Management Fees

The increase in management fees by \$0.5 million to \$1.5 million in the year ended December 31, 2024, from \$1.0 million in the same period in 2023, mainly reflects the increase in the Ownership Days of our LPG carrier fleet, as well as the increase in management fees due to the inflation-based adjustments discussed in more detail under “—Consolidated Results of Operations—Management Fees.”

Depreciation and Amortization

Depreciation expenses for our LPG carrier segment increased to \$3.7 million in the year ended December 31, 2024, from \$1.9 million in the same period in 2023, as a result of the increase in the Ownership Days of our LPG carrier fleet. There were no dry-dock and special survey amortization charges in the year ended December 31, 2024, and in the same period in 2023, respectively.

Implications of Being an Emerging Growth Company

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act, or JOBS Act. An emerging growth company may take advantage of specified reduced public company reporting requirements that are otherwise applicable generally to public companies. These provisions include:

- an exemption from the auditor attestation requirement of management’s assessment of the effectiveness of the emerging growth company’s internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act; and
- an exemption from compliance with any new requirements adopted by the Public Company Accounting Oversight Board, or the PCAOB, requiring mandatory audit firm rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and financial statements.

We may choose to take advantage of some or all of these reduced reporting requirements. We may take advantage of these provisions until the last day of the fiscal year following the fifth anniversary of the date we first sell our common equity securities pursuant to an effective registration statement under the Securities Act or such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company if we have more than \$1.235 billion in “total annual gross revenues” during our most recently completed fiscal year, if we become a “large accelerated filer” with a public float of more than \$700 million, as of the last business day of our most recently completed second fiscal quarter or as of any date on which we have issued more than \$1 billion in non-convertible debt over the three-year period prior to such date. For as long as we take advantage of the reduced reporting obligations, the information that we provide shareholders may be different from information provided by other public companies.

B. Liquidity and Capital Resources

We operate in a capital-intensive industry, and we expect to finance the purchase of additional vessels and other capital expenditures through a combination of cash from operations, borrowings from debt transactions and proceeds from equity offerings, to the extent available and permitted. Our liquidity requirements relate to funding capital expenditures and working capital (which includes maintaining the quality of our vessels and complying with international shipping standards and environmental laws and regulations). In accordance with our business strategy, other liquidity needs may relate to funding potential investments in new vessels, financing new projects and maintaining cash reserves against fluctuations in operating cash flows. Our funding and treasury activities are intended to maximize investment returns while maintaining appropriate liquidity.

For the year ended December 31, 2024, our principal sources of funds were cash from operations and the net proceeds from the sale of the *M/T Wonder Sirius* (reflected as discontinued operations).

As of December 31, 2024, and December 31, 2023, we had cash and cash equivalents of \$37.2 million and \$155.2 million, respectively, which excludes \$0 and \$0.4 million of restricted cash in each period under our debt agreements for vessels included in discontinued operations, respectively. Cash and cash equivalents are primarily held in U.S. dollars.

Working capital is equal to current assets minus current liabilities. As of December 31, 2024 and December 31, 2023, we had a working capital surplus of \$50.6 million and \$157.3 million, respectively.

We believe that our current sources of funds and those that we anticipate to internally generate for a period of at least the next twelve months from December 31, 2024, will be sufficient to fund the operations of our fleet and meet our normal working capital requirements for that period.

Our medium- and long-term liquidity requirements relate to the funding of cash dividends on our Series A Preferred Shares, when declared, and expenditures relating to the operation and maintenance of our vessels. Sources of funding for our medium- and long-term liquidity requirements include cash flows from operations or new debt financing, if required, and proceeds from equity offerings to the extent available and permitted.

As noted above, routine or strategic acquisitions may require the incurrence of additional indebtedness, including debt issuances, and/or, to the extent available and permitted, additional equity issuances, which may dilute our common shareholders if issued at lower prices than the price they acquired their shares, both of which could lower our available cash. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Company—We may not be able to execute our growth strategy and we may not realize the benefits we expect from acquisitions or other strategic transactions.”

For a discussion of our management agreements with our related-party manager and relevant fees charged, see “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions.”

Capital Expenditures

From time to time, we make capital expenditures in connection with vessel acquisitions and vessels upgrades and improvements (either for the purpose of meeting regulatory or legal requirements or for the purpose of complying with requirements imposed by classification societies). We currently finance our capital expenditures using cash from operations and expect to continue to do so in the future, though in the future, we may also utilize, subject to market conditions, debt financing and, to the extent available and permitted, equity issuances as a source of funding. As of December 31, 2024 and as of the date of this Annual Report, we did not have any commitments for capital expenditures related to vessel acquisitions.

A failure to fulfill our capital expenditure commitments generally results in a forfeiture of advances paid with respect to the contracted acquisitions and a write-off of capitalized expenses. In addition, we may also be liable for other damages for breach of contract. Such events could have a material adverse effect on our business, financial condition, and operating results.

Equity Transactions

Under Toro’s initial Articles of Incorporation dated July 29, 2022, Toro’s authorized capital stock consisted of 1,000 shares par value \$0.001 per share. On March 2, 2023, the Company’s articles of incorporation were amended and restated and Toro’s authorized capital stock was increased to 3,900,000,000 common shares, par value \$0.001 per share and 100,000,000 preferred shares, par value \$0.001 per share. In connection with the Spin-Off, on March 7, 2023 Toro issued to Castor (i) 9,461,009 common shares with one vote per share, and (ii) 140,000 Series A Preferred Shares, with a stated value of \$1,000 and par value of \$0.001 per share, and no voting power, and issued to Pelagos, a company controlled by Toro’s Chairman and Chief Executive Officer, 40,000 Series B Preferred Shares. Such common shares were distributed on March 7, 2023 pro rata to the shareholders of record of Castor as of February 22, 2023 at a ratio of one Toro common share for every ten Castor common shares.

On April 17, 2023, Toro entered into a subscription agreement with Pani, a company controlled by Toro’s Chairman and Chief Executive Officer, pursuant to which Toro issued and sold, and Pani purchased, 8,500,000 common shares, par value \$0.001 per share, at a purchase price of \$2.29 per share, for gross proceeds of \$19,465,000, less issuance costs of \$817,764 and was approved by a special committee of our disinterested and independent directors. The 8,500,000 common shares were issued on April 19, 2023 in a private placement pursuant to Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder. The terms of the subscription agreement were negotiated and approved by a special committee of our disinterested and independent directors. See also “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions.*”

On September 6, 2023, our Board adopted an Equity Incentive Plan (the “Equity Incentive Plan”) under which directors, officers and employees (including any prospective director, officer or employee) of the Company and/or its subsidiaries and affiliates and consultants and service providers to (including persons who are employed by or provide services to any entity that is itself a consultant or service provider to) the Company and its subsidiaries and affiliates, are eligible to receive awards including (a) non-qualified stock options, (b) stock appreciation rights, (c) restricted stock, (d) restricted stock unit, (e) dividend equivalents, (f) cash awards, (g) unrestricted stock and (h) other equity-based or equity-related awards. The Equity Incentive Plan is administered by the Company’s board of directors and the aggregate number of common shares that may be issued with respect to awards granted under the Equity Incentive Plan cannot exceed the 2,000,000 common shares. The Company’s board of directors may terminate the Equity Incentive Plan at any time. On September 28, 2023, a total of 1,240,000 restricted common shares had been granted under the Equity Incentive Plan to directors, officers and non-employees. The fair value of each restricted share was \$5.83, based on the latest closing price of our common shares on the grant date. On May 31, 2024, 760,000 restricted common shares were further granted under the Equity Incentive Plan to one of our directors. The fair value of each restricted share was \$4.52, based on the latest closing price of the Company’s common shares on the grant date. Non-vested restricted common shares granted under the Equity Incentive Plan are entitled to receive dividends, which are not refundable even if such shares are forfeited. See also “*Item 6. Directors, Senior Management and Employees—B. Compensation.*”

On November 6, 2023, our Board approved a share repurchase program (the “Repurchase Program”), authorizing the repurchase of up to \$5.0 million of the Company’s common shares commencing November 10, 2023, through to March 31, 2024. Under the terms of the program, shares could be repurchased in open market and/or privately negotiated transactions. The timing, manner and total amount of any share repurchases was determined by management at its discretion and depends upon business, economic and market conditions, corporate and regulatory requirements, prevailing share prices, and other considerations. Such authorization did not obligate the Company to acquire any specific number of common shares. During the year ended December 31, 2023, the Company repurchased under the Repurchase Program 222,600 common shares in open market transactions at an average price of \$4.69 per share, for aggregate consideration of approximately \$1.0 million. On December 27, 2023, 179,251 repurchased common shares were cancelled and were removed from the Company’s share capital and on January 3, 2024, the remaining 43,349 repurchased common shares were cancelled and removed from the Company’s share capital. During the three months ended March 31, 2024, the Company repurchased under the Repurchase Program an additional 644,556 shares of common stock in open market transactions at an average price of \$5.77 per share, for an aggregate consideration of \$3.7 million, which were cancelled and removed from the Company’s share capital. This brought the total number of shares repurchased under the program to 867,156 common shares at an average price of \$5.50 per share. The Repurchase Program was terminated on March 31, 2024 in accordance with its terms.

As of December 31, 2024, Toro had 19,093,853 common shares issued and outstanding including 2,000,000 restricted common shares issued pursuant to the Equity Incentive Plan.

Cash Flows

The following table summarizes our net cash flows provided by/(used in) operating, investing and financing activities for the year ended December 31, 2024 and the year ended December 31, 2023:

	For the year ended December 31, 2023	For the year ended December 31, 2024
Net cash provided by operating activities from continuing operations	\$ 4,662,138	\$ 10,779,907
Net cash used in investing activities from continuing operations	\$ (105,028,184)	\$ (155,053,733)
Net cash provided by/(used in) financing activities from continuing operations	\$ 14,266,037	\$ (5,128,008)
Net cash provided by operating activities from discontinued operations	\$ 51,464,181	\$ 3,783,409
Net cash provided by investing activities from discontinued operations	\$ 155,734,435	\$ 32,488,070
Net cash used in financing activities from discontinued operations	\$ (7,992,800)	\$ (5,257,200)
Cash, cash equivalents and restricted cash at beginning of period	\$ 42,479,594	\$ 155,585,401
Cash, cash equivalents and restricted cash at end of period	\$ 155,585,401	\$ 37,197,846

Operating Activities (from continuing operations): Net cash provided by operating activities amounted to \$10.8 million for the year ended December 31, 2024, mainly consisting of net income of \$5.5 million, non-cash adjustments related to depreciation and amortization of \$4.9 million, a payment of dry-dock costs of \$1.5 million, stock compensation cost of \$5.3 million and a net decrease of \$3.4 million in working capital which mainly derived from (i) a decrease in accounts receivable by \$0.9 million and (ii) an increase in due from related parties by \$5.5 million. For the year ended December 31, 2023, net cash provided by operating activities amounted to \$4.7 million, consisting of net income of \$11.2 million, with non-cash adjustment for the gain on sale of the *M/T Wonder Formosa* of \$8.2 million, non-cash adjustments related to depreciation and amortization of \$3.4 million, a payment of dry-dock costs of \$1.1 million, stock compensation cost of \$1.3 million and a net decrease of \$1.9 million in working capital which mainly derived from (i) an increase in due from related parties by \$2.4 million and (ii) an increase in accounts payable by \$1.3 million. The \$6.1 million increase in net cash provided by operating activities in the year ended December 31, 2024, as compared with the same period of 2023, reflects mainly the increase in interest income for the year ended December 31, 2024 on our available cash that we earned from our time and cash deposits due to higher cash balances and increased interest rates compared to the same period of 2023.

Investing Activities (from continuing operations): Net cash used in investing activities in the year ended December 31, 2024 amounted to \$155.1 million and mainly reflects (i) the \$100.0 million senior term loan facility to Castor, (ii) the purchase of an additional 50,000 5.00% Series D Cumulative Perpetual Convertible Preferred Shares of Castor with a stated amount of \$1,000 each for an aggregate purchase price of \$50.0 million, (iii) payments of initial vessel and ballast water treatment system (“BWTS”) installation expenses amounting to \$0.1 million and (iv) the purchase of equity securities amounting to \$5.2 million, partially offset by \$0.2 million of proceeds from the sale of equity securities. Net cash used in investing activities in the year ended December 31, 2023 amounted to \$105.0 million and mainly reflects the (i) vessel acquisitions of the *LPG Dream Terrax*, *LPG Dream Arrax*, *LPG Dream Syrax* and *LPG Dream Vermax* amounting to \$70.7 million, (ii) purchase of 50,000 5.00% Series D Cumulative Perpetual Convertible Preferred Shares of Castor with a stated amount of \$1,000 each for the purchase price of \$50.0 million and (iii) payments of initial vessel and ballast water treatment system (“BWTS”) installation expenses amounting to \$1.5 million, partially offset by the net proceeds from the sale of the *M/T Wonder Formosa* amounting to \$17.2 million

Financing Activities (from continuing operations): Net cash used in financing activities during the year ended December 31, 2024 amounted to \$5.1 million and relates to (i) payment for repurchase of common shares under the Repurchase Program amounting to \$3.7 million and (ii) payment to Castor of a dividend on the Series A Preferred Shares for the period from October 15, 2023 to October 14, 2024 amounting to \$1.4 million. Net cash provided by financing activities during the year ended December 31, 2023 amounted to \$14.3 million and relates to (i) Spin-Off expenses incurred by Castor on our behalf, which were reimbursed by us, amounting to \$2.7 million, pursuant to the Contribution and Spin-Off Distribution Agreement entered into between us and Castor on February 24, 2023, (ii) payment to Castor of a dividend on the Series A Preferred Shares for the period from March 7, 2023 to October 14, 2023 amounting to \$0.8 million, (iii) net proceeds from the issuance of 8,500,000 common shares pursuant to a subscription agreement with Pani Corp., a company controlled by our Chairman and Chief Executive Officer, amounting to \$18.7 million, (iv) payment for repurchase of common shares under the Repurchase Program amounting to \$1.1 million and (v) a net increase in former parent company investment amounting to \$0.2 million.

In the year ended December 31, 2024 and 2023, the parent company (continuing operations) received the amounts of \$64.6 million and \$186.8 million, respectively, representing return of capital and dividend from discontinued operations, which are eliminated upon consolidation. Also, in the year ended December 31, 2024, the treasury manager of the parent company (continuing operations) returned to the discontinued operations the amount of \$29.7 million, and in the year ended December 31, 2023, the discontinued operations transferred to the treasury manager of the parent company (continuing operations) the amount of \$31.6 million, which are eliminated upon consolidation.

C. Research and Development, Patents and Licenses, Etc.

Not applicable.

D. Trend Information

Our results of operations depend primarily on the charter rates that we are able to realize. Charter hire rates paid for tanker vessels and LPG carriers are primarily a function of the underlying balance between vessel supply and demand. For a discussion regarding the market performance, please see “—A. Operating Results—Hire Rates and Cyclical Nature of the Industry.” There can be no assurance as to how long charter rates will remain at their current levels or whether they will improve or deteriorate and, if so, when and to what degree. That may have a material adverse effect on our future growth potential and our profitability.

Due to the sale of *M/T Wonder Sirius* in January 24, 2024, the Company no longer has any Aframax/LR2 vessels. Consequently, management has decided that, starting from the second quarter of 2024, the Company operates in two reportable segments: (i) the Handysize tanker segment, comprising one vessel, and (ii) the LPG carrier segment, comprising four vessels. Additionally, the Handysize tanker segment was contributed to Robin as part of the Robin Spin-Off and the Company, starting from the second quarter of 2025, will operate in one reportable segment, the LPG carrier segment, comprising of four vessels. These changes may adversely impact our future growth potential and profitability, given that, as of March 4, 2025, our LPG carriers were fixed for a minimum period of 12 months at gross charter rates materially lower than the rates observed for our Handysize tanker vessel in the year ended December 31, 2024. See “Item 4. Information on the Company—B. Business Overview—Our Fleet” for further information regarding the terms of such charters and charter rates.

Furthermore, the Company’s business could be adversely affected by the risks related to the conflict in Ukraine and the severe worsening of Russia’s relations with Western economies that has created significant uncertainty in global markets, including increased volatility in the prices of certain of products which our vessels transport and shifts in the trading patterns for such products which may continue into the future, and the imposition of tariffs and other restrictions to trade. In addition, since November 2023, vessels in and around the Red Sea have faced an increasing number of attempted hijackings and attacks by drones and projectiles launched from Yemen which armed Houthi groups have claimed responsibility for and which have resulted in casualties and sunken or damaged vessels. Refer to “Item 3. Key Information—D. Risk Factors—Geopolitical conditions, such as political instability or conflict, terrorist attacks and international hostilities can affect the seaborne transportation industry, which could adversely affect our business” for further details.

We are currently unable to predict with reasonable certainty the potential effects of the ongoing conflict in Ukraine or the Middle East, including due to the attacks on vessels described above, on our future business, financial condition, cash flows or operating results and these events could have a material adverse effect on any of the foregoing.

Furthermore, over the course of 2024, inflationary pressures across many sectors globally continued to weigh on economic activity, though to a lesser extent than in 2023, see “Item 3. Key Information—D. Risk Factors—The Company is exposed to fluctuating demand and supply for maritime transportation services, as well as fluctuating prices of oil and refined petroleum products, and may be affected by a decrease in the demand for such products and the volatility in their prices.” In particular, inflation has proven stickier in parts of the global economy and above the inflation targets as set by the central banks in the United States of America, United Kingdom and the Eurozone. Inflationary pressures and disruptions could adversely impact our operating costs and demand and supply for products we transport. It remains to be seen whether inflationary pressures will continue, and to what degree. Interventions in the economy by central banks in response to inflationary pressures may slow down economic activity, reducing demand for products we carry, and cause a reduction in trade. As a result, the volumes of products we deliver and/or charter rates for our vessels may be affected. These factors could have an adverse effect on our business, financial condition, cash flows and operating results.

E. Critical Accounting Estimates

Critical accounting estimates are those estimates made in accordance with generally accepted accounting principles that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. We prepare our financial statements in accordance with U.S. GAAP. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. For a description of our significant accounting policies, please read Note 2 to our consolidated financial statements included in this Annual Report and “Item 18. Financial Statements” in this Annual Report.

Vessel Impairment

The Company reviews for impairment on its vessels held and used whenever events or changes in circumstances (such as market conditions, obsolescence or damage to the asset, potential sales and other business plans) may result in the fair value of a vessel being less than its carrying amount indicating that the carrying amount of the assets may not be recoverable. When the estimate of undiscounted cash flows, excluding interest charges, expected to be generated by the use of the asset is less than its carrying amount, including the value of unamortized dry-docking costs, we are required to evaluate the asset for an impairment loss. Measurement of the impairment loss is based on the fair value of the asset.

The carrying values of our vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuilds. Historically, both charter rates and vessel values tend to be cyclical, including for the reasons discussed under the headings “—*Charter rates for our vessels are volatile and cyclical in nature. A decrease in charter rates may adversely affect our business, financial condition and operating results*” and “—*Charter rates for LPG carriers are volatile and cyclical in nature. A decrease in LPG carrier charter rates may adversely affect our business, financial condition and operating results*” in “Item 3. Key Information—D. Risk Factors”.

Our estimates of basic market value assume that the vessels are 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 the estimated market values for the vessels received from a third-party independent shipbroker approved by our financing providers. Vessel values are highly volatile. Accordingly, our estimates may not be indicative of the current or future basic market value of the vessels or prices that could be achieved if the vessels were to be sold.

We perform undiscounted cash flow tests when necessary, as an impairment analysis, in which we made estimates and assumptions relating to determining the projected undiscounted net operating cash flows by considering the following:

- the charter revenues from existing time charters for the fixed fleet days;
- the estimated vessel operating expenses and voyage expenses;
- the estimated dry-docking expenditures;
- an estimated gross daily charter rate for the unfixed days (based on the ten-year average of the historical one-year time charter rates available for each type of vessel) over the remaining economic life of each vessel, excluding estimated days of scheduled off-hires and net of estimated commissions;
- the residual value of vessels;
- commercial and technical management fees;
- an estimated utilization rate; and
- the remaining estimated lives of our vessels, consistent with those used in our depreciation calculations.

As of December 31, 2023 and December 31, 2024, the charter-free market value of all our vessels exceeded their carrying value. Thus, no undiscounted cash flow tests were deemed necessary to be performed for any of our vessels. Therefore, for the years ended December 31, 2023 and 2024, this is not considered a critical accounting estimate.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Set forth below are the names, ages and positions of our directors and executive officer. Our Board currently consists of three directors. Our Board is divided into three classes of directors (Class A, Class B and Class C). Our Class A, Class B and Class C directors’ initial terms expire at the first, second and third annual meeting of shareholders held after March 7, 2023, respectively. Following the expiration of our directors’ initial terms, directors shall be elected annually on a staggered basis thereafter and each director will hold office until the third succeeding annual general meeting from their election and until his or her successor is elected and has qualified, except in the event of such director’s death, resignation, removal or the earlier termination of his or her term of office. Concurrent with the Distribution, we appointed Petros Zavakopoulos as Class A director, Angelos Rounick Platania as Class B director and Petros Panagiotidis as Class C director. If the number of directors on our Board is changed, any increase or decrease shall be apportioned among the classes so as to maintain or attain a number of directors in each class as nearly equal as reasonably possible. The business address of each of our directors and executive officer listed below is 223 Christodoulou Chatzipavlou Street, Hawaii Royal Gardens, 3036 Limassol, Cyprus.

Name	Age	Position
Petros Panagiotidis	35	Chairman, Chief Executive Officer and Class C Director
Angelos Rounick Platania	35	Secretary and Class B Director
Petros Zavakopoulos	33	Class A Director
Ioannis E. Lazaridis	57	Chief Financial Officer

Certain biographical information with respect to each director and member of senior management of the Company listed above is set forth below.

Petros Panagiotidis, Chairman, Chief Executive Officer and Class C Director

Petros Panagiotidis is the founder of Toro Corp. He has been serving as our Chairman of the Board and Chief Executive Officer since we became an independent, publicly listed company in March 2023. With his expertise in shipping and extensive experience in capital markets he navigates the our strategic path and overall management, driving operational excellence and ensuring sustainable growth. Additionally, Mr. Panagiotidis holds the positions of Chairman and Chief Executive Officer of Castor Maritime Inc., a Nasdaq-listed company he founded in 2017. He also holds the same positions at Robin Energy Ltd., another Nasdaq-listed company, since April 14, 2025. Mr. Panagiotidis holds a Bachelor’s degree in International Studies and Mathematics from Fordham University and a Master’s degree in Management and Systems from New York University. In 2023, Mr. Panagiotidis received the Lloyd’s List Next Generation Shipping Award in recognition for his achievements within the maritime sector.

Angelos Rounick Platania, Secretary and Class B Director

Angelos Rounick Platania has been a non-executive member and Secretary of our Board since the Distribution and serves as a member of the Company’s Audit Committee. Mr. Platania has also been serving as a Chairman of the Audit Committee and Class A Director of Castor Maritime Inc. since February 14, 2025. Mr. Rounick Platania is currently employed as Senior Director of Strategy for Retail Markets at NextEra Energy Resources, a diversified clean energy company with an emphasis on power generation and a major producer of wind and solar energy globally and has gained experience across various energy sectors, including oil and gas and power. Prior to his current role, Mr. Rounick Platania was employed by McKinsey & Co. as a strategy and operations consultant with a focus on clients in global energy markets. He holds a Master’s degree in Energy Trade and Finance, from the Costas Grammenos Center for Shipping Trade and Finance at London’s Bayes Business School, as well as a Bachelor’s degree in Robotics Engineering from Worcester Polytechnic Institute.

Petros Zavakopoulos, Class A Director

Petros Zavakopoulos has been a non-executive member of our Board since the Distribution and serves as Chairman of the Company’s Audit Committee. Mr. Zavakopoulos also currently serves as Chairman and Managing Director of Cosmomed S.A., a leading manufacturer and distributor of medical and personal protective products in Southeast Europe, and sits on the board of directors of Leoussis S.A. and F. Bosch International Limited, two companies operating in the healthcare space. Previously, he was based in Florida, USA and worked as a member of the sales team at Sempermed USA, Inc., a globally integrated manufacturer of medical and industrial gloves. Mr. Zavakopoulos holds a Bachelor’s degree in Economics from the University of Amsterdam.

Ioannis E. Lazaridis, Chief Financial Officer

Mr. Lazaridis has served as our Chief Financial Officer since the Distribution. Mr. Lazaridis is currently Chief Financial Officer of Castor Ships S.A. and previously, has served in various managerial and directorial capacities for shipping companies, including as non-executive Chairman of the board of directors of Capital Product Partners L.P., as Chief Executive Officer and Chief Financial Officer of Capital Product Partners L.P.’s general partner, Capital GP L.L.C., as President of NYSE-listed Crude Carriers Corp. prior to its merger with Capital Product Partners L.P. and as Chief Financial Officer of Capital Maritime & Trading Corp. Between 1990 and 2004 Mr. Lazaridis was employed by Crédit Agricole Indosuez Cheuvreux, Kleinwort Benson Securities and Norwich Union Investment Management in various positions related to equity sales and portfolio management. Mr. Lazaridis holds a Bachelor’s degree in Economics from the University of Thessaloniki in Greece, a Master’s of Arts in Finance from the University of Reading in the United Kingdom and is a Chartered Financial Analyst of each of the CFA Institutes of the United Kingdom and the United States.

B. Compensation

The services rendered by our Chairman and Chief Executive Officer, Petros Panagiotidis, are included in the Master Management Agreement with Castor Ships and we provide no separate compensation to him, except for certain equity incentives provided to Mr. Panagiotidis as set forth under “—*Equity Incentive Plan*” below. For a full description, please refer to “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions*” below. We pay our non-executive directors fees in the aggregate amount of \$80,000 per annum, or \$40,000 per director per annum, plus reimbursement for their out-of-pocket expenses. Additionally, we pay our Chairman of the Company’s Audit Committee fees amounting to \$20,000 per annum and any member of the Company’s Audit Committee fees amounting to \$10,000 per annum, plus reimbursement for their out-of-pocket expenses. Our Chief Executive Officer, who also serves as our director, does not receive additional compensation for his service as director.

Equity Incentive Plan

On September 6, 2023, our Board adopted the Equity Incentive Plan under which directors, officers and employees (including any prospective director, officer or employee) of the Company and/or its subsidiaries and affiliates and consultants and service providers to (including persons who are employed by or provide services to any entity that is itself a consultant or service provider to) the Company and its subsidiaries and affiliates, are eligible to receive awards including (a) non-qualified stock options, (b) stock appreciation rights, (c) restricted stock, (d) restricted stock unit, (e) dividend equivalents, (f) cash awards, (g) unrestricted stock and (h) other equity-based or equity-related Awards. The purpose of the Equity Incentive Plan is to provide the foregoing persons, whose initiative and efforts are deemed to be important to the successful conduct of our business, with incentives to enter into and remain in service to us and our affiliates and to align such person’s interests with our own and enhance long-term performance. The Equity Incentive Plan is administered by the Board and the aggregate number of common shares that may be issued with respect to awards granted under the Equity Incentive Plan cannot exceed the 2,000,000 common shares. The Board may terminate the Equity Incentive Plan at any time.

On September 28, 2023, a total of 1,240,000 restricted common shares had been granted under the Equity Incentive Plan to directors, officers and non–employees, 1,100,000 restricted common shares of which were awarded to our Chairman and Chief Executive Officer, Petros Panagiotidis, pursuant to the Equity Incentive Plan and the Restricted Stock Award Agreement, dated as of September 28, 2023, between us and Mr. Panagiotidis (the “Restricted Stock Award Agreement”). The remaining 140,000 restricted common shares were awarded to directors, officers and non–employees. The restricted common shares granted to Mr. Panagiotidis under the Restricted Stock Award Agreement are not subject to any performance conditions and will vest in full and their applicable restrictions shall lapse immediately upon (i) Mr. Panagiotidis’ death or Disability or (ii) a Change of Control, in each case as defined in the Equity Incentive Plan. The fair value of each restricted share was \$5.83, based on the closing price of our common shares on the grant date. Non-vested restricted common shares granted under the Equity Incentive Plan are entitled to receive dividends, which are not refundable even if such shares are forfeited.

On May 31, 2024, 760,000 restricted common shares were further granted under the Equity Incentive Plan to our Chairman and Chief Executive Officer, Petros Panagiotidis. The fair value of each restricted share was \$4.52, based on the latest closing price of the Company’s common shares on the grant date.

As of the date of this Annual Report, 560,000 shares have vested from the Equity Incentive Plan, of which 500,000 shares have vested to Mr. Panagiotidis on September 28, 2024. Under the Restricted Stock Award Agreement, 260,000 restricted common shares awarded to Mr. Panagiotidis will vest on May 31, 2025; 300,000 restricted common shares will vest on September 28, 2025; 250,000 restricted common shares will vest on May 31, 2026; 300,000 restricted common shares will vest on September 28, 2026; and the remaining 250,000 restricted common shares will vest on May 31, 2027, unless the conditions for vesting set forth in the Restricted Stock Award Agreement are not met prior to each respective vesting date. See “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions*” and Note 12 to our consolidated financial statements included elsewhere in this Annual Report for further information.

C. Board Practices

Our Board currently consists of three directors who are elected annually on a staggered basis. Each director holds office for a three-year term or until his successor is duly elected and qualified, except in the event of his death, resignation, removal or the earlier termination of his term of office. Our directors do not have service contracts and do not receive any benefits upon termination of their directorships.

Our audit committee comprises our independent directors, Angelos Rounick Platanias and Petros Zavakopoulos. Our Board has determined that the members of the audit committee meet the applicable independence requirements of the SEC and the Nasdaq Stock Market Rules. Our Board has determined that Mr. Zavakopoulos is an “Audit Committee Financial Expert” under the SEC’s rules and the corporate governance rules of the Nasdaq Capital Market. The audit committee is responsible for our external financial reporting function as well as for selecting and meeting with our independent registered public accountants regarding, among other matters, audits and the adequacy of our accounting and control systems.

Officers are appointed from time to time by our Board and hold office until a successor is appointed.

D. Employees

We have no employees. Our vessels are commercially and technically managed by Castor Ships. For further details, see “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Management, Commercial and Administrative Services.*”

E. Share Ownership

With respect to the total amount of common shares owned by all of our officers and directors individually and as a group, please see “*Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.*” Please also see “*Item 10. Additional Information—B. Memorandum and Articles of Association*” for a description of the rights of the holder of our Series A Preferred Shares and Series B Preferred Shares relative to the rights of holders of our common shares.

F. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Certain information regarding beneficial ownership of 5% or more of our common shares and equity ownership by our directors and officers is reported below. Information regarding beneficial ownership of our common shares is based on information available to us, including information contained in public filings.

The percentage of beneficial ownership and the following discussion is based on 19,093,853 common shares outstanding, as of March 4, 2025.

Name of Beneficial Owner		No. of Common Shares	Percentage
Pani Corp. ⁽¹⁾		10,371,240	54.3%
All executive officers and directors (other than Petros Panagiotidis) as a group ⁽²⁾		—	—%
(1)	Pani Corp. is a corporation organized under the laws of the Republic of Liberia. Pani is controlled by the Company’s Chairman and Chief Executive Officer, Petros Panagiotidis. As of March 4, 2025, Mr. Panagiotidis beneficially owns 10,371,240 common shares, which includes 11,240 common shares acquired by Pani from Thalassa Investment Co. S.A., an entity controlled by Mr. Panagiotidis, on April 25, 2023. The 10,371,240 common shares represent 54.3% of common shares outstanding, as of March 4, 2025. Mr. Panagiotidis also beneficially owns through Pelagos 40,000 of the Company’s Series B Preferred Shares, representing all such Series B Preferred Shares outstanding, each Series B Preferred Share having the voting power of 100,000 common shares. For further information regarding the Series B Preferred Shares, refer to “ <i>Item 10. Additional Information—B. Memorandum and Articles of Association.</i> ” Mr. Panagiotidis therefore beneficially owns 54.4% of the Company’s total outstanding share capital and controls 99.8% of the aggregate voting power of the Company’s total issued and outstanding share capital.		
(2)	Excluding Petros Panagiotidis, none of the directors and executive officers individually, nor taken as a group, hold more than 1% of the outstanding common shares.		

All of our common shareholders are entitled to one vote for each common share held. As of March 4, 2025 there were 13 holders of record of Toro’s common shares, eight of which have a U.S. mailing address. One of these holders is Cede & Co., a nominee company for The Depository Trust Company, which held approximately 45.0% of Toro’s outstanding common shares, as of the same date. The beneficial owners of the common shares held by Cede & Co. may include persons who reside outside the United States.

B. Related Party Transactions

From time to time, we have entered into agreements and have consummated transactions with certain related parties. We may enter into related party transactions from time to time in the future. Related party transactions are subject to review and approval of a special committee composed solely of independent members of our Board.

Management, Commercial and Administrative Services

Our vessels are commercially and technically managed by Castor Ships, a company controlled by our Chairman and Chief Executive Officer under the Master Management Agreement entered into between Toro, Toro’s ship-owning subsidiaries and Castor Ships effective April 26, 2023. Prior to our separation from Castor, the vessels owned by the Toro Subsidiaries were commercially and technically managed by Castor Ships pursuant to the Castor Master Management Agreement, which was in substantially the same form as the Master Management Agreement described herein. The following is a summary of the Master Management Agreement and is qualified in its entirety by reference to the full text of the relevant agreement, which is attached as an exhibit hereto and incorporated by reference into this Annual Report. Refer to Note 4 to our consolidated financial statements included elsewhere in this Annual Report for further information.

Castor Ships manages our business overall and provides us with a wide range of shipping services such as crew management, technical management, operational employment management, insurance management, provisioning, bunkering, accounting and audit support services, commercial, chartering and administrative services, including, but not limited to, securing employment for our fleet, arranging and supervising the vessels’ commercial operations, providing technical assistance where requested in connection with the sale of a vessel, negotiating loan and credit terms for new financing upon request and providing cybersecurity and general corporate and administrative services, among other matters. Castor Ships is generally not liable to us for any loss, damage, delay or expense incurred during the provision of the foregoing services, except insofar as such events arise from Castor Ships or its employees’ fraud, gross negligence or willful misconduct (for which our recovery will be limited to two times the Flat Management Fee, as defined below). Notwithstanding the foregoing, Castor Ships is in no circumstances responsible for the actions of the crews of our vessels. We have also agreed to indemnify Castor Ships in certain circumstances. Under the terms of the Master Management Agreement, our ship-owning subsidiaries have also entered into separate management agreements appointing Castor Ships as commercial and technical manager of their vessels (collectively, the “Ship Management Agreements”).

Castor Ships may choose to subcontract some of these services to other parties at its discretion. As of the date of this Annual Report, Castor Ships has subcontracted the technical management of all of our vessels to a third-party ship-management company, except for the *LPG Dream Syrax*, which Castor Ships has directly provided technical management services to since November 5, 2024. Castor Ships pays, at its own expense, these third-party management companies a fee for the services it has subcontracted to them, without burdening the Company with any additional cost.

In exchange for these services, Castor Ships charges and collects (i) a flat quarterly management fee in the amount of \$0.82 million for the management and administration of our business (the “Flat Management Fee”), (ii) a chartering commission for and on behalf of Castor Ships and/or on behalf of any third-party broker(s) involved in the trading of our vessels, on all gross income received by our ship-owning subsidiaries arising out of or in connection with the operation of our vessels for distribution among Castor Ships and any third-party broker(s), which, when calculated together with any address commission that any charterer of any of our vessels is entitled to receive, will not exceed the aggregate rate of 6.25% on each vessel’s gross income and (iii) a sale and purchase brokerage commission at the rate of 1% on each consummated transaction applicable to the total consideration of acquiring or selling: (a) a vessel or (b) the shares of a ship owning entity owning vessel(s) or (c) shares and/or other securities with an aggregate purchase or sale value, as the case may be, of an amount equal to, or in excess of, \$10,000,000 issued by an entity engaged in the maritime industry. In addition, each of our vessel-owning subsidiaries pays Castor Ships a daily fee of \$1,071 per LPG carrier vessel and, until the completion of the Robin Spin-Off, \$1,071 per Handysize tanker vessel for the provision of commercial and technical ship management services provided under the Ship Management Agreements (the “Ship Management Fee”). The Ship Management Fee and Flat Management Fee are adjusted annually for inflation on the 1st of July of each year in accordance with the terms of the Master Management Agreement, and (i) the Ship Management Fee increased from \$975 per vessel per day to \$1,039 per vessel per day and the Flat Management Fee increased from \$0.75 million to \$0.8 million effective July 1, 2023 and (ii) the Ship Management Fee increased from \$1,039 per vessel per day to \$1,071 per vessel per day and the Flat Management Fee increased from \$0.8 million to \$0.82 million effective July 1, 2024. We may also reimburse Castor Ships for extraordinary fees and costs, such as the costs of repairs, maintenance or structural changes to our vessels.

The Master Management Agreement has a term of eight years from its effective date and this term automatically renews for a successive eight-year term on each anniversary of the effective date, starting from the first anniversary of the effective date, unless the agreements are terminated earlier in accordance with the provisions contained therein. In the event that the Master Management Agreement is terminated by the Company or is terminated by Castor Ships due to a material breach of the Master Management Agreement by the Company or a change of control in the Company (including certain business combinations, such as a merger or the disposal of all or substantially all of our assets or changes in key personnel such as our current directors or Chief Executive Officer), Castor Ships is entitled to a termination fee equal to seven times the total amount of the Flat Management Fee calculated on an annual basis. This termination fee is in addition to any termination fees provided for under each Ship Management Agreement.

Certain resolutions in connection with the Robin Spin-Off and the Spin-Off

On November 15, 2022 and December 30, 2022, in connection with the Spin-Off, our Board resolved among other things, (i) to focus our efforts on our then current business of tanker shipping services, (ii) that we have no interest or expectancy to participate or pursue any opportunity in areas of business outside of such business and (iii) that Petros Panagiotidis, our director, Chairman, Chief Executive Officer and controlling shareholder and his affiliates, such as Castor Ships, are not required to offer or inform us of any such opportunity. The foregoing Toro Spin-Off Resolutions did not and do not preclude us, however, from pursuing opportunities outside of the tanker shipping business if our Board determines to do so.

The terms of the Robin Spin-Off do not preclude us from pursuing opportunities outside of the LPG carrier shipping business, if in the future our Board determines to do so, and do not preclude Robin from pursuing opportunities outside of its declared business focus area, including in the LPG carrier shipping business, if in the future Robin’s board determines to do so.

Notwithstanding the foregoing, focusing our operations on LPG carrier shipping may reduce the scope of opportunities we may exploit.

On November 15, 2022 and December 30, 2022, in connection with the Spin-Off, Castor’s board resolved, among other things, (i) to focus its efforts on its business of dry bulk shipping services, (ii) that Castor has no interest or expectancy to participate or pursue any opportunity in areas of business outside of the dry bulk shipping business and (iii) that Petros Panagiotidis, its director, Chairman, Chief Executive Officer, Chief Financial Officer and controlling shareholder and his affiliates are not required to offer or inform it of any such opportunity. This does not preclude Castor from pursuing opportunities outside of its declared business focus area, including in the tanker shipping business, if in the future Castor’s board determines to do so. Castor has since entered into the container shipping sector.

Mr. Panagiotidis will continue to devote such portion of his business time and attention to our business as is appropriate and will also continue to devote substantial time to Castor’s business, Robin’s business and other business and/or investment activities that Mr. Panagiotidis maintains now or in the future. Mr. Panagiotidis’ intention to provide adequate time and attention to other ventures will preclude him from devoting substantially all his time to our business. Our Board of Directors, Castor’s board and Robin’s board have each resolved to accept this arrangement.

Contribution and Spin-Off Distribution Agreement

The following description of the Contribution and Spin-Off Distribution Agreement entered into between us and Castor on February 24, 2023 (the “Contribution and Spin-Off Distribution Agreement”) does not purport to be complete and is subject to, and qualified in its entirety by reference to, the Contribution and Spin-Off Distribution Agreement, which is included as an exhibit to this Annual Report and incorporated by reference herein. The terms of the transactions which are the subject of the Contribution and Spin-Off Distribution Agreement were negotiated and approved by the Special Committee.

We entered into the Contribution and Spin-Off Distribution Agreement with Castor, pursuant to which (i) Castor contributed the Toro Subsidiaries to us in exchange for all our 9,461,009 common shares at the time and 140,000 Series A Preferred Shares and the issue of 40,000 Series B Preferred Shares to Pelagos against payment of their nominal value, (ii) Castor agreed to indemnify us and our vessel-owning subsidiaries for any and all obligations and other liabilities arising from or relating to the operation, management or employment of vessels or subsidiaries it retains after to the Distribution Date and we agreed to indemnify Castor for any and all obligations and other liabilities arising from or relating to the operation, management or employment of the vessels contributed to us or our vessel-owning subsidiaries, and (iii) we agreed to replace and replaced Castor as guarantor under the \$18.0 million term loan facility. The Contribution and Spin-Off Distribution Agreement also provided for the settlement or extinguishment of certain liabilities and other obligations between us and Castor.

Under the Contribution and Spin-Off Distribution Agreement, Castor distributed all of our 9,461,009 common shares at the time to holders of its common shares, with one of our common shares being distributed for every ten shares of Castor’s common shares held by Castor stockholders as of the close of business on February 22, 2023.

Further, the Contribution and Spin-Off Distribution Agreement provides for certain registration rights to Castor relating to the common shares, if any, issued upon conversion of the Series A Preferred Shares. Such securities will cease to be registrable by us upon the earliest of (i) their sale pursuant to an effective registration statement, (ii) their eligibility for sale or sale pursuant to Rule 144 of the Securities Act, and (iii) the time at which they cease to be outstanding. Subject to Castor timely providing us with all information and documents reasonably requested by us in connection with such filings and to certain blackout periods, we have agreed to file, as promptly as practicable and in any event no later than 30 calendar days after a request by Castor, one or more registration statements to register registrable securities then held by Castor and to use our reasonable best efforts to have each such registration statement declared effective as soon as practicable after such filing and keep such registration statement continuously effective until such registration rights terminate. All fees and expenses incident to our performance of our obligations in connection with such registration rights shall be borne solely by us and Castor shall pay any transfer taxes and fees and expenses of its counsel relating to a sale of registrable securities. These registration rights shall terminate on (i) the date occurring after the seventh anniversary of the original issue date of the Series A Preferred Shares on which Castor owns no registrable securities or (ii) if earlier, the date on which Castor owns no Series A Preferred Shares and no registrable securities.

Any and all agreements and commitments, currently existing between us and our subsidiaries, on the one hand, and Castor and its subsidiaries, on the other hand, terminated as of March 7, 2023. None of these arrangements and commitments is deemed material to the Company. In particular, our vessel-owning subsidiaries ceased to be parties to the Castor Master Management Agreement and entered into the Master Management Agreement with Toro and Castor Ships described above. Our vessel-owning subsidiaries ceased to be party to certain custodial and Cash Pooling Deeds entered into individually by each of such subsidiaries and Castor Maritime SCR Corp. and entered into substantively similar cash management and custodial arrangements with our wholly-owned treasury subsidiary, Toro RBX Corp. Under the Contribution and Spin-Off Distribution Agreement, we also agreed to reimburse Castor for transaction expenses incurred in connection with our separation from Castor, such as adviser and filing fees. Following the Spin-Off, the Company reimbursed Castor \$2,694,646 for expenses related to the Spin-Off that were incurred by Castor. As of December 31, 2023, there were no outstanding expenses to be reimbursed by the Company under the Contribution and Spin-Off Distribution Agreement.

Robin Contribution and Spin-Off Distribution Agreement

The following description of the Robin Contribution and Spin-Off Distribution Agreement does not purport to be complete and is subject to and qualified in its entirety by reference to the Robin Contribution and Spin-Off Distribution Agreement, which is included as an exhibit to this Annual Report and is incorporated by reference herein. The terms of the transactions which are the subject of the Robin Contribution and Spin-Off Distribution Agreement were negotiated and approved by a special committee of our disinterested and independent directors.

In connection with the Robin Spin-Off, based on the recommendation of a special committee comprised of independent, disinterested directors, we entered into the Robin Contribution and Spin-Off Distribution Agreement with Robin, pursuant to which we contributed to Robin (i) the Robin Subsidiaries and (ii) \$10.4 million in cash as a capital contribution in exchange for all issued and outstanding common shares of Robin, 2,000,000 Series A Preferred Shares of Robin and the issue of 40,000 Series B Preferred Shares of Robin to Pelagos against payment of their nominal value and (ii) we agreed to indemnify Robin and its vessel-owning subsidiaries for any and all obligations and other liabilities arising from or relating to the operation, management or employment of vessels or subsidiaries we retain after April 14, 2025 and Robin agreed to indemnify us for any and all obligations and other liabilities arising from or relating to the operation, management or employment of the vessels contributed to Robin or its vessel-owning subsidiaries. The Robin Contribution and Spin-Off Distribution Agreement also provided for the settlement or extinguishment of certain liabilities and other obligations between us and Robin.

Under the Robin Contribution and Spin-Off Distribution Agreement, we distributed on April 14, 2025, all of Robin’s outstanding common shares to holders of our common shares, with one of Robin’s common shares being distributed for every eight shares of our common shares held by Toro stockholders as of the close of business New York Time on April 7, 2025.

Further, the Robin Contribution and Spin-Off Distribution Agreement provides us with certain registration rights relating to Robin’s common shares, if any, issued upon conversion of the Series A Preferred Shares. Such securities will cease to be registrable by us upon the earliest of (i) their sale pursuant to an effective registration statement, (ii) their eligibility for sale or sale pursuant to Rule 144 of the Securities Act, and (iii) the time at which they cease to be outstanding. Subject to our timely provision to Robin of all information and documents reasonably requested by Robin in connection with such filings and to certain blackout periods, Robin has agreed to file, as promptly as practicable and in any event no later than 30 calendar days after our request, one or more registration statements to register registrable securities then held by us and to use our reasonable best efforts to have each such registration statement declared effective as soon as practicable after such filing and keep such registration statement continuously effective until such registration rights terminate. All fees and expenses incident to Robin’s performance of its obligations in connection with such registration rights shall be borne solely by Robin and we shall pay any transfer taxes and fees and expenses of its counsel relating to a sale of Registrable Securities. These registration rights shall terminate on the date on which we own no Series A Preferred Shares and no registrable securities.

Any and all agreements and commitments, currently existing between us and our subsidiaries, on the one hand, and Robin and its subsidiaries upon completion of the Spin-Off, on the other hand, was terminated as of April 14, 2025. None of these arrangements and commitments is deemed material to us. Further, based on the recommendation of a special committee comprised of independent, disinterested directors, Robin’s vessel-owning subsidiaries ceased to be parties to the Master Management Agreement among the Company and Castor Ships that is currently in effect and entered into a master management agreement with Robin and Castor Ships, with substantial similar terms to the Master Management Agreement described above. The Handysize tanker vessel-owning subsidiaries contributed to Robin ceased to be party to certain custodial and cash pooling deeds entered into individually by each of the such subsidiaries and Toro RBX Corp. and entered into substantively similar cash management and custodial arrangements with Robin’s wholly-owned treasury subsidiary, ROBIN GMD Corp. Under the Robin Contribution and Spin-Off Distribution Agreement, Robin also agreed to reimburse us for transaction expenses incurred in connection with its separation from us, such as advisor and filing fees.

Purchase of Common Shares by Pani

The following description of the Subscription Agreement (as defined herein) does not purport to be complete and is subject to, and qualified in its entirety by reference to the Subscription Agreement, which is included as an exhibit to this Annual Report and incorporated by reference herein.

On April 17, 2023, Toro entered into a subscription agreement (the “Subscription Agreement”) with Pani, a company controlled by our Chairman and Chief Executive Officer, pursuant to which Toro issued and sold, and Pani purchased, 8,500,000 common shares at a purchase price of \$2.29 per share for gross proceeds of \$19,465,000, less issuance costs of \$817,764. The 8,500,000 common shares were issued on April 19, 2023 in a private placement pursuant to Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder. As of March 4, 2025, our Chairman and Chief Executive Officer beneficially owns through Pani 54.3% of our outstanding common shares, and controls 99.8% of the aggregate voting power of the Company’s total issued and outstanding share capital. See “*Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders*” for further details.

The Subscription Agreement contains customary representations, warranties, and covenants of each party. We granted Pani certain customary registration rights with respect to the common shares purchased thereunder and, following the exercise of such rights by Pani, we filed on November 13, 2023 a registration statement on Form F-3 relating to the possible offer and sale from time to time of up to 8,500,000 common shares by Pani.

Dividends to Castor on the Series A Preferred Shares

As discussed under “*Item 4. Information on the Company—A. History and Development of the Company—Spin-Off from Castor*”, which discussion is incorporated by reference herein, in connection with the Spin-Off, Toro issued 140,000 Series A Preferred Shares to Castor on March 7, 2023. As of December 31, 2024, we have paid Castor a dividend amounting to \$1,400,000 on the Series A Preferred Shares for the period from October 14, 2023 to October 14, 2024 and the accrued amount for the period from October 15, 2024 to December 31, 2024 (included in the dividend period ended January 14, 2025) amounted to \$338,332. As of December 31, 2023, we had paid to Castor a dividend amounting to \$851,667 on the Series A Preferred Shares for the period from March 7, 2023 to October 14, 2023 and the accrued amount for the period from October 15, 2023 to December 31, 2023 (included in the dividend period ended January 14, 2024) amounted to \$315,000. Refer to “*Item 10. Additional Information—B. Memorandum and Articles of Incorporation—Description of the Series A Preferred Shares*” for further information regarding the terms of the Series A Preferred Shares.

Purchase by the Company of 5.00% Series D Cumulative Perpetual Convertible Preferred Shares of Castor

On August 7, 2023, we agreed to purchase 50,000 Castor Series D Preferred Shares for aggregate cash consideration of \$50.0 million. The distribution rate on the Castor Series D Preferred Shares is 5.00% per annum, which rate will be multiplied by a factor of 1.3 on the seventh anniversary of the issue date of the Series D Preferred Shares and annually thereafter, subject to a maximum distribution rate of 20% per annum in respect of any quarterly dividend period. Dividends on the Castor Series D Preferred Shares are payable quarterly in arrears on the 15th day of January, April, July and October in each year, subject to approval by the board of directors of Castor. The first payment date occurred on October 16, 2023 and we received a dividend on the Castor Series D Preferred Shares amounting to \$0.5 million.

The Castor Series D Preferred Shares are convertible, in whole or in part, at our option into common shares of Castor from the first anniversary of the issue date of the Castor Series D Preferred Shares at the lower of (i) \$0.70 per common shares and (ii) the 5 day value weighted average price immediately preceding the conversion. The conversion price of the Castor Series D Preferred Shares is subject to adjustment upon the occurrence of certain events, including the occurrence of splits and combinations (including a reverse stock split) of the common shares. The minimum conversion price is \$0.30 per common share of Castor.

On December 12, 2024, Toro agreed to purchase for an aggregate consideration of \$50,000,000 in cash, an additional 50,000 of Castor Series D Preferred Shares. The Company owns all 100,000 outstanding Castor Series D Preferred Shares.

In connection with the transaction, Castor amended the terms of the Castor Series D Preferred Shares to, among other things: (i) reset the date from which holders of the Castor Series D Preferred Shares may convert their Series D Preferred Shares into common shares of Castor to January 1, 2026 from August 7, 2024, (ii) require that any holder of the Castor Series D Preferred Shares electing to exercise its optional conversion rights convert not less than 500 Castor Series D Preferred Shares into common shares of Castor, and (iii) introduce an additional redemption feature whereby Castor may, at its option, redeem for cash all remaining outstanding Castor Series D Preferred Shares if the number of Series D Preferred Shares is 30,000 shares or less. Toro may not dispose of any of the Castor Series D Preferred Shares for a period of 180 days after the closing date of the transaction.

These transactions and their terms were approved by the independent members of the board of directors of each of Castor and Toro at the recommendation of their respective special committees composed of independent and disinterested directors, which negotiated the transaction and its terms.

Grant of Restricted Common Shares to our Chairman and Chief Executive Officer

On September 6, 2023, our Board adopted the Equity Incentive Plan, permitting the grant of up to 2,000,000 common shares to eligible participants. See “*Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Equity Transactions*” and “*Item 6. Directors, Senior Management and Employees—B. Compensation*” for a description of the Equity Incentive Plan. See also Note 12 to our consolidated financial statements included elsewhere in this Annual Report for further information.

Loan Facility Agreement of \$100.0 million to Castor

On December 11, 2024, Toro entered into a facility agreement with Castor to provide a \$100.0 million senior term loan facility to Castor (the “Term Loan”) which was drawn down on the same date. The Term Loan has a tenor of 5 years, bears interest at the secured overnight financing rate (“SOFR”) plus 1.80% per annum, is guaranteed by ten ship-owning subsidiaries of Castor and is receivable in (a) twenty (20) consecutive quarterly installments (each of \$2,500,000, commencing on March 11, 2025) and (b) a balloon installment in the amount of \$50.0 million at its maturity together with the last quarterly installment. The Term Loan is secured by first priority mortgages and first priority general assignments covering insurance policies and requisition compensation over the ten vessels owned by wholly-owned subsidiaries of Castor. The value of these vessels was approximately \$235.0 million based on third-party valuations at the time of the drawdown by Castor. Pursuant to the terms of this facility, the Company is also subject to certain negative covenants customary for facilities of this type, which may be waived in Toro’s sole discretion.

This transaction and its terms were approved by the independent members of the board of directors of each of Castor and Toro at the recommendation of their respective special committees composed of independent and disinterested directors, which negotiated the transaction and its terms.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and other Financial Information

Please see “*Item 18. Financial Statements.*”

Legal Proceedings

To our knowledge, we are not currently a party to any legal proceedings that, if adversely determined, would have a material adverse effect on our financial condition, results of operations or liquidity. As such, we do not believe that pending legal proceedings, taken as a whole, should have any significant impact on our financial statements. We are, and from time to time in the future may be, subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. While we expect that these claims would be covered by our existing insurance policies, those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

Dividend Policy

We are a recently formed company and have a limited performance record and operating history. Accordingly, we cannot assure you that we will be able to pay dividends on our common shares at all, and our ability to pay dividends will be subject to the limitations set forth below and under “*Item 3. Risk Factors—Risks Relating to Our Common Shares—We do not have a declared dividend policy and our Board may never declare dividends on our common shares.*”

We do not have a declared dividend policy. Under our Bylaws, our Board may declare and pay dividends in cash, stock or other property of the Company. Any dividends declared will be in the sole discretion of the Board and will depend upon factors such as earnings, increased cash needs and expenses, restrictions in any of our agreements (including our current and future credit facilities), overall market conditions, current capital expenditure programs and investment opportunities, and the provisions of Marshall Islands law affecting the payment of distributions to shareholders (as described below), and will be subject to the priority of our Series A Preferred Shares. The foregoing is not an exhaustive list of factors which may impact the payment of dividends.

Dividends on our Series A Preferred Shares accrue and are cumulative from their issue date and are payable quarterly, assuming dividends have been declared by our Board or any authorized committee thereof out of legally available funds for such purpose. From, and including, their issue date to, but excluding, the seventh anniversary of the issue date (the “Reset Date”), the dividend rate for the Series A Preferred Shares is 1.00% per annum of the stated amount of \$1,000 per share; for each quarterly dividend period commencing on or after the Reset Date, the dividend rate will be the dividend rate in effect for the prior quarterly dividend period multiplied by a factor of 1.3; provided, however, that the dividend rate will not exceed 20% per annum in respect of any quarterly dividend period. We may redeem the Series A Preferred Shares at any time on or after the Reset Date, in whole or in part, at a redemption price of \$1,000 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. The rights of the holders of our Series A Preferred Shares rank senior to the obligations to holders of our common shares. This means that, unless accumulated dividends have been paid or set aside for payment on all of our outstanding Series A Preferred Shares for all past completed dividend periods, no distributions may be declared or paid on our common shares subject to limited exceptions.

The Series A Preferred Shares are convertible, in whole or in part, at their holder’s option, to common shares at any time and from time to time from and after the third anniversary of their issue date and prior to the Reset Date. Subject to certain adjustments, the “Conversion Price” for any conversion of the Series A Preferred Shares shall be the lower of (i) 150% of the VWAP of our common shares over the five consecutive trading day period commencing on and including March 7, 2023, and (ii) the VWAP of our Common Shares over the 10 consecutive trading day period expiring on the trading day immediately prior to the date of delivery of written notice of the conversion; provided, that, in no event shall the Conversion Price be less than \$2.50. The number of Common Shares to be issued to a converting holder shall be equal to the quotient of (i) the aggregate stated amount of the Series A Preferred Shares converted plus Accrued Dividends (but excluding any dividends declared but not yet paid) thereon on the date on which the conversion notice is delivered divided by (ii) the Conversion Price.

In the event that we declare a dividend of the stock of a subsidiary which we control, the holder(s) of the Series B Preferred Shares are entitled to receive preferred shares of such subsidiary. Such preferred shares will have at least substantially identical rights and preferences to our Series B Preferred Shares and will be issued *pro rata* to holder(s) of the Series B Preferred Shares. The Series B Preferred Shares have no other dividend or distribution rights.

See “*Item 10. Additional Information—B. Memorandum and Articles of Association*” for more detailed descriptions of the Series A Preferred Shares and Series B Preferred Shares.

Further, non-vested restricted common shares granted under the Equity Incentive Plan are entitled to receive dividends, which are not refundable even if such shares are forfeited.

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

Any dividends paid by us may be treated as ordinary income to a U.S. shareholder. Please see the section entitled “*Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations—U.S. Federal Income Taxation of U.S. Holders—Distributions*” for additional information relating to the U.S. federal income tax treatment of our dividend payments, if any are declared in the future.

We have not paid any dividends to our shareholders as of the date of this Annual Report.

B. Significant Changes

On March 24, 2025, in connection with the Robin Spin-Off, we announced April 14, 2025 as the date for the Robin Distribution and, which was completed on such date. For further details on the Robin Spin-Off, see “*Item 3. Key Information*”, “*Item 4. Information on the Company—A. History and Development of the Company*” and “*Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions*”.

There have been no significant changes since the date of our consolidated financial statements included in this Annual Report, other than those described above and in Note 18 to our consolidated financial statements included elsewhere in this Annual Report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our common shares, including their associated Preferred Share Purchase Rights under the Rights Agreement, currently trade on the Nasdaq Capital Market under the symbol “TORO”.

B. Plan of Distribution

Not applicable.

C. Markets

Please see “*Item 9. The Offer and Listing—A. Offer and Listing Details.*”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Articles of Association and Bylaws

The following is a description of material terms of our Articles of Incorporation and Bylaws. Because this description is a summary, it does not contain all information that you may find useful. For more complete information, you should read our Articles of Incorporation and our Bylaws, as amended, copies of which are filed as exhibits to this Annual Report and are incorporated herein by reference.

Any amendment to our Articles of Incorporation to alter our capital structure requires approval by an affirmative majority of the voting power of the total number of shares issued and outstanding and entitled to vote thereon. Shareholders of any series or class of shares are entitled to vote upon any proposed amendment, whether or not entitled to vote thereon by the Articles of Incorporation, if such amendment would (i) increase or decrease the par value of the shares of such series or class, or (ii) alter or change the powers, preferences or special rights of the shares of such series or class so as to adversely affect them. Such class vote would be conducted in addition to the vote of all shares entitled to vote upon the amendment and requires approval by an affirmative majority of the voting power of the affected series or class.

Purpose

Our purpose is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the BCA. However, in connection with the Spin-Off, our Board has resolved to focus our efforts on our then-current business of tanker shipping services, though we have since expanded into LPG carrier services in accordance with such resolutions. See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Certain resolutions of the board of directors of Toro, Robin and Castor in connection with the Robin Spin-Off and the Spin-Off” for further details. Our Articles of Incorporation and Bylaws, as amended, do not impose any limitations on the ownership rights of our shareholders.

Shareholders’ Meetings

The time and place of our annual meeting of shareholders is determined by our Board. Our first annual meeting of shareholders was held on November 15, 2022. Special meetings of the shareholders, unless otherwise prescribed by law, may be called for any purpose or purposes permitted under applicable law (i) at any time by the Chairman, Chief Executive Officer or President of the Company or a majority of the Board and (ii) by shareholders holding more than 50% of the voting rights in the Company. No other person or persons are permitted to call a special meeting, unless otherwise prescribed by law. The Board may fix a record date of not more than sixty (60) nor less than fifteen (15) days prior to the date of any meeting of shareholders.

Authorized Capitalization

Under our Articles of Incorporation, our authorized capital stock consists of 3,900,000,000 common shares, par value \$0.001 per share and 100,000,000 preferred shares, par value \$0.001 per share. As of December 31, 2024 and as of March 4, 2025, 19,093,853 common shares were issued and outstanding, inclusive of 2,000,000 restricted common shares issued pursuant to Equity Incentive Plan, 140,000 Series A Preferred Shares were issued and outstanding, 40,000 Series B Preferred Shares were issued and outstanding and no Series C Participating Preferred Shares were authorized, respectively. Authorization for the issuance of Series C Participating Preferred Shares in connection with our Rights Agreement is valid until the expiry of such agreement. See “Item 10. Additional Information—B. Memorandum and Articles of Association—Shareholder Protection Rights Agreement” for additional details.

On November 14, 2022, Castor, in its capacity as our sole shareholder, authorized our Board to effect one or more reverse stock splits of our common shares issued and outstanding at the time of the reverse stock split at a cumulative exchange ratio of between one-for-two and one-for-five hundred shares. Our Board may determine, in its sole discretion, whether to implement any reverse stock split by filing an amendment to our Articles of Incorporation, as well as the specific timing and ratio, within such approved range of ratios; provided that any such reverse stock split or splits are implemented prior to the Company’s annual meeting of shareholders in 2026. This authorization was intended to provide us the means to maintain compliance with the continued listing requirements of the Nasdaq Capital Market, and in particular the minimum bid price requirement, if required, as well as to realize certain beneficial effects of a higher trading price for our common shares, including the ability to appeal to certain investors and potentially increased trading liquidity under appropriate circumstances.

Description of the Common Shares

For a description of our common shares, see “Description of Common Shares” in Exhibit 2.2 (*Description of Securities*), which description is incorporated by reference herein. As of March 4, 2025, Pani, a corporation controlled by our Chairman and Chief Executive Officer, owned 54.3% of our outstanding common shares, which makes it more difficult to effect a change of control of us.

Preferred Shares

Our Articles of Incorporation authorize our Board to establish one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the preferences and relative, participating, option or other special rights, if any, and any qualifications, limitations or restrictions of such series; and
- the voting rights, if any, of the holders of the series.

Description of the Series A Preferred Shares

The number of designated Series A Preferred Shares initially is 140,000 and the “stated amount” per Series A Preferred Share is \$1,000. We have issued all Series A Preferred Shares to Castor. The Series A Preferred Shares have the following characteristics:

- **Ranking.** With respect to the payment of dividends and distributions of assets upon any liquidation, dissolution or winding up, the Series A Preferred Shares rank (i) senior to our common shares, the Series B Preferred Shares and any class or series of our stock that ranks junior to the Series A Preferred Shares in the payment of dividends or in the distribution of assets upon our liquidation, dissolution or winding up (together with our common stock, “Junior Stock”); (ii) senior to or on a parity with the Series C Preferred Shares and each other series of our preferred shares we may issue with respect to the payment of dividends and distributions of assets upon any liquidation, dissolution or winding up of the Company; and (iii) junior to all existing and future indebtedness and other non-equity claims on us.
- **Dividends.** Holders of Series A Preferred Shares shall be entitled to receive, when, as and if declared by our Board, but only out of funds legally available therefor, cumulative cash dividends at the Annual Rate and no more, payable quarterly in arrears on the 15th day of each January, April, July and October, respectively, in each year, beginning on April 15, 2023 (each, a “Dividend Payment Date”), with respect to the Dividend Period ending on the day preceding such respective Dividend Payment Date, to holders of record on the 15th calendar day before such Dividend Payment Date or such other record date not more than 30 days preceding such Dividend Payment Date fixed for that purpose by our Board (or a duly authorized committee of the Board) in advance of payment of each particular dividend. The amount of the dividend per Series A Preferred Share for each Dividend Period will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

“Annual Rate” means from, and including, the Issue Date to, but excluding, the seventh anniversary of the Issue Date (the “Reset Date”), 1.00% per annum of the stated amount. For each Dividend Period commencing on or after the Reset Date, the Annual Rate shall be the Annual Rate in effect for the prior Dividend Period multiplied by a factor of 1.3; provided, however, that in no event will the Annual Rate on the Series A Preferred Shares exceed 20% per annum in respect of any Dividend Period.

“Dividend Period” means each period commencing on (and including) a Dividend Payment Date and continuing to (but not including) the next succeeding Dividend Payment Date, except that the first Dividend Period for the initial issuance of the Series A Preferred Shares shall commence on (and include) the Issue Date.

“Issue Date” means the Distribution Date.

- **Restrictions on Dividends, Redemption and Repurchases.** So long as any Series A Preferred Share remains outstanding, unless full Accrued Dividends on all outstanding Series A Preferred Shares through and including the most recently completed Dividend Period have been paid or declared and a sum sufficient for the payment thereof has been set aside for payment, no dividend may be declared or paid or set aside for payment, and no distribution may be made, on any Junior Stock, other than a dividend payable solely in stock that ranks junior to the Series A Preferred Shares in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Company. “Accrued Dividends” means, with respect to Series A Preferred Shares, an amount computed at the Annual Rate from, as to each share, the date of issuance of such share to and including the date to which such dividends are to be accrued (whether or not such dividends have been declared), less the aggregate amount of all dividends previously paid on such share.

So long as any Series A Preferred Share remains outstanding, unless full Accrued Dividends on all outstanding Series A Preferred Shares through and including the most recently completed Dividend Period have been paid or declared and a sum sufficient for the payment thereof has been set aside for payment, no monies may be paid or made available for a sinking fund for the redemption or retirement of Junior Stock, nor shall any shares of Junior Stock be purchased, redeemed or otherwise acquired for consideration by us, directly or indirectly, other than (i) as a result of (x) a reclassification of Junior Stock, or (y) the exchange or conversion of one share of Junior Stock for or into another share of stock that ranks junior to the Series A Preferred Shares in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Company; or (ii) through the use of the proceeds of a substantially contemporaneous sale of other shares of stock that rank junior to the Series A Preferred Shares in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Company.
- **Redemption.** The Series A Preferred Shares are perpetual and have no maturity date. We may, at our option, redeem the Series A Preferred Shares in whole or in part, at any time and from time to time after the Reset Date, at a cash redemption price equal to the stated amount, together with an amount equal to all Accrued Dividends to, but excluding, the redemption date.
- **Conversion Rights.** The Series A Preferred Shares are convertible, at their holder’s option, to common shares, in whole or in part, at any time and from time to time from and after the third anniversary of the Issue Date until but excluding the Reset Date. Subject to certain adjustments, the “Conversion Price” for any conversion of the Series A Preferred Shares shall be the lower of (i) 150% of the VWAP of our common shares over the five consecutive trading day period commencing on and including the Distribution Date, and (ii) the VWAP of our common shares over the 10 consecutive trading day period expiring on the trading day immediately prior to the date of delivery of written notice of the conversion; provided, that, in no event shall the Conversion Price be less than \$2.50. The number of common shares to be issued to a converting holder shall be equal to the quotient of (i) the aggregate stated amount of the Series A Preferred Shares converted plus Accrued Dividends (but excluding any dividends declared but not yet paid) thereon on the date on which the conversion notice is delivered divided by (ii) the Conversion Price. Castor will have registration rights in relation to the common shares issued upon conversion. See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Contribution and Spin-Off Distribution Agreement.” The Series A Preferred Shares otherwise are not convertible into or exchangeable for property or shares of any other series or class of our capital stock.
- **Liquidation Rights.** In the event of any liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, before any distribution or payment out of our assets may be made to or set aside for the holders of any Junior Stock, holders of Series A Preferred Shares will be entitled to receive out of our assets legally available for distribution to our shareholders an amount equal to the stated amount per share (\$1,000), together with an amount equal to all Accrued Dividends to the date of payment whether or not earned or declared (the “Liquidation Preference”). If the Liquidation Preference has been paid in full to all holders of Series A Preferred Shares and all holders of any class or series of our stock that ranks on a parity with Series A Preferred Shares in the distribution of assets on liquidation, dissolution or winding up of the Company, the holders of Junior Stock will be entitled to receive all of our remaining assets according to their respective rights and preferences.

- **Voting Rights.** Except as indicated below or otherwise required by law, the holders of the Series A Preferred Shares do not have any voting rights.
 - **Right to Elect Directors on Nonpayment of Dividends.** If and whenever dividends payable on Series A Preferred Shares or any class or series of our stock that ranks on a parity with the Series A Preferred Shares in the payment of dividends (“Dividend Parity Stock”) having voting rights equivalent to those described in this paragraph (“Voting Parity Stock”) have not been declared and paid (or, in the case of Series A Preferred Shares and Voting Parity Stock bearing dividends on a cumulative basis, shall be in arrears) in an aggregate amount equal to full dividends for at least six quarterly Dividend Periods or their equivalent (whether or not consecutive) (a “Nonpayment Event”), the number of directors then constituting our Board shall be automatically increased by (i) one, if at such time the Board consists of eight or fewer directors or (ii) two, if at such time the Board consists of nine or more directors, and the holders of Series A Preferred Shares, together with the holders of any outstanding Voting Parity Stock then entitled to vote for additional directors, voting together as a single class in proportion to their respective stated amounts, shall be entitled to elect the additional director or two directors, as the case may be (the “Preferred Share Directors”); provided that our Board shall at no time include more than two Preferred Share Directors (including, for purposes of this limitation, all directors that the holders of any series of voting preferred shares are entitled to elect pursuant to like voting rights). When (i) Accrued Dividends have been paid (or declared and a sum sufficient for payment thereof set aside) in full on the Series A Preferred Shares after a Nonpayment Event, and (ii) the rights of holders of any Voting Parity Stock to participate in electing the Preferred Share Directors shall have ceased, the right of holders of the Series A Preferred Shares to participate in the election of Preferred Share Directors shall cease (but subject always to the revesting of such voting rights in the case of any future Nonpayment Event), the terms of office of all the Preferred Share Directors shall forthwith terminate, and the number of directors constituting our Board shall automatically be reduced accordingly. Any Preferred Share Director may be removed at any time without cause by the holders of record of a majority of the outstanding Series A Preferred Shares and Voting Parity Stock, when they have the voting rights described above (voting together as a single class in proportion to their respective stated amounts). The Preferred Share Directors shall each be entitled to one vote per director on any matter that shall come before our Board for a vote.
 - **Other Voting Rights.** So long as any Series A Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by law or by our Articles of Incorporation, the vote or consent of the holders of at least two thirds of the Series A Preferred Shares at the time outstanding, voting together with any other series of preferred shares that would be adversely affected in substantially the same manner and entitled to vote as a single class in proportion to their respective stated amounts (to the exclusion of all other series of preferred shares), given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, will be necessary for effecting or validating: (i) any amendment, alteration or repeal of any provision of our Articles of Incorporation or Bylaws that would alter or change the voting powers, preferences or special rights of the Series A Preferred Shares so as to affect them adversely; (ii) the issuance of Dividend Parity Stock if the Accrued Dividends on all outstanding Series A Preferred Shares through and including the most recently completed Dividend Period have not been paid or declared and a sum sufficient for the payment thereof has been set aside for payment; (iii) any amendment or alteration of the Articles of Incorporation to authorize or create, or increase the authorized amount of, any shares of any class or series or any securities convertible into shares of any class or series of our capital stock ranking prior to Series A in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Company; or (iv) any consummation of (x) a binding share exchange or reclassification involving the Series A Preferred Shares, (y) a merger or consolidation of the Company with another entity (whether or not a corporation), or (z) a conversion, transfer, domestication or continuance of the Company into another entity or an entity organized under the laws of another jurisdiction, unless in each case (A) the Series A Preferred Shares remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, or any such conversion, transfer, domestication or continuance, the Series A Preferred Shares are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (B) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and restrictions and limitations thereof, of the Series A Preferred Shares immediately prior to such consummation, taken as a whole. The foregoing voting rights do not apply in connection with the creation or issuance of Series C Participating Preferred Shares of the Company substantially in the form approved by the Board in connection with the Shareholder Protection Rights Agreement.
- **No Preemptive Rights; No Sinking Fund.** Holders of the Series A Preferred Shares do not have any preemptive rights. The Series A Preferred Shares will not be subject to any sinking fund or any other obligation of us for their repurchase or retirement.

The Series A Preferred Shares have been classified in Mezzanine equity as per ASC 480-10-S99 “Distinguishing liabilities from Equity – SEC Materials” as they are in essence redeemable at the option of the holder as our Chairman, Chief Executive Officer and controlling shareholder, Mr. Panagiotidis, can effectively determine the timing of the redemption of the Series A Preferred Shares. For further information, see Note 9 to our Consolidated Financial Statements included elsewhere in this Annual Report.

Description of the Series B Preferred Shares

On March 7, 2023, we issued all of our 40,000 authorized Series B Preferred Shares to Pelagos. Pelagos is a company controlled by Petros Panagiotidis, our Chairman and Chief Executive Officer and Castor’s Chairman, Chief Executive Officer and Chief Financial Officer. As a result, we are controlled by Mr. Panagiotidis, making it more difficult to effect a change of control of us.

The Series B Preferred Shares have the following characteristics:

- **Conversion.** The Series B Preferred Shares are not convertible into common shares.
- **Distributions.** In the event that we declare a dividend of the stock of a subsidiary which we control, the holder(s) of the Series B Preferred Shares are entitled to receive preferred shares of such subsidiary. Such preferred shares will have at least substantially identical rights and preferences to our Series B Preferred Shares and be issued in an equivalent number to our Series B Preferred Shares. The Series B Preferred Shares have no other dividend or distribution rights.
- **Voting.** Each Series B Preferred Share has the voting power of 100,000 common shares and counts for 100,000 votes for purposes of determining quorum at a meeting of shareholders, subject to adjustment to maintain a substantially identical voting interest in Toro following the (i) creation or issuance of a new series of shares of the Company carrying more than one vote per share to be issued to any person other than holders of the Series B Preferred Shares, except for the creation (but not the issuance) of Series C Participating Preferred Shares substantially in the form approved by the Board and included as an exhibit to this Annual Report, without the prior affirmative vote of a majority of votes cast by the holders of the Series B Preferred Shares or (ii) issuance or approval of common shares pursuant to and in accordance with the Shareholder Protection Rights Agreement. The Series B Preferred Shares vote together with the common shares as a single class, except that the Series B Preferred Shares vote separately as a class on amendments to the Articles of Incorporation that would materially alter or change the powers, preference or special rights of the Series B Preferred Shares.
- **Liquidation, Dissolution or Winding Up.** Upon any liquidation, dissolution or winding up of the Company, the Series B Preferred Shares shall have the same liquidation rights as and *pari passu* with the common shares up to their par value of \$0.001 per share and, thereafter, the Series B Preferred Shares have no right to participate further in the liquidation, dissolution or winding up of the Company.

Description of the Series C Participating Preferred Shares

As of the date of this Annual Report, no Series C Participating Preferred Shares were authorized in connection with our Rights Agreement (as defined below). See “Item 10. Additional Information—B. Memorandum and Articles—Shareholder Protection Rights Agreement.” If issued, the Series C Participating Preferred Shares will, among other things:

- not be redeemable;
- entitle holders to dividend payments in an amount per share equal to the aggregate per share amount of all cash dividends, and the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in our common shares or a subdivision of our outstanding common shares (by reclassification or otherwise) declared on our common shares; and
- entitle holders to 1,000 votes per Series C Participating Preferred Share on all matters submitted to a vote of the shareholders of the Company.

Each one one-thousandth of a Series C Participating Preferred Share issued in connection with the Rights Agreement should approximate the value of one common share.

Shareholder Protection Rights Agreement

On the Distribution Date, our Board declared a dividend of one preferred share purchase right (a “Right” or the “Rights”) for each outstanding common share and adopted a shareholder rights plan, as set forth in the Shareholder Protection Rights Agreement (the “Rights Agreement”) entered into between the Company and Broadridge Corporate Issuer Solutions, Inc., as Rights Agent on the same date. Each Right trades with, and is inseparable from, our common shares, entitles the holder to purchase from the Company, for \$22, one common share (or one one-thousandth of a share of Series C Participating Preferred Shares) and will become exercisable following the earlier of (i) the tenth business day (or other date designated by resolution of the Board) after any person other than our Chairman and Chief Executive Officer, Petros Panagiotidis, or Mr. Panagiotidis’ controlled affiliates commences a tender offer that would result in such person becoming the beneficial owner of a total of 15% or more of the common shares or (ii) the date of the “Flip-in” Trigger, as defined below. For additional details, see the Rights Agreement included as an exhibit to this Annual Report.

The rights plan adopted under the Rights Agreement and the Rights have the following characteristics:

- **Distribution and Transfer of the Rights.** Our Board will declare a dividend of one Right for each share of our common shares outstanding. Prior to the Separation Time referred to below, the Rights would be evidenced by and trade with our common shares and would not be exercisable. After the Separation Time, we would cause the Rights Agent to mail Rights certificates to shareholders and the Rights would trade independent of the common shares. New Rights will accompany any new common shares of the Company issued after the Distribution until the Separation Time.
- **Separation Time.** Rights would separate from our common shares and become exercisable following the earlier of (i) the tenth (10) business day (or other date designated by resolution of the Board) after any person (other than Mr. Panagiotidis or his controlled affiliates) commences a tender offer that would result in such person becoming the beneficial owner of a total of 15% or more of the common shares or (ii) the date of the “Flip-in” Trigger.
- **Exercise of the Rights.** On or after the Separation Time, each Right would initially entitle the holder to purchase, for \$22 (the “Exercise Price”), one common share (or one one-thousandth of a share of Series C Participating Preferred Shares, such portion of a Series C Participating Preferred Share being designed to give the shareholder approximately the same dividend, voting and liquidation rights as would one common share). Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights.
- **“Flip-in” Trigger.** Upon public announcement by the Company that any person other than Mr. Panagiotidis or his controlled affiliates (an “Acquiring Person”) has acquired 15% or more of our outstanding common shares:
 - (i) Rights owned by the Acquiring Person or transferees thereof would automatically be void; and
 - (ii) each other Right will automatically become a right to buy, for the Exercise Price, that number of common shares of the Company (or equivalent fractional shares of Series C Participating Preferred Shares) having a market value of twice the Exercise Price.
- **“Flip-over” Trigger.** After an Acquiring Person has become such, (i) the Company may not consolidate or merge with any person, if the Company’s Board is controlled by the Acquiring Person or the Acquiring Person is the beneficial owner of 50% or more of the outstanding shares of our common shares, and the transaction is with the Acquiring Person or its affiliate or associate or the shares owned by the Acquiring Person are treated differently from those of other shareholders, and (ii) the Company may not sell 50% or more of its assets if the Company’s Board is controlled by the Acquiring Person unless in either case proper provision is made so that each Right would thereafter become a right to buy, for the Exercise Price, that number of common shares of such other person having a market value of twice the Exercise Price.
- **Redemption.** The Rights may be redeemed by the Board, at any time until a “Flip-in” Trigger has occurred, at a redemption price of \$0.001 per Right.
- **Power to Amend.** Our Board may amend the Rights Agreement in any respect until a “Flip-in” Trigger has occurred. Thereafter, our Board may amend the Rights Agreement in any respect not materially adverse to Rights holders generally.
- **Expiration.** The Rights will expire on the tenth anniversary of the Distribution Date.

Furthermore, if any person (other than Mr. Panagiotidis or his controlled affiliates) acquires between 15% and 50% of our outstanding common shares, the Board may, in lieu of allowing Rights to be exercised, require each outstanding Right to be exchanged for one common share of the Company (or one one-thousandth of a share of Series C Participating Preferred Shares). The Board may enter into a trust agreement pursuant to which the Company would deposit into a trust its common shares that would be distributable to shareholders (excluding the Acquiring Person) in the event this exchange option is implemented.

Certain synthetic interests in securities created by derivative positions, whether or not such interests are considered to be ownership of the underlying common shares or are reportable for purposes of Regulation 13D of the Exchange Act, as amended, are treated as beneficial ownership of the number of our common shares equivalent to the economic exposure created by the derivative position, to the extent our actual common shares are directly or indirectly held by counterparties to the derivatives contracts. Swaps dealers unassociated with any control intent or intent to evade the purposes of the Rights Agreement are excepted from such imputed beneficial ownership.

The Rights Agreement “grandfathers” the current level of ownership of persons who, prior to the date of the Rights Agreement, beneficially owned 15% or more of our outstanding common shares, so long as they do not purchase additional shares in excess of certain limitations. Such provisions also “grandfather” our Chairman and Chief Executive Officer, Petros Panagiotidis, and Mr. Panagiotidis’ controlled affiliates.

The Rights may have anti-takeover effects. The Rights will cause substantial dilution to any person or group that attempts to acquire us without the approval of our Board. As a result, the overall effect of the Rights may be to render more difficult or discourage any attempt to acquire us. Because our Board can approve a redemption of the Rights for a permitted offer, the Rights should not interfere with a merger or other business combination approved by our Board.

The foregoing description of the Rights Agreement does not purport to be complete and is subject to, and qualified in its entirety by reference to the Rights Agreement, which is included as an exhibit to this Annual Report.

Transfer Agent

The registrar and transfer agent for our common shares is Broadridge Corporate Issuer Solutions, Inc.

Exclusive Forum

Our Bylaws provide that unless we consent in writing to the selection of an alternative forum, the High Court of the Republic of Marshall Islands shall be the sole and exclusive forum for any internal corporate claim, intra-corporate claim, or claim governed by the internal affairs doctrine and that the United States District Court for the Southern District of New York shall be the sole and exclusive forum for any claim arising under the Securities Act or Exchange Act. If the United States District Court for the Southern District of New York does not have jurisdiction over the claims assigned to it by our exclusive forum provisions, any other federal district court of the United States may hear such claims. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to this exclusive forum provision.

The exclusive forum provision in our Bylaws will not relieve us of our duties to comply with federal securities laws and the rules and regulations thereunder, and our shareholders will not be deemed to have waived our compliance with these laws, rules and regulations. In particular, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder, and Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

Marshall Islands Company Law Considerations

For a description of significant differences between the statutory provisions of the BCA and the General Corporation Law of the State of Delaware relating to shareholders’ rights, refer to Exhibit 2.2 (*Description of Securities*).

C. Material Contracts

We refer you to “*Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources*” and “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions*” for a discussion of certain material contracts to which we are a party.

D. Exchange Controls

The Marshall Islands impose no exchange controls on non-resident corporations.

E. Taxation

The following is a discussion of the material Marshall Islands and U.S. federal income tax considerations relevant to a U.S. Holder and a Non-U.S. Holder, each as defined below, with respect to the common shares. This discussion does not purport to deal with the tax consequences of owning common shares to all categories of investors, such as dealers in securities or commodities, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, financial institutions, insurance companies, tax-exempt organizations, U.S. expatriates, persons liable for the Medicare contribution tax on net investment income, persons liable for the alternative minimum tax, persons who hold common shares as part of a straddle, hedge, conversion transaction or integrated investment, persons that purchase or sell common shares as part of a wash sale for tax purposes, U.S. Holders whose functional currency is not the United States dollar, and investors that own, actually or under applicable constructive ownership rules, 10% or more of our common shares. This discussion deals only with holders who hold our common shares as a capital asset. You are encouraged to consult your own tax advisers concerning the overall tax consequences arising in your own particular situation under U.S. federal, state, local or foreign law of the ownership of common shares. The discussion below is based, in part, on the description of our business in this Annual Report above and assumes that we conduct our business as described in that section. Except as otherwise noted, this discussion is based on the assumption that we will not maintain an office or other fixed place of business within the United States.

Marshall Islands Tax Consequences

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

U.S. Federal Income Taxation of Our Company

Taxation of Operating Income: In General

Unless exempt from U.S. federal income taxation under the rules discussed below, a foreign corporation is subject to U.S. federal income taxation in respect of any income that is derived from the use of vessels, from the hiring or leasing of vessels for use on a time, voyage or bareboat charter basis, from the participation in a pool, partnership, strategic alliance, joint operating agreement, cost 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 collectively as “shipping income,” to the extent that the shipping income is derived from sources within the United States. For these purposes, 50% of shipping income that is attributable to transportation that begins or ends, but that does not begin and end, in the United States constitutes income from sources within the United States, which we refer to as “U.S. source gross shipping income” or USSGTI.

Shipping income attributable to transportation that begins and ends in the United States is U.S. source income. We are not permitted by law to engage in such transportation and thus will not earn income that is considered to be 100% derived from sources within the United States.

Shipping income attributable to transportation between non-U.S. ports is considered to be derived from sources outside the United States. Such income is not subject to U.S. tax.

If not exempt from tax under Section 883 of the Code, our USSGTI would be subject to a tax of 4% without allowance for any deductions (“the 4% tax”) as described below.

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

Under Section 883 of the Code and the regulations thereunder, we will be exempt from the 4% tax on our USSGTI if:

- (1) we are organized in a foreign country that grants an “equivalent exemption” to corporations organized in the United States; and
- (2) either
 - (a) more than 50% of the value of our stock is owned, directly or indirectly, by individuals who are “residents” of a foreign country that grants an “equivalent exemption” to corporations organized in the United States (each such individual is a “qualified shareholder” and collectively, “qualified shareholders”), which we refer to as the “50% Ownership Test,” or
 - (b) our stock is “primarily and regularly traded on an established securities market” in our country of organization, in another country that grants an “equivalent exemption” to U.S. corporations, or in the United States, which we refer to as the “Publicly Traded Test.”

The Marshall Islands, the jurisdiction in which we and our ship-owning subsidiaries are incorporated, grants an “equivalent exemption” to U.S. corporations. Therefore, we will be exempt from the 4% on our USSGTI if we meet either the 50% Ownership Test or the Publicly Traded Test.

Due to the widely dispersed nature of the ownership of our common shares, it is highly unlikely that we will satisfy the requirements of the 50% Ownership Test. Therefore, we expect to be exempt from the 4% tax on our USSGTI only if we can satisfy the Publicly Traded Test.

Treasury Regulations provide, in pertinent part, that stock of a foreign corporation must be “primarily and regularly traded on an established securities market in the U.S. or in a qualified foreign country.” To be “primarily traded” on an established securities market, the number of shares of each class of our stock that are traded during any taxable year on all established securities markets in the country where they are listed must exceed the number of shares in each such class that are traded during that year on established securities markets in any other country. Our common shares, which are traded on the Nasdaq Capital Market, meet the test of being “primarily traded.”

To be “regularly traded” one or more classes of our stock representing more than 50% of the total combined voting power of all classes of stock entitled to vote and of the total value of the stock that is listed must be listed on an established securities market (“the vote and value” test) and meet certain other requirements. Our common shares are listed on the Nasdaq Capital Market but do not represent more than 50% of the voting power of all classes of stock entitled to vote. Our Series B Preferred Shares, which have super voting rights and have voting control but are not entitled to dividends, are not listed. Thus, based on a strict reading of the vote and value test described above, our stock is not “regularly traded.”

Treasury 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 such class of the outstanding shares of the stock is 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 outstanding stock, which we refer to as the “5% Override Rule.” When more than 50% of the shares are owned by 5% shareholders, then we will be subject to the 5% Override Rule unless we can establish that among the shares included in the closely-held block of stock are a sufficient number of shares in that block to “prevent nonqualified shareholders in the closely held block from owning 50 percent or more of the stock.”

We satisfy the Publicly Traded Test because we obtained an ownership statement from a qualified shareholder who is the ultimate beneficial owner directly and indirectly of 54.3% of our common shares as of the tax period ending December 31, 2024. The shares owned by this qualified shareholder precluded non-qualified shareholders from owning more than 50% of the Company’s issued and outstanding shares during the 2024 tax year. Accordingly, the Company qualifies for the closely held block exception to the Publicly Traded Test as provided for in Treasury Regulation §1.883-2(d)(3)(ii) and will therefore be exempt from the 4% tax.

Taxation in the Absence of Exemption under Section 883 of the Code

If contrary to our position described above the IRS determines that we do not qualify for the benefits of Section 883 of the Code, USSGTI, to the extent not considered to be “effectively connected” with the conduct of a U.S. trade or business, as described below, would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions, which we refer to as the “4% gross basis tax regime.”

To the extent the benefits of the exemption under Section 883 of the Code are unavailable and USSGTI is considered to be “effectively connected” with the conduct of a U.S. trade or business, as described below, any such “effectively connected” U.S.-source shipping income, net of applicable deductions, would be subject to the U.S. federal corporate income tax 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 U.S. trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of such U.S. trade or business.

USSGTI 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 our USSGTI 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 currently have, nor do we intend to have or permit circumstances that would result in us 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 USSGTI will be “effectively connected” with the conduct of a U.S. trade or business.

U.S. Taxation of Gain on Sale of Vessels

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

U.S. Federal Income Taxation of U.S. Holders

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

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

No ruling has been or will be requested from the IRS regarding any matter affecting the Company or its shareholders. The statements made here may not be sustained by a court if contested by the IRS.

Distributions

Subject to the discussion of the PFIC rules, below, any distributions made by us with respect to our common shares to a U.S. Holder will generally constitute dividends to the extent of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of such earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder’s tax basis in his common shares on a dollar-for-dollar basis and thereafter as capital gain. However, we do not expect to calculate earnings and profits in accordance with U.S. federal income tax principles. Accordingly, you should expect to generally treat the distributions we make as dividends. 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 with respect to our common shares will generally be treated as “passive category income” for purposes of computing allowable foreign tax credits for U.S. foreign tax credit purposes.

Dividends paid on our common shares to a U.S. non-corporate holder will generally be treated as ordinary income. However, if you are a U.S. non-corporate holder, dividends that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains provided that you hold the shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends paid with respect to the shares generally will be qualified dividend income provided that, in the year that you receive the dividend, the shares are readily tradable on an established securities market in the United States. Our common shares are listed on the Nasdaq Capital Market, and we therefore expect that dividends will be qualified dividend income.

Special rules may apply to any “extraordinary dividend,” generally, a dividend paid by us in an amount which is equal to or in excess of 10% of a shareholder’s adjusted tax basis (or fair market value in certain circumstances) or dividends received within a one-year period that, in the aggregate, equal or exceed 20% of a shareholder’s adjusted tax basis (or fair market value upon the shareholder’s election) in a common share. If we pay an “extraordinary dividend” on our common shares that is treated as “qualified dividend income,” then any loss derived by a U.S. non-corporate holder from the sale or exchange of such common shares will be treated as long-term capital loss to the extent of such dividend.

Sale, Exchange or other Disposition of Common Shares

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

Passive Foreign Investment Company Status and Significant Tax Consequences

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

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or
- at least 50% of the average value of the assets held by the corporation during such taxable year (generally determined by reference to the corporation’s assets on the last day of each calendar quarter) 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 our proportionate share of the income and assets, respectively, of any of our subsidiaries’ corporations in which we own 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” for these purposes. By contrast, rental income would generally constitute “passive income” unless we were treated under specific rules as deriving our rental income in the active conduct of a trade or business.

In general, income derived from the bareboat charter of a vessel will be treated as “passive income” for purposes of determining whether we are a PFIC, and such vessel will be treated as an asset which produces or is held to produce “passive income.” On the other hand, income derived from the time charter of a vessel should not be treated as “passive income” for such purpose, but rather should be treated as services income; likewise, a time chartered vessel should generally not be treated as an asset which produces or is held for the production of “passive income.”

Based on our current assets and activities, we do not believe that we will be a PFIC for the current taxable year and do not expect to be a PFIC for subsequent taxable years. Although there is no legal authority directly on point, and we are not relying upon an opinion of counsel on this issue, our belief is based principally on the position that, for purposes of determining whether we are a PFIC, we take the position that the gross income we derive or are deemed to derive from the time and voyage chartering activities and pool arrangements of our wholly owned subsidiaries should constitute services income, rather than rental income. Correspondingly, such income should 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, particularly the vessels, should not constitute passive assets for purposes of determining whether we were a PFIC. We believe there is substantial legal authority supporting our position consisting of case law and IRS pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, in the absence of any legal authority specifically relating to the statutory provisions governing PFICs, the IRS or a court could disagree with our position.

In addition, in concluding that we do not believe we were a PFIC for our 2024 taxable year, we are relying on the application of certain “look-through” rules, taking into account certain intercompany items (including our interest in Castor). The application of these rules can be complex and can depend on facts that may change in the future. In particular, our conclusion that we do not expect to be a PFIC for our 2024 taxable year depends, in-part, on our determination that we are related to Castor under the PFIC rules, but the Castor Series D Preferred Shares represent less than 25% of the value of Castor’s stock. We have made this determination based on an independent valuation analysis.

PFIC status is also determined annually, and further depends upon the composition of our gross income and assets, both of which are subject to change. Therefore, there can be no assurance as to our PFIC status for the current taxable year or for future taxable years, nor any assurance that the IRS or a court will agree with our determination of our PFIC status. Moreover, the Robin Spin-Off will mean that we no longer own certain assets, and the nature of the assets that we cease to own as a result of the Robin Spin-Off may also affect our future PFIC status.

Notwithstanding any election that a U.S. Holder makes with regard to our shares, dividends received from the Company will not constitute qualified dividend income to such U.S. Holder if the Company is a PFIC (or is treated as a PFIC) either in the taxable year of the distribution or the preceding taxable year. Dividends that such U.S. Holder receives that do not constitute qualified dividend income are not eligible for taxation at the preferential rates applicable to qualified dividend income. Instead, a U.S. Holder must include the gross amount of any such dividend paid by the Company out of the Company’s accumulated earnings and profits (as determined for U.S. federal income tax purposes) in such U.S. Holder’s gross income, and it will be subject to tax at rates applicable to ordinary income.

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 U.S. federal income 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 discussed below, as an alternative to making a QEF Election, a U.S. Holder should be able to make a “mark-to-market” election with respect to our common shares, which election is referred to as a “Mark-to-Market Election.” A U.S. Holder holding PFIC shares that does not make either a “QEF Election” or “Mark-to-Market Election” will be subject to the Default PFIC Regime, as defined and discussed below in “—Taxation of U.S. Holders Not Making a Timely QEF or “Mark-to-Market” Election.”

If the Company were to be treated as a PFIC, a U.S. Holder would be required to file IRS Form 8621 to report certain information regarding the Company. If you are a U.S. Holder who held our common shares during any period in which we are a PFIC, you are strongly encouraged to consult your tax adviser.

The QEF Election

If a U.S. Holder makes a timely QEF Election, which U.S. Holder we refer to as an “Electing Holder,” the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of our ordinary earnings and our net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were made by us to the Electing Holder. The Electing Holder’s adjusted tax basis in the common shares will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common shares and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of our common shares. It should be noted that if any of our subsidiaries is treated as a corporation for U.S. federal income tax purposes, a U.S. Holder must make a separate QEF Election with respect to each such subsidiary.

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

If we are a PFIC in a taxable year and our shares are treated as “marketable stock” in such year, you may make a Mark-to-Market Election with respect to your shares. As long as our common shares are traded on the Nasdaq Capital Market, as they currently are and as they may continue to be, our common shares should be considered “marketable stock” for purposes of making the Mark-to-Market Election. However, a Mark-to-Market Election generally cannot be made for equity interests in any lower-tier PFICs that we own, unless shares of such lower-tier PFIC are themselves “marketable.” As a result, even if a U.S. Holder validly makes a Mark-to-Market Election with respect to our common shares, the U.S. Holder may continue to be subject to the Default PFIC Regime (described below) with respect to the U.S. Holder’s indirect interest in any of our subsidiaries that are treated as an equity interest in a PFIC. U.S. Holders are urged to consult their own tax advisers in this regard.

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

Finally, a U.S. Holder who does not make either a QEF Election or a Mark-to-Market Election with respect to any taxable year in which we are treated as a PFIC, or a U.S. Holder whose QEF Election is invalidated or terminated (or a “Non-Electing Holder”), would be subject to special rules, or the Default PFIC Regime, with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on the common shares in a taxable year (other than the taxable year in which such Non-Electing Holder’s holding period in the common shares begins) in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder’s holding period for the common shares), and (2) any gain realized on the sale, exchange, redemption or other disposition of the common shares.

Under the Default PFIC Regime:

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

Any distributions other than “excess distributions” by us to a Non-Electing Holder will be treated as discussed above under “—*Distributions*.”

If a Non-Electing Holder who is an individual dies while owning the common shares, such Non-Electing Holder’s successor generally would not receive a step-up in tax basis with respect to the common shares, in relation to their ownership of our shares.

Shareholder Reporting

A U.S. Holder that owns “specified foreign financial assets” with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with its tax return. “Specified foreign financial assets” may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. Significant penalties may apply for failing to satisfy this filing requirement. U.S. Holders are urged to contact their tax advisors regarding this filing requirement.

U.S. Federal Income Taxation of “Non-U.S. Holders”

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

Dividends on Common Shares

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

Sale, Exchange or Other Disposition of Common Shares

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

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

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

Backup Withholding and Information Reporting

If you are a U.S. Individual Holder, information reporting requirements on IRS Form 1099 generally will apply to dividend payments or other taxable distributions made to you within the United States, and the payment of proceeds to you from the sale of common shares effected at a United States office of a broker.

Additionally, backup withholding may apply to such payments if you fail to comply with applicable certification requirements or (in the case of dividend payments) are notified by the IRS that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

If you are a Non-U.S. Holder, you are generally exempt from backup withholding and information reporting requirements with respect to dividend payments made to you outside the United States by us or another non-United States payor. You are also generally exempt from backup withholding and information reporting requirements in respect of dividend payments made within the United States and the payment of the proceeds from the sale of common shares effected at a United States office of a broker, as long as either (i) you have furnished a valid IRS Form W-8 or other documentation upon which the payor or broker may rely to treat the payments as made to a non-United States person, or (ii) you otherwise establish an exemption.

Payment of the proceeds from the sale of common shares effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

Other Tax Considerations

In addition to the income tax consequences discussed above, the Company may be subject to tax, including tonnage taxes, in one or more other jurisdictions where the Company conducts activities. All our vessel-owning subsidiaries are subject to tonnage taxes. Generally, under a tonnage tax, a company is taxed based on the net tonnage of qualifying vessels such company operates, independent of actual earnings. The amount of any tonnage tax imposed upon our operations may be material.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the informational requirements of the Exchange Act. In accordance with these requirements we file reports and other information with the SEC, including annual reports on Form 20-F and periodic reports on Form 6-K. The SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov. Our filings will also be available on our website at www.torocorp.com. This web address is provided as an inactive textual reference only. Information contained on, or that can be accessed through, these websites, does not constitute part of, and is not incorporated into, this Annual Report.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish or make available to our shareholders annual reports containing our financial statements prepared in accordance with GAAP.

Shareholders may also request a copy of our filings at no cost, by writing or telephoning us at the following address:

Toro Corp.
223 Christodoulou Chatzipavlou Street
Hawaii Royal Gardens
3036 Limassol, Cyprus
Tel: + 357 25 357 768

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, including foreign currency fluctuations, changes in interest rates and credit risk. Our activities expose us primarily to the credit risk and the financial risks of changes in foreign currency exchange rates as described below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consists of a secured credit facility provided to a related party, namely the \$100.0 million senior term loan facility with Castor which was entered into on December 11, 2024 and drawn down on the same date. The carrying amount of financial assets recorded in the financial statements, net of any allowance for credit losses, represents the maximum exposure to credit risk. To reduce credit risk, the Company evaluates its credit risk by performing ongoing credit evaluation on the borrower’s financial condition and establishes an allowance for credit losses based on its best estimate of potentially uncollectible amounts. As per the Company’s assessment, no such case was identified as at December 31, 2024.

Foreign Currency Exchange Rate Risk

We generate all of our revenues in U.S. dollars. A minority of our vessels’ operating expenses, from continuing and discontinued operations, (approximately 3.0% for the year ended December 31, 2023 and 4.6% for the year ended December 31, 2024) and of our general and administrative expenses (approximately 8.8% for the year ended December 31, 2023 and 2.8% for the year ended December 31, 2024) are in currencies other than the U.S. dollar, primarily 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 because as of December 31, 2023 and as of December 31, 2024, these non-U.S. dollar expenses represented 1.4% and 3.1% our revenues, from continuing and discontinued operations, respectively. However, the portion of our business conducted in other currencies could increase in the future, which could increase our exposure to losses arising from exchange rate fluctuations.

Inflation Risk

Inflation has not had a material effect on our expenses in the preceding fiscal year. In the event that significant global inflationary pressures appear, these pressures would increase our operating costs.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

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

We have adopted the Stockholders Protection Rights Agreement, pursuant to which each of our common shares includes one right that entitles the holder to purchase from us a unit consisting of one-thousandth of a share of our Series C Participating Preferred Shares if any third party seeks to acquire control of a substantial block of our common shares without the approval of our Board. See “*Item 10. Additional Information—B. Memorandum and Articles of Association—Stockholders Rights Agreement*” included in this Annual Report and Exhibit 2.2 (*Description of Securities*) to this Annual Report for a description of our Stockholders Rights Agreement.

Please also see “*Item 10. Additional Information—B. Memorandum and Articles of Association*” for a description of the rights of holders of our Series A Preferred Shares and Series B Preferred Shares relative to the rights of holders of our common shares.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

As of December 31, 2024, our management conducted an evaluation pursuant to Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act, as amended, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act.

The term disclosure controls and procedures is defined under SEC rules as controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer 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 SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer’s management 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.

Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the partnership have been detected. Further, in the design and evaluation of our disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Based upon that evaluation, our management concluded that, as of December 31, 2024, our disclosure controls and procedures which include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to management, as appropriate to allow timely decisions regarding required disclosure, were effective in providing reasonable assurance that information that was required to be disclosed by us in reports we file or submit under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

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 defined in Rules 13a-15(f) promulgated under the Exchange Act. Our internal controls were designed to provide reasonable assurance as to the reliability of our financial reporting and the preparation and presentation of our financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

- Our internal controls over financial reporting includes those policies and procedures that:
- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
 - Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of the Company’s management and directors; and
 - Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based upon the 2013 framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management believes that our internal control over financial reporting was effective as of December 31, 2024.

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

C. Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of the Company’s registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by the Company’s registered public accounting firm, since, as an “emerging growth company”, we are exempt from having our independent auditor assess our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act.

D. Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this Annual Report that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The Board has determined that Mr. Petros Zavakopoulos, who serves as Chairman of the Audit Committee, qualifies as an “audit committee financial expert” under SEC rules, and that Mr. Zavakopoulos is “independent” under applicable Nasdaq rules and SEC standards.

ITEM 16B. CODE OF ETHICS

On March 7, 2023, we adopted a code of ethics that applies to any of our employees, including our Chief Executive Officer and Chief Financial Officer. The code of ethics may be downloaded from our website (www.torocorp.com). None of the information contained on, or that can be accessed through, the Company’s website is incorporated into or forms a part of this Annual Report. Additionally, any person, upon request, may receive a hard copy or an electronic file of the code of ethics at no cost. If we make any substantive amendment to the code of ethics or grant any waivers, including any implicit waiver, from a provision of our code of ethics, we will disclose the nature of that amendment or waiver on our website. No such amendment was made, or waiver granted, since the adoption of our code of ethics.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Aggregate audit fees billed during the years ended December 31, 2023 and 2024 represent fees billed by our principal accounting firm, Deloitte Certified Public Accountants S.A., an independent registered public accounting firm and member of Deloitte Touche Tohmatsu Limited. For the year ended December 31, 2024, audit fees represent compensation for professional services rendered for the audit of the consolidated financial statements of the Company and for the review of the quarterly financial information, as well as for the audit of predecessor Robin Energy Ltd.’s financial statements for the year ended December 31, 2022 and 2023 and for the review of the financial information for the six and nine months ended June 30 and September 30, 2024. For the year ended December 31, 2023, audit fees represent compensation for professional services rendered for the audit of the consolidated financial statements of the Company and for the review of the quarterly financial information, as well as the audit of the predecessor Toro Corp. financial statements for the period ended December 31, 2022.

Audit fees also include fees billed in connection with the review of registration statements and issuance of related consents and comfort letters and other audit services required for SEC or other regulatory filings.

	For the year ended	
	December 31, 2023	December 31, 2024
<i>In U.S. dollars</i>		
Audit Fees	\$ 419,711	\$ 320,053

Audit-Related Fees

Not applicable.

Tax Fees

During 2023 and 2024, tax fees amounted to \$0 and \$16,000, respectively, representing fees for professional services provided in connection with various U.S. income tax advisory services.

All Other Fees

Not applicable.

Audit Committee’s Pre-Approval Policies and Procedures

Our audit committee pre-approves all audit, audit-related and non-audit services not prohibited by law to be performed by our independent auditors and associated fees prior to the engagement of the independent auditor with respect to such services. Prior to the Spin-Off and establishment of our audit committee, the audit committee of Castor pre-approved all such services.

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

Not applicable.

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

On November 6, 2023, our Board approved a share repurchase program, authorizing the repurchase of up to \$5.0 million of our common shares commencing November 10, 2023 through to March 31, 2024. In accordance with the program, shares could be repurchased in open market and/or privately negotiated transactions. The timing, manner and total amount of any share repurchases could be determined by management at its discretion and was dependent upon business, economic and market conditions, corporate and regulatory requirements, prevailing share prices, and other considerations. Such authorization did not obligate us to acquire any specific amount of common shares.

As of March 31, 2024, the termination date of the share repurchase program, we had repurchased the following common shares:

Period	Total Number of Shares Purchased ^{(1),(2)}	Average Price Paid per Share ⁽³⁾	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
November 10-30, 2023	60,176	\$ 4.1901	60,176	\$ 4,747,856
December 1-31, 2023	162,424	\$ 4.8794	162,424	\$ 3,955,318
January 1-31, 2024	258,990	\$ 5.6152	258,990	\$ 2,501,045
February 1-29, 2024	217,980	\$ 6.0008	217,980	\$ 1,193,001
March 1-31, 2024	167,586	\$ 5.7239	167,586	\$ 233,756
Total	867,156	N/A	867,156	N/A

- (1) On November 11, 2023, we announced the launch of the Repurchase Program authorizing the repurchase of up to \$5.0 million of our common shares commencing November 10, 2023 through to March 31, 2024. The Repurchase Program was approved by the Board on November 6, 2023. The Repurchase Program may be suspended or terminated at any time by the Board.
- (2) Common shares were repurchased by Toro in open market transactions.
- (3) The average price paid per share does not include commissions paid for each transaction.

On December 27, 2023, 179,251 repurchased common shares were cancelled and were removed from the Company’s share capital. The remaining 43,349 repurchased common shares were classified as treasury shares as they were not cancelled as of December 31, 2023. These 43,349 repurchased common shares were subsequently cancelled and removed from our share capital on January 3, 2024. Between January 1, 2024 and March 31, 2024, the Company also repurchased 644,556 shares of common stock which were cancelled for aggregate consideration of \$3.7 million under its share repurchase program. This brought the total number of shares repurchased under the program to 867,156 common shares which were cancelled at an average price of \$5.50 per share.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Pursuant to an exception under the Nasdaq listing standards available to foreign private issuers, we are not required to comply with all of the corporate governance practices followed by U.S. companies under the Nasdaq listing standards, which are available at www.nasdaq.com, because in certain cases we follow our home country (Marshall Islands) practice. Pursuant to Section 5600 of the Nasdaq Listed Company Manual, we are required to list the significant differences between our corporate governance practices that comply with and follow our home country practices and the Nasdaq standards applicable to listed U.S. companies. Set forth below is a list of those differences:

- *Independence of Directors.* The Nasdaq requires that a U.S. listed company maintain a majority of independent directors. Although our Board is currently composed of three directors a majority of whom are independent, we cannot assure you that in the future we will have a majority of independent directors.
- *Executive Sessions.* The Nasdaq requires that non-management directors meet regularly in executive sessions without management. The Nasdaq also requires that all independent directors meet in an executive session at least once a year. As permitted under Marshall Islands law and our bylaws, our non-management directors do not regularly hold executive sessions without management.
- *Nominating/Corporate Governance Committee.* The Nasdaq requires that a listed U.S. company have a nominating/corporate governance committee of independent directors and a committee charter specifying the purpose, duties and evaluation procedures of the committee. As permitted under Marshall Islands law and our bylaws, we do not currently have a nominating or corporate governance committee, nor do we expect to establish such committees.
- *Compensation Committee.* The Nasdaq requires U.S. listed companies to have a compensation committee composed entirely of independent directors and a committee charter addressing the purpose, responsibility, rights and performance evaluation of the committee. As permitted under Marshall Islands law, we do not currently have a compensation committee. To the extent we establish such committee in the future, it may not consist of independent directors, entirely or at all.
- *Audit Committee.* The Nasdaq requires, among other things, that a listed U.S. company have an audit committee with a minimum of three members, all of whom are independent. As permitted by Nasdaq Rule 5615(a)(3), we follow home country practice regarding audit committee composition. Therefore, our audit committee is composed of two independent directors, Mr. Angelos Rounick Platanias and Mr. Petros Zavakopoulos. Although the members of our audit committee are independent, we are not required to ensure their independence under Nasdaq Rule 5605(c)(2)(A) subject to compliance with Rules 10A-3(b)(1) and 10A-3(c) under the Securities Exchange Act of 1934.
- *Shareholder Approval Requirements.* The Nasdaq requires that a listed U.S. company obtain prior shareholder approval for certain issuances of authorized stock or the approval of, and material revisions to, equity compensation plans. As permitted under Marshall Islands law and our bylaws, we do not intend seek shareholder approval prior to issuances of authorized stock or the approval of and material revisions to equity compensation plans.
- *Corporate Governance Guidelines.* The Nasdaq requires U.S. companies to adopt and disclose corporate governance guidelines. The guidelines must address, among other things: director qualification standards, director responsibilities, director access to management and independent advisers, director compensation, director orientation and continuing education, management succession and an annual performance evaluation of the Board. We are not required to adopt such guidelines under Marshall Islands law and we have not and do not intend to adopt such guidelines.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16L. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy governing the purchase, sale, and other dispositions of our securities by directors, officers, and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any applicable listing standards. A copy of our insider trading policy is included in the exhibits to this Annual Report on Form 20-F.

ITEM 16K. CYBERSECURITY

We maintain various cybersecurity measures and protocols to safeguard our systems and data and continuously monitor and assess potential threats to pre-emptively address any emerging cyber risks. We have implemented various processes for assessing, identifying, and managing material risks from cybersecurity threats, which are integrated into our overall risk management framework. These processes include access controls to organizational systems, data encryption, cybersecurity training and security awareness campaigns through direct mail, and are designed to systematically evaluate potential vulnerabilities and cybersecurity threats and minimize their potential impact on our organization’s operations, assets, and stakeholders. Our cybersecurity risk management processes share common methodologies, reporting channels and governance processes with our broader risk management processes. By embedding cybersecurity risk management into and aligning it with our broader risk management processes, we aim to ensure a comprehensive and proactive approach to safeguarding our assets and operations.

We engage assessors, consultants, auditors, and other third-party specialists to enhance the effectiveness of our cybersecurity processes, augment our internal capabilities, validate our controls, and stay abreast of evolving cybersecurity risks and best practices.

We have not detected any cybersecurity incidents that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition.

Responsibility for overseeing cybersecurity risks is integrated into the purview of the Information Technology and Cybersecurity Department of Castor Ships (the “ITC Department”), our commercial and technical co-manager. The ITC Department is responsible for monitoring, detecting and assessing cybersecurity risks and incidents at the parent company, subsidiary and vessel level. The ITC Department provides these services to us pursuant to the Master Management Agreement.

We also utilize third-party service providers for certain IT-related and other services, where appropriate, to assess, test or otherwise assist with aspects of our security controls. Accordingly, we also implement processes to oversee and identify material cybersecurity risks associated with our utilization of third-party service providers on whom we have a material dependency, such as conducting due diligence assessments to evaluate their cybersecurity measures, data protection practices, and compliance with relevant regulatory requirements.

The ITC Department currently comprises a senior IT professional who has approximately 15 years’ experience in risk management, cybersecurity, and information technology. This individual has, and any future members of the ITC Department are expected to have, credentials relevant to their role, which includes prior experience working in similar roles and formal education (e.g., a Bachelor of Science in information technology fields). The ITC Department is also expected to keep abreast of cybersecurity best practices and procedures. The ITC Department is responsible for assessing, identifying and mitigating material cybersecurity risks, including at a strategic level, monitoring for, defending against and remediating cybersecurity incidents and implementing and making improvements to our overall cybersecurity strategy. The ITC Department utilizes key performance indicators and metrics to monitor their performance and track progress towards goals established by the ITC Department.

As we do not have a dedicated board committee solely focused on cybersecurity, our full Board oversees the implementation of our cybersecurity strategy, as well as cybersecurity risks, with the aim of protecting our interests and assets. Our cybersecurity strategy was developed by the ITC Department and approved by senior management. The Board receives periodic reports and presentations on cybersecurity risks from the ITC Department, including regarding recent incidents or breaches (if any), vulnerabilities, mitigation strategies and the overall effectiveness of our cybersecurity program. These reports highlight significant or emerging cybersecurity threats, their potential impact on the organization, ongoing initiatives to mitigate risks and any proposed actions or investments required to enhance our cybersecurity posture.

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18.

ITEM 18. FINANCIAL STATEMENTS

The financial information required by this Item is set forth on pages F-2 to F-35 filed as part of this Annual Report.

ITEM 19. EXHIBITS

1.1	Amended & Restated Articles of Incorporation of Toro (incorporated by reference to Exhibit 1.1 to Toro’s registration statement on Form 20-F filed with the SEC on February 2, 2023).
1.2	Amended & Restated Bylaws of Toro (incorporated by reference to Exhibit 1.2 to Toro’s registration statement on Form 20-F filed with the SEC on February 2, 2023).
1.3	Statement of Designation of the Rights, Preferences and Privileges of the 1.00% Series A Fixed Rate Cumulative Perpetual Convertible Preferred Shares of Toro (incorporated by reference to Exhibit 1.3 to Toro’s registration statement on Form 20-F filed with the SEC on February 2, 2023).
1.4	Statement of Designation of the Rights, Preferences and Privileges of the Series B Preferred Shares of Toro (incorporated by reference to Exhibit 1.4 to Toro’s registration statement on Form 20-F filed with the SEC on February 2, 2023).
1.5	Statement of Designation of the Rights, Preferences and Privileges of the Series C Participating Preferred Shares of Toro (incorporated by reference to Exhibit 1.5 to Toro’s registration statement on Form 20-F filed with the SEC on February 2, 2023).
2.2	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
4.1	Shareholder Protection Rights Agreement by and between Toro and Broadridge Corporate Issuer Solutions, Inc., as rights agent (incorporated by reference to Exhibit 4.1 to Toro’s registration statement on Form 20-F filed with the SEC on February 2, 2023).
4.2	Contribution and Spin-Off Distribution Agreement between Toro and Castor Maritime Inc. (incorporated by reference to Exhibit 4.2 to Toro’s annual report on Form 20-F filed with the SEC on March 8, 2023).
4.3	Master Management Agreement by and among Toro, its shipowning subsidiaries and Castor Ships S.A. (incorporated by reference to Exhibit 4.3 to Toro’s registration statement on Form 20-F filed with the SEC on February 2, 2023).
4.4	Subscription Agreement by and between Toro Corp. and Pani Corp., dated as of April 17, 2023 (incorporated by reference to Exhibit 4.2 of Toro’s registration statement on Form F-3 (File No. 333-275478) filed with the SEC on November 13, 2023).
4.5	Share Purchase Agreement by and between Toro Corp. and Castor Maritime Inc., dated as of August 7, 2023 (incorporated by reference to Exhibit 99.1 of Toro’s report on Form 6-K furnished to the SEC on August 8, 2023).
4.6	Share Purchase Agreement by and between Castor Maritime Inc. and Toro Corp., dated as of December 12, 2024 (incorporated by reference to Exhibit 99.1 of Toro’s report on Form 6-K furnished to the SEC on December 12, 2024)
4.7	Term Loan Facility Agreement by and among Castor Maritime Inc., Toro Corp. and the shipowning subsidiaries of Castor Maritime Inc. named therein, dated as of December 11, 2024 (incorporated by reference to Exhibit 99.2 of Toro’s report on Form 6-K furnished to the SEC on December 12, 2024)
4.8	Robin Contribution and Spin-Off Distribution Agreement by and between Toro Corp and Robin Energy Ltd., dated as of April 14, 2025
8.1	List of Subsidiaries.
11.1	Toro Insider Trading Policy
12.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.
12.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.
13.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Consent of Independent Registered Public Accounting Firm.
97.1	Policy Regarding the Recovery of Erroneously Awarded Incentive-Based Compensation (incorporated by reference to Exhibit 97.1 of Toro’s annual report on Form 20-F filed with the SEC on March 12, 2024).
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Schema Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Schema Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Schema Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Schema Presentation Linkbase Document.
104	Cover Page Interactive Data File (Inline XBRL included in Exhibit 101).

SIGNATURES

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

TORO CORP.

/s/ Petros Panagiotidis
Name: Petros Panagiotidis
Title: Chairman and Chief Executive Officer

April 15, 2025

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Toro Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Toro Corp. and subsidiaries (the “Company”) as of December 31, 2023 and 2024, the related consolidated statements of comprehensive income, shareholders’ equity and mezzanine equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

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/ Deloitte Certified Public Accountants S.A.
Athens, Greece
April 15, 2025

We have served as the Company’s auditor since 2022.

TORO CORP.
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and December 31, 2024
(Expressed in U.S. Dollars – except for share data)

	Note	December 31, 2023	December 31, 2024
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		\$ 151,758,218	\$ 37,193,010
Due from related parties, current	4	1,018,883	6,072,800
Accounts receivable trade, net		1,403,641	416,300
Inventories		172,716	194,981
Prepaid expenses and other assets		1,112,362	291,832
Investment in equity securities, current	7	—	226,566
Loan to related party, current	4	—	10,364,205
Accrued charter revenue		—	19,590
Current assets of discontinued operations	3	9,669,748	495,003
Total current assets		165,135,568	55,274,287
NON-CURRENT ASSETS:			
Vessels, net	4,6	77,025,694	72,767,793
Due from related parties, non-current	4	1,590,501	1,590,501
Prepaid expenses and other assets, non-current		357,769	357,769
Deferred charges, net	5	178,700	1,081,481
Investment in equity securities, non-current	7	—	4,647,853
Investment in related party	4	50,541,667	100,687,500
Loan to related party, non-current	4	—	90,000,000
Non-current assets of discontinued operations	3	13,274,231	—
Total non-current assets		142,968,562	271,132,897
Total assets		\$ 308,104,130	\$ 326,407,184
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Due to related parties	4	315,000	338,333
Accounts payable		1,748,857	770,826
Deferred revenue		310,000	984,000
Accrued liabilities		459,583	982,636
Current liabilities of discontinued operations	3	5,025,584	1,619,763
Total current liabilities		7,859,024	4,695,558
NON-CURRENT LIABILITIES:			
Non-current liabilities of discontinued operations	3	3,902,497	—
Total non-current liabilities		3,902,497	—
Commitments and contingencies			
	11		
MEZZANINE EQUITY:			
1.00% Series A fixed rate cumulative perpetual convertible preferred shares: 140,000 shares issued and outstanding as of December 31, 2023, and December 31, 2024, respectively, aggregate liquidation preference of \$140,000,000 as of December 31, 2023, and December 31, 2024, respectively	9	119,601,410	122,665,819
Total mezzanine equity		119,601,410	122,665,819
SHAREHOLDERS' EQUITY:			
Common shares, \$0.001 par value: 3,900,000,000 shares authorized; 19,021,758 and 19,093,853 shares issued; 18,978,409 (net of treasury shares) and 19,093,853 shares outstanding as of December 31, 2023, and December 31, 2024, respectively	8,12	19,022	19,094
Preferred shares, \$0.001 par value: 100,000,000 shares authorized; Series B preferred shares: 40,000 shares issued and outstanding as of December 31, 2023, and December 31, 2024, respectively	8	40	40
Additional paid-in capital		57,244,290	58,605,224
Treasury shares: 43,349 and 0 shares as of December 31, 2023, and December 31, 2024, respectively	8	(223,840)	—
Retained Earnings		119,701,687	140,421,449
Total shareholders' equity		176,741,199	199,045,807
Total liabilities, mezzanine equity and shareholders' equity		\$ 308,104,130	\$ 326,407,184

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

TORO CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2022, 2023 and 2024
(Expressed in U.S. Dollars – except for share data)

	Note	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024
REVENUES:				
Time charter revenues	14	\$ —	\$ 3,439,356	\$ 14,315,299
Voyage charter revenues	14	—	3,253,385	1,310,312
Pool revenues	14	15,637,653	15,611,872	6,768,672
Total vessel revenues		15,637,653	22,304,613	22,394,283
EXPENSES:				
Voyage expenses (including \$195,472, \$279,719 and \$418,070 to related party for the year ended December 31, 2022, 2023 and 2024, respectively)	4,15	(219,066)	(2,505,152)	(1,594,751)
Vessel operating expenses	15	(4,322,281)	(9,392,960)	(9,300,399)
Management fees to related parties	4	(666,500)	(1,710,651)	(1,930,810)
Provision for doubtful accounts	2	—	—	(25,369)
Depreciation and amortization	5,6	(1,405,124)	(3,364,618)	(4,901,246)
General and administrative expenses (including \$624,087, \$2,701,777 and \$3,247,570 to related party for the year ended December 31, 2022, 2023 and 2024, respectively)	4,12	(2,093,347)	(5,357,265)	(10,198,863)
Gain on sale of vessel	6	—	8,226,258	—
Total expenses		\$ (8,706,318)	\$ (14,104,388)	\$ (27,951,438)
Operating income/(loss)		\$ 6,931,335	\$ 8,200,225	\$ (5,557,155)
OTHER (EXPENSES)/INCOME:				
Interest and finance costs		(14,068)	(31,815)	(230,531)
Interest income		4,550	2,053,749	8,354,608
Interest income from related party	4	—	—	364,205
Dividend income from related party	4,16	—	1,020,833	2,645,833
Foreign exchange losses		(1,859)	(14,978)	(21,019)
Dividend income on equity securities	7	—	—	4,136
Loss on equity securities	7	—	—	(48,542)
Total other (expenses)/income, net		\$ (11,377)	\$ 3,027,789	\$ 11,068,690
Net income and comprehensive income from continuing operations, before taxes		\$ 6,919,958	\$ 11,228,014	\$ 5,511,535
Income taxes		—	(47,071)	—
Net income and comprehensive income from continuing operations, net of taxes		\$ 6,919,958	\$ 11,180,943	\$ 5,511,535
Net income and comprehensive income from discontinued operations, net of taxes	3	\$ 43,006,425	\$ 129,456,050	\$ 19,695,969
Net income and comprehensive income		\$ 49,926,383	\$ 140,636,993	\$ 25,207,504
Dividend on Series A Preferred Shares	4,13	—	(1,166,667)	(1,423,333)
Deemed dividend on Series A Preferred Shares	9,13	—	(2,429,275)	(3,064,409)
Net income attributable to common shareholders		\$ 49,926,383	\$ 137,041,051	\$ 20,719,762
Earnings/(loss) per common share, basic, continuing operations	13	0.73	0.31	(0.04)
Earnings/(loss) per common share, diluted, continuing operations	13	0.16	0.21	(0.04)
Earnings per common share, basic, discontinued operations	13	4.55	8.38	1.13
Earnings per common share, diluted, discontinued operations	13	1.01	2.66	1.13
Earnings per common share, basic, total	13	5.28	8.69	1.09
Earnings per common share, diluted, total	13	1.17	2.87	1.09
Weighted average number of common shares, basic	13	9,461,009	15,443,485	17,399,772
Weighted average number of common shares, diluted	13	42,677,249	48,659,725	17,399,772

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

TORO CORP.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND MEZZANINE EQUITY
For the years ended December 31, 2022, 2023 and 2024
(Expressed in U.S. Dollars – except for share data)

	Treasury stock								Mezzanine equity				
	# of Series B Preferred Shares	Par Value of Series B shares	# of Common shares	Par Value of Common Shares	Additional Paid-in capital	# of shares	Amount	Due from Stockholder	Former Parent Company Investment	(Accumulated deficit)/ Retained Earnings	Total Shareholders' Equity	# of Series A Preferred Shares	Mezzanine Equity
Balance, December 31, 2021	—	—	—	—	—	—	—	—	104,031,170	—	104,031,170	—	—
Issuance of common shares	—	—	1,000	1	—	—	—	(1)	—	—	—	—	—
Net income/(loss) and Comprehensive income/(loss)	—	—	—	—	—	—	—	—	49,926,415	(32)	49,926,383	—	—
Net decrease in Former Parent Company investment	—	—	—	—	—	—	—	—	(13,460,673)	—	(13,460,673)	—	—
Balance, December 31, 2022	—	—	1,000	1	—	—	—	(1)	140,496,912	(32)	140,496,880	—	—
Net income and comprehensive income	—	—	—	—	—	—	—	—	17,339,332	123,297,661	140,636,993	—	—
Net increase in Former Parent Company investment	—	—	—	—	—	—	—	—	211,982	—	211,982	—	—
Cancellation of common shares due to spin-off	—	—	(1,000)	(1)	—	—	—	1	—	—	—	—	—
Capitalization at spin off, including Issuance of capital and preferred stock, net of costs (Note 8)	40,000	40	9,461,009	9,461	38,156,985	—	—	—	(158,048,226)	—	(119,881,740)	140,000	117,172,135
Issuance of common shares pursuant to private placement	—	—	8,500,000	8,500	18,638,736	—	—	—	—	—	18,647,236	—	—
Issuance of restricted stock and compensation cost	—	—	1,240,000	1,240	1,271,458	—	—	—	—	—	1,272,698	—	—
Repurchase of common shares (Note 8)	—	—	(179,251)	(179)	(822,889)	(43,349)	(223,840)	—	—	—	(1,046,908)	—	—
Dividend on Series A preferred shares (Note 9)	—	—	—	—	—	—	—	—	—	(1,166,667)	(1,166,667)	—	—
Deemed dividend on Series A preferred shares (Note 9)	—	—	—	—	—	—	—	—	—	(2,429,275)	(2,429,275)	—	2,429,275
Balance, December 31, 2023	40,000	40	19,021,758	19,022	57,244,290	(43,349)	(223,840)	—	—	119,701,687	176,741,199	140,000	119,601,410
Net income and comprehensive income	—	—	—	—	—	—	—	—	—	25,207,504	25,207,504	—	—
Issuance of restricted stock and compensation cost (Note 12)	—	—	760,000	760	5,312,094	—	—	—	—	—	5,312,854	—	—
Repurchase of common shares (Note 8)	—	—	(687,905)	(688)	(3,951,160)	43,349	223,840	—	—	—	(3,728,008)	—	—
Dividend on Series A preferred shares (Note 9)	—	—	—	—	—	—	—	—	—	(1,423,333)	(1,423,333)	—	—
Deemed dividend on Series A preferred shares (Note 9)	—	—	—	—	—	—	—	—	—	(3,064,409)	(3,064,409)	—	3,064,409
Balance, December 31, 2024	40,000	40	19,093,853	19,094	58,605,224	—	—	—	—	140,421,449	199,045,807	140,000	122,665,819

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

TORO CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended December 31, 2022, 2023 and 2024
(Expressed in U.S. Dollars)

	Note	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024
Cash Flows (used in)/provided by Operating Activities of Continuing Operations:				
Net income		\$ 49,926,383	\$ 140,636,993	\$ 25,207,504
Less: Net income from discontinued operations, net of taxes		(43,006,425)	(129,456,050)	(19,695,969)
Net income from continuing operations, net of taxes		\$ 6,919,958	\$ 11,180,943	\$ 5,511,535
Adjustments to reconcile net income from Continuing operations to net cash provided by operating activities:				
Depreciation and amortization	5,6	1,405,124	3,364,618	4,901,246
Gain on sale of vessel	5	—	(8,226,258)	—
Provision for doubtful accounts		—	—	25,369
Stock based compensation cost	4,12	—	1,272,698	5,312,854
Straight line amortization of hire		—	—	(19,590)
Unrealized loss on equity securities	7	—	—	57,641
Realized loss on sale of equity securities	7	—	—	2,369
Changes in operating assets and liabilities:				
Accounts receivable trade, net		(238,324)	(726,349)	961,651
Inventories		(76,915)	(1,397)	(22,265)
Due from/to related parties		(1,431,150)	(2,413,795)	(5,563,634)
Prepaid expenses and other assets		(2,199)	(605,580)	820,530
Accounts payable		502,846	1,219,876	(978,030)
Accrued liabilities		—	338,695	560,154
Deferred revenue		—	310,000	674,000
Dry-dock costs paid		—	(1,051,313)	(1,463,923)
Net Cash provided by Operating Activities from Continuing Operations		7,079,340	4,662,138	10,779,907
Cash flow (used in)/provided by Investing Activities of Continuing Operations:				
Vessel acquisitions and other vessel improvements	6	(295,692)	(72,217,988)	(119,304)
Investment in related party	4	—	(50,000,000)	(50,000,000)
Loan to related party	4	—	—	(100,000,000)
Net proceeds from sale of vessel	6	—	17,189,804	—
Purchase of equity securities	7	—	—	(5,183,767)
Proceeds from sale of equity securities	7	—	—	249,338
Net cash used in Investing Activities from Continuing Operations		(295,692)	(105,028,184)	(155,053,733)
Cash flows (used in)/provided by Financing Activities of Continuing Operations:				
Net (decrease)/increase in Former Parent Company Investment		(13,460,675)	211,982	—
Issuance of Series B Preferred shares	8	—	40	—
Issuance of common shares pursuant to private placement		—	18,647,236	—
Payment of Dividend on Series A Preferred Shares	9	—	(851,667)	(1,400,000)
Payment for repurchase of common shares	8	—	(1,046,908)	(3,728,008)
Payments related to Spin-Off from Castor	4	—	(2,694,646)	—
Net cash (used in)/provided by Financing Activities from continuing operations		(13,460,675)	14,266,037	(5,128,008)
Cash flows of discontinued operations:				
Net cash provided by Operating Activities from discontinued operations		34,458,837	51,464,181	3,783,409
Net cash provided by Investing Activities from discontinued operations		12,084,373	155,734,435	32,488,070
Net cash used in Financing Activities from discontinued operations		(3,050,000)	(7,992,800)	(5,257,200)
Net cash provided by discontinued operations		43,493,210	199,205,816	31,014,279
Net increase/(decrease) in cash, cash equivalents, and restricted cash		36,816,183	113,105,807	(118,387,555)
Cash, cash equivalents and restricted cash at the beginning of the period		5,663,411	42,479,594	155,585,401
Cash, cash equivalents and restricted cash at the end of the period		\$ 42,479,594	\$ 155,585,401	\$ 37,197,846
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH				
Cash and cash equivalents		\$ 41,779,594	\$ 155,235,401	\$ 37,197,846
Restricted cash, non-current from discontinued operations		700,000	350,000	—
Cash, cash equivalents, and restricted cash		\$ 42,479,594	\$ 155,585,401	\$ 37,197,846
SUPPLEMENTAL CASH FLOW INFORMATION				
Unpaid vessel acquisition and other vessel improvement costs (included in Accounts payable and Accrued liabilities)		—	68,815	—
Dividend declared but unpaid		—	315,000	338,333
Deemed dividend on Series A Preferred Shares		—	2,429,275	3,064,409

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

TORO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars – except for share data unless otherwise stated)

1. Basis of Presentation and General information:

Toro Corp. (“Toro”) was formed on July 29, 2022 as a wholly owned subsidiary of Castor Maritime Inc. (“Castor”, or the “Former Parent Company”) under the laws of the Republic of the Marshall Islands under the name Tankco Shipping Inc. and changed its name to Toro Corp. on September 29, 2022. On March 7, 2023 (the “Distribution Date”), Castor completed the Spin-Off (as defined herein) of Toro based on the terms approved by the independent disinterested directors of Castor following the recommendation of its special committee of independent disinterested directors. In the Spin-Off, Castor separated its tanker fleet from its dry bulk and container fleet by, among other actions, contributing to Toro its interest in the subsidiaries comprising its tanker fleet, each owning one tanker vessel and Elektra Shipping Co. (the “Toro Subsidiaries”) in exchange for (i) 9,461,009 common shares of Toro, (ii) the issuance to Castor of 140,000 1.00% Series A fixed rate cumulative perpetual convertible preferred shares of Toro (the “Series A Preferred Shares”) having a stated amount of \$1,000 per share and a par value of \$0.001 per share and (iii) the issuance at par to Pelagos Holdings Corp, a company controlled by the Toro’s Chairman and Chief Executive Officer, of 40,000 Series B preferred shares of Toro, par value \$0.001 per share (the “Series B Preferred Shares”). Toro’s common shares were distributed on March 7, 2023 pro rata to the shareholders of record of Castor as of February 22, 2023 at a ratio of one Toro common share for every ten Castor common shares. The foregoing transactions are referred to collectively herein as the “Spin-Off”. Toro began trading on the Nasdaq Capital Market (the “Nasdaq”), under the symbol “TORO”.

In addition, Toro entered into various agreements effecting the separation of its business from Castor including a Contribution and Spin-Off Distribution Agreement entered into by Toro and Castor on February 24, 2023 (the “Contribution and Spin-Off Distribution Agreement”), pursuant to which, among other things, (i) Castor agreed to indemnify Toro and the Toro Subsidiaries for any and all obligations and other liabilities arising from or relating to the operation, management or employment of vessels or subsidiaries that Castor retained after the Distribution Date and Toro agreed to indemnify Castor for any and all obligations and other liabilities arising from or relating to the operation, management or employment of the vessels contributed to it or the Toro Subsidiaries, and (ii) Toro agreed to replace Castor as guarantor under the \$18.0 million senior secured credit facility with Alpha Bank S.A. (the “\$18.0 Million Term Loan Facility”) upon completion of the Spin-Off. The Contribution and Spin-Off Distribution Agreement also provided for the settlement or extinguishment of certain liabilities and other obligations between Castor and Toro and provides Castor with certain registration rights relating to Toro’s common shares, if any, issued upon conversion of the Series A Preferred Shares issued to Castor in connection with the Spin-Off. Following the successful completion of the Spin Off on March 7, 2023, Toro reimbursed Castor for expenses related to the Spin-Off that were incurred by Castor, except for any of these expenses that were incurred or paid by any of Toro’s subsidiaries, after March 7, 2023.

The Spin-off has been accounted for as a transfer of business among entities under common control. Accordingly, these accompanying consolidated financial statements of the Company have been presented as if the Toro Subsidiaries were consolidated subsidiaries of the Company for all periods presented and using the historical carrying costs of the assets and the liabilities of the subsidiaries listed below, from their dates of incorporation. As a result, the accompanying consolidated financial statements include the accounts of Toro and its wholly owned subsidiaries (collectively, the “Company”).

On April 14, 2025 (the “Robin Distribution Date”), the Company contributed (a) the subsidiaries constituting the Company’s Handysize tanker segment and (b) \$10.4 million in cash to the Company’s wholly owned subsidiary, Robin Energy Ltd. (“Robin”) as a capital contribution, in exchange for (i) the issuance by Robin to Toro of all 2,386,732 of Robin’s issued and outstanding common shares, and 2,000,000 1.00% Series A fixed rate cumulative perpetual convertible preferred shares of Robin, having a stated amount of \$25 and a par value of \$0.001 per share and (ii) the issuance of 40,000 Series B preferred shares of Robin, par value \$0.001 per share, to Pelagos Holdings Corp, a company controlled by the Company’s Chairman and Chief Executive Officer. On the same day, the Company distributed all issued and outstanding shares of Robin to its common shareholders of record as of April 7, 2025, on a pro rata basis (such transactions collectively, the “Robin Spin-Off”) (see also Note 18).

TORO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars – except for share data unless otherwise stated)

1. Basis of Presentation and General information: (continued)

The Company is currently engaged in the worldwide transportation of refined petroleum products and liquefied petroleum gas through its vessel-owning subsidiaries.

As a result of the sale of the *M/T Wonder Sirius* on January 8, 2024, the Company no longer has any Aframax/LR2 vessels. The results of operations and cash flows of the Aframax/LR2 tanker segment, as well as its assets and liabilities, are reported as discontinued operations for all periods presented (Note 3).

Castor Ships S.A., a corporation incorporated under the laws of the Republic of the Marshall Islands (“Castor Ships”), a related party controlled by Toro’s Chairman and Chief Executive Officer, Petros Panagiotidis, provides ship management and chartering services to the vessels owned by the Company’s vessel-owning subsidiaries with effect from July 1, 2022. Such services are provided through subcontracting agreements with unrelated third-party managers, entered into with the Company’s consent, for all of the Company’s vessels. During the period ended December 31, 2021 and until June 30, 2022, Castor Ships provided only commercial ship management and chartering services to such subsidiaries. As a part of the Spin-Off, the Company entered into a master management agreement with Castor Ships with respect to its vessels in substantially the same form as Castor’s Master Management Agreement previously in place for its vessels. The vessel management agreements with Castor Ships previously entered into for each of the vessels by the applicable vessel-owning subsidiary remain in effect for each such vessel. Upon the acquisition of the LPG carrier vessels in the second and third quarters of 2023, the relevant vessel owning subsidiaries entered into management agreements with Castor Ships on substantially the same terms as the existing vessel-owning subsidiaries.

Pavimar S.A., a corporation incorporated under the laws of the Republic of the Marshall Islands (“Pavimar”) and related party controlled by the sister of Petros Panagiotidis, Ismini Panagiotidis, provided technical, crew and operational management services to such vessels in the period ended December 31, 2021 and until June 30, 2022. Effective July 1, 2022, the technical management agreements entered into between Pavimar and the Company’s vessel owning subsidiaries were terminated by mutual consent.

The wholly owned subsidiaries which are included in the Company’s consolidated financial statements for the periods presented are listed below.

(a) Consolidated vessel owning subsidiaries:

	Company	Country of incorporation	Date of incorporation	Vessel Name	DWT	Year Built	Delivery date to Vessel owning company
1	Vision Shipping Co. (“Vision”) ⁽¹⁾	Marshall Islands	04/27/2021	<i>M/T Wonder Mimosa</i>	36,718	2006	May 31, 2021
2	Zatanna Shipping Co. (“Zatanna”)	Marshall Islands	05/02/2023	<i>LPG Dream Terrax</i>	4,743	2020	May 26, 2023
3	Starfire Shipping Co. (“Starfire”)	Marshall Islands	05/02/2023	<i>LPG Dream Arrax</i>	4,753	2015	June 14, 2023
4	Cyborg Shipping Co. (“Cyborg”)	Marshall Islands	05/02/2023	<i>LPG Dream Syrax</i>	5,158	2015	July 18, 2023
5	Nightwing Shipping Co. (“Nightwing”)	Marshall Islands	05/02/2023	<i>LPG Dream Vermax</i>	5,155	2015	August 4, 2023

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1. Basis of Presentation and General information: (continued)

(b) Consolidated non-vessel owning subsidiaries:

1	Toro RBX Corp. (“Toro RBX”) ⁽²⁾
2	Xavier Shipping Co. (“Xavier”) ^{(1), (3)}
3	Robin Energy Ltd. (“Robin”) ⁽⁴⁾

(c) Entities comprising the discontinued operations:

1	Elektra Shipping Co. (“Elektra”) ⁽⁵⁾
2	Rocket Shipping Co. (“Rocket”) ⁽⁶⁾
3	Drax Shipping Co. (“Drax”) ⁽⁷⁾
4	Colossus Shipping Co. (“Colossus”) ⁽⁸⁾
5	Hawkeye Shipping Co. (“Hawkeye”) ⁽⁹⁾
6	Starlord Shipping Co. (“Starlord”) ⁽¹⁰⁾
7	Gamora Shipping Co. (“Gamora”) ⁽¹¹⁾

- (1) Contributed to Robin on the Robin Distribution Date in connection with the Robin Spin-Off.
- (2) Incorporated under the laws of the Marshall Islands on October 3, 2022, this entity serves as the cash manager of the Company’s subsidiaries with effect from March 7, 2023.
- (3) Incorporated under the laws of the Marshall Islands on April 27, 2021, no longer owns any vessel following the sale of the *M/T Wonder Formosa* on September 1, 2023, for a gross sale price of \$18.0 million and delivery of such vessel to an unaffiliated third-party on November 16, 2023.
- (4) Incorporated under the laws of the Marshall Islands on September 24, 2024. At the Robin Distribution Date, Robin served as the holding company to which the equity interests of the Handysize tanker subsidiaries were contributed (see Note 18).
- (5) Incorporated under the laws of the Marshall Islands on April 27, 2021, no longer owns any vessel following the sale of the *M/T Wonder Arcturus* on May 9, 2022, for a gross sale price of \$13.15 million and delivery of such vessel to an unaffiliated third-party on July 15, 2022.
- (6) Incorporated under the laws of the Marshall Islands on January 13, 2021, no longer owns any vessel following the sale of the *M/T Wonder Polaris* on May 18, 2023, for a gross sale price of \$34.5 million and delivery of such vessel to an unaffiliated third-party on June 26, 2023.
- (7) Incorporated under the laws of the Marshall Islands on November 22, 2021, no longer owns any vessel following the sale of the *M/T Wonder Bellatrix* on May 12, 2023, for a gross sale price of \$37.0 million and delivery of such vessel to an unaffiliated third-party on June 22, 2023.
- (8) Incorporated under the laws of the Marshall Islands on April 27, 2021, no longer owns any vessel following the sale of the *M/T Wonder Musica* on June 15, 2023, for a gross sale price of \$28.0 million and delivery of such vessel to an unaffiliated third-party on July 6, 2023.
- (9) Incorporated under the laws of the Marshall Islands on April 27, 2021, no longer owns any vessel following the sale of the *M/T Wonder Avior* on April 28, 2023, for a gross sale price of \$30.1 million and delivery of such vessel to an unaffiliated third-party on July 17, 2023.
- (10) Incorporated under the laws of the Marshall Islands on April 15, 2021, no longer owns any vessel following the sale of the *M/T Wonder Vega* on September 5, 2023, for a gross sale price of \$31.5 million and delivery of such vessel to an unaffiliated third-party on December 21, 2023.
- (11) Incorporated under the laws of the Marshall Islands on January 13, 2021, no longer owns any vessel following the sale of the *M/T Wonder Sirius* on January 8, 2024, for a gross sale price of \$33.8 million and delivery of such vessel to an unaffiliated third-party on January 24, 2024.

Charterer concentration:

Charterers or pool managers that individually accounted for more than 10% of the Company’s total vessel revenues (as percentages of total vessel revenues), all derived from the Company’s Handysize and LPG carrier segments (continuing operations), were as follows:

Charterer/Pool manager	Year Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2024
A	100%	70%	30%
B	—%	—%	18%
C	—%	—%	17%
D	—%	—%	17%
Total	100%	70%	82%

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2. Significant Accounting Policies and Recent Accounting Pronouncements:

Principles of consolidation

The consolidated financial statements include the accounts of Toro and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation. Toro, as the holding company, determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity. Under Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) 810 “Consolidation”, a voting interest entity is an entity in which the total equity investment at risk is deemed sufficient to absorb the expected losses of the entity, the equity holders have all the characteristics of a controlling financial interest and the legal entity is structured with substantive voting rights. The holding company consolidates voting interest entities in which it owns all, or at least a majority (generally, greater than 50%) of the voting interest. Variable interest entities (“VIE”) are entities, as defined under ASC 810, that in general either have equity investors with non-substantive voting rights or that have equity investors that do not provide sufficient financial resources for the entity to support its activities. The holding company has a controlling financial interest in a VIE and is, therefore, the primary beneficiary of a VIE if it has the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. A VIE should have only one primary beneficiary which is required to consolidate the VIE. A VIE may not have a primary beneficiary if no party meets the criteria described above. The Company evaluates all arrangements that may include a variable interest in an entity to determine if it is the primary beneficiary, and would therefore be required to include assets, liabilities, and operations of a VIE in its consolidated financial statements. The Company has identified it has variable interests in Castor Maritime Inc., but is not the primary beneficiary. The Company reconsiders the initial determination of whether an entity is a VIE if certain types of events (“reconsideration events”) occur. If the Company holds a variable interest in an entity that previously was not a VIE, it reconsiders whether the entity has become a VIE. The Company’s maximum exposure to loss as a result of its involvement with this VIE is the Company’s carrying value in this investment.

Use of estimates

The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include vessel valuations, the valuation of amounts due from charterers, residual value and the useful life of the vessels. Actual results may differ from these estimates.

Other comprehensive income

The Company follows the accounting guidance relating to comprehensive income, which requires separate presentation of certain transactions that are recorded directly as components of shareholders’ equity. The Company has no other comprehensive income items and, accordingly, comprehensive income equals net income for the periods presented.

Foreign currency translation

The Company’s reporting and functional currency is the U.S. Dollar (“USD”). Transactions incurred in other currencies are translated into USD using the exchange rates in effect at the time of the transactions. At the balance sheet date, monetary assets and liabilities that are denominated in other currencies are translated into USD to reflect the end-of-period exchange rates and any gains or losses are included in the statement of comprehensive income.

Cash and cash equivalents

The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Restricted cash

Restricted cash may comprise (i) minimum liquidity collateral requirements or minimum required cash deposits that are required to be maintained under the Company’s financing arrangements, (ii) cash deposits in so-called “retention accounts” which may only be used as per the Company’s borrowing arrangements for the purpose of serving the loan installments coming due or, (iii) other cash deposits required to be retained until other specified conditions prescribed in the Company’s debt agreements are met. In the event that the obligation to maintain such deposits is expected to elapse within the next operating cycle, these deposits are classified as current assets. Otherwise, they are classified as non-current assets.

TORO CORP.
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2. Significant Accounting Policies and Recent Accounting Pronouncements: (continued)

Accounts receivable trade, net

The amount shown as trade receivables, net, at the balance sheet date, includes receivables from charterers for hire, freight, pool revenue, and other potential sources of income (such as ballast bonus compensation and/or holds cleaning compensation, etc.) under the Company’s charter contracts and/or pool arrangements, net of any provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. Provision for doubtful accounts recorded as of December 31, 2023 and 2024 amounted to \$0 and \$25,369, respectively.

Inventories

Inventories consist of bunkers, lubricants and provisions on board each vessel. Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price less reasonably predictable costs of disposal and transportation. Cost is determined by the first in, first out method. Inventories consist of bunkers during periods when vessels are unemployed, undergoing dry-docking or special survey or under voyage charters.

Intangible assets/liabilities related to time charters acquired

When and where the Company identifies any assets or liabilities associated with the acquisition of a vessel, the Company records such identified assets or liabilities at fair value. Fair value is determined by reference to market data obtained from independent broker’s valuations. The valuations reflect the fair value of the vessel with and without the attached time charter and the cost of the acquisition is then allocated to the vessel and the intangible asset or liability on the basis of their relative fair values. The intangible asset or liability is amortized as an adjustment to revenues over the assumed remaining term of the acquired time charter and is classified as a non-current asset or liability, as applicable, in the accompanying balance sheet.

Insurance claims

The Company records insurance claim recoveries for insured losses incurred on damage to fixed assets, for insured crew medical expenses and for loss of hire for certain of its vessels that maintain such kind of insurance. Insurance claim recoveries are recorded, net of any deductible amounts, at the time when (i) the Company’s vessels suffer insured damages or at the time when crew medical expenses are incurred, (ii) recovery is probable under the related insurance policies, (iii) the Company can estimate the amount of such recovery following submission of the insurance claim and (iv) provided that the claim is not subject to litigation.

Vessels, net

Vessels, net are stated at cost net of accumulated depreciation. The cost of a vessel consists of the contract price plus any direct expenses incurred upon acquisition, including improvements, delivery expenses and other expenditures to prepare the vessel for its intended use which is to provide worldwide integrated transportation services. Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of a vessel; otherwise these amounts are charged to expense as incurred.

Vessels’ depreciation

Depreciation is computed using the straight-line method over the estimated useful life of a vessel, after considering the estimated salvage value. Each vessel’s salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Salvage values are periodically reviewed and revised, if needed, to recognize changes in conditions, new regulations or for other reasons. Revisions of salvage value affect the depreciable amount of the vessels and affect depreciation expense in the period of the revision and future periods. Management estimates the useful life of its vessels to be 25 years from the date of initial delivery from the shipyard, whereas, secondhand vessels are depreciated from the date of their acquisition through their remaining estimated useful life.

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2. Significant Accounting Policies and Recent Accounting Pronouncements: (continued)

Impairment of vessels

The Company reviews its vessels for impairment whenever events or changes in circumstances indicate that the carrying amount of a vessel may not be recoverable. When the estimate of future undiscounted cash flows expected to be generated by the use of a vessel is less than its carrying amount, the Company evaluates the vessel for an impairment loss. Measurement of the impairment loss is based on the fair value of the vessel in comparison to its carrying value, including any related intangible assets and liabilities. In this respect, management regularly reviews the carrying amount of its vessels in connection with their estimated recoverable amount.

Dry-docking and special survey costs

Dry-docking and special survey costs are accounted for under the deferral method whereby the actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next survey is scheduled to become due. Costs deferred are limited to actual costs incurred at the yard and parts used in the dry-docking or special survey. Costs deferred include expenditures incurred relating to shipyard costs, hull preparation and painting, inspection of hull structure and mechanical components, steelworks, machinery works, and electrical works as well as lodging and subsistence of personnel sent to the yard site to supervise. If a dry-dock and/or a special survey is performed prior to its scheduled date, the remaining unamortized balance is immediately expensed. Unamortized balances of vessels that are sold are written-off and included in the calculation of the resulting gain or loss in the period of a vessel’s sale. The amortization charge related to dry-docking costs and special survey costs is presented within Depreciation and amortization in the accompanying consolidated statements of comprehensive income.

Revenue and expenses recognition

The Company currently generates its revenues from time charter contracts and pool arrangements. In past periods, the Company also generated revenues from voyage charter contracts. Under a time charter agreement, a contract is entered into for the use of a vessel for a specific period of time and a specified daily charter hire rate. Under a voyage charter agreement, a contract is made for the use of a vessel for a specific voyage to transport a specified agreed upon cargo at a specified freight rate per ton or occasionally a lump sum amount. A part of the Company’s revenues is also generated from pool arrangements, determined in accordance with the profit-sharing mechanism specified within each pool agreement. The Company recognizes pool revenue based on quarterly reports from the pools which identifies the number of days the vessel participated in the pool, the total pool points for the period, the total pool revenue for the period, and the calculated share of pool revenue for the vessel.

Revenues related to time charter contracts

The Company accounts for its time charter contracts as operating leases pursuant to ASC 842 “Leases”. The Company has determined that the non-lease component in its time charter contracts relates to services for the operation of the vessel, which comprise crew, technical and safety services, among others. The Company further elected to adopt the practical expedient that provides it with the discretion to recognize lease revenue as a combined single lease component for all time charter contracts (operating leases) since it determined that the related lease component and non-lease component have the same timing and pattern of transfer and the predominant component is the lease. The Company qualitatively assessed that more value is ascribed to the use of the asset (i.e., the vessel) rather than to the services provided under the time charter agreements.

Lease revenues are recognized on a straight-line basis over the non-cancellable rental periods of such charter agreements, as rental service is provided, beginning when a vessel is delivered to the charterer until it is redelivered back to the Company, and is recorded as part of vessel revenues in the Company’s statement of comprehensive income. Revenues generated from variable lease payments are recognized in the period when changes in facts and circumstances on which the variable lease payments are based occur. Deferred revenue includes (i) cash received prior to the balance sheet date for which all criteria to recognize as lease revenue have not yet been met as at the balance sheet date and, accordingly, is related to revenue earned after such date and (ii) deferred contract revenue such as deferred ballast compensation earned as part of a lease contract. Lease revenue is shown net of commissions payable directly to charterers under the relevant time charter agreements. Charterers’ commissions represent discount on services rendered by the Company and no identifiable benefit is received in exchange for the consideration provided to the charterer. Apart from the agreed hire rate, the owner may be entitled to 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 Company made an accounting policy election to recognize the related ballast costs, which mainly consist of bunkers, incurred over the period between the charter party date or the prior redelivery date (whichever is latest) and the delivery date to the charterer, as contract fulfillment costs (please also refer to Voyage expenses below).

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2. Significant Accounting Policies and Recent Accounting Pronouncements: (continued)

Revenues related to voyage charter contracts

The Company accounts for its voyage charter contracts following the provisions of ASC 606, *Revenue from contracts with customers*. The Company has determined that its voyage charter agreements do not contain a lease because the charterer under such contracts does not have the right to control the use of the vessel since the Company retains control over the operations of the vessel, the terms of the voyage charter are predetermined, and any change requires the Company’s consent and are therefore considered service contracts.

The Company assessed the provisions of ASC 606 and concluded that there is one single performance obligation when accounting for its voyage charters, which is to provide the charterer with an integrated cargo transportation service within a specified period of time. In addition, the Company has concluded that voyage charter contracts meet the criteria to recognize revenue over time as the charterer simultaneously receives and consumes the benefits of the Company’s performance. As a result of the foregoing, voyage revenue derived from voyage charter contracts is recognized from the time when a vessel arrives at the load port until completion of cargo discharge. Demurrage income, which is considered a form of variable consideration, is included in voyage revenues, and represents payments by the charterer to the vessel owner when loading or discharging time exceeds the stipulated time in the voyage charter agreements. Demurrage income is recognized starting from the point that is determined that the amount can be estimated, and its collection is probable and on a straight-line basis until the end of the voyage.

Under a voyage charter agreement, the Company incurs and pays for certain voyage expenses, primarily consisting of bunkers consumption, brokerage commissions, port and canal costs.

Revenues related to pool contracts

Pool revenue for each vessel is determined in accordance with the profit-sharing mechanism specified within each pool agreement. In particular, the Company’s pool managers aggregated the revenues and expenses of all of the pool participants and distribute the net earnings to participants, as applicable:

- based on the pool points attributed to each vessel (which are determined by vessel attributes such as cargo carrying capacity, speed, fuel consumption, and construction and other characteristics); or
- by making adjustments to account for the cost of performance, the bunkering fees and the trading capabilities of each vessel and the number of days the vessel participated in the pool in the period (excluding off-hire days).

The Company records revenue generated from the pools in accordance with ASC 842, Leases, since it assesses that a vessel pool arrangement is a variable time charter with the variable lease payments recorded as income in profit or loss in the period in which the changes in facts and circumstances on which the variable lease payments are based occur.

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2. Significant Accounting Policies and Recent Accounting Pronouncements: (continued)

Voyage expenses

Voyage expenses, consist of: (a) port, canal and bunker expenses unique to a particular charter that the Company incurs primarily when its vessels operate under voyage charter arrangements or during repositioning periods, and (b) brokerage commissions. All voyage expenses are expensed as incurred, except for contract fulfilment costs which are capitalized to the extent the Company, in its reasonable judgement, determines that they (i) are directly related to a contract, (ii) will be recoverable and (iii) enhance the Company’s resources by putting the Company’s vessel in a location to satisfy its performance obligation under a contract pursuant to the provisions of ASC 340-40 “Other assets and deferred costs”. These capitalized contract costs are amortized on a straight-line basis as the related performance obligations are satisfied. 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. These capitalized contract fulfilment costs are recorded under “Deferred charges, net” in the accompanying balance sheet. At the inception of a time charter, the Company records the difference between the cost of bunker fuel delivered by the terminating charterer and the bunker fuel sold to the new charterer as a bunker gain or loss within voyage expenses.

Accounting for financial instruments

The principal financial assets of the Company consist of cash and cash equivalents, amounts due from related parties, trade receivables, net, investment in related party and loan to related party. The principal financial liabilities of the Company consist of trade and other payables, accrued liabilities, and amounts due to related parties.

Fair value measurements

The Company follows the provisions of ASC 820, “Fair Value Measurements and Disclosures” which defines, and provides guidance as to the measurement of fair value. ASC 820 creates a hierarchy of measurement and indicates that, when possible, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets and the lowest priority (Level 3) to unobservable data, for example, the reporting entity’s own data. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy.

Repairs and maintenance

All repair and maintenance expenses including underwater inspection expenses are expensed in the period incurred. Such costs are included in Vessel operating expenses in the accompanying consolidated statements of comprehensive income.

Segment reporting

Prior to the Robin Spin-Off, the Company engaged in the operation of Handysize tanker vessels and LPG carrier vessels which were identified as two reportable segments as a result of the different characteristics of these two asset classes. The reportable segments reflect the internal organization of the Company and the way the chief operating decision maker reviews the operating results and allocates capital within the Company. The accounting policies applied to the reportable segments are the same as those used in the preparation of the Company’s financial statements. When the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable.

Commitments, contingencies and provisions

Commitments are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

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2. Significant Accounting Policies and Recent Accounting Pronouncements: (continued)

Assets held for sale

The Company classifies a group of assets as being held for sale when all of the following criteria, enumerated under ASC 360 “Property, Plant, and Equipment”, are met: (i) management has committed to a plan to sell the assets; (ii) the assets are available for immediate sale in their present condition; (iii) an active program to locate a buyer and other actions required to complete the plan to sell the assets have been initiated; (iv) the sale of the assets is probable, and transfer of the assets is expected to qualify for recognition as a completed sale within one year; (v) the assets are being actively marketed for sale at a price that is reasonable in relation to their current fair value; and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Long-lived assets classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. The resulting difference, if any, is recorded under “Impairment loss” in the consolidated statements of comprehensive income. An asset ceases being depreciated once it meets the held for sale classification criteria.

Earnings/(Loss) per common share

Basic earnings/(loss) per common share are computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the relevant period. Non-vested shares granted under the Company’s incentive plan, are entitled to receive dividends, which are not refundable even if such shares are forfeited, and therefore are considered participating securities for basic earnings/(loss) per share calculation purposes, using the two-class method. Dividends and deemed dividends on cumulative redeemable perpetual preferred shares reduce the income available to common shareholders (whether or not earned). Diluted earnings per common share reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted at the beginning of the periods presented, or issuance date, if later. Diluted earnings attributable to common shareholders per common share is computed by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding plus the dilutive effect of convertible securities and shares issued and outstanding under the Company’s equity incentive plan during the applicable periods. The if converted method is used to compute the dilutive effect of shares which could be issued upon conversion of the convertible preferred shares. For purposes of the if converted calculation, the conversion price of convertible preferred shares is based on the fixed conversion price or on the average market price when the number of shares that may be issued is variable. The treasury stock or the two-class method is used to compute the dilutive effect of shares issued under the Company’s equity incentive plan. The two-class method is used for diluted earnings per common share when such is the most dilutive method, considering anti–dilution sequencing as per ASC 260. 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.

Investment in related party (Financial Instruments, Recognition and Measurement):

The Company has elected to measure equity securities without a readily determinable fair value that do not qualify for the practical expedient in ASC 820 Fair Value Measurement to estimate fair value using the NAV per share (or its equivalent) at its cost minus impairment, if any. At each reporting period, the Company also evaluates indicators such as the investee’s performance and its ability to continue as going concern and market conditions, to determine whether an investment is impaired, in which case the Company will estimate the fair value of the investment to determine the amount of the impairment loss.

Stock based compensation

Stock based compensation includes vested and non-vested shares that may be granted to directors, officers and employees of the Company and/or its subsidiaries and affiliates and consultants and service providers to the Company and its subsidiaries and affiliates and is included in ‘General and administrative expenses’ in the accompanying consolidated statements of comprehensive income. These shares are measured at their fair value, which is equal to the market value of the Company’s common shares on the grant date. The shares that do not contain any future service vesting conditions are considered vested shares and the total fair value of such shares is recognized in full on the grant date. The shares that contain a time-based service vesting condition are considered non-vested shares on the grant date and a total fair value of such shares is recognized using the accelerated attribution method, which treats an award with multiple vesting dates as multiple awards and results in a front-loading of the costs of the award. The fair value is recognized (as compensation expense) over the requisite service period for all awards that vest. The Company accounts for forfeitures as they occur (Note 12).

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2. Significant Accounting Policies and Recent Accounting Pronouncements: (continued)

Share repurchases

The Company records the repurchase of its common shares at cost. The Company retires its repurchased common shares and reduces its common stock accordingly. Any excess of the cost of the shares over their par value is allocated in additional paid-in capital, in accordance with ASC 505-30-30, Treasury Stock. Until their retirement these common shares are classified as treasury stock, which is a reduction to shareholders’ equity. Treasury shares are included in authorized and issued shares but excluded from outstanding shares.

Investment in equity securities

The Company measures equity securities with readily determinable fair values (including other ownership interests, such as partnerships, unincorporated joint ventures, and limited liability companies, but excluding equity investments that are accounted for under the equity method of accounting or result in consolidation of an investee) at fair value with changes in the fair value recognized through net income, in accordance with ASC 321 “Investments–Equity Securities” and the provisions enumerated under ASC 825 “Financial Instruments”. Any dividends subsequently distributed by the investee to the Company are recognized as income when received. Equity investments with readily determinable fair values are investments in publicly traded companies for which we do not exercise significant influence.

The Company has elected to measure equity securities without a readily determinable fair value, that do not qualify for the practical expedient in ASC 820 Fair Value Measurement to estimate fair value using the NAV per share (or its equivalent), at its cost minus impairment, if any. At each reporting period, the Company also evaluates indicators such as the investee’s performance and its ability to continue as a going concern and market conditions, to determine whether an investment is impaired, in which case the Company will estimate the fair value of the investment to determine the amount of the impairment loss. Equity investments without readily determinable fair values are non-marketable equity securities, which are investments in privately held companies for which we do not exercise significant influence.

Discontinued Operations

The Company classifies as discontinued operations a component of an entity or group of components that has been disposed of by sale, disposed of other than by sale or is classified as held for sale and will have a major effect on the Company’s operations and financial results (Note 3).

Loan to related party

Loan to related party is recorded at amortized cost and the accrued interest income based on the contract rate, less an allowance for credit losses, if applicable. At each balance sheet date, all potentially uncollectible accounts are assessed for purposes of determining the appropriate allowance for credit losses. No allowance for credit losses was recorded as of December 31, 2023 and 2024, respectively.

Recent Accounting Pronouncements:

In November 2023, the FASB issued ASU 2023-07, which requires the disclosure of significant segment expenses that are part of an entity’s segment measure of profit or loss and regularly provided to the chief operating decision maker. In addition, it adds or makes clarifications to other segment-related disclosures, such as clarifying that the disclosure requirements in ASC 280 are required for entities with a single reportable segment and that an entity may disclose multiple measures of segment profit and loss. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024. Early adoption is permitted. The amendments should be adopted retrospectively. The Company adopted ASU 2023-07 as of January 1, 2024 and considers that the adoption of ASU 2023-07 did not have a significant impact on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses”. The standard is intended to require more detailed disclosure about specified categories of expenses (including employee compensation, depreciation, and amortization) included in certain expense captions presented on the face of the income statement. This ASU is effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to all prior periods presented in the financial statements. The Company is currently assessing the impact this standard will have on its consolidated financial statements.

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3. Discontinued operations:

Following the sale of the *M/T Wonder Sirius* (Note 1), the Company no longer has any Aframax/LR2 vessels. The Company has determined that the disposal of all of its Aframax/LR2 vessels constituted a disposal of an entity’s segment that will have a major effect on the Company’s operations and financial results. In this respect, the results of operations and cash flows of the Aframax/LR2 segment, as well as its assets and liabilities, are reported as discontinued operations for all periods presented in the accompanying consolidated financial statements. The comparative figures in these consolidated financial statements have been adjusted on the basis of presenting separately the discontinued operations’ figures.

The components of assets and liabilities of discontinued operations in the consolidated balance sheet at December 31, 2023 and December 31, 2024 consisted of the following:

	December 31, 2023	December 31, 2024
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,477,183	\$ 4,836
Due from related parties, current	2,904,432	467,701
Accounts receivable trade, net	2,728,641	—
Inventories	87,839	—
Prepaid expenses and other assets	471,653	22,466
Total current assets of discontinued operations	9,669,748	495,003
NON-CURRENT ASSETS:		
Vessels, net	11,682,357	—
Restricted cash	350,000	—
Deferred charges, net	1,241,874	—
Total non-current assets of discontinued operations	13,274,231	—
CURRENT LIABILITIES:		
Current portion of long-term debt, net	1,311,289	—
Accounts payable	1,438,871	65,117
Accrued liabilities	2,275,424	1,554,646
Total current liabilities of discontinued operations	5,025,584	1,619,763
NON-CURRENT LIABILITIES:		
Long-term debt, net	3,902,497	—
Total non-current liabilities of discontinued operations	3,902,497	—

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3. Discontinued operations: (continued)

The components of the income from discontinued operations for the years ended December 31, 2022, 2023 and 2024 in the consolidated statements of comprehensive income consisted of the following:

	Year Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2024
REVENUES:			
Time charter revenues	13,656,027	8,709,215	1,355
Voyage charter revenues	51,805,097	552,859	—
Pool revenues	30,787,088	46,901,887	604,486
Total vessel revenues	96,248,212	56,163,961	605,841
EXPENSES:			
Voyage expenses (including \$1,241,804, \$724,316 and \$8,140 to related party for the year ended December 31, 2022, 2023 and 2024, respectively)	(29,100,348)	(1,939,564)	(23,675)
Vessel operating expenses	(17,386,009)	(11,691,675)	(343,833)
Management fees to related parties	(2,167,000)	(1,443,009)	(24,936)
Depreciation and amortization	(5,889,352)	(3,475,084)	(35,305)
(Provision)/ Recovery of provision for doubtful accounts	(266,732)	266,732	—
Gain on sale of vessels	3,222,631	90,800,434	19,559,432
Total expenses	(51,586,810)	72,517,834	19,131,683
Operating income	44,661,402	128,681,795	19,737,524
OTHER INCOME/(EXPENSES):			
Interest and finance costs	(888,536)	(932,438)	(82,878)
Interest income	198,062	2,018,804	40,134
Foreign exchange (losses)/gains	(4,322)	(8,515)	1,189
Total other (expenses)/income, net	(694,796)	1,077,851	(41,555)
Net income and comprehensive income from discontinued operations, before taxes	\$ 43,966,606	\$ 129,759,646	\$ 19,695,969
Income taxes	(960,181)	(303,596)	—
Net income and comprehensive income from discontinued operations, net of taxes	\$ 43,006,425	\$ 129,456,050	\$ 19,695,969

TORO CORP.
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4. Transactions with Related Parties:

(a) Castor Ships:

During the six months ended June 30, 2022, Castor Ships provided the vessel-owning Toro Subsidiaries with commercial ship management, chartering and administrative services, including, but not limited to, securing employment for the vessels, arranging and supervising the vessels’ commercial functions, handling all vessel sale and purchase transactions, undertaking related shipping project and management advisory and support services, as well as other associated services requested from time to time by such Toro Subsidiaries (the “Ship Management Agreements”). In exchange for these services, the relevant Toro Subsidiaries each paid Castor Ships (i) a daily fee of \$250 per vessel for the provision of the services under the Ship Management Agreements, (ii) a commission of 1.25% on all charter agreements arranged by Castor Ships and (iii) a commission of 1% on each vessel sale and purchase transaction.

Effective July 1, 2022, Castor entered into an Amended and Restated Master Management Agreement with Castor Ships. Under such agreement, Castor Ships agreed to provide the Company with a broad range of management services such as crew management, technical management, operational employment management, insurance management, provisioning, bunkering, accounting and audit support services, commercial, chartering and administrative services, including, but not limited to, securing employment for the Company’s fleet, arranging and supervising the vessels’ commercial operations, providing technical assistance where requested in connection with the sale of a vessel, negotiating loan and credit terms for new financing upon request and providing cybersecurity and general corporate and administrative services, among other matters, which it may choose to subcontract to other parties at its discretion. Castor Ships generally is not liable to the Company for any loss, damage, delay, or expense incurred during the provision of the foregoing services, except insofar as such events arise from Castor Ships or its employees’ fraud, gross negligence, or willful misconduct (for which our recovery will be limited to two times the Flat Management Fee, as defined below).

Until March 7, 2023, in exchange for these services, the Company paid Castor Ships (i) a flat quarterly management fee in the amount of \$0.75 million for the management and administration of their business (the “Flat Management Fee”), (ii) a commission of 1.25% on all gross income received from the operation of their vessels, and (iii) a commission of 1% on each consummated sale and purchase transaction. In addition, each of the Company’s subsidiaries paid Castor Ships a daily fee of \$975 per vessel for the provision of commercial and technical ship management services provided under the ship management agreements (the “Ship Management Fee”). The Ship Management Fee and Flat Management Fee were adjusted annually for inflation on each anniversary of the effective date of Castor’s Amended and Restated Master Management Agreement. The Company’s subsidiaries will also reimburse Castor Ships for extraordinary fees and costs, such as the costs of extraordinary repairs, maintenance, or structural changes to their vessels. On March 7, 2023, Toro entered into a master management agreement with Castor Ships with respect to its vessels in substantially the same form as Castor’s Amended and Restated Master Management Agreement (and as further amended and supplemented effective April 26, 2023, the “Master Management Agreement”). The Ship Management Fee and Flat Management Fee are adjusted annually for inflation on the 1st of July of each year in accordance with the terms of the Master Management Agreement, and (i) the Ship Management Fee increased from \$975 per vessel per day to \$1,039 per vessel per day and the Flat Management Fee increased from \$0.75 million to \$0.8 million effective July 1, 2023 and (ii) the Ship Management Fee increased from \$1,039 per vessel per day to \$1,071 per vessel per day and the Flat Management Fee increased from \$0.8 million to \$0.82 million effective July 1, 2024. In addition to the Ship Management Fee and Flat Management Fee, effective July 1, 2024, Castor Ships charges and collects (i) a chartering commission for and on behalf of Castor Ships and/or on behalf of any third-party broker(s) involved in the trading of the Company’s vessels, on all gross income received by the Company’s shipowning subsidiaries arising out of or in connection with the operation of the Company’s vessels for distribution among Castor Ships and any third-party broker(s), which, when calculated together with any address commission that any charterer of any of the Company’s vessels is entitled to receive, will not exceed the aggregate rate of 6.25% on each vessel’s gross income and (ii) a sale and purchase brokerage commission at the rate of 1% on each consummated transaction applicable to the total consideration of acquiring or selling: (a) a vessel or (b) the shares of a ship owning entity owning vessel(s) or (c) shares and/or other securities with an aggregate purchase or sale value, as the case may be, of an amount equal to, or in excess of, \$10,000,000 issued by an entity engaged in the maritime industry. The Master Management Agreement has a term of eight years from its effective date and this term automatically renews for a successive eight-year term on each anniversary of the effective date, starting from the first anniversary of its effective date, unless the agreements are terminated earlier in accordance with the provisions contained therein, in which case the payment of a termination fee equal to seven times the total amount of the Flat Management Fee calculated on an annual basis may be due in certain circumstances.

As of December 31, 2024, in accordance with the provisions of the Master Management Agreement, effective April 26 , 2023, by and among the Company, its shipowning subsidiaries and Castor Ships, Castor Ships had subcontracted to a third-party ship management company the technical management of all the Company’s vessels, except the *M/T Wonder Mimos*a and *LPG Dream Syrax*, for which Castor Ships has provided the technical management since June 7, 2023 and November 5, 2024, respectively. Castor Ships pays, at its own expense, the third-party technical management company a fee for the services it has subcontracted to such company without any additional cost to Toro.

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4. Transactions with Related Parties: (continued)

During the years ended December 31, 2022, 2023 and 2024, the Company’s subsidiaries were charged the following fees and commissions by Castor Ships (i) management fees amounting to \$666,500, \$1,710,651 and \$1,930,810, respectively, (ii) charter hire commissions amounting to \$195,472, \$279,719 and \$418,070, respectively, (iii) a sale and purchase commission from continuing operations in the year ended December 31,2023 amounting to \$887,050 comprising (a) \$707,150 related to the acquisition of the vessels *LPG Dream Terrax, LPG Dream Arrax, LPG Dream Syrax and LPG Dream Vermax*, which is included in ‘Vessels, net’ in the accompanying consolidated balance sheet and (b) \$179,900 related to the sale of *M/T Wonder Formosa* which is included in ‘Gain on sale of vessel’ in the accompanying consolidated statements of comprehensive income and (iv) sale and purchase commissions from discontinued operations amounting to \$131,500 in the year ended December 31, 2022 in connection with the sale of the vessel *M/T Wonder Arcturus*, \$1,611,000 in the year ended December 31, 2023, related to the sale of the vessel *M/T Wonder Bellatrix, M/T Wonder Polaris, M/T Wonder Musica, M/T Wonder Avior and M/T Wonder Vega* and \$338,000 in the year ended December 31, 2024, related to the sale of the vessel *M/T Wonder Sirius* which are included in ‘Gain on sale of vessels’ in the accompanying consolidated statements of comprehensive income from discontinued operations.

In addition, until March 7, 2023, part of the general and administrative expenses incurred by Castor has been allocated on a pro rata basis within General and administrative expenses of the Company based on the proportion of the number of ownership days of the Toro Subsidiaries’ vessels to the total ownership days of Castor’s fleet. These expenses consisted mainly of administration costs charged by Castor Ships, investor relations, legal, audit and consultancy fees. During the year ended December 31, 2022 and the period from January 1 through March 7, 2023, the above mentioned administration fees charged by Castor Ships to Castor that were allocated to the Company amounted to \$624,087 and \$144,445, respectively, and are included in ‘General and administrative expenses’ in the accompanying consolidated statements of comprehensive income. For the period of March 7, 2023 through December 31, 2023, the Company recognized as pro rata allocation of days of Flat Management Fee in the amount of \$2,557,332, which is included in ‘General and administrative expenses’ in the accompanying consolidated statements of comprehensive income. As a result, in each of the years ended December 31, 2022, 2023 and 2024, the aggregate amounts of \$624,087, \$2,701,777 and \$3,247,570, respectively, are included in ‘General and administrative expenses’ in the accompanying consolidated statements of comprehensive income.

The Master Management Agreement also provides for advance funding equal to two months of vessel daily operating costs to be deposited with Castor Ships as a working capital guarantee, refundable in case a vessel is no longer under Castor Ship’s management. As of each of December 31, 2023 and December 31, 2024, the working capital guarantee advances to Castor Ships amounted to \$1,590,501, respectively, which are presented in ‘Due from related parties, non-current’ in the accompanying consolidated balance sheets. As of December 31, 2023 and December 31, 2024, the amounts of \$1,018,883 and \$6,072,800 of ‘Due from related parties, current’, respectively, represent operating expense payments made on behalf of the Company to the third-party managers and Castor Ships in excess of amounts advanced and advances of expected scheduled drydocking repairs.

(b) Pavimar:

During period ended December 31, 2021 and the six months ended June 30, 2022, Pavimar provided the vessel-owning Toro Subsidiaries with a wide range of shipping services, including crew management, technical management, operational management, insurance management, provisioning, bunkering, vessel accounting and audit support services, which it could choose to subcontract to other parties at its discretion (the “Technical Management Agreements”) in exchange for which Pavimar was paid a daily fee of \$600 per vessel. Effective July 1, 2022, the technical management agreements entered into between Pavimar and the vessel-owning Toro Subsidiaries were terminated by mutual consent. In connection with such termination, Pavimar and such Toro Subsidiaries agreed to mutually discharge and release each other from any past and future liabilities arising from the respective agreements.

Following the termination of the Technical Management Agreements, as of December 31, 2022, there are no remaining obligations from Pavimar to the Company.

During the years ended December 31, 2022, 2023 and 2024, management fees under the Technical Management Agreements amounted to \$217,200, \$0 and \$0, respectively.

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4. Transactions with Related Parties: (continued)

(c) Former Parent Company:

In connection with the Spin-Off as discussed in Note 1, on March 7, 2023, Toro issued 140,000 1.00% Series A Preferred Shares to Castor having a stated amount of \$1,000 per share and a par value of \$0.001 per share (Note 9). The amount of accrued dividend on Series A Preferred Shares due to Castor as of December 31, 2023 and December 31, 2024 was \$315,000 and \$338,333, respectively and is presented net in ‘Due to related parties, current’ in the accompanying consolidated balance sheet.

In the period ended December 31, 2023, the Company reimbursed Castor \$2,694,646 for expenses related to the Spin-Off that were incurred by Castor. As of December 31, 2023 and 2024, there are no outstanding expenses to be reimbursed by the Company.

On August 7, 2023, the Company agreed to purchase 50,000 5.00% Series D Cumulative Perpetual Convertible Preferred Shares of Castor, having a stated value of \$1,000 and par value of \$0.001 per share (the “Castor Series D Preferred Shares”), for aggregate cash consideration of \$50.0 million. The distribution rate on the Castor Series D Preferred Shares is 5.00% per annum, which rate will be multiplied by a factor of 1.3 on the seventh anniversary of the issue date of the Castor Series D Preferred Shares and annually thereafter, subject to a maximum distribution rate of 20% per annum in respect of any quarterly dividend period. Dividends are payable quarterly in arrears on the 15th day of January, April, July and October in each year, subject to Castor’s board of directors’ approval.

The Series D Preferred Shares are convertible, in whole or in part, at the Company’s option to common shares of Castor from the first anniversary of their issue date at the lower of (i) \$7.00 per common share, and (ii) the 5-day-value-weighted average price immediately preceding the conversion. On March 27, 2024, Castor effected a 1-for-10 reverse stock split of its common stock without any change in the number of authorized common shares. As a result of the reverse stock split, the number of Castor’s outstanding shares as of March 27, 2024, decreased to 9,662,354 while the par value of its common shares remained unchanged at \$0.001 per share. The conversion price of the Castor Series D Preferred Shares is subject to adjustment upon the occurrence of certain events, including the occurrence of splits and combinations (including a reverse stock split) of the common shares and was adjusted to \$7.00 per common share on March 27, 2024 from \$0.70 per common share following effectiveness of the 1-for-10 reverse stock split. The minimum conversion price of the Series D Preferred Shares is \$0.30 per common share.

On December 12, 2024, Toro agreed to purchase for an aggregate consideration of \$50,000,000 in cash, an additional 50,000 Castor Series D Preferred Shares. The Company owns all 100,000 outstanding Castor Series D Preferred Shares.

In connection with the transaction, Castor amended the terms of the Castor Series D Preferred Shares to, among other things: (i) reset the date from which holders of the Castor Series D Preferred Shares may convert their Series D Preferred Shares into common shares of Castor to January 1, 2026 from August 7, 2024, (ii) require that any holder of the Castor Series D Preferred Shares electing to exercise its optional conversion rights convert not less than 500 Castor Series D Preferred Shares into common shares of Castor, and (iii) introduce an additional redemption feature whereby Castor may, at its option, redeem for cash all remaining outstanding Castor Series D Preferred Shares if the number of Series D Preferred Shares outstanding is 30,000 or less. Toro may not dispose of any of the Castor Series D Preferred Shares for a period of 180 days after the closing date of the transaction.

For the years ended December 31, 2023 and 2024, the Company received a dividend on the Castor Series D Preferred Shares, amounting to \$0.5 million and \$2.5 million, respectively. As of December 31, 2023 and 2024, the aggregate value of the investment in Castor amounted to \$50,541,667 and \$100,687,500, respectively, including \$541,667 and \$687,500 of accrued dividends, respectively, and is presented as ‘Investment in related party’ in the accompanying consolidated balance sheet. As of December 31, 2024, the Company did not identify any impairment or any observable prices for identical or similar investments of the same issuer.

On December 11, 2024, Toro entered into a facility agreement with Castor to provide a \$100.0 million senior term loan facility to Castor (the “Term Loan”) which was drawn-down on the same date. The Term Loan has a tenor of 5 years, bears interest at the secured overnight financing rate (“SOFR”) plus 1.80% per annum, is guaranteed by ten ship-owning subsidiaries of Castor and is receivable in (a) twenty (20) consecutive quarterly installments, each of \$2,500,000, commencing on March 11, 2025, and (b) a balloon installment in the amount of \$50.0 million at its maturity together with the last quarterly installment. The Term Loan is secured by first priority mortgages and first priority general assignments covering insurance policies and requisition compensation over the ten vessels owned by wholly-owned subsidiaries of Castor. The value of these vessels was approximately \$235.0 million based on third-party valuations at the time of the drawdown by Castor. Pursuant to the terms of this facility, Castor is also subject to certain negative covenants customary for facilities of this type, which may be waived in Toro’s sole discretion.

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4. Transactions with Related Parties: (continued)

As of December 31, 2024, the aggregate amount of loan to Castor amounted to \$10,364,205 including \$364,205 of accrued interest income and is presented as ‘Loan to related party, current’ in the accompanying consolidated balance sheet and the remaining amount of \$90,000,000 is presented as ‘Loan to related party, non-current’ in the accompanying consolidated balance sheet.

The above transactions and their terms were approved by the independent members of the board of directors of each of Castor and the Company at the recommendation of their respective special committees composed of independent and disinterested directors, which negotiated the transaction and its terms.

(d) Equity incentive plan:

As of December 31, 2024, the Company maintains an Equity Incentive Plan (as defined and discussed in Note 12) under which the Company’s board of directors has made and may make awards of certain securities of the Company or cash to directors, officers and employees of the Company and/or its subsidiaries and affiliates and consultants and service providers to (including persons who are employed by or provide services to any entity that is itself a consultant or service provider to) the Company and its subsidiaries and affiliates.

The stock based compensation cost for the non-vested shares under the Equity Incentive Plan for the years ended December 31, 2022, 2023 and 2024, amounted to \$0, \$1,272,698 and \$5,312,854, respectively, and is included in ‘General and administrative expenses’ in the accompanying consolidated statements of comprehensive income.

(e) Pani Corp. Subscription Agreement:

On April 17, 2023, Toro entered into a subscription agreement with Pani Corp. (“Pani”), a company controlled by the Company’s Chairman and Chief Executive Officer, pursuant to which Toro issued and sold, and Pani purchased, 8,500,000 common shares, par value \$0.001 per share, at a purchase price of \$2.29 per share, for gross proceeds of \$19,465,000, less issuance costs of \$817,764. The transaction was approved by a special committee of the Company’s disinterested and independent directors. See Note 8 for further details.

5. Deferred Charges, net:

The movement in deferred charges net, which represents deferred dry-docking costs, in the accompanying consolidated balance sheets is as follows:

	<u>Dry-docking costs</u>
Balance December 31, 2022	\$ 523,809
Additions	1,088,386
Amortization	(527,208)
Disposal	(906,287)
Balance December 31, 2023	\$ 178,700
Additions	1,495,637
Amortization	(592,856)
Balance December 31, 2024	\$ 1,081,481

During the year ended December 31, 2023, the *M/T Wonder Formosa* initiated and completed its scheduled dry-dock repairs. During the year ended December 31, 2024, the *M/T Wonder Mimosa* initiated and completed its scheduled drydocking repairs.

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6. Vessels, net:

(a) Vessels, net:

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

	Vessel Cost	Accumulated depreciation	Net Book Value
Balance December 31, 2022	\$ 17,289,464	\$ (1,640,905)	\$ 15,648,559
Acquisitions, improvements, and other vessel costs	72,286,802	—	72,286,802
Vessel disposal	(9,215,299)	1,143,042	(8,072,257)
Depreciation	—	(2,837,410)	(2,837,410)
Balance December 31, 2023	\$ 80,360,967	\$ (3,335,273)	\$ 77,025,694
Improvements, and other vessel costs	50,489	—	50,489
Depreciation	—	(4,308,390)	(4,308,390)
Balance December 31, 2024	\$ 80,411,456	\$ (7,643,663)	\$ 72,767,793

(b) Vessel Acquisitions and other Capital Expenditures:

On April 26, 2023, the Company, through Zatanna, entered into an agreement to purchase a 2020 Japanese-built 5,000 cbm LPG carrier, the *Dream Terrax*, from an unaffiliated third party for a purchase price of \$19.9 million. The *LPG Dream Terrax* was delivered to the Company on May 26, 2023.

On April 26, 2023, the Company, through Starfire, entered into an agreement to purchase a 2015 Japanese-built 5,000 cbm LPG carrier, the *Dream Arrax*, from an unaffiliated third party for a purchase price of \$17.0 million. The *LPG Dream Arrax* was delivered to the Company on June 14, 2023.

On April 26, 2023, the Company, through Cyborg, entered into an agreement to purchase a 2015 Japanese-built 5,000 cbm LPG carrier, the *Dream Syrax*, from an unaffiliated third party for a purchase price of \$17.0 million. The vessel *LPG Dream Syrax* was delivered to the Company on July 18, 2023.

On April 26, 2023, the Company, through Nightwing, entered into an agreement to purchase a 2015 Japanese-built 5,000 cbm LPG carrier, *Dream Vermax*, from an unaffiliated third party for a purchase price of \$17.0 million. The vessel *LPG Dream Vermax* was delivered to the Company on August 4, 2023.

During the year ended December 31, 2023, the *M/T Wonder Formosa* was equipped with a ballast water treatment system (“BWTS”).

During the year ended December 31, 2024, there were no vessel acquisitions and BWTS installations.

The Company reviewed all its vessels for impairment and none were found to have an indication of impairment as the fair value was in excess of carrying value at December 31, 2022, 2023 and 2024.

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6. Vessels, net: (continued)

(c) Vessel Disposal:

Continuing operations:

On September 1, 2023, the Company entered into an agreement with an unaffiliated third party for the sale of the *M/T Wonder Formosa* for a gross sale price of \$18.0 million. The vessel was delivered to its new owners on November 16, 2023. In connection with this sale, the Company recognized during the fourth quarter of 2023 a net gain of \$8.2 million which is presented in ‘Gain on sale of vessel’ in the accompanying consolidated statements of comprehensive income.

Discontinued operations:

On April 28, 2023, the Company entered into an agreement with an unaffiliated third party for the sale of the *M/T Wonder Avior* for a gross sale price of \$30.1 million. The vessel was delivered to its new owners on July 17, 2023. In connection with this sale, the Company recognized during the third quarter of 2023 a net gain of \$17.6 million which is presented in ‘Gain on sale of vessels’ in the accompanying consolidated statements of comprehensive income from discontinued operations (Note 3).

On May 12, 2023, the Company entered into an agreement with an unaffiliated third party for the sale of the *M/T Wonder Bellatrix* for a gross sale price of \$37.0 million. The vessel was delivered to its new owners on June 22, 2023. In connection with this sale, the Company recognized in the second quarter of 2023 a net gain of \$19.3 million which is presented in ‘Gain on sale of vessels’ in the accompanying consolidated statements of comprehensive income from discontinued operations (Note 3).

On May 18, 2023, the Company entered into an agreement with an unaffiliated third party for the sale of the *M/T Wonder Polaris* for a gross sale price of \$34.5 million. The vessel was delivered to its new owners on June 26, 2023. In connection with this sale, the Company recognized during the second quarter of 2023 a net gain of \$21.3 million which is presented in ‘Gain on sale of vessels’ in the accompanying consolidated statements of comprehensive income from discontinued operations (Note 3).

On June 15, 2023, the Company entered into an agreement with an unaffiliated third party for the sale of the *M/T Wonder Musica* for a gross sale price of \$28.0 million. The vessel was delivered to its new owners on July 6, 2023. In connection with this sale, the Company recognized during the third quarter of 2023 a net gain of \$16.1 million which is presented in ‘Gain on sale of vessels’ in the accompanying consolidated statements of comprehensive income from discontinued operations (Note 3).

On September 5, 2023, the Company entered into an agreement with an unaffiliated third party for the sale of the *M/T Wonder Vega* for a gross sale price of \$31.5 million. The vessel was delivered to its new owners on December 21, 2023. In connection with this sale, the Company recognized during the fourth quarter of 2023 a net gain of \$16.5 million which is presented in ‘Gain on sale of vessels’ in the accompanying consolidated statements of comprehensive income from discontinued operations (Note 3).

On January 8, 2024, the Company entered into an agreement with an unaffiliated third party for the sale of the *M/T Wonder Sirius* for a gross sale price of \$33.8 million. The vessel was delivered to its new owners on January 24, 2024. In connection with this sale, the Company recognized during the first quarter of 2024 a gain of \$19.6 million which is presented in ‘Gain on sale of vessel’ in the accompanying unaudited interim condensed consolidated statements of comprehensive income from discontinued operations (Note 3).

The respective sales of the above vessels took place due to favorable offers in each case.

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7. Investment in equity securities:

The amounts of our investment in equity securities in the accompanying consolidated balance sheets are presented in the table below:

	December 31, 2023	December 31, 2024
Investment in equity securities with readily determinable fair values (a)	\$ —	\$ 226,566
Investment in equity securities without readily determinable fair values (b)	\$ —	\$ 4,647,853

(a) Investment in equity securities with readily determinable fair values

A summary of the movement in equity securities with readily determinable fair values for the year ended December 31, 2024 is presented in the table below:

	Equity securities with readily determinable fair values
Balance December 31, 2023	\$ —
Equity securities acquired	535,914
Proceeds from sale of equity securities	(249,338)
Realized loss from sale of equity securities	(2,369)
Unrealized loss on equity securities revalued at fair value at end of the period	(46,173)
Unrealized foreign exchange loss	(11,468)
Balance December 31, 2024	\$ 226,566

During the year ended December 31, 2024, the Company received dividends of \$4,136 from its investments in equity securities with readily determinable fair values. The investment in equity securities with readily determinable fair values with amount of \$226,566 is presented in ‘Investment in equity securities, current’ in the accompanying consolidated balance sheet.

(b) Investment in equity securities without readily determinable fair values

A summary of the movement in equity securities without readily determinable fair values for the year ended December 31, 2024 is presented in the table below:

	Equity securities without readily determinable fair values
Balance December 31, 2023	\$ —
Equity securities acquired	4,647,853
Balance December 31, 2024	\$ 4,647,853

During the year ended December 31, 2024, the Company received no dividends from its investments in equity securities without readily determinable fair values. The investment in equity securities without readily determinable fair values amounting to \$4,647,853 is presented in ‘Investment in equity securities, non-current’ in the accompanying consolidated balance sheet.

As of December 31, 2024, the Company did not identify any impairment or any observable prices for identical or similar investments of the same issuer.

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8. Equity Capital Structure:

Under Toro’s initial Articles of Incorporation dated July 29, 2022, Toro’s authorized capital stock consisted of 1,000 shares par value \$0.001 per share. On March 2, 2023, the Company’s articles of incorporation were amended and restated and Toro’s authorized capital stock was increased to 3,900,000,000 common shares, par value \$0.001 per share and 100,000,000 preferred shares, par value \$0.001 per share. In connection with the Spin-Off (Note 1), on March 7, 2023, Toro issued to Castor (Note 9) (i) 9,461,009 common shares with one vote per share, and (ii) 140,000 Series A Preferred Shares, with a stated value of \$1,000 and par value of \$0.001 per share, and no voting power, and issued to Pelagos Holdings Corp, a company controlled by Toro’s Chairman and Chief Executive Officer, 40,000 Series B Preferred Shares. Such common shares were distributed on March 7, 2023 pro rata to the shareholders of record of Castor as of February 22, 2023 at a ratio of one Toro common share for every ten Castor common shares. Refer to Note 1 for further details on the Spin-Off and issuance of such shares.

Each Series B Preferred Share has the voting power of 100,000 common shares and counts for 100,000 votes for purposes of determining quorum at a meeting of shareholders. Upon any liquidation, dissolution or winding up of the Company, the Series B preferred shares shall have the same liquidation rights as and pari passu with the common shares up to their par value of \$0.001 per share and, thereafter, the Series B Preferred Shares have no right to participate further in the liquidation, dissolution or winding up of the Company.

Private Placement of Common Shares

On April 17, 2023, Toro entered into a subscription agreement with Pani, a company controlled by Toro’s Chairman and Chief Executive Officer, pursuant to which Toro issued and sold, and Pani purchased, 8,500,000 common shares, par value \$0.001 per share, at a purchase price of \$2.29 per share, for gross proceeds of \$19,465,000, less issuance costs of \$817,764. The 8,500,000 common shares were issued on April 19, 2023 in a private placement pursuant to Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder.

Share Repurchase Program

On November 6, 2023, the Board of Directors of the Company approved a share repurchase program, authorizing the repurchase of up to \$5.0 million of the Company’s common shares commencing November 10, 2023, through to March 31, 2024. Shares were repurchased in open market and/or privately negotiated transactions. The timing, manner and total amount of any share repurchases was determined by management at its discretion and depended on business, economic and market conditions, corporate and regulatory requirements, prevailing share prices, and other considerations. The authorization did not obligate the Company to acquire any specific amount of common shares. During the year ended December 31, 2023, the Company repurchased under its share repurchase program 222,600 shares of common stock in open market transactions at an average price of \$4.69 per share, for an aggregate consideration of \$1.0 million. On December 27, 2023, 179,251 of these repurchased common shares were cancelled and removed from the Company’s share capital and on January 3, 2024, the remaining 43,349 repurchased common shares were cancelled and removed from the Company’s share capital.

The share repurchase program was terminated on March 31, 2024 in accordance with its terms. During the three months ended March 31, 2024, the Company repurchased under its share repurchase program an additional 644,556 shares of common stock in open market transactions at an average price of \$5.77 per share, for an aggregate consideration of \$3.7 million, which were cancelled and removed from the Company’s share capital. This brought the total number of shares repurchased under the program to 867,156 common shares at an average price of \$5.50 per share.

As of December 31, 2024, Toro had 19,093,853 common shares issued and outstanding including 2,000,000 restricted common shares issued pursuant to the Equity Incentive Plan (as defined and discussed in Note 12).

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9. Mezzanine equity:

Series A Preferred Shares

The Company issued as part of the Spin-Off to Castor 140,000 Series A Preferred Shares with par value of \$0.001 and a stated value of \$1,000 each. The Series A Preferred Shares have the following characteristics:

Holders of Series A Preferred Shares shall be entitled to receive, when, as and if declared by the Company’s board of directors, cumulative cash dividends at 1.00% per annum of the stated amount, payable quarterly in arrears on the 15th day of each January, April, July and October, respectively, in each year, beginning on April 15, 2023. For each dividend period commencing on or after the seventh anniversary of March 7, 2023, the rate shall be the rate in effect for the prior dividend period multiplied by a factor of 1.3; but the rate cannot exceed 20% per annum in respect of any dividend period.

So long as any Series A Preferred Share remains outstanding, unless full Accrued Dividends on all outstanding Series A Preferred Shares through and including the most recently completed dividend period have been paid or declared and a sum sufficient for the payment thereof has been set aside for payment, no dividend may be declared or paid or set aside for payment, and no distribution may be made, on any junior stock, other than a dividend payable solely in stock that ranks junior to the Series A Preferred Shares in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Company. “Accrued Dividends” means, with respect to Series A Preferred Shares, an amount computed at the annual rate stated above from, as to each share, the date of issuance of such share to and including the date to which such dividends are to be accrued (whether or not such dividends have been declared), less the aggregate amount of all dividends previously paid on such share.

Further, so long as any Series A Preferred Share remains outstanding, unless full Accrued Dividends on all outstanding Series A Preferred Shares through and including the most recently completed dividend period have been paid or declared and a sum sufficient for the payment thereof has been set aside for payment, no monies may be paid or made available for a sinking fund for the redemption or retirement of junior stock, nor shall any shares of junior stock be purchased, redeemed or otherwise acquired for consideration by us, directly or indirectly, other than (i) as a result of (x) a reclassification of junior stock, or (y) the exchange or conversion of one share of junior stock for or into another share of stock that ranks junior to the Series A Preferred Shares in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Company; or (ii) through the use of the proceeds of a substantially contemporaneous sale of other shares of stock that rank junior to the Series A Preferred Shares in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Company.

The Series A Preferred Shares are convertible, at their holder’s option, to common shares after the third anniversary of March 7, 2023, until but excluding the seventh anniversary of March 7, 2023. The conversion price for any conversion of the Series A Preferred Shares shall be the lower of (i) 150% of the volume-weighted average price (“VWAP”) of our common shares over the five consecutive trading day period commencing on and including March 7, 2023, and (ii) the VWAP of our common shares over the 10 consecutive trading day period expiring on the trading day immediately prior to the date of delivery of written notice of the conversion; provided, that, in no event shall the conversion price be less than \$2.50.

The Company may, at its option, redeem the Series A Preferred Shares in whole or in part, at any time and from time to time after the seventh anniversary of March 7, 2023 (the Series A Preferred Shares issue date), at a cash redemption price equal to the stated amount, together with an amount equal to all accrued dividends.

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9. Mezzanine equity: (continued)

Holders of the Series A Preferred Shares do not have any voting rights except for a right to elect directors in the event of nonpayment of dividends and a vote or consent of the holders of at least two thirds of the Series A Preferred Shares at the time outstanding, voting together with any other series of preferred shares that would be adversely affected in substantially the same manner and entitled to vote as a single class in proportion to their respective stated amounts, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, for effecting or validating: (i) any amendment, alteration or repeal of any provision of our Articles of Incorporation or Bylaws that would alter or change the voting powers, preferences or special rights of the Series A Preferred Shares so as to affect them adversely; (ii) the issuance of dividend parity stock if the accrued dividends on all outstanding Series A Preferred Shares through and including the most recently completed dividend period have not been paid or declared and a sum sufficient for the payment thereof has been set aside for payment; (iii) any amendment or alteration of the Articles of Incorporation to authorize or create, or increase the authorized amount of, any shares of any class or series or any securities convertible into shares of any class or series of our capital stock ranking prior to Series A in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Company; or (iv) any consummation of (x) a binding share exchange or reclassification involving the Series A Preferred Shares, (y) a merger or consolidation of the Company with another entity (whether or not a corporation), or (z) a conversion, transfer, domestication or continuance of the Company into another entity or an entity organized under the laws of another jurisdiction, unless in each case (A) the Series A Preferred Shares remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, or any such conversion, transfer, domestication or continuance, the Series A Preferred Shares are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (B) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and restrictions and limitations thereof, of the Series A Preferred Shares immediately prior to such consummation, taken as a whole.

In the event of any liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, before any distribution or payment out of the Company’s assets may be made to or set aside for the holders of any junior stock, holders of Series A Preferred Shares will be entitled to receive out of our assets legally available for distribution to our shareholders an amount equal to the stated amount per share of \$1,000, together with an amount equal to all accrued dividends to the date of payment whether or not earned or declared.

The Series A Preferred Shares have been classified in Mezzanine equity as per ASC 480-10-S99 “Distinguishing liabilities from Equity – SEC Materials” as they are in essence redeemable at the option of the holder as Mr. Panagiotidis, the Chief Executive Officer and controlling shareholder of Castor and Toro, who can effectively determine the timing of the redemption of the Series A Preferred Shares.

The Company uses an effective interest rate of 3.71% over the expected life of the preferred stock (being nine years) which is the expected earliest redemption date. This is consistent with the interest method, taking into account the discount between the issuance price and liquidation preference and the stated dividends, including “step-up” amounts. The amounts accreted during the period March 7, 2023 through December 31, 2023 and in the year ended December 31, 2024, were \$2,429,275 and \$3,064,409, respectively, and are presented as ‘Deemed dividend on Series A Preferred Shares’ in the accompanying consolidated statements of comprehensive income.

As of December 31, 2023, the net value of the Series A Preferred Shares (the “Mezzanine Equity”) amounted to \$119,601,410, comprising (i) the fair value measurement of the Series A Preferred Shares on initial recognition based on a third party valuation of \$117,222,135, less issuance costs of \$50,000 and (ii) \$2,429,275 of deemed dividend on the Series A Preferred Shares during the period March 7, 2023 through December 31, 2023, and is separately presented as ‘Mezzanine Equity’ in the accompanying consolidated balance sheet. During the year ended December 31, 2023, the Company paid to Castor a dividend amounting to \$851,667 on the Series A Preferred Shares for the period from March 7, 2023 to October 14, 2023. The accrued amount for the period from October 15, 2023 to December 31, 2023 (included in the dividend period ended January 14, 2024) amounted to \$315,000.

As of December 31, 2024, the net value of Mezzanine Equity amounted to \$122,665,819, including the amount of \$3,064,409 of deemed dividend on the Series A Preferred Shares in the year ended December 31, 2024, and is presented as ‘Mezzanine Equity’ in the accompanying consolidated balance sheet. During the year ended December 31, 2024, the Company paid to Castor a dividend amounting to \$1,400,000 on the Series A Preferred Shares for the period from October 15, 2023 to October 14, 2024. The accrued amount for the period from October 15, 2024 to December 31, 2024 (included in the dividend period ended January 14, 2025) amounted to \$338,333 (Notes 4(c) and 18(a)).

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10. Financial Instruments and Fair Value Disclosures:

As of December 31, 2024, the principal financial assets of the Company consist of cash at banks, trade accounts receivable, investment in equity securities, an investment in a related party, Castor, a loan to related party, Castor, and amounts due from related parties. As of December 31, 2024, the principal financial liabilities of the Company consist of trade accounts payable and amounts due to related parties.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents, accounts receivable trade, net, amounts due from/to related party/(ies) and accounts payable:** The carrying values reported in the consolidated balance sheets for those financial instruments are reasonable estimates of their fair values due to their short-term maturity nature. Cash and cash equivalents are considered Level 1 items as they represent liquid assets with short term maturities.
- Investment in related party:** Investment in related party is initially measured at the transaction price and subsequently assessed for the existence of any observable market for the Castor Series D Preferred Shares, any observable price changes for identical or similar investments and the existence of any indications for impairment. As per the Company’s assessment no such case was identified as at December 31, 2024.
- Investment in equity securities:** The carrying value reported in the accompanying consolidated balance sheet for investment in equity securities with readily determinable fair values represents its fair value and is considered a Level 1 item of the fair value hierarchy as it is determined through quoted prices in an active market. Investment in equity securities without a readily determinable fair value is initially measured at the transaction price and subsequently assessed for the existence of any observable market and any observable price changes for identical or similar investments and the existence of any indications for impairment. As per the Company’s assessment, no such case was identified as at December 31, 2024.
- Loan to related party:** The secured credit facility to related party has a recorded value which is a reasonable estimate of its fair value due to its variable interest rate and is thus considered a Level 2 item in accordance with the fair value hierarchy as SOFR rate is observable at commonly quoted intervals for the full term of the loan. The loan to related party is subsequently assessed for the existence of any indications for allowance for credit losses. As per the Company’s assessment, no such case was identified as at December 31, 2024.
- Concentration of credit risk:** Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents, due from related parties, trade accounts receivable and loan to related party. 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 its customers’ financial condition. The Company evaluated its credit risk with the loan to related party by performing ongoing credit evaluation on the borrower’s financial condition.

11. Commitments and 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, pool operators, 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. As of the date of these consolidated financial statements, management was 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 vessels’ actions to the maximum limits as provided by Protection and Indemnity (P&I) Clubs, members of the International Group of P&I Clubs.

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11. Commitments and Contingencies: (continued)

(a) Commitments under long-term lease contracts

The following table sets forth the future minimum contracted lease payments to the Company (gross of charterers’ commissions), based on the Company’s vessels’ commitments to non-cancelable time charter contracts as of December 31, 2024. Non-cancelable time charter contracts include fixed-rate time charters.

Twelve-month period ending December 31,	Amount
2025	\$ 8,548,968
Total	\$ 8,548,968

12. Equity Incentive Plan:

On September 6, 2023, the Company’s board of directors adopted an Equity Incentive Plan (the “Equity Incentive Plan”) under which directors, officers and employees (including any prospective director, officer or employee) of the Company and/or its subsidiaries and affiliates and consultants and service providers to (including persons who are employed by or provide services to any entity that is itself a consultant or service provider to) the Company and its subsidiaries and affiliates, are eligible to receive awards including (a) non-qualified stock options, (b) stock appreciation rights, (c) restricted stock, (d) restricted stock unit, (e) dividend equivalents, (f) cash awards, (g) unrestricted stock and (h) other equity-based or equity-related Awards. The Equity Incentive Plan is administered by the Company’s board of directors and the aggregate number of common shares that may be issued with respect to awards granted under the Equity Incentive Plan cannot exceed the 2,000,000 common shares. The Company’s board of directors may terminate the Equity Incentive Plan at any time. On September 28, 2023, a total of 1,240,000 restricted common shares had been granted under the Plan to directors, officers and non-employees. The fair value of each restricted share was \$5.83, based on the latest closing price of the Company’s common shares on the grant date.

On May 31, 2024, 760,000 restricted common shares were further granted under the Equity Incentive Plan to one of our directors. The fair value of each restricted share was \$4.52, based on the latest closing price of the Company’s common shares on the grant date.

The stock based compensation cost for the non-vested shares under the Equity Incentive Plan for the years ended December 31, 2023 and 2024 amounted to \$1,272,698 and \$5,312,854, respectively, and is included in ‘General and administrative expenses’ in the accompanying consolidated statements of comprehensive income.

A summary of the status of the Company’s non-vested restricted shares as of December 31, 2023 and 2024, and the movement during the year ended December 31, 2023 and 2024, is presented below:

	Number of restricted shares	Weighted average grant date fair value per non-vested share
Non-vested, September 6, 2023	—	—
Granted	1,240,000	5.83
Non-vested, December 31, 2023	1,240,000	5.83
Granted	760,000	4.52
Vested	(560,000)	5.83
Non-vested, December 31, 2024	1,440,000	5.14

For the year ended December 31, 2024, 560,000 restricted common shares were vested. The remaining unrecognized compensation cost relating to the shares granted amounting to \$4,078,848 as of December 31, 2024, is expected to be recognized over the remaining period of two years, according to the contractual terms of those non-vested share awards.

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13. Earnings/(Loss) Per Common Share:

The computation of earnings/(loss) per share is based on the weighted average number of common shares outstanding during that period and gives retroactive effect to the shares issued in connection with the Spin-Off.

The Company calculates earnings/(loss) per common share by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the relevant period.

The Company calculates basic earnings/(loss) per share in conformity with the two-class method required for companies with participating securities. The calculation of basic earnings/(loss) per share does not consider the non-vested shares as outstanding until the time-based vesting restrictions have lapsed.

Diluted earnings/(loss) per common share, if applicable, reflects the potential dilution that could occur if potentially dilutive instruments were exercised, resulting in the issuance of additional shares that would then share in the Company’s net income. For the purpose of calculating diluted earnings/(loss) per common share, the weighted average number of diluted shares outstanding includes (i) the conversion of outstanding Series A Preferred Shares (Note 9) calculated with the “if converted” method by using the average closing market price over the reporting periods and (ii) the incremental shares assumed to be issued, determined under the two-class method weighted for the periods the non-vested shares were outstanding, if the two-class method was more dilutive than the treasury stock method. If there is a loss from continuing operations, diluted earnings per common share (EPS) would be computed in the same manner as basic EPS is computed, even if the entity has net income after adjusting for discontinued operations. Thus, the inclusion of the potential common shares from the conversion of outstanding Series A Preferred Shares and the incremental shares assumed to be issued, determined under the two-class or treasury stock method weighted for the periods the non-vested shares were outstanding, in diluted EPS from continuing operations would have an anti-dilutive effect. Therefore, basic EPS and diluted EPS are the same for continuing operations, discontinued operations and net income. The components of the calculation of basic and diluted earnings/(loss) per common share in each of the periods comprising the accompanying consolidated statements of comprehensive income are as follows:

	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024
Net income and comprehensive income from continuing operations, net of taxes	\$ 6,919,958	\$ 11,180,943	\$ 5,511,535
Net income and comprehensive income from discontinued operations, net of taxes	43,006,425	129,456,050	19,695,969
Net income and comprehensive income	\$ 49,926,383	\$ 140,636,993	\$ 25,207,504
Dividend on Series A Preferred Shares	—	(1,166,667)	(1,423,333)
Deemed dividend on Series A Preferred Shares	—	(2,429,275)	(3,064,409)
Undistributed earnings to non-vested participating securities	—	(2,805,275)	(1,685,830)
Net income attributable to common shareholders, basic	\$ 49,926,383	\$ 134,235,776	\$ 19,033,932
Undistributed earnings to non-vested participating securities	—	2,805,275	—
Undistributed earnings reallocated to non-vested participating securities	—	(926,641)	—
Dividend on Series A Preferred Shares	—	1,166,667	—
Deemed dividend on Series A Preferred Shares	—	2,429,275	—
Net income attributable to common shareholders, diluted	\$ 49,926,383	\$ 139,710,352	\$ 19,033,932
Weighted average number of common shares outstanding, basic	9,461,009	15,443,485	17,399,772
Effect of dilutive shares	33,216,240	33,216,240	—
Weighted average number of common shares outstanding, diluted	42,677,249	48,659,725	17,399,772
Earnings/(loss) per common share, basic, continuing operations	\$ 0.73	\$ 0.31	\$ (0.04)
Earnings/(loss) per common share, diluted, continuing operations	\$ 0.16	\$ 0.21	\$ (0.04)
Earnings per common share, basic, discontinued operations	\$ 4.55	\$ 8.38	\$ 1.13
Earnings per common share, diluted, discontinued operations	\$ 1.01	\$ 2.66	\$ 1.13
Earnings per common share, basic, total	\$ 5.28	\$ 8.69	\$ 1.09
Earnings per common share, diluted, total	\$ 1.17	\$ 2.87	\$ 1.09

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14. Vessel Revenues:

The following table includes the voyage revenues earned by the Company by type of contract (time charters, voyage charters and pool agreements) in each of the years ended December 31, 2022, 2023 and 2024, as presented in the accompanying consolidated statements of comprehensive income:

	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024
Time charter revenues	—	3,439,356	14,315,299
Voyage charter revenues	—	3,253,385	1,310,312
Pool revenues	15,637,653	15,611,872	6,768,672
Total Vessel Revenues	\$ 15,637,653	\$ 22,304,613	\$ 22,394,283

The Company generates its revenues from time charters, voyage contracts and pool arrangements.

The Company typically enters into time charters ranging from one month to twelve months, and, in isolated cases, for longer terms, depending on market conditions. The charterer has the full discretion over the ports visited, shipping routes and vessel speed, subject to the owner’s protective restrictions set forth in the agreed charterparty’s terms. Time charter agreements may have extension options that range over certain time periods, which are usually periods of months. The time charter party generally provides, among others, typical warranties regarding the speed and the performance of the vessel as well as owner protective restrictions such that the vessel is sent only to safe ports by the charterer, subject always to compliance with applicable sanction laws and war risks, and carry only lawful and non-hazardous cargo.

Vessels are also chartered under voyage charters, where a contract is made for the use of a vessel under which the Company is paid freight on the basis of transporting cargo from a loading port to a discharge port. Depending on charterparty terms, freight can be fully prepaid, or be paid upon reaching the discharging destination upon delivery of the cargo, at the discharging destination but before discharging, or during a ship’s voyage.

Prior to the Robin Spin-Off, the Company employed its Handysize vessel in a pool. The main objective of pools is to enter into arrangements for the employment and operation of the pool vessels, so as to secure for the pool participants the highest commercially available earnings per vessel on the basis of pooling the revenue and expenses of the pool vessels and dividing it between the pool participants based on the terms of the pool agreement. The Company typically enters into pool arrangements for a minimum period of six months, subject to certain rights of suspension and/or early termination.

As of December 31, 2023, and December 31, 2024, ‘Trade accounts receivable, net’, related to voyage charters, amounted to \$205,184 and \$0, respectively. This decrease by \$205,184 in ‘Trade accounts receivable, net’ was mainly attributable to the timing of collections and the employment mainly under period time charters and pool.

As of December 31, 2023, and December 31, 2024, there were no deferred assets and no deferred liabilities related to voyage charters, respectively.

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15. Vessel Operating and Voyage Expenses:

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

	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024
Voyage expenses			
Brokerage commissions	—	137,344	312,605
Brokerage commissions- related party	195,472	279,719	418,070
Port & other expenses	23,594	422,115	273,152
Bunkers consumption	—	1,659,761	589,412
Loss on bunkers	—	6,213	1,512
Total Voyage expenses	\$ 219,066	\$ 2,505,152	\$ 1,594,751
	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024
Vessel Operating Expenses			
Crew & crew related costs	2,775,370	5,322,589	6,169,695
Repairs & maintenance, spares, stores, classification, chemicals & gases, paints, victualling	820,404	1,910,363	1,514,348
Lubricants	165,606	316,672	221,788
Insurance	201,926	373,244	412,407
Tonnage taxes	41,930	59,300	66,392
Other	317,045	1,410,792	915,769
Total Vessel operating expenses	\$ 4,322,281	\$ 9,392,960	\$ 9,300,399

16. Segment Information:

In the second quarter of 2023, the Company established its LPG carrier operations through the acquisition of two LPG carrier vessels. With effect from the second quarter of 2024, the Company operated in two reportable segments: (i) the Handysize tanker segment and (ii) the LPG carrier segment, each on a continued operations basis. The reportable segments reflect the internal organization of the Company and the way the chief operating decision maker (“CODM”), who is the Chief Executive Officer of the Company, reviews the operating results and allocates capital within the Company. The CODM assesses segment performance using key financial measures, including revenues, operating expenses, segment operating income and net income. These metrics help the CODM assess segment profitability, optimize fleet deployment, control costs and determine capital allocation. Based on these segment performance trends, the CODM makes resource allocation decisions such as adjusting chartering strategies, prioritizing fleet expansion or disposals, and optimizing cost efficiencies to enhance profitability and overall segment performance. Further, the transport of refined petroleum products (carried by Handysize tanker vessels) and liquefied petroleum gas (carried by LPG carriers) has different characteristics. In addition, the nature of trade, trading routes, charterers and cargo handling of liquefied petroleum gas and refined petroleum products differs.

TORO CORP.
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(Expressed in U.S. Dollars – except for share data unless otherwise stated)

16. Segment Information: (continued)

The table below presents information about the Company’s reportable segments comprising its continuing operations for the years ended December 31, 2022, 2023 and 2024. The accounting policies followed in the preparation of the reportable segments are the same as those followed in the preparation of the Company’s consolidated financial statements. Segment results are evaluated based on income from operations.

	Year ended December 31, 2022		Year ended December 31, 2023			Year ended December 31, 2024		
	Handysize tanker segment	Total	Handysize tanker segment	LPG carrier segment	Total	Handysize tanker segment	LPG carrier segment	Total
Time charter revenues	\$ —	\$ —	\$ —	\$ 3,439,356	\$ 3,439,356	\$ —	\$ 14,315,299	\$ 14,315,299
Voyage charter revenues	—	—	—	3,253,385	3,253,385	—	1,310,312	1,310,312
Pool revenues	15,637,653	15,637,653	15,611,872	—	15,611,872	6,768,672	—	6,768,672
Total vessel revenues	\$ 15,637,653	\$ 15,637,653	\$ 15,611,872	\$ 6,692,741	\$ 22,304,613	\$ 6,768,672	\$ 15,625,611	\$ 22,394,283
Voyage expenses (including charges from related parties)	(219,066)	(219,066)	(198,730)	(2,306,422)	(2,505,152)	(315,055)	(1,279,696)	(1,594,751)
Vessel operating expenses	(4,322,281)	(4,322,281)	(5,164,248)	(4,228,712)	(9,392,960)	(2,310,289)	(6,990,110)	(9,300,399)
Management fees to related parties	(666,500)	(666,500)	(688,547)	(1,022,104)	(1,710,651)	(386,162)	(1,544,648)	(1,930,810)
Provision for doubtful accounts	—	—	—	—	—	—	(25,369)	(25,369)
Depreciation and amortization	(1,405,124)	(1,405,124)	(1,490,577)	(1,874,041)	(3,364,618)	(1,168,558)	(3,732,688)	(4,901,246)
Gain on sale of vessel	—	—	8,226,258	—	8,226,258	—	—	—
Segments operating income/(loss)	\$ 9,024,682	\$ 9,024,682	\$ 16,296,028	\$ (2,738,538)	\$ 13,557,490	\$ 2,588,608	\$ 2,053,100	\$ 4,641,708
Interest and finance costs		(14,068)			(31,815)			(230,531)
Interest income		4,550			2,053,749			8,354,608
Interest income from related party		—			—			364,205
Dividend income from related party		—			1,020,833			2,645,833
Foreign exchange losses		(1,859)			(14,978)			(21,019)
Dividend income on equity securities		—			—			4,136
Loss on equity securities		—			—			(48,542)
Less: Unallocated corporate general and administrative expenses (including related parties)		(2,093,347)			(5,357,265)			(10,198,863)
Net income and comprehensive income from continuing operations, before taxes		\$ 6,919,958			\$ 11,228,014			\$ 5,511,535
Net income and comprehensive income from discontinued operations, before taxes		\$ 43,966,606			\$ 129,759,646			\$ 19,695,969
Net income and comprehensive income, before taxes		\$ 50,886,564			\$ 140,987,660			\$ 25,207,504

A reconciliation of total segment assets to total assets presented in the accompanying consolidated balance sheets of December 31, 2023, and December 31, 2024, is as follows:

	As of December 31, 2023	As of December 31, 2024
Handysize tanker segment	10,445,507	9,666,777
LPG carrier segment	71,651,775	72,241,241
Cash and cash equivalents ⁽¹⁾	151,757,138	37,191,906
Prepaid expenses and other assets ⁽¹⁾	51,447,318	206,812,257
Total assets from continuing operations	\$ 285,301,738	\$ 325,912,181
Total assets from discontinued operations	\$ 22,802,392	\$ 495,003
Total consolidated assets	\$ 308,104,130	\$ 326,407,184

⁽¹⁾ Refers to assets of other, non-vessel owning, entities included in the consolidated financial statements.

TORO CORP.
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17. Income Taxes:

Toro and its subsidiaries are incorporated under the laws of the Republic of the Marshall Islands, but are not subject to income taxes in the Republic of the Marshall Islands. Toro’s ship-owning subsidiaries are subject to registration and tonnage taxes, which have been included in Vessel operating expenses in the accompanying consolidated statements of comprehensive income.

Pursuant to §883 of the Internal Revenue Code of the United States (the “Code”), U.S. source income from the international operation of ships is generally exempt from U.S. Federal income tax on such income if the company meets the following requirements: (a) the company is organized in a foreign country that grants an equivalent exception to corporations organized in the U. S. and (b) either (i) more than 50 percent 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 U.S. (the “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 U.S. corporations, or in the U.S. (the “Publicly Traded Test”). Marshall Islands, the jurisdiction where the Company and its ship-owning subsidiaries are incorporated, grants an equivalent exemption to United States corporations. Therefore, the Company is exempt from United States federal income taxation with respect to U.S.-source shipping income if either the 50% Ownership Test or the Publicly Traded Test is met.

In the Company’s case, it satisfies the Publicly Traded Test because it has obtained an ownership statement from a qualified shareholder who is the ultimate beneficial owner directly and indirectly of 54.3% of its common shares as of the tax period ending December 31, 2024. The shares owned by this qualified shareholder precluded non-qualified shareholders from owning more than 50% of the Company’s issued and outstanding shares during the 2024 tax year. Accordingly, the Company qualifies for the closely held block exception to the Publicly Traded Test as provided for in Treasury Regulation §1.883-2(d)(3)(ii) and has recorded no provision for U.S. source gross transportation income tax in the accompanying consolidated statements of comprehensive income for the year ended December 31, 2024. For the years ended December 31, 2022 and 2023, the Company has recorded a provision of \$0 and \$47,071, from continuing operations, respectively, for U.S. source gross transportation income tax in the accompanying consolidated statements of comprehensive income.

18. Subsequent Events:

- (a) Interest income, quarterly installment and partial prepayments received from Term Loan:** On January 14, 2025, the Company received from Castor an interest payment related to Term Loan, amounting to \$572,322 for the interest period from December 11, 2024 to January 13, 2025. On February 13, 2025, the Company received from Castor an interest payment related to the Term Loan, amounting to \$525,457 for the interest period from January 14, 2024 to February 13, 2025. On March 11, 2025, the Company received from Castor related to the Term Loan, (i) the first quarterly installment amounting to \$2,500,000 and (ii) an interest payment amounting to \$441,811 for the interest period from February 13, 2025 to March 11, 2025. On March 24, 2025, and March 31, 2025, the Company received from Castor partial prepayments related to the Term Loan amounting to \$13,500,000 and \$34,000,000, respectively.
- (b) Dividend from Castor Series D Preferred Shares:** On January 15, 2025, the Company received from Castor a dividend from the Castor Series D Preferred Shares, amounting to \$847,222 for the dividend period from October 15, 2024 to January 14, 2025.
- (c) Dividend on Series A Preferred Shares:** On January 15, 2025, the Company paid to Castor a dividend on the Series A Preferred Shares, which was declared on December 27, 2024, amounting to \$350,000 for the dividend period from October 15, 2024 to January 14, 2025.
- (d) Completion of the Robin Spin-Off:** On April 14, 2025, the Company completed the spin-off of its wholly owned subsidiary, Robin, and distributed all issued and outstanding shares of Robin to its common shareholders of record as of April 7, 2025, at a ratio of one Robin common share for every eight Company common shares. As part of the Robin Spin-Off, Robin entered into various other agreements effecting the separation of Robin’s business from the Company, including a master management agreement with Castor Ships dated April 14, 2025, with respect to its vessels in substantially the same form as the Company’s Master Management Agreement for its vessels and a Robin Contribution and Spin-Off Distribution Agreement dated April 14, 2025, pursuant to which, among other things, the Company agreed to indemnify Robin and its vessel-owning subsidiaries for any and all obligations and other liabilities arising from or relating to the operation, management or employment of vessels or subsidiaries the Company retains after the Robin Distribution Date and Robin agreed to indemnify the Company for any and all obligations and other liabilities arising from or relating to the operation, management or employment of the vessels contributed to it or its vessel-owning subsidiaries. The Robin Contribution and Spin-Off Distribution Agreement also provided for the settlement or extinguishment of certain liabilities and other obligations between the Company and Robin and provides the Company with certain registration rights relating to Robin’s common shares, if any, issued upon conversion of the Robin Series A preferred shares issued to the Company in connection with the Robin Spin-Off.

DESCRIPTION OF THE REGISTRANT’S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of the date of the annual report to which this exhibit is being filed, Toro Corp. (the “Company”) had two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”):

- (1)

Common shares, par value \$0.001 per share (the “common shares”); and
- (2)

Preferred Share Purchase Rights under the Rights Agreement, as defined below (a “Right” or the “Rights”).

The following description sets forth certain material provisions of these securities. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of (i) the Company’s Amended and Restated Articles of Incorporation (the “Articles of Incorporation”), (ii) the Company’s Amended and Restated Bylaws (the “Bylaws”), and (iii) the Shareholder Protection Rights Agreement, dated as of March 7, 2023 (the “Rights Agreement”), by and between the Company and Broadridge Corporate Issuer Solutions, LLC, as rights agent (the “Rights Agent”), each of which is an exhibit to the annual report on Form 20-F for the fiscal year ended December 31, 2024 (the “Annual Report”) of which this Exhibit is a part. We encourage you to refer to our Articles of Incorporation, Bylaws and the Rights Agreement for additional information.

Capitalized terms used but not defined herein have the meanings given to them in our Annual Report.

OUR SHARE CAPITAL

Under our Articles of Incorporation our authorized capital stock consists of 4,000,000,000 registered shares, of which 3,900,000,000 are designated as common shares, par value \$0.001 per share, and 100,000,000 are designated as preferred shares, par value \$0.001 per share. As of December 31, 2024, we had 19,093,853 common shares issued and outstanding, 140,000 1.00% Series A Fixed Rate Cumulative Perpetual Convertible Preferred Shares and 40,000 Series B Preferred Shares. No Series C Participating Preferred Shares were authorized as of the same time. Our common shares and associated Rights are listed on the Nasdaq Capital Market under the symbol “TORO”.

Any amendment to our Articles of Incorporation to alter our capital structure requires approval by an affirmative majority of the voting power of the total number of shares issued and outstanding and entitled to vote thereon. Shareholders of any series or class of shares are entitled to vote upon any proposed amendment, whether or not entitled to vote thereon by the Articles of Incorporation, if such amendment would (i) increase or decrease the par value of the shares of such series or class, or, (ii) alter or change the powers, preferences or special rights of the shares of such series or class so as to adversely affect them. Such class vote would be conducted in addition to the vote of all shares entitled to vote upon the amendment and requires approval by an affirmative majority of the voting power of the affected series or class.

DESCRIPTION OF COMMON SHARES

Holders of common shares do not have conversion, sinking fund, redemption or pre-emptive rights to subscribe to any of our securities. There are no restrictions under Marshall Islands law on the transferability of our common shares. The rights, preferences and privileges of holders of our common shares are subject to the rights of the holders of any preferred shares, which we have issued in the past or which we may issue in the future.

Voting Rights

Each outstanding common share entitles the holder to one (1) vote on all matters submitted to a vote of shareholders. Our directors are elected by a plurality of the votes cast by shareholders entitled to vote and serve for three-year terms. There is no provision for cumulative voting. Our common shares and Series B Preferred Shares vote together as a class on most matters submitted to a vote of shareholders of the Company, though our Articles of Incorporation provide for a separate vote of the Series B Preferred Shares for certain matters adversely impacting such shares rights and preferences. Series B Preferred Shares have one hundred thousand (100,000) votes per share and currently have a controlling vote over the matters put to a vote of the Company’s shareholders over which they are entitled to vote together with the common shares as a single class.

All of our 40,000 Series B Preferred Shares were issued to Pelagos Holdings Corp (“Pelagos”). Pelagos is a company controlled by Petros Panagiotidis, our Chairman and Chief Executive Officer. Further, as of March 4, 2025, Pani, a corporation controlled by Mr. Panagiotidis, owned 54.3% of 19,093,853 outstanding common shares. As a result, we are controlled by Mr. Panagiotidis, which makes it more difficult to effect a change of control of us.

Dividend Rights

Subject to preferences that may be applicable to any outstanding preferred shares, including the Series A Preferred Shares, holders of common shares are entitled to receive ratably all dividends, if any, declared by our Board of Directors (the “Board”) out of funds legally available for dividends.

Our Series A Preferred Shares provide that holders of Series A Preferred Shares are entitled to receive, when, as and if declared by our Board, but only out of funds legally available therefor, cumulative cash dividends at the Annual Rate and no more, payable quarterly in arrears on the 15th day of each January, April, July and October, respectively, in each year, beginning on April 15, 2023 (each, a “Dividend Payment Date”), with respect to the Dividend Period ending on the day preceding such respective Dividend Payment Date. So long as any Series A Preferred Share remains outstanding, unless full Accrued Dividends on all outstanding Series A Preferred Shares through and including the most recently completed Dividend Period have been paid or declared and a sum sufficient for the payment thereof has been set aside for payment, no dividend may be declared or paid or set aside for payment, and no distribution may be made, on any Junior Stock, other than a dividend payable solely in stock that ranks junior to the Series A Preferred Shares in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Company.

For purposes of the Series A Preferred Shares:

(i) “Accrued Dividends” means an amount computed at the Annual Rate from, as to each share, the date of issuance of such share to and including the date to which such dividends are to be accrued (whether or not such dividends have been declared), less the aggregate amount of all dividends previously paid on such share;

(ii) “Annual Rate” means (A) from, and including, March 7, 2023 to, but excluding, the seventh anniversary of such date (the “Reset Date”), 1.00% per annum of the stated amount and (B) for each Dividend Period commencing on or after the Reset Date, the Annual Rate in effect for the prior Dividend Period multiplied by a factor of 1.3; provided, however, that in no event will the Annual Rate on the Series A Preferred Shares exceed 20% per annum in respect of any Dividend Period;

(iii) “Dividend Period” means each period commencing on (and including) a Dividend Payment Date and continuing to (but not including) the next succeeding Dividend Payment Date; and

(iv) “Junior Stock” means our common shares, the Series B Preferred Shares and any class or series of our stock that ranks junior to the Series A Preferred Shares in the payment of dividends or in the distribution of assets upon our liquidation, dissolution or winding up.

So long as any Series A Preferred Share remains outstanding, unless full Accrued Dividends on all outstanding Series A Preferred Shares through and including the most recently completed Dividend Period have been paid or declared and a sum sufficient for the payment thereof has been set aside for payment, no monies may be paid or made available for a sinking fund for the redemption or retirement of Junior Stock, nor shall any shares of Junior Stock be purchased, redeemed or otherwise acquired for consideration by us, directly or indirectly, other than (i) as a result of (x) a reclassification of Junior Stock, or (y) the exchange or conversion of one share of Junior Stock for or into another share of stock that ranks junior to the Series A Preferred Shares in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Company; or (ii) through the use of the proceeds of a substantially contemporaneous sale of other shares of stock that rank junior to the Series A Preferred Shares in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Company.

Liquidation Rights

Upon our dissolution or liquidation or winding up of our affairs, whether voluntary or involuntary, after payment in full of all amounts required to be paid to creditors and to the holders of preferred shares having liquidation preferences, including the Series A Preferred Shares, the holders of our common shares are entitled to receive pro rata our remaining assets available for distribution.

Our Series A Preferred Shares provide that in the event of any liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, before any distribution or payment out of our assets may be made to or set aside for the holders of any Junior Stock, holders of Series A Preferred Shares will be entitled to receive out of our assets legally available for distribution to our shareholders an amount equal to the stated amount per Series A Preferred Share (\$1,000), together with an amount equal to all Accrued Dividends to the date of payment whether or not earned or declared (the “Liquidation Preference”). If the Liquidation Preference has been paid in full to all holders of Series A Preferred Shares and all holders of any class or series of our stock that ranks on a parity with Series A Preferred Shares in the distribution of assets on liquidation, dissolution or winding up of the Company, the holders of Junior Stock will be entitled to receive all of our remaining assets according to their respective rights and preferences.

Limitations on Ownership

Under Marshall Islands law generally and our Articles of Incorporation, there are no limitations on the right of persons who are not citizens or residents of the Marshall Islands to hold or vote our common shares.

DESCRIPTION OF THE RIGHTS UNDER THE STOCKHOLDERS RIGHTS AGREEMENT

Preferred Shares and the Rights

Our Articles of Incorporation authorize our Board to establish one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the preferences and relative, participating, option or other special rights, if any, and any qualifications, limitations or restrictions of such series; and
- the voting rights, if any, of the holders of the series.

On March 7, 2023, our Board declared a dividend of one preferred share purchase right for each outstanding common share and adopted a rights plan, as set forth in the Rights Agreement. Each Right entitles the holder to purchase from the Company, for \$22, one common share (or one one-thousandth of a share of Series C Participating Preferred Shares) and will become exercisable following the earlier of (i) the tenth business day (or other date designated by resolution of the Board) after any person other than our Chairman and Chief Executive Officer, Petros Panagiotidis, or Mr. Panagiotidis’ controlled affiliates commences a tender offer that would result in such person becoming the beneficial owner of a total of 15% or more of the common shares or (ii) the date of the “Flip-in” Trigger, as defined below.

The rights plan adopted under the Rights Agreement and the Rights have the following characteristics:

- Distribution and Transfer of the Rights.** Our Board will declare a dividend of one Right for each share of our common shares outstanding. Prior to the Separation Time referred to below, the Rights would be evidenced by and trade with our common shares and would not be exercisable. After the Separation Time, we would cause the Rights Agent to mail Rights certificates to shareholders and the Rights would trade independent of the common shares. New Rights will accompany any new common shares of the Company issued after the Distribution until the Separation Time.
 - Separation Time.** Rights would separate from our common shares and become exercisable following the earlier of (i) the tenth (10) business day (or other date designated by resolution of the Board) after any person (other than Mr. Panagiotidis or his controlled affiliates) commences a tender offer that would result in such person becoming the beneficial owner of a total of 15% or more of the common shares or (ii) the date of the “Flip-in” Trigger.
 - Exercise of the Rights.** On or after the Separation Time, each Right would initially entitle the holder to purchase, for \$22 (the “Exercise Price”), one common share (or one one-thousandth of a share of Series C Participating Preferred Shares, such portion of a Series C Participating Preferred Share being designed to give the shareholder approximately the same dividend, voting and liquidation rights as would one common share). Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights.
 - “Flip-in” Trigger.** Upon public announcement by the Company that any person other than Mr. Panagiotidis or his controlled affiliates (an “Acquiring Person”) has acquired 15% or more of our outstanding common shares:

 - (i) Rights owned by the Acquiring Person or transferees thereof would automatically be void; and
 - (ii) each other Right will automatically become a right to buy, for the Exercise Price, that number of common shares of the Company (or equivalent fractional shares of Series C Participating Preferred Shares) having a market value of twice the Exercise Price.
 - “Flip-over” Trigger.** After an Acquiring Person has become such, (i) the Company may not consolidate or merge with any person, if the Company’s Board is controlled by the Acquiring Person or the Acquiring Person is the beneficial owner of 50% or more of the outstanding shares of our common shares, and the transaction is with the Acquiring Person or its affiliate or associate or the shares owned by the Acquiring Person are treated differently from those of other shareholders, and (ii) the Company may not sell 50% or more of its assets if the Company’s Board is controlled by the Acquiring Person unless in either case proper provision is made so that each Right would thereafter become a right to buy, for the Exercise Price, that number of common shares of such other person having a market value of twice the Exercise Price.
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- **Redemption.** The Rights may be redeemed by the Board, at any time until a “Flip-in” Trigger has occurred, at a redemption price of \$0.001 per Right.
- **Power to Amend.** Our Board may amend the Rights Agreement in any respect until a “Flip-in” Trigger has occurred. **Thereafter**, our Board may amend the Rights Agreement in any respect not materially adverse to Rights holders generally.
- **Expiration.** The Rights will expire on the tenth anniversary of the Distribution Date.

Furthermore, if any person (other than Mr. Panagiotidis or his controlled affiliates) acquires between 15% and 50% of our outstanding common shares, the Board may, in lieu of allowing Rights to be exercised, require each outstanding Right to be exchanged for one common share of the Company (or one one-thousandth of a share of Series C Participating Preferred Shares). The Board may enter into a trust agreement pursuant to which the Company would deposit into a trust its common shares that would be distributable to shareholders (excluding the Acquiring Person) in the event this exchange option is implemented.

Certain synthetic interests in securities created by derivative positions, whether or not such interests are considered to be ownership of the underlying common shares or are reportable for purposes of Regulation 13D of the Exchange Act, as amended, are treated as beneficial ownership of the number of our common shares equivalent to the economic exposure created by the derivative position, to the extent our actual common shares are directly or indirectly held by counterparties to the derivatives contracts. Swaps dealers unassociated with any control intent or intent to evade the purposes of the Rights Agreement are excepted from such imputed beneficial ownership.

The Rights Agreement “grandfathers” the current level of ownership of persons who, prior to the date of the Rights Agreement, beneficially owned 15% or more of our outstanding common shares, so long as they do not purchase additional shares in excess of certain limitations. Such provisions also “grandfather” our Chairman and Chief Executive Officer, Petros Panagiotidis, and Mr. Panagiotidis’ controlled affiliates.

The Rights may have anti-takeover effects. The Rights will cause substantial dilution to any person or group that attempts to acquire us without the approval of our Board. As a result, the overall effect of the Rights may be to render more difficult or discourage any attempt to acquire us. Because our Board can approve a redemption of the Rights for a permitted offer, the Rights should not interfere with a merger or other business combination approved by our Board.

Anti-Takeover Provisions in our Articles of Incorporation and Bylaws

Several provisions of the Articles of Incorporation and Bylaws could make it difficult for shareholders to change the composition of our Board in any one year, preventing them from changing the composition of management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable. These provisions are:

- authorizing our Board to issue “blank check” preferred shares without shareholder approval;

- providing for a classified Board with staggered, three-year terms for three classes of directors;
- establishing certain advance notice requirements for nominations for election to our Board or for proposing matters that can be acted on by shareholders at shareholder meetings;
- prohibiting cumulative voting in the election of directors;
- limiting the persons who may call special meetings of shareholders; and
- establishing supermajority voting provisions with respect to amendments to certain provisions of our Articles of Incorporation and Bylaws.

The Articles of Incorporation also prohibit any Interested Shareholder from engaging in a Business Combination (as defined in the Articles of Incorporation) with us within three years after the owner acquired such ownership, except where:

- the Board approved either the Business Combination or the transaction which resulted in the shareholder becoming an Interested Shareholder;
- upon consummation of the transaction which resulted in the shareholder becoming an Interested Shareholder, the Interested Shareholder owned at least 85% of the voting stock of the Company outstanding at the time the transaction commenced, excluding for purposes of determining the number of voting stock outstanding those shares or equity interests owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares or equity interests held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to such time, the Business Combination is approved by the Board and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of the holders of at least two-thirds of the outstanding voting stock that is not owned by the Interested Shareholder.

The foregoing restrictions do not apply if:

- A shareholder becomes an Interested Shareholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares or equity interests so that the shareholder ceases to be an Interested Shareholder; and (ii) would not, at any time within the three-year period immediately prior to a Business Combination between the Company and such shareholder, have been an Interested Shareholder but for the inadvertent acquisition of ownership; or
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- The Business Combination is proposed prior to the consummation or abandonment of and subsequent to the earlier of the public announcement or the notice required hereunder of a proposed transaction which (i) constitutes one of the transactions described in the following sentence; (ii) is with or by a person who either was not an Interested Shareholder during the previous three years or who became an Interested Shareholder with the approval of the Board; and (iii) is approved or not opposed by a majority of the members of the Board then in office (but not less than one) who were directors prior to any person becoming an Interested Shareholder during the previous three years or were recommended for election or elected to succeed such directors by a majority of such directors. The proposed transactions referred to in the preceding sentence are limited to:
 - o a merger or consolidation of the Company (except for a merger in respect of which, pursuant to the BCA, no vote of the shareholders of the Company is required);
 - o a sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of the Company or of any direct or indirect majority-owned subsidiary of the Company (other than to any direct or indirect wholly-owned subsidiary or to the Company) having an aggregate market value equal to 50% or more of either the aggregate market value of all of the assets of the Company determined on a consolidated basis or the aggregate market value of all the outstanding common shares of the Company; or
 - o a proposed tender or exchange offer for 50% or more of the outstanding common shares of the Company.

For the purposes of the foregoing, “Interested Shareholder” means any person (other than the Company and any direct or indirect majority-owned subsidiary of the Company) that (i) is the owner of 15% or more of the outstanding voting stock of the Company, or (ii) is an affiliate or associate of the Company and was the owner of fifteen percent (15%) or more of the outstanding voting stock of the Company at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an Interested Shareholder; and the affiliates and associates of such person; provided, however, that the term “Interested Shareholder” shall not include any person whose ownership of shares in excess of the fifteen percent (15%) limitation set forth herein is the result of action taken solely by the Company; provided that such person shall be an Interested Shareholder if thereafter such person acquires additional shares of voting stock of the Company, except as a result of further Company action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an Interested Shareholder, the voting stock of the Company deemed to be outstanding shall include voting stock deemed to be owned by the person, but shall not include any other unissued shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise. Notwithstanding the foregoing, Petros Panagiotidis, his affiliates and associates shall not be considered an Interested Shareholder.

Marshall Islands Company Considerations

Our corporate affairs are governed by our Articles of Incorporation and Bylaws and by the BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. While the BCA provides that its provisions shall be applied and construed in a manner to make them uniform with the laws of the State of Delaware and other states of the United States of America with substantially similar legislative provisions, there have been few, if any, court cases interpreting the BCA in the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as courts in the United States. As a result, you may have more difficulty protecting your interests in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction which has developed a substantial body of case law. The following table outlines significant differences between the statutory provisions of the BCA and the General Corporation Law of the State of Delaware relating to shareholders’ rights.

Marshall Islands	Delaware
Shareholders’ Voting Rights	
Unless otherwise provided in the articles of incorporation, any action required to be taken at a meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by all the shareholders entitled to vote with respect to the subject matter thereof, or if the articles of incorporation so provide, by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.	Any action required to be taken at a meeting of shareholders may be taken without a meeting if a consent for such action is in writing and is signed by shareholders having not fewer than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.
Any person authorized to vote may authorize another person or persons to act for him by proxy.	Any person authorized to vote may authorize another person or persons to act for him by proxy.
Unless otherwise provided in the articles of incorporation or bylaws, a majority of shares entitled to vote constitutes a quorum. In no event shall a quorum consist of fewer than one-third of the shares entitled to vote at a meeting.	For stock corporations, the certificate of incorporation or bylaws may specify the number of shares required to constitute a quorum but in no event shall a quorum consist of less than one-third of shares entitled to vote at a meeting. In the absence of such specifications, a majority of shares entitled to vote shall constitute a quorum.

Marshall Islands	Delaware
When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.	When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.
The articles of incorporation may provide for cumulative voting in the election of directors.	The certificate of incorporation may provide for cumulative voting in the election of directors.
Merger or Consolidation	
Any two or more domestic corporations may merge or consolidate into a single corporation if approved by the board of each constituent corporation and if authorized by a majority vote at a shareholder meeting of each such corporation by the holders of outstanding shares.	Any two or more corporations existing under the laws of the state may merge into a single corporation pursuant to a board resolution and upon the majority vote by shareholders of each constituent corporation at an annual or special meeting.
Any sale, lease, exchange or other disposition of all or substantially all the assets of a corporation, if not made in the corporation’s usual or regular course of business, once approved by the board of directors (and notice of the meeting shall be given to each shareholder of record, whether or not entitled to vote), shall be authorized by the affirmative vote of two-thirds of the shares of those entitled to vote at a shareholder meeting, unless any class of shares is entitled to vote thereon as a class, in which event such authorization shall require the affirmative vote of the holders of a majority of the shares of each class of shares entitled to vote as a class thereon and of the total shares entitled to vote thereon.	Every corporation may at any meeting of the board sell, lease or exchange all or substantially all of its property and assets as its board deems expedient and for the best interests of the corporation when so authorized by a resolution adopted by the holders of a majority of the outstanding stock of the corporation entitled to vote.
Upon approval by the board, any domestic corporation owning at least 90% of the outstanding shares of each class of another domestic corporation may merge such other corporation into itself without the authorization of the shareholders of any such corporation.	Any corporation owning at least 90% of the outstanding shares of each class of another corporation may merge the other corporation into itself and assume all of its obligations without the vote or consent of shareholders; however, in case the parent corporation is not the surviving corporation, the proposed merger shall be approved by a majority of the outstanding stock of the parent corporation entitled to vote at a duly called shareholder meeting.

Marshall Islands	Delaware
Any mortgage, pledge of or creation of a security interest in all or any part of the corporate property may be authorized without the vote or consent of the shareholders, unless otherwise provided for in the articles of incorporation.	Any mortgage or pledge of a corporation’s property and assets may be authorized without the vote or consent of shareholders, except to the extent that the certificate of incorporation otherwise provides.
Director	
The board of directors must consist of at least one member.	The board of directors must consist of at least one member.
The number of directors may be fixed by the bylaws, by the shareholders, or by action of the board under the specific provisions of a bylaw. The number of board members may be changed by an amendment to the bylaws, by the shareholders, or by action of the board under the specific provisions of a bylaw.	The number of board members shall be fixed by, or in a manner provided by, the bylaws and amended by an amendment to the bylaws, unless the certificate of incorporation fixes the number of directors, in which case a change in the number shall be made only by an amendment to the certificate of incorporation.
If the board is authorized to change the number of directors, it can only do so by a majority of the entire board and so long as no decrease in the number shall shorten the term of any incumbent director.	If the number of directors is fixed by the certificate of incorporation, a change in the number shall be made only by an amendment of the certificate.
Removal:	Removal:
Any or all of the directors may be removed for cause by vote of the shareholders. The articles of incorporation or the bylaws may provide for such removal by board action, except in the case of any director elected by cumulative voting, or by shareholders of any class or series when entitled by the provisions of the articles of incorporation.	Any or all of the directors may be removed, with or without cause, by the holders of a majority of the shares entitled to vote unless the certificate of incorporation otherwise provides.
If the articles of incorporation or bylaws provide any or all of the directors may be removed without cause by vote of the shareholders.	In the case of a classified board, shareholders may effect removal of any or all directors only for cause unless the certificate of incorporation provides otherwise.

Marshall Islands	Delaware
Dissenters’ Rights of Appraisal	
Shareholders have a right to dissent from any plan of merger, consolidation or sale of all or substantially all assets not made in the usual course of business, and receive payment of the fair value of their shares. However, the right of a dissenting shareholder under the BCA to receive payment of the appraised fair value of his shares shall not be available for the shares of any class or series of stock, which shares or depository receipts in respect thereof, at the record date fixed to determine the shareholders entitled to receive notice of and to vote at the meeting of the shareholders to act upon the agreement of merger or consolidation, were either (i) listed on a securities exchange or admitted for trading on an interdealer quotation system or (ii) held of record by more than 2,000 holders. The right of a dissenting shareholder to receive payment of the fair value of his or her shares shall not be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the shareholders of the surviving corporation.	Appraisal rights shall be available for the shares of any class or series of stock of a corporation in a merger or consolidation, subject to limited exceptions, such as a merger or consolidation of corporations listed on a national securities exchange in which listed stock is offered for consideration which is (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders. Notwithstanding those limited exceptions, appraisal rights will be available if shareholders are required by the terms of an agreement of merger or consolidation to accept certain forms of uncommon consideration.
A holder of any adversely affected shares who does not vote on or consent in writing to an amendment to the articles of incorporation has the right to dissent and to receive payment for such shares if the amendment: <ul style="list-style-type: none">• alters or abolishes any preferential right of any outstanding shares having preference; or• creates, alters, or abolishes any provision or right in respect to the redemption of any outstanding shares; or• alters or abolishes any preemptive right granted by law and not disseated by the articles of incorporation of such holder to acquire shares or other securities; or• excludes or limits the right of such holder to vote on any matter, except as such right may be limited by the voting rights given to new shares then being authorized of any existing or new class.	

Marshall Islands	Delaware
Shareholder’s Derivative Actions	
An action may be brought in the right of a corporation to procure a judgment in its favor, by a holder of shares or of voting trust certificates or of a beneficial interest in such shares or certificates. It shall be made to appear that the plaintiff is such a holder at the time of bringing the action and that he was such a holder at the time of the transaction of which he complains, or that his shares or his interest therein devolved upon him by operation of law.	In any derivative suit instituted by a shareholder of a corporation, it shall be averred in the complaint that the plaintiff was a shareholder of the corporation at the time of the transaction of which he complains or that such shareholder’s stock thereafter devolved upon such shareholder by operation of law.
<p>A complaint shall set forth with particularity the efforts of the plaintiff to secure the initiation of such action by the board or the reasons for not making such effort.</p> <p>Such action shall not be discontinued, compromised or settled, without the approval of the High Court of the Republic of the Marshall Islands.</p> <p>Reasonable expenses including attorney’s fees may be awarded if the action is successful.</p> <p>A corporation may require a plaintiff bringing a derivative suit to give security for reasonable expenses if the plaintiff owns less than 5% of any class of outstanding shares or holds voting trust certificates or a beneficial interest in shares representing less than 5% of any class of such shares and the shares, voting trust certificates or beneficial interest of such plaintiff has a fair value of \$50,000 or less.</p>	Other requirements regarding derivative suits have been created by judicial decision, including that a shareholder may not bring a derivative suit unless he or she first demands that the corporation sue on its own behalf and that demand is refused (unless it is shown that such demand would have been futile).

CONTRIBUTION AND SPIN-OFF DISTRIBUTION AGREEMENT
by and between
TORO CORP.
and
ROBIN ENERGY LTD.
dated as of April 14, 2025

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CONTRIBUTION AND SPIN-OFF DISTRIBUTION AGREEMENT

This CONTRIBUTION AND SPIN-OFF DISTRIBUTION AGREEMENT, dated as of April 14, 2025 (this “Agreement”), is entered into by and between Toro Corp., a Marshall Islands corporation (“Toro”), and Robin Energy Ltd., a Marshall Islands corporation (“SpinCo”). Each of Toro and SpinCo is referred to herein as a “Party” and collectively, as the “Parties”.

WITNESSETH:

WHEREAS, Toro is a global shipping company engaged in the business of acquiring, owning, chartering and operating oceangoing cargo vessels;

WHEREAS, acting through its Subsidiaries, Toro currently conducts (i) the Toro Retained Business (presently comprising vessels engaged in the worldwide transportation of liquefied petroleum gas) and (ii) the SpinCo Business (presently comprising handysize tanker vessels engaged in the worldwide transportation of refined petroleum products);

WHEREAS, upon the recommendation of a special committee of independent and disinterested directors (the “Toro Special Committee”) of the Board of Directors of Toro (the “Toro Board”), the independent and disinterested directors of the Toro Board (with Mr. Petros Panagiotidis recused from the related deliberations) have unanimously determined that it is appropriate, desirable and in the best interests of Toro and its shareholders to separate the SpinCo Business from Toro and to spin-off the SpinCo Business in the manner contemplated by this Agreement;

WHEREAS, Toro has caused SpinCo to be formed in order to facilitate such separation and spin-off and SpinCo has not engaged in activities except for activities undertaken in preparation for the Distribution;

WHEREAS, Toro owns all of the issued and outstanding common shares, \$0.001 par value per share, of SpinCo (the “SpinCo Common Shares”) as of the date hereof;

WHEREAS, in order to effect such separation, it is contemplated that the Parties will enter into a series of transactions whereby (i) Toro will contribute all of the Tanker-Owning Subsidiary Shares and \$4,356,450 in cash to SpinCo as a capital contribution in exchange for the issuance of the Series A Preferred Shares and the Distribution Shares and pursuant to Section 4 of the Toro Series B Preferred Shares Statement of Designation, SpinCo will also issue the Series B Preferred Shares to Pelagos, (such transactions as they may be amended or modified from time to time, collectively, the “Contribution”), (ii) Toro shall cause the Master Management Agreement, dated as of March 7, 2023, and as amended and restated on June 1, 2023 that being effective as of April 26, 2023 and further amended by an Addendum No.1 dated August 23,2024 and effective as of July 1, 2024 (as amended, restated and/or supplemented from time to time, the “Existing Management Agreement”), to be terminated in respect of the Tanker-Owning Subsidiaries, and SpinCo and the Tanker-Owning Subsidiaries will enter into a new master management agreement with Castor Ships S.A., in the form attached as Exhibit A hereto , for certain technical, commercial, crew management services and administrative services in respect of the Tanker Vessel and the business affairs of SpinCo (such transactions as they may be amended or modified from time to time, collectively, the “Management Arrangements”), (iii) Toro shall cause the custodial and cash pooling deed entered into between its Subsidiaries and TORO RBX CORP. (the “Toro Custodial Deed”) to be terminated in respect of the Tanker-Owning Subsidiaries, and SpinCo and the Tanker-Owning Subsidiaries will enter into a custodial and cash pooling deed, substantially identical in form to the Toro Custodial Deed, with Robin GMD Corp. (such transactions as they may be amended or modified from time to time, collectively, the “Cash Pooling Arrangements”), (iv) SpinCo will adopt the form of amended and restated articles of incorporation and form of amended and restated by-laws filed with the SEC as exhibits to the Form 20-F (collectively the “Organizational Documents”, and such actions, the “Organizational Arrangements”) and (v) Toro will cause the existing directors of SpinCo to resign from the SpinCo Board and elect the individuals identified in the Form 20-F as directors of SpinCo (the “Governance Arrangements”, and together with the Contribution, the Management Arrangements, the Cash Pooling Arrangements and the Organizational Arrangements, the “Pre-Distribution Transactions”);

WHEREAS, it is contemplated that immediately following the consummation of the Pre-Distribution Transactions, Toro will distribute to holders of Toro Common Shares on a *pro rata* basis, in each case without consideration being paid by such shareholders, one SpinCo Common Share, for every eight Toro Common Shares held on the Record Date (the “Distribution”, and together with the Pre-Distribution Transactions and any other transactions contemplated by this Agreement, in each case as they may be amended or modified from time to time, the “Transactions”), which constitutes one-hundred percent (100%) of the outstanding SpinCo Common Shares;

WHEREAS, the Toro Special Committee has unanimously determined that this Agreement and the Transactions are appropriate, desirable and in the best interests of Toro and its shareholders and recommended to the Toro Board that this Agreement and the Transactions as set forth herein be approved by the Toro Board;

WHEREAS, the independent and disinterested members of the Toro Board have unanimously (i) determined that this Agreement and the Transactions are appropriate, desirable and in the best interests of Toro and its shareholders, (ii) adopted the recommendation of the Toro Special Committee for the approval of this Agreement and the Transactions as set forth herein and (iii) approved, adopted and declared advisable this Agreement and the Transactions as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements, provisions and covenants contained in this Agreement, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1 General. As used in this Agreement, the following terms shall have the following meanings:

- (1) “Action” shall mean any demand, action, claim, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation by or before any Governmental Entity or any arbitration or mediation tribunal.
- (2) “Affiliate” shall mean, when used with respect to a specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such specified Person. For the purposes of this definition, “control” (including the correlative meanings of the terms “controlled by” and “under common control with”), when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by Contract or otherwise.
- (3) “Agreement” shall have the meaning set forth in the preamble.
- (4) “Ancillary Agreements” shall mean all of the written Contracts, instruments, assignments, licenses or other arrangements (other than this Agreement) entered into in connection with the Transactions.
- (5) “Business Day” shall mean any day that is not a Saturday, a Sunday or any other day on which banks are required or authorized by Law to be closed in The City of New York.
- (6) “Cash Pooling Arrangements” shall have the meaning set forth in the recitals hereto.
- (7) “Consents” shall mean any consents, waivers or approvals from, or notification requirements to, any Person other than a Governmental Entity.
- (8) “Contract” shall mean any agreement, contract, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking (whether written or oral and whether express or implied).
- (9) “Contribution” shall have the meaning set forth in the recitals hereto.
- (10) “Conveyancing and Assumption Instruments” shall mean, collectively, the various Contracts and other documents (including conveyance instruments, share transfer forms, assignment and bill of sale instruments) heretofore entered into and to be entered into to effect the Contribution in the manner contemplated by this Agreement, or otherwise relating to, arising out of or resulting from the Transactions, in such form or forms as the Parties agree.

- (11) “Distribution” shall have the meaning set forth in the recitals hereto.
- (12) “Distribution Agent” shall mean Broadridge Corporate Issuer Solutions, LLC.
- (13) “Distribution Date” shall mean such date, as may be set by the Toro Board, on which the Distribution is effected.
- (14) “Distribution Shares” shall mean 2,386,732 SpinCo Common Shares.
- (15) “Existing Management Agreement” shall have the meaning set forth in the recitals hereto.
- (16) “Form 20-F” shall mean the registration statement on Form 20-F filed by SpinCo with the SEC in connection with the Distribution.
- (17) “Governance Arrangements” shall have the meaning set forth in the recitals hereto.
- (18) “Governmental Entity” shall mean any domestic or foreign governmental or regulatory authority, agency, commission, body, court or other legislative, executive or judicial governmental entity and any arbitral tribunal.
- (19) “Group” shall mean (i) with respect to Toro, the Toro Group, and (ii) with respect to SpinCo, the SpinCo Group.
- (20) “Law” shall mean any U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, income Tax treaty, stock exchange rule, order, requirement or rule of law (including common law).
- (21) “Liabilities” shall mean any and all debts, liabilities, costs, expenses, interest and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, reserved or unreserved, or determined or determinable, including those arising under any Law, claim, demand, Action, whether asserted or unasserted, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Entity and those arising under any Contract or any fines, damages or equitable relief which may be imposed and including all costs and expenses related thereto.
- (22) “Management Arrangements” shall have the meaning set forth in the recitals hereto.
- (23) “NASDAQ” shall mean the NASDAQ Stock Market.
- (24) “Organizational Documents” shall have the meaning set forth in the recitals hereto.
- (25) “Organizational Arrangements” shall have the meaning set forth in the recitals hereto.
- (26) “Party” shall have the meaning set forth in the preamble.
- (27) “Pelagos” shall mean Pelagos Holdings Corp.
- (28) “Person” shall mean any natural person, firm, individual, corporation, business trust, joint venture, association, company, limited liability company, partnership or other organization or entity, whether incorporated or unincorporated, or any Governmental Entity.
- (29) “Pre-Distribution Transactions” shall have the meaning set forth in the recitals hereto.
- (30) “Record Date” shall mean such date as may be determined by the Toro Board as the record date for the Distribution.
- (31) “Relevant Time” shall mean 12:01 AM, New York City Time, on the Distribution Date.

- (32) “SEC” shall mean the United States Securities and Exchange Commission.
- (33) “Series A Preferred Shares” shall mean 2,000,000 1.00% Series A Fixed Rate Cumulative Perpetual Convertible Preferred Shares of SpinCo, par value \$0.001 per share.
- (34) “Series B Preferred Shares” shall mean 40,000 Series B Preferred Shares of SpinCo, par value \$0.001 per share.
- (35) “SpinCo” shall have the meaning set forth in the preamble.
- (36) “SpinCo Board” shall have the meaning set forth in Section 2.2.
- (37) “SpinCo Business” shall mean:
- (i) the business and operations of Toro’s Handysize tanker segment as described in the Form 20-F;
 - (ii) the business and operations of Robin GMD Corp.; and
 - (iii) the businesses and operations of the Persons acquired or established by or for SpinCo or any of its Subsidiaries after the date of this Agreement.
- (38) “SpinCo Common Shares” shall have the meaning set forth in the recitals hereto.
- (39) “SpinCo Group” shall mean SpinCo and each Person (other than any member of the Toro Group) that is a direct or indirect Subsidiary of SpinCo immediately after the Relevant Time, and each Person that becomes a Subsidiary of SpinCo after the Relevant Time.
- (40) “Subsidiary” shall mean, with respect to any Person, any corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or other entity in which such Person, directly or indirectly (i) beneficially owns more than fifty percent (50%) of (A) the total combined voting power of all classes of voting securities of such Person, (B) the total combined equity economic interest thereof or (C) the capital or profits thereof, in the case of a partnership, or (ii) otherwise has the power to elect or direct the election of more than fifty percent (50%) of the members of the governing body of such entity or otherwise has control over such entity (e.g., as the managing partner of a partnership).
- (41) “Tanker Vessel” shall mean the *Wonder Mimosa*.
- (42) “Tanker-Owning Subsidiaries” shall mean, collectively, (i) Vision Shipping Co., a Marshall Islands corporation, which owns the tanker vessel *Wonder Mimosa*, (ii) Xavier Shipping Co., a Marshall Islands corporation, which owned the tanker vessel *Wonder Formosa*, before it was sold to an unaffiliated third party pursuant to a memorandum of agreement entered into on September 1, 2023 and delivered to its new owner on November 16, 2023.
- (43) “Tanker-Owning Subsidiary Shares” shall mean all the issued and outstanding shares of the Tanker-Owning Subsidiaries.
- (44) “Toro” shall have the meaning set forth in the preamble.
- (45) “Toro Board” shall have the meaning set forth in the recitals hereto.
- (46) “Toro Common Shares” shall mean the issued and outstanding common shares of Toro, par value \$0.001 per share.
- (47) “Toro Custodial Deed” shall have the meaning set forth in the recitals hereto.

(48) “Toro Group” shall mean Toro and each Person (other than any member of the SpinCo Group) that is a direct or indirect Subsidiary of Toro after the Relevant Time, and each Person that becomes a Subsidiary of Toro after the Relevant Time.

- (49) “Toro Retained Business” shall mean:
- (i) the business and operations of Toro’s current LPG carrier and Aframax/LR2 tanker segments;
 - (ii) the business and operations of Toro RBX Corp.; and
 - (iii) the businesses and operations of the Persons acquired or established by or for Toro and any of its Subsidiaries after the date of this Agreement.

(50) “Toro Series B Preferred Shares Statement of Designation” shall mean the Statement of Designation of the Rights, Preferences and Privileges of the Series B Preferred Shares of Toro.

(51) “Transactions” shall have the meaning set forth in the recitals hereto.

(52) “Transaction Expenses” shall mean all documented third-party, out-of-pocket costs, fees and expenses paid, incurred, or to be incurred by Toro or any of its Subsidiaries relating to the Transactions, including (i) fees and expenses of the financial, accounting, tax and legal advisors and other consultants to Toro, the Toro Board and the Toro Special Committee in connection with the Transactions, (ii) SpinCo’s SEC filing expenses, (iii) the fees of NASDAQ in connection with the application and listing of SpinCo Common Shares, (iv) the costs and expenses directly related to the mailing of the information statement to holders of Toro Common Shares and (v) the fees and expenses of the Distribution Agent in connection with the Distribution.

Section 1.2 References; Interpretation. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. Unless the context otherwise requires, the words “include”, “includes” and “including” when used in this Agreement shall be deemed to be followed by the phrase “without limitation”. Unless the context otherwise requires, references in this Agreement to Articles and Sections shall be deemed references to Articles and Sections of this Agreement. Unless the context otherwise requires, the words “hereof”, “hereby” and “herein” and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement.

ARTICLE II
PRE-DISTRIBUTION TRANSACTIONS

Section 2.1 Articles of Incorporation; By-laws. Toro and SpinCo shall take, or cause to be taken, all necessary actions for the Organizational Documents to be adopted by SpinCo and for the Organizational Documents to be in effect on or before the Relevant Time.

Section 2.2 Directors. Toro shall take all necessary action to cause the Board of Directors of SpinCo (the “SpinCo Board”) to consist, as of the Relevant Time, of the individuals identified in the Form 20-F as directors of SpinCo, including causing the existing directors of SpinCo to resign from the SpinCo Board, as applicable.

Section 2.3 Contribution.

- (a) Immediately prior to the Relevant Time, Toro shall contribute all of its right, title and interest in the Tanker-Owning Subsidiary Shares to SpinCo as a capital contribution.
- (b) Upon and in exchange for Toro’s capital contribution pursuant to Section 2.3(a), SpinCo shall (i) cancel all of the SpinCo Common Shares outstanding as of the date hereof, (ii) issue the Distribution Shares and 2,000,000 Series A Preferred Shares to Toro and grant to Toro the registration rights set forth in Annex A hereto with respect to shares issuable upon conversion of the Series A Preferred Shares in accordance with their terms, and (iii) issue 40,000 Series B Preferred Shares to Pelagos pursuant to the terms of Section 4 of the Toro Series B Preferred Shares Statement of Designation; and

(c) In connection with and furtherance of, the transfer of shares contemplated by Section 2.3(a) and (b) of this Agreement, the transferring Party shall execute, or cause to be executed by the appropriate entities, on or prior to, and with effect as of the Relevant Time, the Conveyancing and Assumption Instruments, necessary to evidence the valid transfer to the applicable Party of all right, title and interest in and to the applicable shares under the applicable Laws, in such form as the Parties shall reasonably agree. The transfer of capital stock shall be effected by means of executed stock powers and notation on the stock record books of the corporation or other legal entities involved and, only to the extent required by applicable Law, by notation on public registries. The Conveyancing and Assumption Instruments shall evidence and perfect the transfers contemplated by this Agreement and shall not constitute a second conveyance of any assets or interests therein and shall be subject to the terms of this Agreement.

Section 2.4 Other Pre-Distribution Transactions. On or prior to, and with effect as of the Relevant Time, the Parties shall, and shall cause their respective Affiliates to, effect the following transactions:

(a) Toro shall cause the Existing Management Agreement to be terminated in respect of the Tanker-Owning Subsidiaries, provided, however, that the vessel management agreements currently in effect between Castor Ships S.A. and Vision Shipping Co. in respect of the Tanker Vessel shall remain in effect;

(b) SpinCo and the Tanker-Owning Subsidiaries shall enter into a new master management agreement, substantially in the form of Exhibit A hereto.;

(c) Toro shall cause the Toro Custodial Deed to be terminated in respect of the Tanker-Owning Subsidiaries, and shall take, or cause members of the Toro Group and the SpinCo Group to take, all necessary actions to terminate the cash pooling arrangements existing as of the date hereof between the SpinCo Group and the Toro Group;

(d) SpinCo and the Tanker-Owning Subsidiaries shall enter into a custodial and cash pooling deed, substantially identical in form to the Toro Custodial Deed, with Robin GMD Corp., a Subsidiary of SpinCo, for certain cash pooling arrangements for the SpinCo Group.

Section 2.5 Ancillary Agreements. On or prior to the Distribution Date, each of Toro and SpinCo shall enter into, and/or (where applicable) shall cause a member or members of their respective Group to enter into, the applicable Ancillary Agreements and any other Contracts reasonably necessary or appropriate in connection with the Transactions.

Section 2.6 Intercompany Accounts and Limitation of Liability.

(a) Toro (and/or any member of the Toro Group) and SpinCo (and/or any member of the SpinCo Group), hereby terminate, effective as of the Relevant Time, any and all Contracts and intercompany Liabilities, whether or not in writing, between Toro (and/or any member of the Toro Group) and SpinCo (and/or any member of the SpinCo Group), that are effective or outstanding as of immediately prior to the Relevant Time, provided, however, that notwithstanding anything herein to the contrary, the Series A Preferred Shares, when issued pursuant to Section 2.3(b) of this Agreement, and related registration rights, shall remain in effect. No such terminated Contract (including any provision thereof that purports to survive termination) or intercompany Liability shall be of any further force or effect from and after the Relevant Time. Each Party shall, at the reasonable request of the other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) Except as set forth in Section 2.6(a) and Article VI of this Agreement, no Party or any Subsidiary thereof shall be liable to the other Party or any Subsidiary of the other Party based upon, arising out of or resulting from any Contract, Liability, arrangement, course of dealing or understanding existing on or prior to the Relevant Time and terminated pursuant to Section 2.6(a) of this Agreement (other than, for the avoidance of doubt, this Agreement (including the Annex), any Ancillary Agreement, or any other Contract entered into in connection herewith or in order to consummate the Transactions and the Series A Preferred Shares).

ARTICLE III

THE DISTRIBUTION

Section 3.1 Share Dividend by Toro. On the Distribution Date, Toro will cause the Distribution Agent to distribute the Distribution Shares, being 100% of the outstanding SpinCo Common Shares then owned by Toro, to holders of Toro Common Shares on the Record Date, and to credit the appropriate number of such SpinCo Common Shares to book-entry accounts for each such holder of Toro Common Shares. For shareholders of Toro who own Toro Common Shares through a broker or other nominee, the SpinCo Common Shares will be credited to their respective accounts by such broker or nominee. Each holder of Toro Common Shares on the Record Date will be entitled to receive in the Distribution one SpinCo Common Share for every ten Toro Common Shares held by such shareholder. No action by any such shareholder shall be necessary for such shareholder to receive the applicable number of SpinCo Common Shares (and, if applicable, cash in lieu of any fractional shares pursuant to Section 3.2 hereof) that such shareholder is entitled to in the Distribution.

Section 3.2 Fractional Shares. Toro shareholders holding a number of Toro Common Shares, on the Record Date, which would entitle such shareholders to receive less than one whole SpinCo Common Share in the Distribution, will receive cash in lieu of fractional shares. Fractional SpinCo Common Shares will not be distributed in the Distribution nor credited to book-entry accounts. The Distribution Agent shall, as soon as practicable after the Distribution Date (a) determine the number of whole SpinCo Common Shares and fractional SpinCo Common Shares allocable to each holder of record of Toro Common Shares as of the close of business on the Record Date (or in accordance with the applicable procedures of The Depository Trust Company, to members thereof), (b) aggregate all such fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions, in each case, at then prevailing trading prices on behalf of holders who would otherwise be entitled to fractional share interests, and (c) distribute to each such holder, or for the benefit of each beneficial owner, such holder or owner’s ratable share of the net proceeds of such sale, net of brokerage fees incurred in such sales and after making appropriate deductions for any amount required to be withheld for United States federal income Tax and other applicable Tax purposes. None of Toro, SpinCo or the Distribution Agent will guarantee any minimum sale price for the fractional SpinCo Common Shares. None of Toro or SpinCo will pay any interest on the proceeds from the sale of fractional shares. The Distribution Agent acting on behalf of SpinCo will have the sole discretion to select the broker-dealers through which to sell the aggregated fractional shares and to determine when, how and at what price to sell such shares. Neither the Distribution Agent nor the broker-dealers through which the aggregated fractional shares are sold will be Affiliates of Toro or SpinCo.

Section 3.3 Sole Discretion of Toro. The independent and disinterested members of the Toro Board may at any time and from time to time until the completion of the Distribution, upon the recommendation of the Special Committee, decide to abandon any or all of the Distribution or modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution.

Section 3.4 Conditions to the Distribution. The Distribution is subject to the satisfaction of the following conditions or the waiver thereof by the independent and disinterested members of the Toro Board, upon the recommendation of the Special Committee:

- (a) the Special Committee, will not have withdrawn its recommendation that the Transactions be approved by the Toro Board and will not have recommended that the Toro Board abandon the Distribution or modify the terms thereof or the Relevant Time;
- (b) the independent and disinterested members of the Toro Board will not have withdrawn the Toro Board’s authorization and approval of any of the Transactions and will not have determined to abandon the Distribution or modified the terms thereof or the Relevant Time;
- (c) the Pre-Distribution Transactions will have been completed;
- (d) all material Consents required in connection with the Transactions shall have been received and be in full force and effect;

- (e) the SEC will have declared the Form 20-F effective under the Exchange Act, no stop order suspending the effectiveness of the Form 20-F will be in effect, and no proceedings for that purpose will be pending before or threatened by the SEC;
- (f) the SpinCo Common Shares to be delivered in the Distribution shall have been approved for listing on NASDAQ;
- (g) no order, injunction or decree that would prevent the consummation of the Distribution will be threatened, pending or issued (and still in effect) by any governmental entity of competent jurisdiction, no other legal restraint or prohibition preventing the consummation of the Distribution will be in effect, and no other event outside the control of Toro will have occurred or failed to occur that prevents the consummation of the Distribution; and
- (h) Toro and SpinCo will have executed and delivered this Agreement and all other Ancillary Agreements.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF TORO; DISCLAIMER

Section 4.1 Representations and Warranties. Toro hereby represents and warrants that:

- (a) Toro and each of the Tanker-Owning Subsidiaries has been duly formed or incorporated and is validly existing in good standing under the laws of its respective jurisdiction of formation or incorporation;
- (b) Correct and complete copies of the certificate of incorporation, articles of incorporation, by-laws, other organizational documents and all material agreements (as amended to the date of this Agreement) of each Tanker-Owning Subsidiary have been made available to SpinCo;
- (c) The execution and delivery of this Agreement and all documents, instruments and agreements required to be executed and delivered by it pursuant to this Agreement in connection with the completion of the Transactions, have been or will be duly authorized by all necessary actions by Toro and, to the extent applicable, each Tanker-Owning Subsidiary, and this Agreement has been duly executed and delivered by Toro and constitutes a legal, valid and binding obligation of Toro enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws of general application affecting the enforceability of remedies and rights of creditors and except that equitable remedies such as specific performance and injunction are in the discretion of a court;
- (d) The execution, delivery and performance by it of this Agreement will not conflict with or result in any violation of or constitute a breach of any of the terms or provisions of, or result in the acceleration of any obligation under, or constitute a default under any provision of: (i) the articles of association, articles of incorporation or by-laws or other organizational documents of Toro or any of the Tanker-Owning Subsidiaries; (ii) any lien, encumbrance, security interest, pledge, mortgage, charge, other claim, bond, indenture, agreement, contract, franchise license, permit or other instrument or obligation to which Toro or any of the Tanker-Owning Subsidiaries is a party or is subject or by which its assets or properties may be bound; or (iii) any applicable laws, statutes, ordinances, rules or regulations promulgated by a governmental authority, orders of a governmental authority, judicial decisions, decisions of arbitrators or determinations of any governmental authority or court;
- (e) Except as have already been obtained or that will be obtained in the ordinary course of business, no material Consent, permit, approval or authorization of, notice or declaration to or filing with any Governmental Entity or any other Person, including those related to any environmental laws or regulations, is required in connection with the execution and delivery by Toro of this Agreement or the consummation by Toro or any of the Tanker-Owning Subsidiaries of the Transactions; and
- (f) The Tanker-Owning Subsidiary Shares have been duly and validly issued, are fully paid and non-assessable and free of preemptive rights. Toro will convey to SpinCo upon its constitution thereof good and valid title to the Tanker-Owning Subsidiary Shares, which comprise all of the issued and outstanding shares in the Tanker-Owning Subsidiaries, free and clear of all mortgages, liens, security interests, covenants, options, claims, restrictions, or encumbrances of any kind. There are no outstanding options, warrants or other rights to acquire any shares of capital stock or securities convertible into or exercisable for the capital stock of any Tanker-Owning Subsidiary.

Section 4.2 DISCLAIMER OF WARRANTIES. EXCEPT TO THE EXTENT PROVIDED IN THIS AGREEMENT OR IN ANY ANCILLARY AGREEMENT, THE PARTIES ACKNOWLEDGE AND AGREE THAT NONE OF THE PARTIES HAS MADE, DOES NOT MAKE, AND EACH SUCH PARTY SPECIFICALLY NEGATES AND DISCLAIMS, ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTEES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS, IMPLIED OR STATUTORY, ORAL OR WRITTEN, PAST OR PRESENT, REGARDING (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE ASSETS OWNED BY THE TANKER-OWNING SUBSIDIARIES, INCLUDING THE ENVIRONMENTAL CONDITION OF THE ASSETS GENERALLY, INCLUDING THE PRESENCE OR LACK OF HAZARDOUS SUBSTANCES OR OTHER MATTERS ON SUCH ASSETS, (B) THE INCOME TO BE DERIVED FROM SUCH ASSETS, (C) THE SUITABILITY OF SUCH ASSETS FOR ANY AND ALL ACTIVITIES AND USES THAT MAY BE CONDUCTED THEREON OR THEREWITH, (D) THE COMPLIANCE OF OR BY SUCH ASSETS OR THEIR OPERATION WITH ANY LAWS (INCLUDING ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS), OR (E) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF SUCH ASSETS. EXCEPT TO THE EXTENT PROVIDED IN ANY ANCILLARY AGREEMENT, EACH PARTY ACKNOWLEDGES AND AGREES THAT SUCH PARTY HAS HAD THE OPPORTUNITY TO INSPECT THE ASSETS OF THE TANKER-OWNING SUBSIDIARIES, AND SUCH PARTY IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE ASSETS OF THE TANKER-OWNING SUBSIDIARIES AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE OTHER PARTY. EACH OF THE PARTIES HEREBY ACKNOWLEDGES THAT, TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE ASSETS OWNED BY THE TANKER-OWNING SUBSIDIARIES, AS PROVIDED FOR HEREIN, ARE CONVEYED ON AN “AS IS,” “WHERE IS” CONDITION WITH ALL FAULTS, AND THE ASSETS OF THE TANKER-OWNING SUBSIDIARIES ARE CONVEYED SUBJECT TO ALL OF THE MATTERS CONTAINED IN THIS SECTION. EXCEPT TO THE EXTENT PROVIDED IN ANY ANCILLARY AGREEMENT, NONE OF THE PARTIES IS LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE ASSETS OF THE TANKER-OWNING SUBSIDIARIES FURNISHED BY ANY AGENT, EMPLOYEE, SERVANT OR THIRD PARTY. THIS SECTION SHALL SURVIVE THE CONTRIBUTION AND CONVEYANCE OF THE TANKER-OWNING SUBSIDIARY SHARES OR THE TERMINATION OF THIS AGREEMENT. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED BY THE PARTIES AFTER DUE CONSIDERATION AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, WITH RESPECT TO THE ASSETS OF THE TANKER-OWNING SUBSIDIARIES THAT MAY ARISE PURSUANT TO ANY LAW NOW OR HEREAFTER IN EFFECT, OR OTHERWISE, EXCEPT AS SET FORTH IN THIS AGREEMENT OR ANY ANCILLARY AGREEMENT.

ARTICLE V

FURTHER ASSURANCES

Section 5.1 Further Assurances. From time to time after the date of this Agreement, and without any further consideration, the Parties agree to execute, acknowledge and deliver all such additional deeds, assignments, bills of sale, conveyances, instruments, notices, releases, acquittances and other documents, and will do all such other acts and things, all in accordance with applicable Law, as may be necessary or appropriate (a) more fully to assure that the applicable Parties own all of the properties, rights, titles, interests, estates, remedies, powers and privileges granted by this Agreement, or which are intended to be so granted, (b) more fully and effectively to vest in the applicable Parties and their respective successors and assigns beneficial and record title to the interests contributed and assigned by this Agreement or intended so to be and (c) to more fully and effectively carry out the purposes and intent of this Agreement.

ARTICLE VI

INDEMNIFICATION

Section 6.1 Release of Pre-Distribution Claims.

(a) Effective as of the Relevant Time, and except (i) as may be expressly provided in this Agreement or any Ancillary Agreement and (ii) for any matter for which any Party is entitled to indemnification pursuant to this Article VI, each Party, for itself and each member of its respective Group, their respective Affiliates and all Persons who at any time prior to the Relevant Time were directors, officers, agents or employees of any member of its Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, do hereby remise, release and forever discharge the other Party and the other members of such other Party’s Group, their respective Affiliates and all Persons who at any time prior to the Relevant Time were shareholders, directors, officers, agents or employees of any member of such other Party’s Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law or in equity, whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Relevant Time, including in connection with all activities to implement the Distribution and any of the other transactions contemplated hereunder and under the Ancillary Agreements.

(b) Nothing contained in Section 6.1(a) and Section 2.6 shall impair or otherwise affect any right of any Party, and as applicable, a member of the Party’s Group to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings contemplated in this Agreement or any Ancillary Agreement that continue in effect after the Relevant Time. In addition, nothing contained in Section 6.1(a) shall release any Person from any Liability that the Parties may have with respect to indemnification pursuant to this Agreement. In addition, nothing contained in Section 6.1(a) shall release Toro from indemnifying any director, officer or employee of SpinCo who was a director, officer or employee of Toro or any of its Affiliates on or prior to the Relevant Time, as the case may be, to the extent such director, officer or employee is or becomes a named defendant in any Action with respect to which he or she was entitled to such indemnification pursuant to then existing obligations.

Section 6.2 Indemnification by Toro. Effective as of the Relevant Time, Toro shall indemnify the SpinCo Group for any and all obligations and other Liabilities arising from, or relating to, the operation, management or employment of the Toro Retained Business prior to, on or after the Relevant Time.

Section 6.3 Indemnification by SpinCo. Effective as of the Relevant Time, SpinCo shall indemnify the Toro Group for any and all obligations and other Liabilities arising from, or relating to, the operation, management or employment of the SpinCo Business prior to, on or after the Relevant Time.

ARTICLE VII

TERMINATION

Section 7.1 Termination. This Agreement may be terminated at any time prior to the Distribution Date by and in the sole discretion of Toro without the approval of SpinCo or the shareholders of Toro. In the event of such termination, no Party shall have any Liability of any kind to the other Party or any other Person.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Complete Agreement; Construction. This Agreement, including the Ancillary Agreements, shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter. No understanding, representation, promise or agreement, whether oral or written, is intended to be or shall be included in or form part of this Agreement unless it is contained in a written amendment hereto executed by the Parties in accordance with the terms of this Agreement.

Section 8.2 Amendments. This Agreement may be amended or modified only by a written agreement executed and delivered by all of the Parties. This Agreement may not be modified or amended except as provided in the immediately preceding sentence and any purported amendment by any Party or Parties effected in a manner which does not comply with this Section 8.2 shall be void, *ab initio*.

Section 8.3 Counterparts. This Agreement may be executed in more than one counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Party. This Agreement may be executed and delivered by electronic means, including “.pdf” or “.tiff” files, and any electronic signature shall constitute an original for all purposes.

Section 8.4 Survival of Representations and Warranties. The representations and warranties of the Parties in this Agreement, and in or under any Ancillary Agreements, will survive the completion of the Transactions regardless of any independent investigations that SpinCo may make or cause to be made, or knowledge it may have, prior to the date of this Agreement and will continue in full force and effect for a period of one (1) year from the date of this Agreement. At the end of this period, such representations and warranties will terminate, and no claim may be brought by SpinCo against Toro thereafter in respect of such representations and warranties.

Section 8.5 Costs and Expenses.

(a) Except as otherwise provided in this Agreement or any of the Ancillary Agreements, all third-party fees, costs and expenses paid or incurred in connection with the Transactions will be paid by the Party incurring such fees or expenses, whether or not the Distribution is consummated, or as otherwise agreed by the Parties.

(b) Notwithstanding Section 8.5(a), if the Distribution is consummated, SpinCo will reimburse Toro for the Transaction Expenses, provided that SpinCo will not reimburse Toro for any of the Transaction Expenses that were incurred or paid by any of the Subsidiaries of Toro that will become part of the SpinCo Group immediately after the Relevant Time.

Section 8.6 Notices. All notices, requests, claims, demands and other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Ancillary Agreements, shall be in English, shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile (at a facsimile number to be provided by such Party to the other Party pursuant to the notice provisions of this Section 8.6) with receipt confirmed (followed by delivery of an original via overnight courier service), by email (at an email address to be provided by such Party to the other Party pursuant to the notice provisions of this Section 8.6) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Party at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 8.6):

To Toro:

Toro Corp.
223 Christodoulou Chatzipavlou Street
Hawaii Royal Gardens
3036 Limassol, Cyprus
Attention: Ioannis Lazaridis
Email: corporate@torocorp.com & finance@torocorp.com

To SpinCo:

Robin Energy Ltd.
223 Christodoulou Chatzipavlou Street
Hawaii Royal Gardens
3036 Limassol, Cyprus
Attention: Petros Panagiotidis
Email: corporate@robinenergy.com & finance@robinenergy.com

Section 8.7 Waivers and Consents. The failure of any Party to require strict performance by the other Party of any provision in this Agreement will not waive or diminish that Party’s right to demand strict performance thereafter of that or any other provision hereof. Any consent required or permitted to be given by any Party to the other Party under this Agreement shall be in writing and signed by the Party giving such consent.

Section 8.8 Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors and permitted transferees and assigns.

Section 8.9 Deed; Bill of Sale; Assignment. To the extent required and permitted by applicable Law, this Agreement shall also constitute a “deed,” “bill of sale” or “assignment” of the Tanker-Owning Subsidiary Shares.

Section 8.10 Subsidiaries. Each of the Parties shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such Party.

Section 8.11 Third Party Beneficiaries. Except (i) as provided in Article VI for the release under Section 6.1 of any Person provided therein and (ii) as specifically provided in any Ancillary Agreement, this Agreement is solely for the benefit of the Parties and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 8.12 Titles and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 8.13 Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the Republic of Marshall Islands, without giving effect to any conflict-of-laws or other rule that would result in the application of the laws of a different jurisdiction. Each Party hereto submits to the exclusive jurisdiction of the courts of the Republic of Marshall Islands for any and all legal actions arising out of or in connection with this Agreement.

Section 8.14 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.14.

Section 8.15 Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 8.16 Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

TORO CORP.

By: _____
Name:
Title:

ROBIN ENERGY LTD.

By: _____
Name:
Title:

ANNEX A Registration Rights	
PARTIES:	Robin Energy Ltd., a Marshall Islands corporation (the “ <u>Company</u> ”) and Toro Corp., a Marshall Islands corporation (“ <u>Toro</u> ”).
REGISTRABLE SECURITIES:	<p>“<u>Registrable Securities</u>” means (i) common shares of the Company (or any other shares of a class of stock of the Company or other securities of the Company or a successor entity of the Company resulting from a merger, consolidation, exchange of shares or sale of all or substantially all of the assets of the Company) (the “<u>Common Shares</u>”), issued to Toro upon conversion of the Company’s Series A Fixed Rate Cumulative Perpetual Convertible Preferred Shares of the Company (or assumed by a successor of the Company) (the “<u>Series A Shares</u>”), and (ii) any Common Shares received by Toro in respect thereof in connection with any split or subdivision, dividend, distribution or similar transaction.</p> <p>Any such Common Shares shall cease to be Registrable Securities upon the earliest to occur of: (i) such Common Shares being sold pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended (the “<u>Securities Act</u>”), (ii) such Common Shares being sold pursuant to Rule 144 under the Securities Act (“<u>Rule 144</u>”), (iii) such Common Shares becoming eligible for sale by pursuant to Rule 144 without volume or manner-of-sale restrictions and (iv) such Common Shares ceasing to be outstanding.</p>
REGISTRATION:	<p>Subject to Toro timely providing the Company with all information and documents reasonably requested by the Company in connection with such filings, the Company will file, as promptly as reasonably practicable, and in any event no later than 30 calendar days after a request by Toro, one or more registration statements to register Registrable Securities then held by Toro (including a plan and method of distribution as reasonably determined by the Company and Toro). Each such registration statement may also register sales of securities for the account of the Company or other holders. The Company will use its reasonable best efforts to have each such registration statement declared effective as soon as possible after such filing.</p> <p>Subject to any Blackout Period, the Company will use its reasonable best efforts to keep such registration statement continuously effective until the end of the Term.</p>
BLACKOUT PERIODS:	<p>In the event that the Company determines in good faith that the registration or sale of Registrable Securities would reasonably be expected to materially adversely affect or materially interfere with any material financing of the Company or any material transaction under consideration by the Company or would require disclosure of information that has not been, and is not otherwise required to be, disclosed to the public, the Company shall be entitled to postpone the filing or the effectiveness of a registration statement, or suspend the availability of a registration statement and the prospectus contained therein for sales thereunder, for a period of up to 90 days.</p> <p>A Blackout Period may not occur more than 3 times in any period of 12 consecutive months or last, together with any other Blackout Period, in the aggregate, more than 90 days in any period of 12 consecutive months.</p>
EXPENSES:	All fees and expenses incident to the Company’s performance of its obligations hereunder (including all registration and filing fees) shall be borne solely by the Company. Toro shall pay all transfer taxes, if any, and the fees and expenses of its counsel, if any, relating to a sale of Registrable Securities.
TERM:	The rights and obligations hereunder shall terminate on the date on which Toro owns no Series A Shares and no Registrable Securities.
GOVERNING LAW:	New York

SUBSIDIARY LIST

Subsidiary	Jurisdiction of Incorporation
Colossus Shipping Co.	Marshall Islands
Cyborg Shipping Co.	Marshall Islands
Drax Shipping Co.	Marshall Islands
Elektra Shipping Co.	Marshall Islands
Gamora Shipping Co.	Marshall Islands
Hawkeye Shipping Co.	Marshall Islands
Nightwing Shipping Co.	Marshall Islands
Robin Energy Ltd.	Marshall Islands
Rocket Shipping Co.	Marshall Islands
Starfire Shipping Co.	Marshall Islands
Starlord Shipping Co.	Marshall Islands
Toro RBX Corp.	Marshall Islands
Vision Shipping Co.	Marshall Islands
Xavier Shipping Co.	Marshall Islands
Zatanna Shipping Co.	Marshall Islands



INSIDER TRADING POLICY

As adopted by TORO CORP., on April 15, 2025

Version 1

A. INSIDER TRADING POLICY

1. General

Toro Corp. (the “Company”) is a public company, whose common shares are listed on the Nasdaq Capital Market and registered under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”). Pursuant to the Exchange Act, the Company files annual and other reports with the US Securities and Exchange Commission (the “SEC”).

The Exchange Act prohibits the misuse of material, non-public information. In order to avoid even the appearance of impropriety the Company has instituted procedures to prevent the misuse of non-public information.

This policy (the “Policy”) will be administered and supervised by the Head of the Legal Department of Castor Ships S.A., (the “HoL”) or, in any case in which the HoL (or any of the persons or entities described in Sections 2(b) and 2(c) of this Policy with respect to the HoL) propose to trade in securities covered by this Policy, by the Company’s Chief Financial Officer. Please pay special attention to the “Blackout” and “Trading Window” policies discussed in this memorandum.

In addition to any consequences under applicable law, failure to comply with the Policy may result in severe consequences, including employee termination and disciplinary action. See “6. Penalties for insider trading” below.

2. Whom does the policy cover?

The Policy covers the persons listed below (collectively, the “Insiders”):

- (a) all of the Company’s and its subsidiaries’ officers, directors and employees, and persons performing similar functions, including for the avoidance of doubt any employees, officers or directors of the Company’s manager, Castor Ships S.A.;
- (b) relatives who are members of the same household, the spouse, partner equivalent to a spouse under national law and anyone else who resides with any of the individuals identified in (a) above, as well as family members who do not reside with the individuals identified in (a) but whose transactions in Securities (as defined in Section 5 below) are directed by, or are subject to the influence or control of, the foregoing (such as parents or children who consult with an insider before they trade in Securities); and
- (c) any other natural or legal person, trust or partnership (i) whose managerial responsibilities are discharged by, (ii) which is directly or indirectly controlled by, or (iii) whose economic interests are substantially equivalent to, an insider referred to under (a) or (b).

In addition, from time to time a person can become a “temporary insider” and be subject to this Policy if he or she is given access to material non-public information or receives material nonpublic information from an Insider. A temporary insider can include, among others, third-parties, the Company’s attorneys, accountants, consultants, bank lending officers, and the employees of those organizations. The Company will seek to notify these persons when they become Insiders, but all persons nonetheless have a duty not to trade in the Securities if they are in possession of material non-public information.

For the avoidance of doubt, the Company shall not be deemed an Insider for purposes of this Policy.

The Company forbids any Insider from trading, either for his or her personal account or on behalf of others, while in possession of material non-public information, or communicating material non-public information to others in violation of the law. This prohibited conduct is often referred to as “insider trading.”

The Policy extends to each Insider’s activities within and/or outside his/her duties at the Company. Each Insider must read and retain this statement.

3. What is insider trading?

Although “insider trading” is not defined in the securities laws, the term “insider trading” is generally used to refer to trading while in possession of material non-public information (whether or not one is an insider) and/or to communications of material non-public information to others. The law in this area is generally understood to prohibit, among other things:

- trading by an Insider while in possession of material non-public information;
- trading by a non-Insider while in possession of material non-public information, where the information either was disclosed to the non-Insider in violation of an Insider’s duty to keep it confidential or the information was misappropriated;
- wrongfully communicating, or “tipping”, material non-public information to other persons who may use such information to trade in Securities;
- recommending or inducing third parties to trade in Securities while in possession of material non-public information; and

For purposes of insider trading, trading includes placing Securities in margin accounts or pledging Securities.

Gifts of Securities (as defined below) will be treated as sales of such Securities.

4. Elements of insider trading

As a general guide, certain components of what amounts to “insider trading” are described below.

The term “material non-public information” refers to information about the Company, its subsidiaries or the Securities that is not known to persons outside the Company or is otherwise non-public and that could be considered material to an investor in making an investment decision relating to the Securities (including a decision to buy or sell Securities).

What information is material?

Trading on information that is “material” is prohibited. Information generally is considered “material” if:

- there is a substantial likelihood that an investor would reasonably consider the information important in making an investment decision, or
- the information is reasonably certain to have a substantial effect on the price of the Securities.

Information either positive or negative may be material. Information should be considered material, unless it is trivial or of no interest to the public. It is not possible to identify every type of information that could be material, or every context in which otherwise ordinary information might become material. For that reason, if you have any concern that information within your possession may be material, it is your responsibility to seek appropriate advice from the HoL (or, in the case of advice sought by the HoL (or any of the persons or entities described in Sections 2(b) and 2(c) of this Policy with respect to the HoL), from the Chief Financial Officer) before trading in the Securities.

Examples of material information typically include, but are not limited to:

- the Company’s financial results, earnings estimates not previously disseminated, material changes in previously-released earnings estimates or forecasts, vessel acquisition or disposition, other significant asset purchases or sales, dividend policy changes, tender offers, merger, business combination or acquisition proposals or agreements, major litigation, status of covenants compliance, significant regulatory actions, communications with lenders and investment banks, material changes in liquidity including both challenges and improvements, extraordinary management developments, material amendments to the constitutional documents of the Company, and Share buyback.

What information is non-public?

Information is non-public if it has not been disseminated in a manner reasonably designed to make it available to the investing public generally. Information becomes public when it is disseminated to the public and there has been adequate time for the public to digest that information. The amount of time since the information was first disseminated ordinarily is a factor regarding whether the information is considered “public”.

The belief that material information was public at the time an Insider trades does not relieve that Insider from liability.

5. What securities are covered by this Policy?

This Policy applies not only to the Company’s common shares, but also any other securities issued by the Company, including any preferred shares, bonds and notes and the shares, bonds and notes of any of the Company’s subsidiaries and derivative securities of such securities (such as options, puts, calls or warrants or any other financial instrument by which the above securities can be acquired or subscribed) whether or not issued by the Company (and whether or not settled in such securities or in cash) (collectively, the “Securities”).

In addition, this Policy applies to securities of a third party to the extent that an Insider acquires material non-public information in relation to that third party or the securities of that third party as a result of the Insider’s employment with, or service to, the Company.

6. Penalties for insider trading

Penalties for insider trading are severe both for the individuals involved as well as for their employers. The Company requires all Insiders to comply with the law and with this Policy. A person can be subject to some or all of the penalties listed below, even if he or she does not personally benefit from the violation. Penalties may include:

- Jail sentences;
- Civil injunctions;
- Civil treble (3x) damages;
- Disgorgement of profits;
- Criminal fines of up to three times the profit gained or loss avoided, whether or not the person actually benefited; and
- Fines for the employers or other controlling person of up to the greater of \$1 million or three times the amount of the profit gained or loss avoided.

In addition, under some circumstances, people who trade on inside information may be subjected to civil liability in private lawsuits.

Importantly, in the event of violation of this Policy, employees may also be subject to disciplinary action, including termination of employment for cause.

It is in the Company’s and its Insiders’ best interests to implement robust procedures to prevent unlawful or improper trading and to ensure adherence to applicable laws and regulations.

7. Procedures to prevent insider trading

The following procedures have been established to aid in the prevention of insider trading. Every Insider must follow these procedures or risk sanctions, including: dismissal, substantial personal liability and criminal penalties.

8. Questions to Ask

Prior to trading in Securities, and if you think you may have material non-public information, ask yourself the following questions:

- Is the information material? Is this information that an investor would consider important in making an investment decision? Would you take it into account in deciding whether to buy or sell? Is this information that would affect the market price of the Securities, if generally disclosed?
- Is the information non-public? To whom has this information been provided? Has it been effectively communicated to the marketplace? Has enough time gone by?

9. Action Required

If you are at all uncertain as to whether any information you have is “inside information,” you must:

- immediately report the matter to the HoL (or, in case of the HoL reporting, to the Chief Financial Officer);
- refrain from purchasing or selling the Securities; and
- not communicate the information inside or outside the Company.

After the Insider and the HoL (or the Chief Financial Officer, as applicable) have reviewed the issue and consulted with in-house or outside counsel to the extent appropriate, the Insider will be instructed as to whether he/she may trade and/or communicate that information.

10. Blackout Policy and Trading Window

To assure compliance with the Policy and applicable securities laws, the Company requires that all Insiders refrain from conducting transactions involving the purchase or sale of Securities during the period commencing fifteen (15) calendar days prior to the release of quarterly, semi-annual or annual results, as applicable, and ending at 12pm EST on the first trading day following such public disclosure. In addition, from time to time material non-public information regarding the Company may be pending. While such information is pending, the Company may impose a special “blackout” period during which the same prohibitions and recommendations shall apply.

Remember: Even during any period of time wherein trading is permissible (the “Trading Window”), any person possessing material non-public information should not engage in any transactions in the Securities until the information has been made public and absorbed by the market.

11. Pre-Clearance of Trades

All insiders must refrain from trading in Securities, even during the Trading Window, without first complying with the Company’s “pre-clearance” process. Each such person should contact the HoL (or, in the case of the HoL (or any of the persons or entities described in Sections 2(b) and 2(c) of this Policy with respect to the HoL), the Chief Financial Officer, as may be applicable) prior to commencing any trade and cannot proceed without his or her written confirmation.

12. Questions or concerns

Any questions or concerns regarding the Company’s Policy to detect and prevent insider trading should be directed to the HoL (or, in the case of the HoL (or any of the persons or entities described in Sections 2(b) and 2(c) of this Policy with respect to the HoL), to the Chief Financial Officer, as may be applicable).

INSIDER TRADING POLICY
CERTIFICATION FORM

I acknowledge that I have read and understood the policy to detect and prevent insider trading of Toro Corp. in its entirety and agree to abide by it.

CERTIFIED BY:

NAME: _____ (PRINT)

SIGNATURE: _____

DATE: _____

CERTIFICATIONS

I, Petros Panagiotidis, certify that:

- (1) I have reviewed this annual report on Form 20-F of Toro Corp.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
- (4) The company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and
- (5) The company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.
- Date: April 15, 2025
- By: /s/ Petros Panagiotidis

Name: Petros Panagiotidis

Title: Chairman and Chief Executive Officer
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CERTIFICATIONS

I, Ioannis Lazaridis, certify that:

- (1) I have reviewed this annual report on Form 20-F of Toro Corp.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
- (4) The company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and
- (5) The company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.
- Date: April 15, 2025
- By: /s/ Ioannis Lazaridis

Name: Ioannis Lazaridis

Title: Chief Financial Officer
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CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Toro Corp. (the “Company”), hereby certifies, to such officer’s knowledge, that:

1. the Annual Report on Form 20-F for the year ended December 31, 2024 (the “Form 20-F”) of the Company fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. the information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 15, 2025

By: /s/ Petros Panagiotidis

Name: Petros Panagiotidis

Title: Chairman and Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Toro Corp. (the “Company”), hereby certifies, to such officer’s knowledge, that:

1. the Annual Report on Form 20-F for the year ended December 31, 2024 (the “Form 20-F”) of the Company fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. the information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 15, 2025

By: /s/ Ioannis Lazaridis

Name: Ioannis Lazaridis

Title: Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-275477 and 333-275478 on Form F-3 and Registration Statement No. 333-274652 on Form S-8 of our report dated April 15, 2025, relating to the consolidated financial statements of Toro Corp. appearing in this Annual Report on Form 20-F for the year ended December 31, 2024.

/s/ Deloitte Certified Public Accountants S.A.
Athens, Greece
April 15, 2025
