



## **Earnings Presentation**

**Quarter Ended June 30, 2022**

**August 11, 2022**



# Forward-Looking Statements

*Statements in this presentation may be "forward-looking statements" within the meaning of federal securities laws. The matters discussed herein that are forward-looking statements are based on current management expectations that involve risks and uncertainties that may result in such expectations not being realized. Actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous potential risks and uncertainties including, but not limited to, the need to manage our growth and integrate additional capital, acquire additional vessels, volatility in the container shipping business and vessel charter rates, our ability to obtain sufficient capital, the volatility of our stock price, and other risks and factors. Forward-looking statements made during this presentation speak only as of the date on which they are made, and Euroseas does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation.*

*Because forward-looking statements are subject to risks and uncertainties, we caution you not to place undue reliance on any forward-looking statements. All written or oral forward-looking statements by Euroseas or persons acting on its behalf are qualified by these cautionary statements.*

*This presentation also contains historical data about the containerized trade, the containership fleet and the containership rates. These figures have been compiled by the Company based on available data from a variety of sources like broker reports and various industry publications or represent Company's own estimates. The Company exercised reasonable care and judgment in preparing these estimates, however, the estimates provided herein may not match information from other sources.*

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# 2022 Second Quarter Financial Highlights

## Financial Results

*in million USD except per share figures*

		Q2 2022
	Net Revenues	48.5
	Net Income	30.7
Net Income / (Loss) Attributable to Common Shareholders	30.7	4.24/ share <sup>(2)</sup>
Adj. Net Income / (Loss) Attributable to Common Shareholders <sup>(1)</sup>	29.6	4.08 / share <sup>(2)</sup>
	Adj. EBITDA <sup>(1)</sup>	34.2

1) See press release of Aug 10, 2022 for reconciliation of Adj. Net Income Attributable to Common Shareholders and Adjusted EBITDA

2) Diluted

## Dividend Declaration & Repurchase Program

- Declared a quarterly dividend of \$0.50 per common share payable on or about September 16, 2022 to shareholders of record on September 9, 2022.
- As of August 10, 2022 we had repurchased 40,196 of our common stock in the open market for \$0.9 million, under our share repurchase plan of up to \$20 million announced in May 2022.

# Recent S&P, Chartering & Operational Highlights

- S&P:
  - Took delivery of M/V Emmanuel P and M/V Rena P on May 24<sup>th</sup> and June 27<sup>th</sup>, both 4,250 TEU vessels built in 2005 and 2007, respectively
  
- Chartering
  - No new charters this quarter; all vessels are fixed through the fourth quarter of 2022.
  - M/V Akinada Bridge charter is the next one expiring in mid-December 2022.
  
- Repairs/ Drydockings
  - EM Hydra: 6.15 days (completed in 2022Q3)
  
- Idle period/commercial off-hire:
  - None this quarter

# Current Fleet Profile

Current fleet is comprised of 18 vessels with an average age of 17<sup>(1)</sup> years and a carrying capacity of 58.9k TEU



**10x Feeder**  
**Avg. Age: 19.2 years<sup>(1)</sup>**  
**Carrying Capacity: 21.4k TEU**



**8x Intermediate**  
**Avg. Age: 15.7years<sup>(1)</sup>**  
**Carrying Capacity: 37.5k TEU**

Name	Type	Size		Year
		DWT	TEU	Built
<b>On the water fleet</b>				
Marcos V	Intermediate	72,968	6,350	2005
Akinada Bridge	Intermediate	71,366	5,610	2001
Synergy Busan	Intermediate	50,726	4,253	2009
Synergy Oakland	Intermediate	50,787	4,253	2009
Synergy Keelung	Intermediate	50,969	4,253	2009
Synergy Antwerp	Intermediate	50,726	4,253	2008
Emmanuel P	Intermediate	50,796	4,250	2005
Rena P	Intermediate	50,796	4,250	2007
EM Kea	Feeder	42,165	3,100	2007
EM Astoria	Feeder	35,600	2,788	2004
EM Corfu	Feeder	34,654	2,556	2001
Evridiki G	Feeder	34,677	2,556	2001
Diamantis P	Feeder	30,360	2,008	1998
EM Spetses	Feeder	23,224	1,740	2007
EM Hydra	Feeder	23,351	1,740	2005
Jonathan P	Feeder	23,357	1,740	2006
Joanna	Feeder	22,301	1,732	1999
Aegean Express	Feeder	18,581	1,439	1997
<b>On the water fleet total</b>	<b>18</b>	<b>737,404</b>	<b>58,871</b>	<b>17.0</b>



**Note:**

1. Average age is weighted by the size of the vessels in teu

# Vessels Under Construction

*Nine vessels with capacity of 22,200 teu to be delivered during 2023 & 2024*



*6x Feeders  
Carrying Capacity: 2,800 teu each*

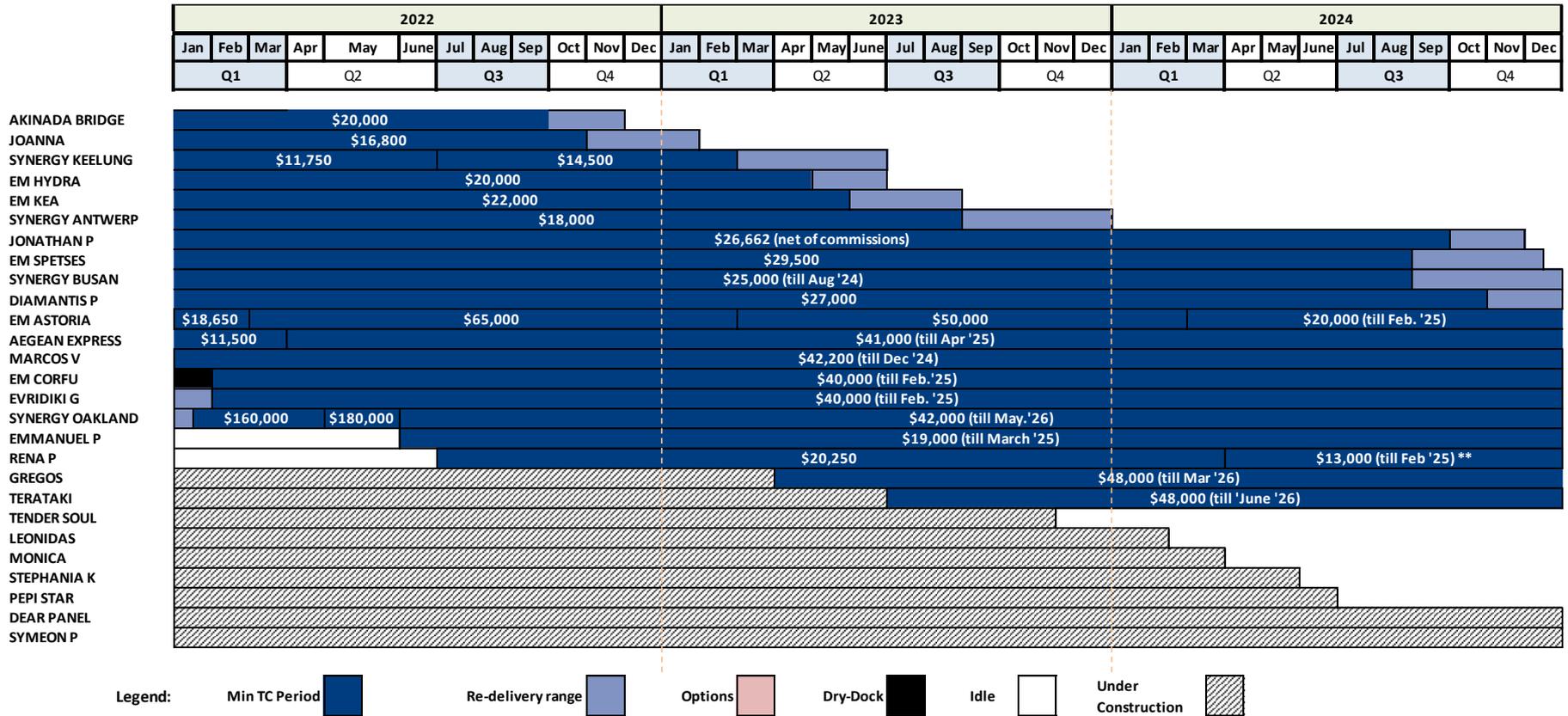


*3x Feeders  
Carrying Capacity: 1,800 teu each*

Name	Type	DWT	Size		To be Delivered
			TEU		
<i>Vessels under construction</i>					
Gregos (H4201)	Feeder	37,237	2,800		Q1 2023
Terataki (H4202)	Feeder	37,237	2,800		Q2 2023
Tender Soul (H4236)	Feeder	37,237	2,800		Q4 2023
Leonidas Z (H4237)	Feeder	37,237	2,800		Q1 2024
Monica (H4248)	Feeder	22,262	1,800		Q1 2024
Stephania K (H4249)	Feeder	22,262	1,800		Q2 2024
Pepi Star (H4250)	Feeder	22,262	1,800		Q2 2024
Dear Panel (H4251)	Feeder	37,237	2,800		Q4 2024
Symeon P (H4252)	Feeder	37,237	2,800		Q4 2024
<b>On order vessels total</b>	<b>9</b>	<b>290,208</b>	<b>22,200</b>		

# Vessel Employment

Chartering strategy very important in maximizing revenues over the market cycle



Charter coverage as of end of Q2 is approximate 98% for 2022, about 78% for 2023, and almost 54% for 2024



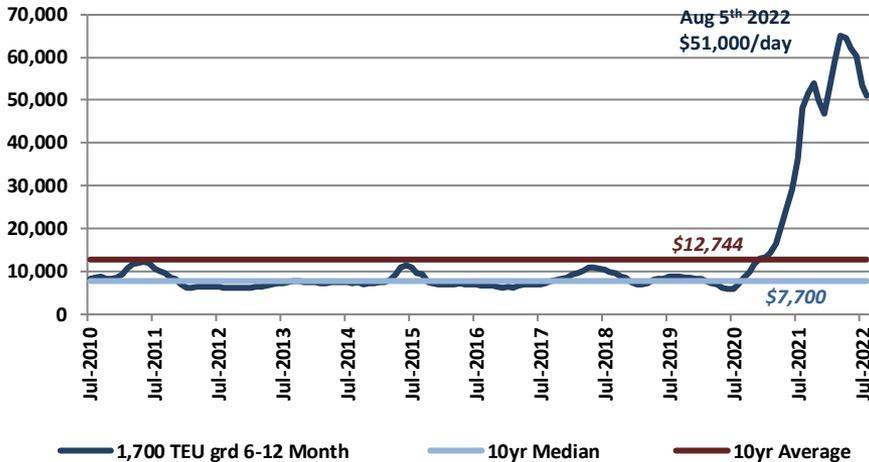
Source: Company  
 \*\* Rena P rate ranges based on CONTEX with a floor of \$13,000 and a ceiling of \$21,000



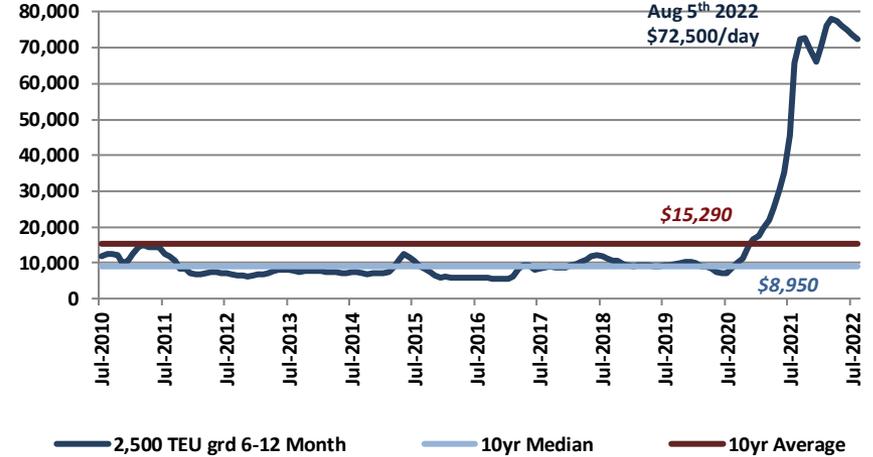
Market Overview

# Last 10 year 6-12m TC rate (\$/day)

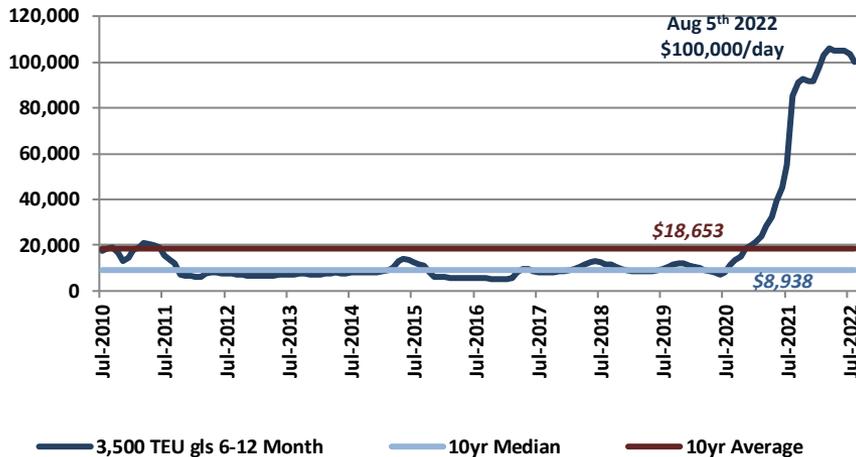
## 1,700 TEU grd



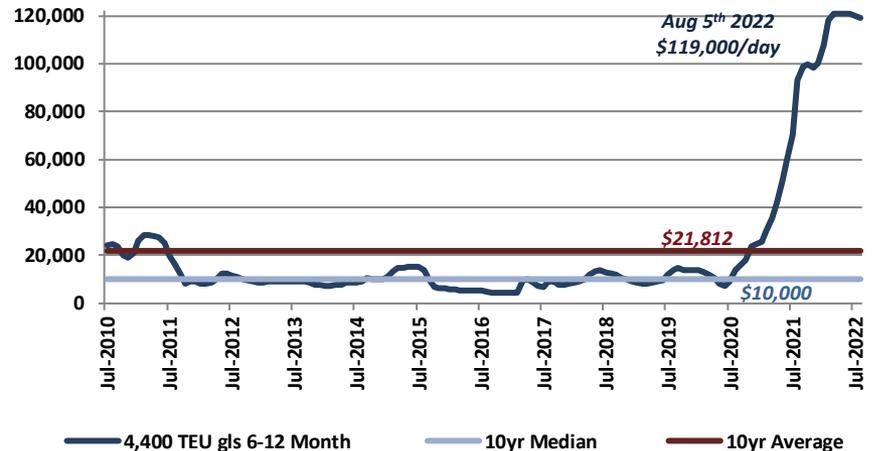
## 2,500 TEU grd



## 3,500 TEU gls



## 4,400 TEU gls



# Containership Market Highlights – Q2 2022

- Time charter rates across all segments declined slightly over the past 3 months but are still higher than at the start of 2022 and more than four times higher than at the end of 2020 and still well above the historical median of the last 12 years.
- Average secondhand price index decreased on average by about 3% in 22Q2 over 22Q1.
  - Secondhand prices remain very high historically, but generally softened a little in 22Q2 as the war in Ukraine raised uncertainty and diminished appetite for any investments.
- Newbuilding price index was increased by circa 2.6% in 22Q2 over 22Q1.
  - Newbuilding prices for containerships rose further in 22Q2 against a backdrop of decreasing slot availability at yards, raising building costs, manpower costs and energy costs.
- Idle fleet: 0.22m teu as of July 18, 2022, or 0.9% of the fleet, the number remains stable during the last year, at the lowest levels.
  - This number includes Iranian sanctioned ships and also ships that were involved in blank sailings due to the extraordinary Chinese lockdowns during May/June
- Recycling Activity: It is expected that ZERO teu will be scrapped in 2022
  - With containership market conditions still exceptionally strong, no containerships have been sold for recycling so far this year; the quietest period for containership scrapping since 2006.
  - Scrapping Price fell sharply to ~\$600/lwt in 2022Q2. Currency depreciations and softening steel markets locally, had a clear impact
    - However, the above number is based on a very shallow market with NO transactions reported and only available bids much lower than what owners are willing to accept.
- The fleet has grown by 2.0% YTD (without accounting for idle vessels reactivation/idling)

# World GDP & Shipping Demand Growth

Real GDP (% p.a. - IMF)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e
USA	2.6	1.5	2.	2.9	2.3	-3.5	5.7	2.3(3.7)	1.0(2.3)
Eurozone	2.0	1.8	2.4	1.8	1.2	-6.6	5.4	2.6(2.8)	1.2(2.3)
Japan	0.5	1.0	1.8	1.0	0.7	-4.8	1.7	1.7(2.4)	1.7(2.3)
China	6.9	6.7	6.8	6.6	6.1	2.3	8.1	3.3(4.4)	4.6(5.1)
India	7.6	7.1	6.7	7.1	4.2	-8.0	8.7	7.4(8.2)	6.1(6.9)
Russia	-3.7	-0.2	1.8	2.3	1.3	-3.1	4.7	-6.0(-8.5)	-3.5(-2.3)
Brazil	-3.8	-3.6	1.1	1.1	1.1	-4.1	4.6	1.7(0.8)	1.1(1.4)
ASEAN-5	4.8	4.9	5.3	5.2	4.8	-3.4	3.4	5.3(5.3)	5.1(5.9)
<b>World</b>	<b>3.4</b>	<b>3.2</b>	<b>3.7</b>	<b>3.6</b>	<b>2.9</b>	<b>-3.3</b>	<b>6.1</b>	<b>3.2(3.6)</b>	<b>2.9(3.6)</b>

## Containerized Trade (% p.a.)

<b>Tonmiles</b>	<b>1.5</b>	<b>4.0</b>	<b>5.6</b>	<b>3.6</b>	<b>2.0</b>	<b>-1.5</b>	<b>6.5</b>	<b>-0.6(3.2)</b>	<b>2.3(2.1)</b>
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*Trade and growth projections are being continuously revised as the effects of geopolitical tensions between Russia and Ukraine on world growth and trade are being assessed.*

### Sources:

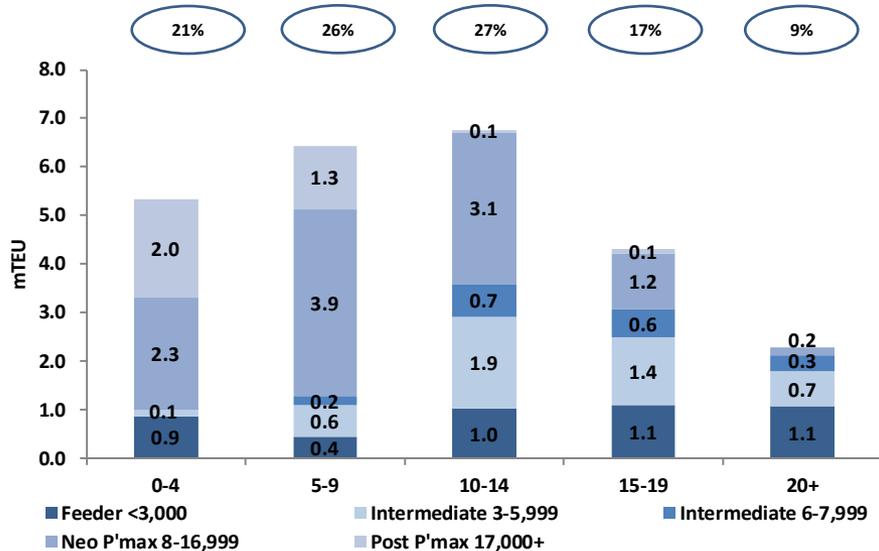
GDP - International Monetary Fund: 2012-2021, 2022-23 IMF Estimates/Forecasts (Jul -22). In parentheses, previous estimates for 2022-23 as of Apr-22;

Trade – 2012-2021: Figures in parenthesis indicate beginning of year estimates from Clarkson

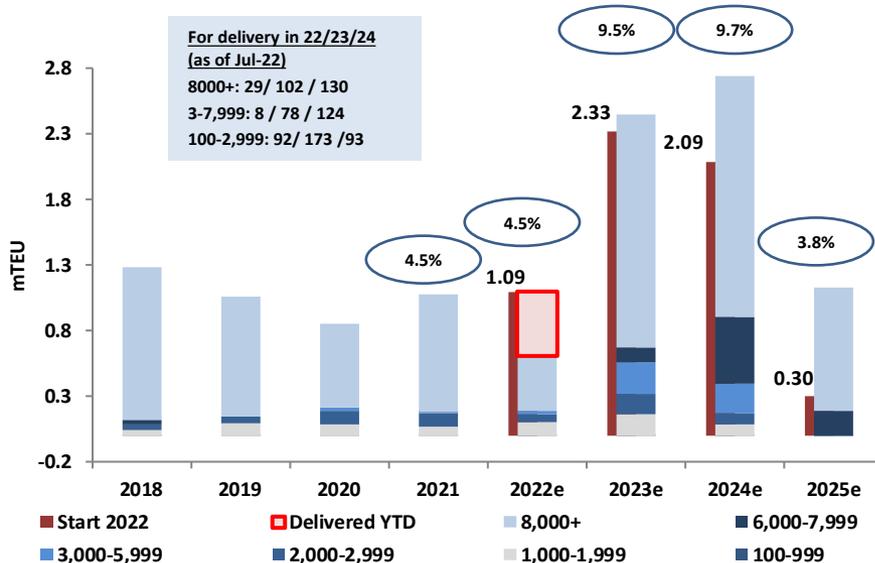
2022-23: Clarkson (Jul-22). 2022-23 Previous estimates in parenthesis from Clarkson (Mar-22)

# Age Profile and Orderbook, Total Fleet

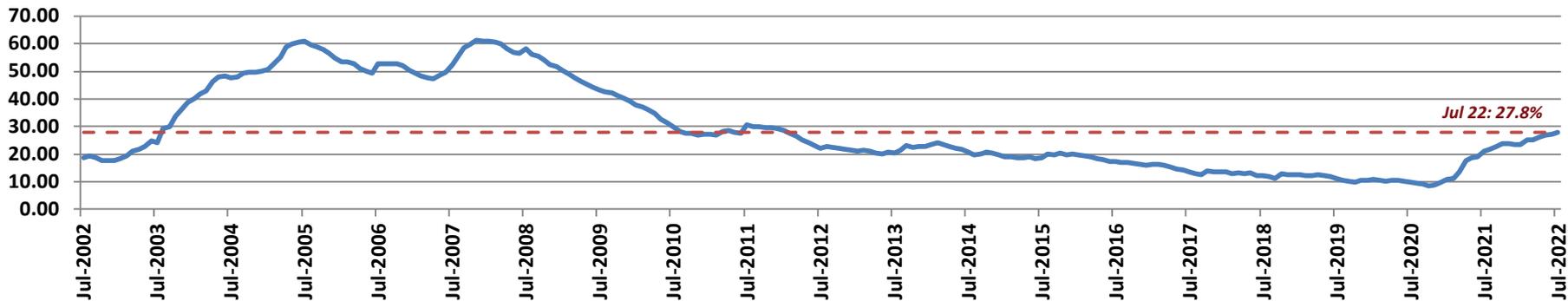
## Age Profile



## Containership Orderbook



## Orderbook as % of fleet

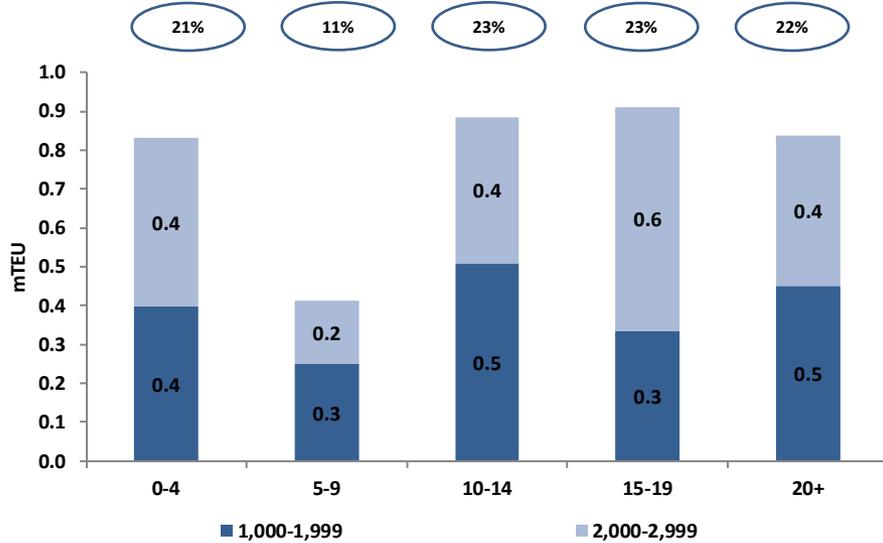


Source: Clarksons Research

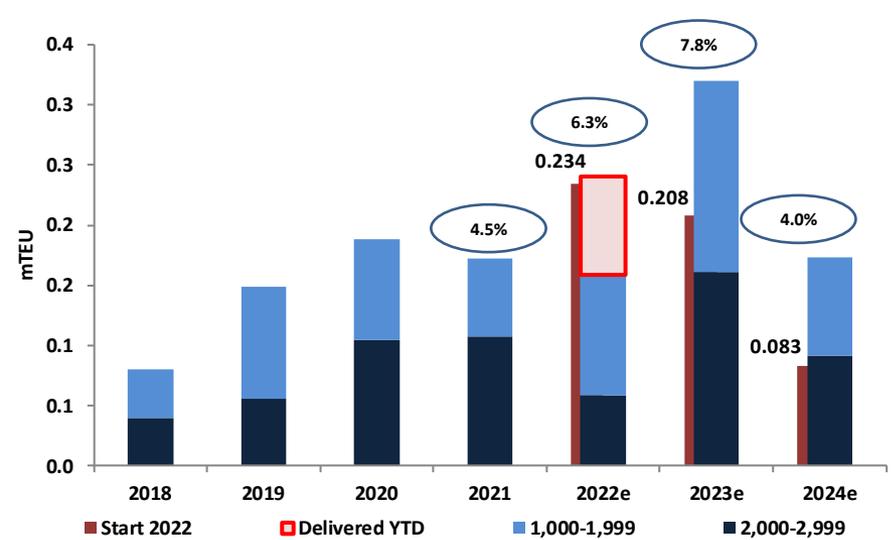
(\*) Percentage figures for years 2022-2025 indicate scheduled deliveries only; percentages in previous years show net fleet growth accounting for scrapping and other fleet changes

# Fleet Age Profile and Orderbook, 1000-3000 TEU

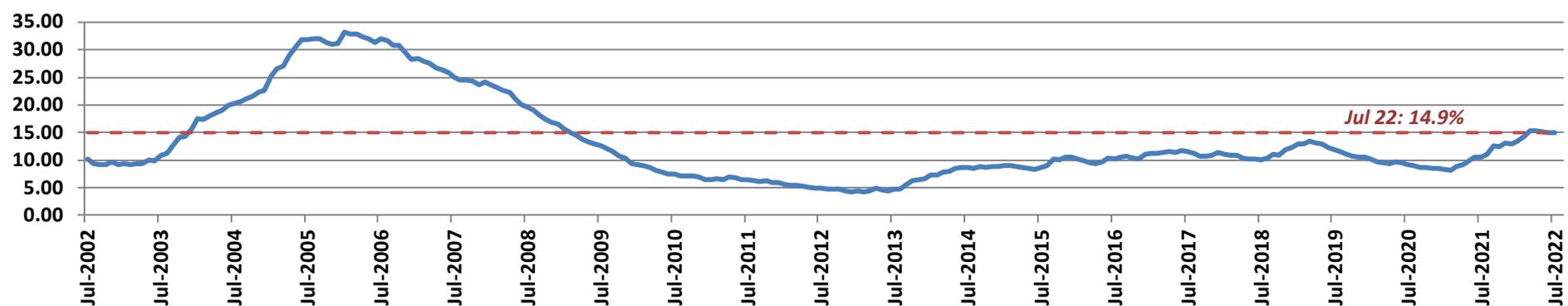
## Age Profile



## Containership Orderbook



## <3,000 TEU Orderbook as % of fleet



Source: Clarksons Research

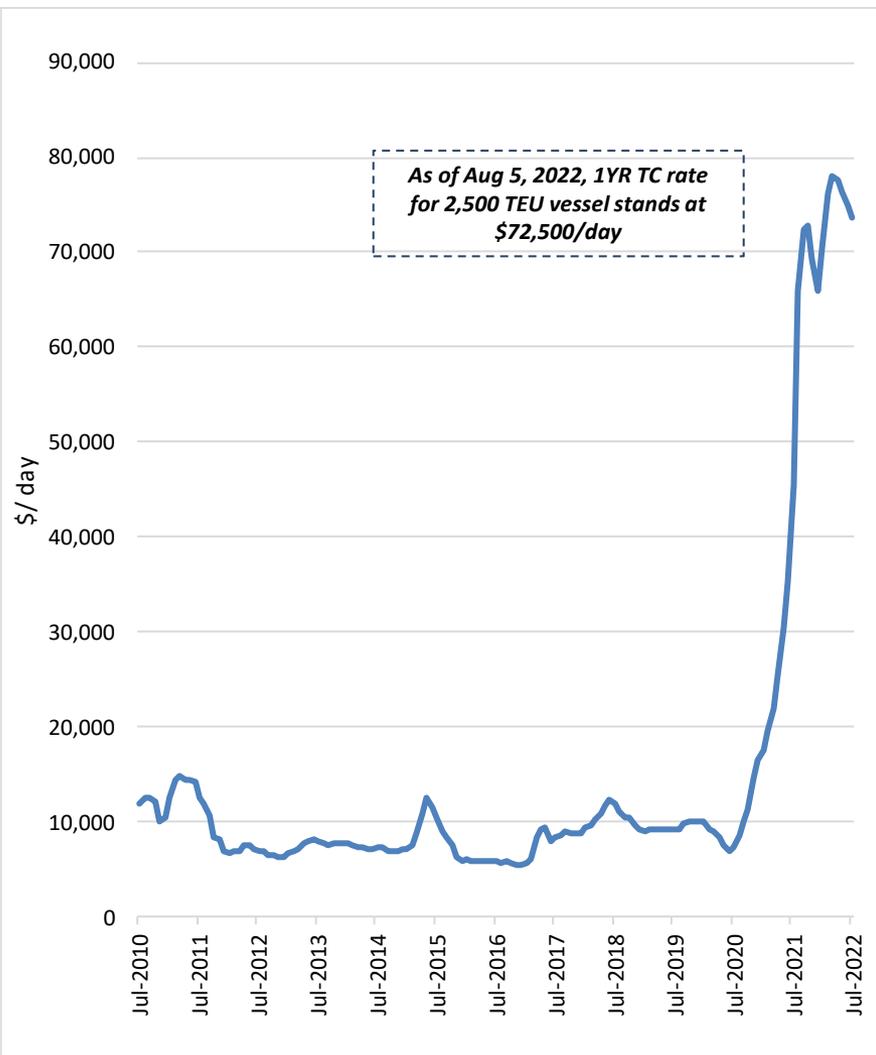
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# Outlook Summary

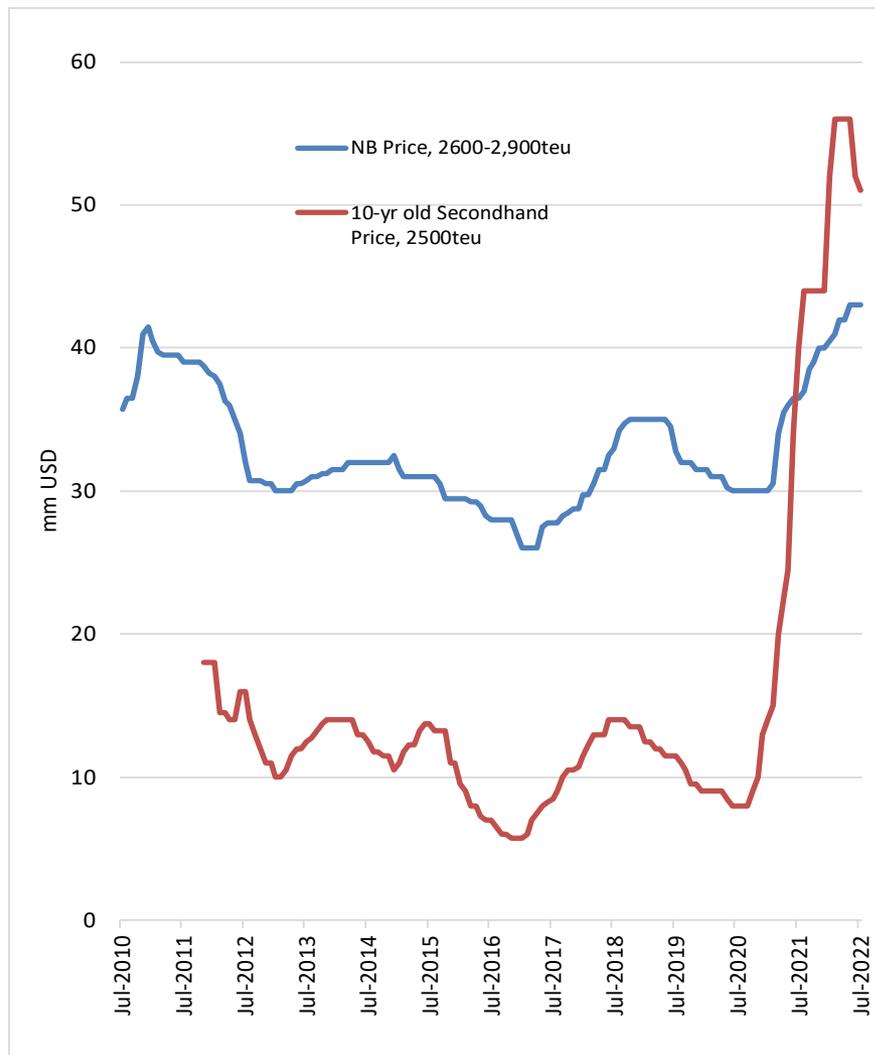
- Container shipping markets remain in spectacular territory although slightly correcting. Charter rates have dropped by about 10%-20% from recent record highs. Freight rates have fallen circa 20%-30% below historical highs
- Pressure on container trade has increased as macroeconomic headwinds, lockdowns in China, Russia-Ukraine conflict, (cost push) inflationary pressure on consumers and a shift back towards services spending have impacted volumes
- Ongoing disruption caused by port congestion remains extremely supportive to the charter market, despite trade volumes in 2022 having come under pressure; charter rates have shown some signs of softening, edging down marginally but charterers reluctant to fix longer periods or fix forward
- With port congestion likely to take time to ease, demand remains above pre-Covid levels, despite major headwinds and moderate fleet expansion. Container market conditions look likely to remain positive in the short-term
- Consequently, we expect the remainder of 2022 to remain strong but in 2023 increased deliveries, easing of port congestion and demand destruction should take their toll and charter rates should decline significantly
- In the long term, beyond 2023, fundamentals are complex, with a range of factors likely to have an impact, including:
  - Global growth rates may move either way depending on the fight to control inflation and the outcome of the Ukraine-Russia war
  - Material supply pressure from 2023 onwards, which may overtake demand growth
  - New environmental regulations will probably result in even slower steaming by 2023/24, effectively, removing capacity from the market

# Market Evolution

## Cont 2,500 TEU One-Year Time Charter Rate



## Cont 2,500 TEU – NB & 10 Year Old Historical Price Range





## Financial Overview

# Financial Highlights: Second Quarter and First half 2021 and 2022

<i>(in million USD except per share amounts)</i>	Second Quarter		Change	Six Months		Change
	2021	2022	%	2021	2022	%
Net Revenues	18.29	48.48	165.1%	32.60	93.85	187.9%
Net (Loss) / Income	7.95	30.75		11.74	60.69	
Preferred & Preferred Deemed Dividends	(0.38)	0.00		(0.60)	0.00	
<b>Net (Loss) / Income attributable to Common Shareholders</b>	<b>7.57</b>	<b>30.75</b>	<b>306%</b>	<b>11.14</b>	<b>60.69</b>	<b>445%</b>
Interest & Finance Costs, net <sup>(1)</sup>	0.69	1.13		1.38	2.15	
Depreciation	1.60	4.11		3.19	7.83	
(Gain) / Loss on Sale of Vessels	0.00	0.00		0.01	0.00	
Amortization of below market charters	0.00	(1.85)		0.00	(3.06)	
Unrealized Loss (Gain) On Derivatives	0.10	0.03		(0.39)	(2.31)	
Adjusted EBITDA <sup>(2)</sup>	10.33	34.18	231%	15.93	65.29	310%
<b>Adj. Net (Loss)/Income attributable to Common Shareholders</b>	<b>7.62</b>	<b>29.59</b>	<b>288%</b>	<b>10.67</b>	<b>56.42</b>	<b>429%</b>
<b>Weighted average numbers of shares, diluted</b>	<b>6,826,305</b>	<b>7,258,436</b>		<b>6,789,718</b>	<b>7,256,434</b>	
<b>Adj. Net (Loss)/Income per share, diluted</b>	<b>1.12</b>	<b>4.08</b>	<b>264%</b>	<b>1.57</b>	<b>7.77</b>	<b>395%</b>

**Notes:**

1) Including interest income

2) See press release of Aug 10, 2022 for Adjusted EBITDA reconciliation to Net Income

# Fleet Data for the Second Quarter and First half 2021 and 2022

<i>(in million USD except per share amounts)</i>	Second Quarter		Six Months		
	2021	2022	2021	2022	
<b>Number of vessels</b>	<b>14.0</b>	<b>16.5</b>	<b>14.0</b>	<b>16.2</b>	
<b>Utilization Rate<sup>(1)</sup></b>					
	Operational	99.9%	99.7%	98.3%	99.6%
	Commercial	100.0%	100.0%	100.0%	99.8%
	Overall	99.9%	99.7%	98.3%	99.4%
<i>(usd/day/vessel)</i>					
<b>Time Charter Equivalent (TCE)<sup>(2)</sup></b>		<b>\$14,853</b>	<b>\$33,714</b>	<b>\$13,523</b>	<b>\$33,843</b>
<b>Operating Expenses</b>					
	Vessel Oper. Exp.excl. DD exp.	6,279	7,080	6,295	6,867
	G&A Expenses	581	652	592	667
<b>Total Operating Expenses</b>		<b>\$6,860</b>	<b>\$7,732</b>	<b>\$6,887</b>	<b>\$7,534</b>
	Interest Expenses	540	756	545	730
	Drydocking Expenses	116	477	91	852
	Loan Repayments without Balloons	2,422	4,596	2,078	4,689
	Preferred dividend in cash	0	0	36	0
<b>Breakeven/day</b>		<b>\$9,937</b>	<b>\$13,561</b>	<b>\$9,638</b>	<b>\$13,805</b>
	Common dividend	0	2,414	0	1,207

**Notes:**

- 1) Utilization Rate is calculated excluding scheduled off-hire (drydockings and special surveys) and vessels in lay-up if any. Scheduled off-hire days including vessels laid-up amounted to 0 for the second quarter and first half of 2021 and 6.2 days and 58.6 days for the second quarter and the first half of 2022 respectively.
- 2) TCE calculation shows the gross rate the vessels earn while employed; it excludes periods during which the vessels are laid-up or off-hire for commercial or operational reasons.

# 2022 EBITDA Calculator

This slide provides a calculation tool for our shareholders and investors to assess the earnings potential in 2022 onwards, based on our existing coverage as well as the potential incremental contribution from our open days

EBITDA Calculator: 2022 - 2024	2022H1 actual	2022 Q3-Q4E	2022E	2023E	2024E
Calendar Days	2,938	3,312	6,250	7,078	8,762
Indicative drydocking days estimate	59	126	184	84	131
Available days for hire	2,879	3,186	6,066	6,994	8,631
Contracted Days	2,863	3,098	5,961	5,459	4,673
<b>Coverage (%)</b>	<b>99.4%</b>	<b>97%</b>	<b>98%</b>	<b>78%</b>	<b>54%</b>
Average TC rate Contracted (\$/day)	33,843	29,913	31,223	33,218	34,073
<b>(A) Contracted EBITDA</b>	<b>67.79</b>	<b>61.46</b>	<b>129.25</b>	<b>129.28</b>	<b>113.96</b>
Remaining Open Days		88	88	1,535	3,958
<b>Indicative EBITDA Contribution assuming same rates as of current contracted rates</b>					
Assumed Average TC rate of open days		29,913	31,223	33,218	34,073
(B) EBITDA Contribution, Open Days		1.74	1.74	36.35	96.50
(C) Indicative Drydocking costs	(2.50)	(6.04)	(8.60)	(4.00)	(6.60)
<b>(A+B+C) Total EBITDA</b>	<b>65.29</b>	<b>57.17</b>	<b>122.39</b>	<b>161.63</b>	<b>203.87</b>

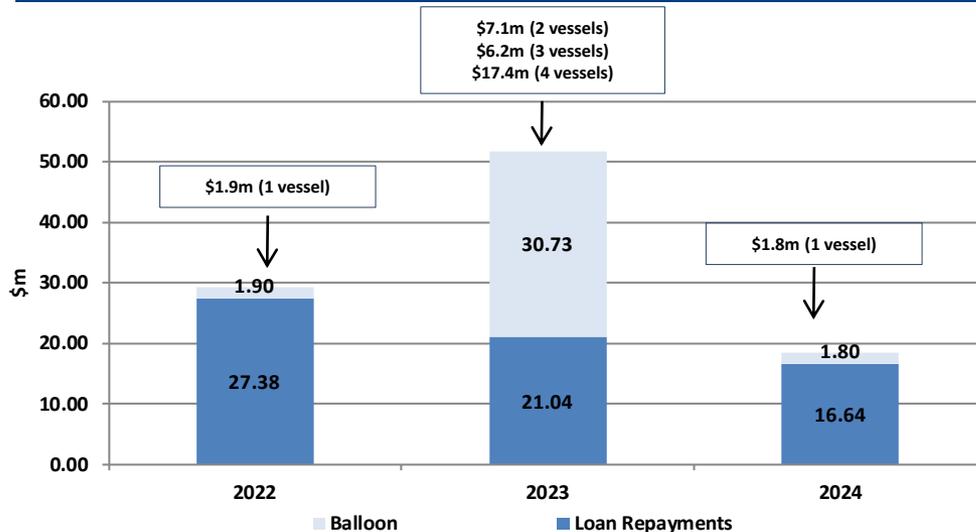
- Indicatively, Open Days in 2022, 2023 and 2024 are shown earning the average of currently contracted TC rates; alternatively, one can use his/her own assumptions about the rate for the Open Days
- The sensitivity of EBITDA to average TC rate earned by the “Open Days” is:
  - 2022: about \$0.08m per \$1,000/day TC rate change
  - 2023: about \$1.44m per \$1,000/day TC rate change, for example, if the “Open Days” in 2023 earned on average \$20,000/day, the EBITDA for the year would be, approximately, \$143m
  - 2024: about \$3.70m per \$1,000/day TC rate change

#### **EBITDA Calculation Assumptions (Q3-Q4 2022/2023/2024)**

1. “Available days for hire” reflects assumptions about schedule drydockings
2. Average contracted TC rate has been calculated based on the existing charter coverage on a vessel-by-vessel basis
3. For “Open Days” and for illustration purposes only, the table shows the current average contracted TC rate.
4. OPEX and G&A/vessel/day assumed at \$7,500 for future periods; commissions of 5.0% on market rates

# Debt Repayment Profile

## Debt Repayment Profile of Existing Debt



### Cost of funding:

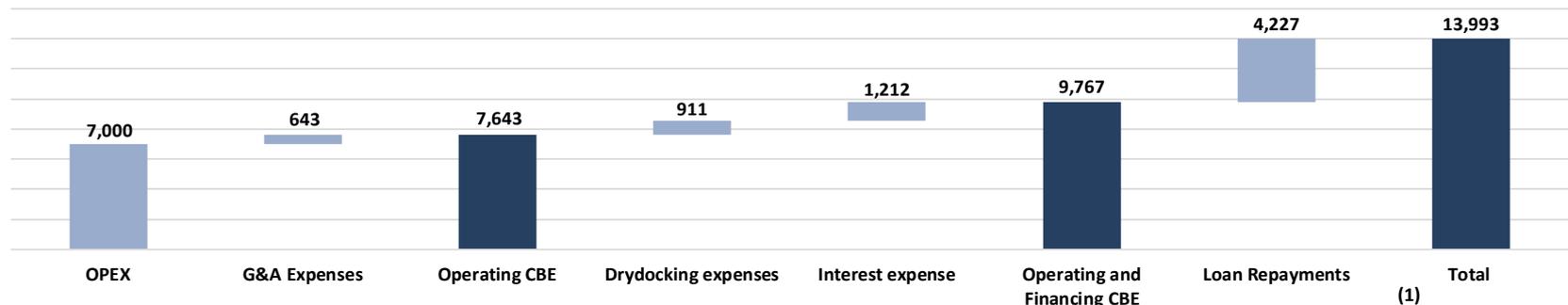
Outstanding bank debt of \$105.2m with average margin of about 3.0%; assuming LIBOR of 2.8%, our cost of senior debt is 5.8% and including the cost of interest rate swaps the total cost of our debt is approximately 4.7%

- as about 50% of our debt is "hedged" at an average of 1.7%

### Newbuilding financing:

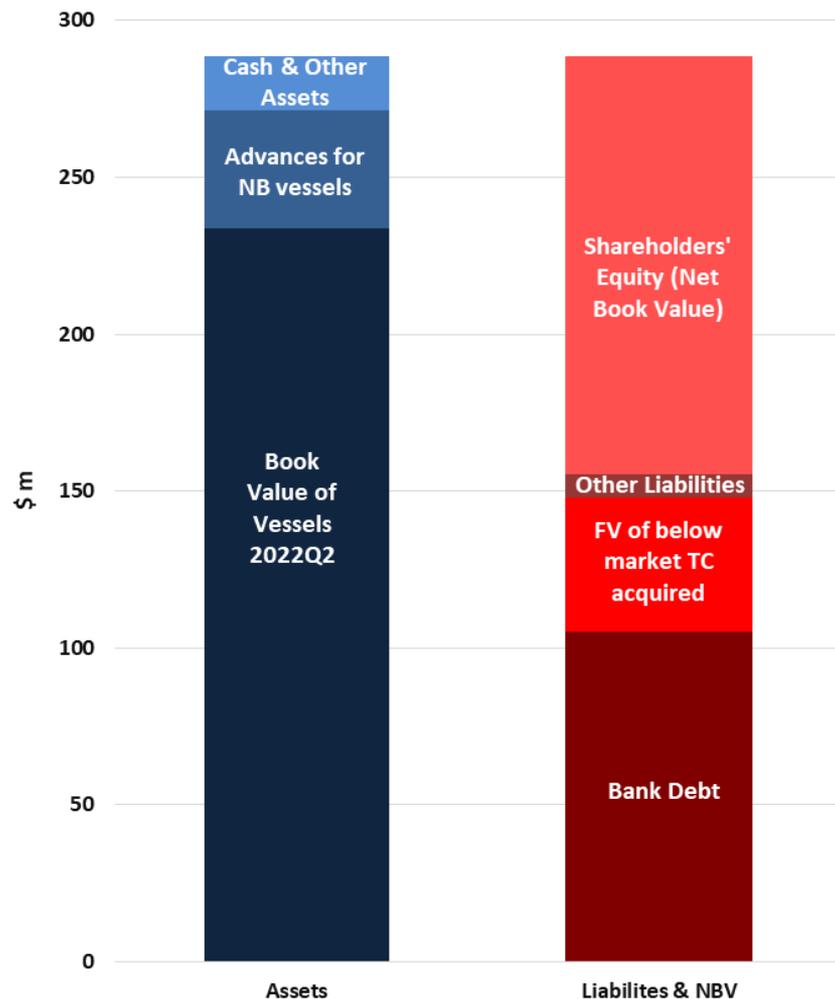
Additional debt - estimated around \$200-220m - will be assumed to finance the newbuilding program

## Cash Flow Break Even Estimate for the Next 12 months (\$/day)



# Balance Sheet Highlights

## Euroseas Capital Structure (6/30/22)



## Notes

### Assets

- Cash & Other assets: \$17.1m
- Advances for NB vessels: \$37.8m
- Vessels book value: \$233.6m
- Total assets (at book value): \$288.5m

### Liabilities

- Bank & other debt: \$105.2m, i.e. ~36.5% of total book value of assets
- FV of below market TC acquired: ~\$42.7m, i.e. ~14.8% of total book value of assets
- Other liabilities: ~\$7.4m, i.e. ~2.5% of total book value of assets

### Net Asset Value

- Using the charter-adjusted market value of vessels and newbuilding contracts estimated about \$538.2m<sup>(\*)</sup>  
=> Net Asset Value around \$480m, or around \$66/share
- Recent share price trading range of \$22 to \$29/share represents a discount to the value of the company



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