



Euroseas Ltd.

Company Presentation

[NASDAQ: ESEA]

Capital Link Webinar

January 2023



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.

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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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Introduction

Euroseas - Introduction

- Euroseas is a provider of worldwide ocean-going transportation services through the ownership and operation of container vessels
 - Established in 2005 by the Pittas family which has owned/operated vessels since 1870; currently, the 4th generation at the helm of the Company
 - Current fleet consists of:
 - 17 vessels on the water, 10 Feeder and 7 Intermediate containerships, with a cargo capacity of 53,261 teu; and,
 - A 9-feeder containership newbuilding program with vessel deliveries in 2023 and 2024, increasing the total carrying capacity to 75,461 teu.

- Long tradition & experience in shipowning and ship management
 - Accessed the capital markets in 2005 and listed on Nasdaq Listed (“ESEA”) since 2007
 - Aristides J. Pittas, CEO & Dr. Tasos Aslidis, CFO have 30+ years of industry experience, Symeon Parios, CAO has 20+ years; all have been with the Company since inception
 - All members of the board hold leading positions in their respective industries and/or long investment experience in shipping

- Vessel management is done through Eurobulk Ltd., an affiliated company
 - Established in 1995; well-respected within the industry for its efficient and safe operating track record
 - “Vertically” integrated, carrying strong relationships with charterers, suppliers, bankers and other industry participants



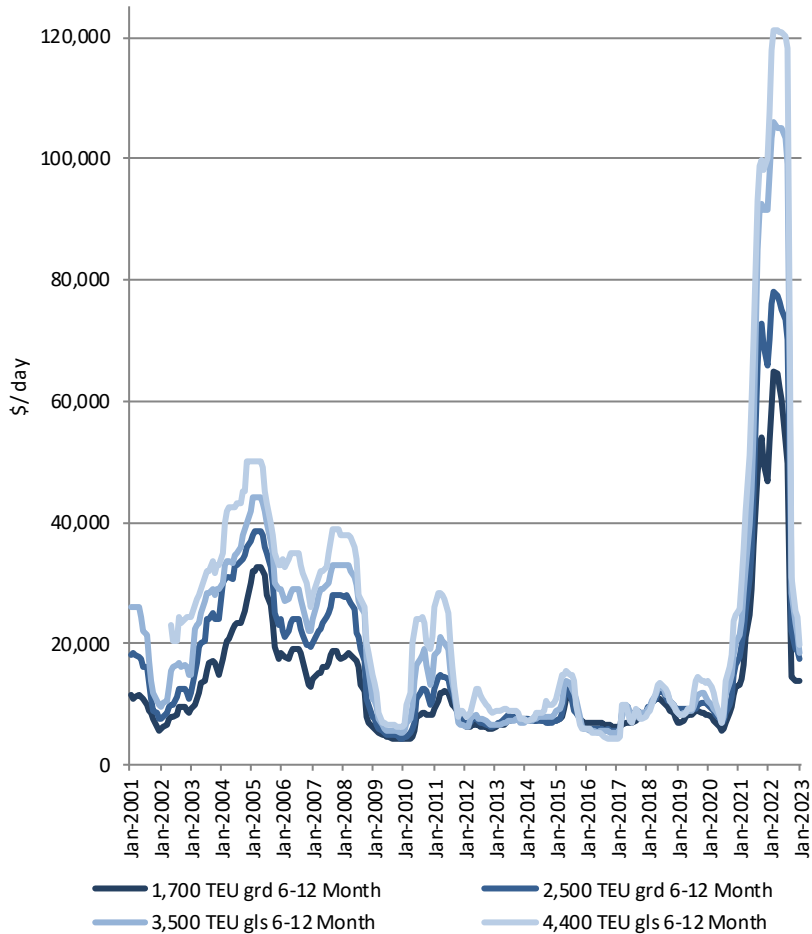
Container Sector Overview: Supply/Demand Fundamentals



Current Point in the Market

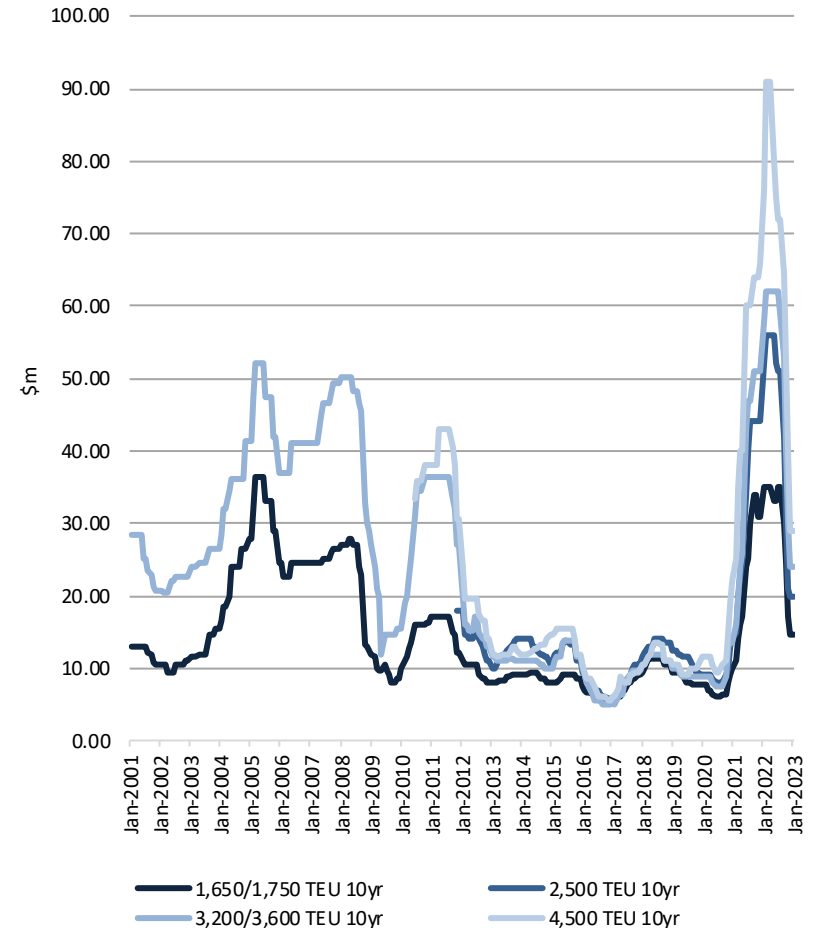
6 – 12m TC rate (\$/day)

TC rates continued to soften in 2022Q4 and are getting close historical average levels



10 year old Second Hand Prices (\$m)

Secondhand prices have dropped to the lowest levels since May-21



World GDP & Shipping Demand Growth

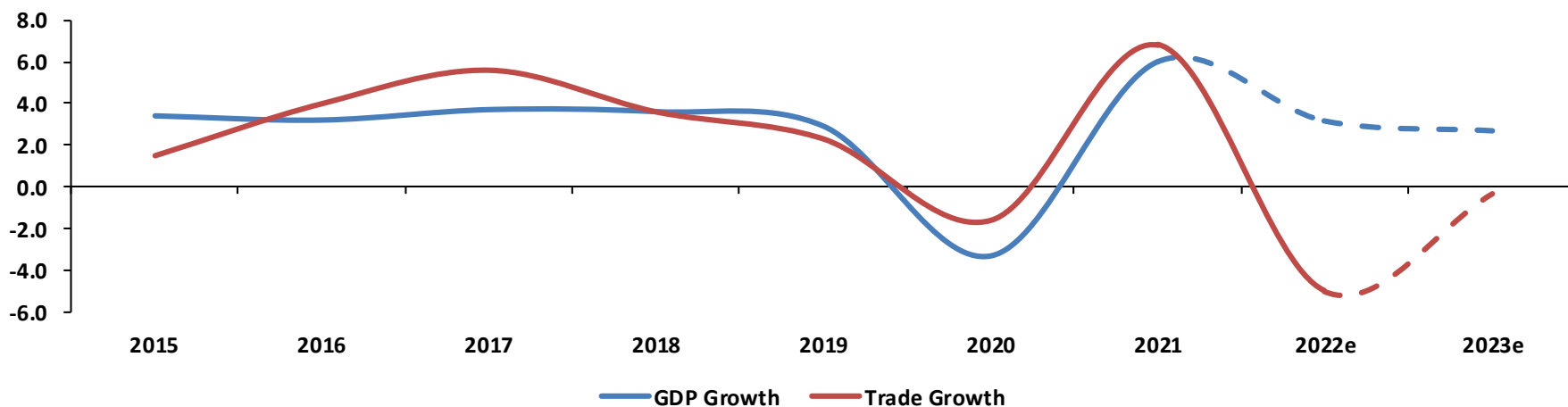
Containerized Trade Growth Vs World GDP Growth

Real GDP (% p.a. - IMF)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
World	3.4	3.2	3.7	3.6	2.9	-3.3	6.0	3.2	2.7	N/A

(IMF: as of Oct-22)

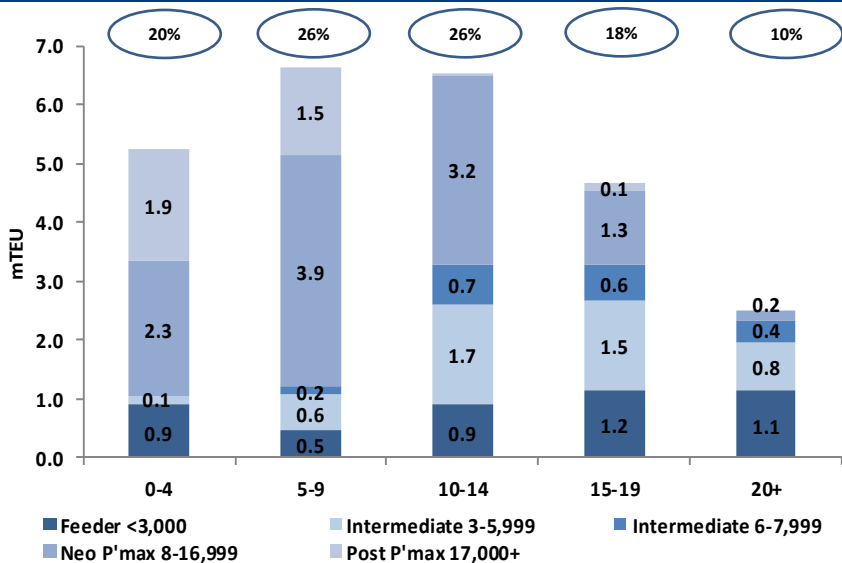
Containerized Trade (% p.a.)	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e
Tonmiles	1.5	4.0	5.6	3.6	2.3	-1.6	6.8	-5.0	-0.3	3.1

(Clarksons: as of Dec-22)

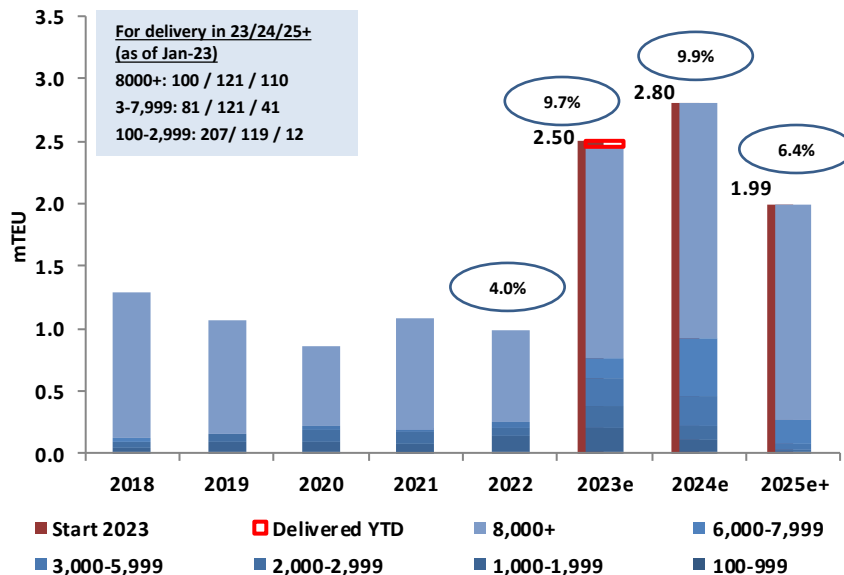


Age Profile and Orderbook, Total Fleet

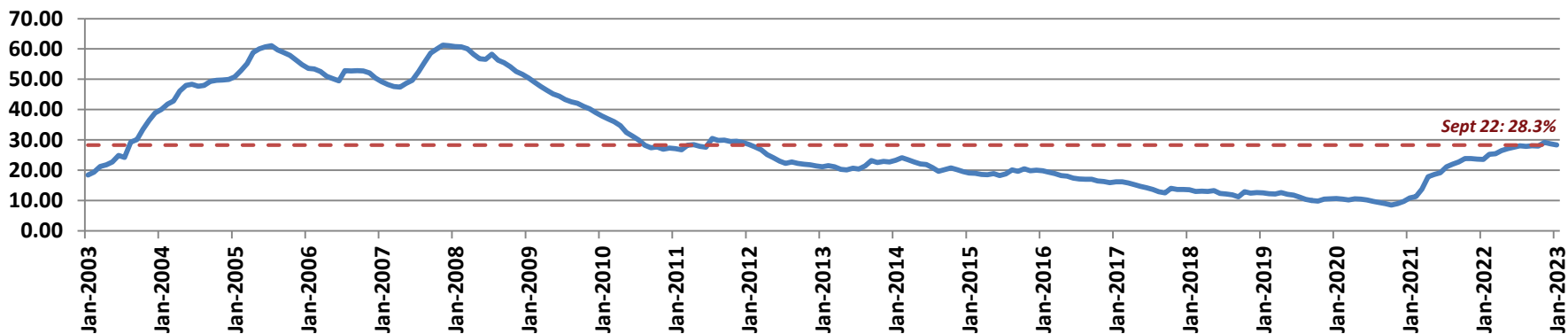
Age Profile



Containership Orderbook



Orderbook as % of fleet

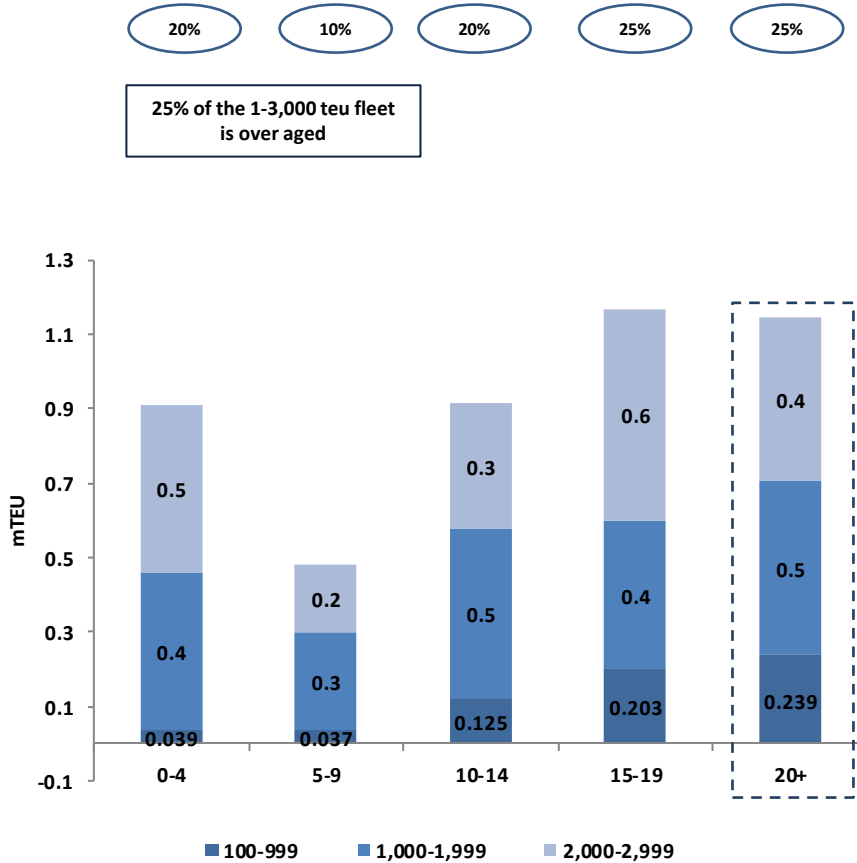


Source: Clarksons Research

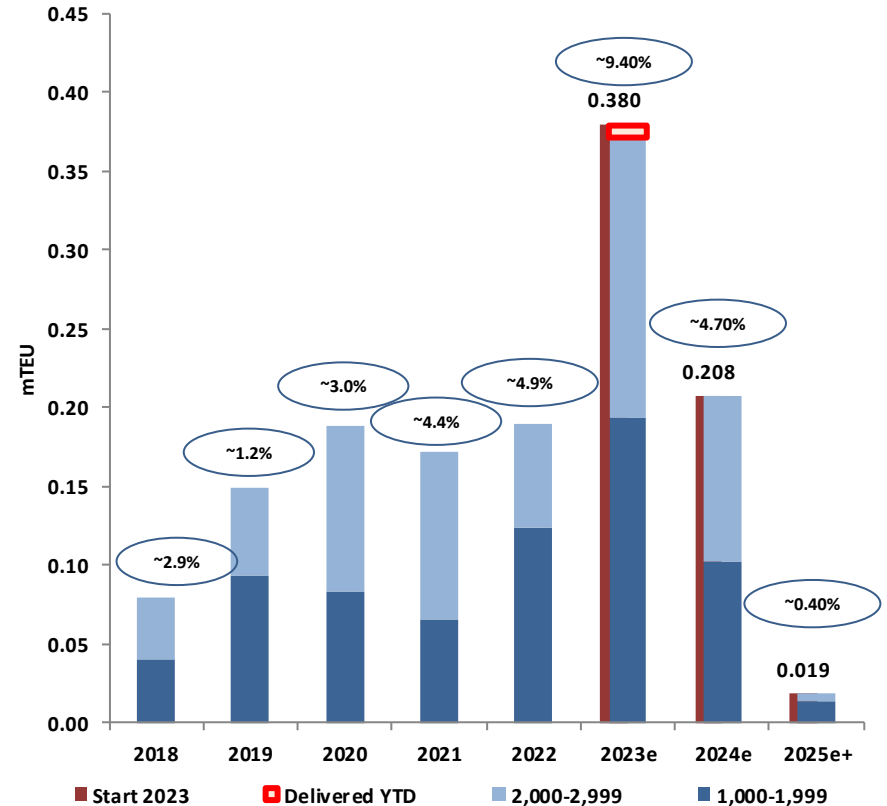
(*) Percentage figures for years 2023-2025 indicate scheduled deliveries only; percentages in previous years show net fleet growth accounting for scrapping and other fleet changes

1,000-3,000 teu Fleet Age Profile & Orderbook Delivery Schedule

Containership Age Profile



Container Orderbook



Fleet growth of feeder fleet expected to be around 9.4% in 2023 without accounting for any scrapping

Source: Clarksons Research as of December 2022

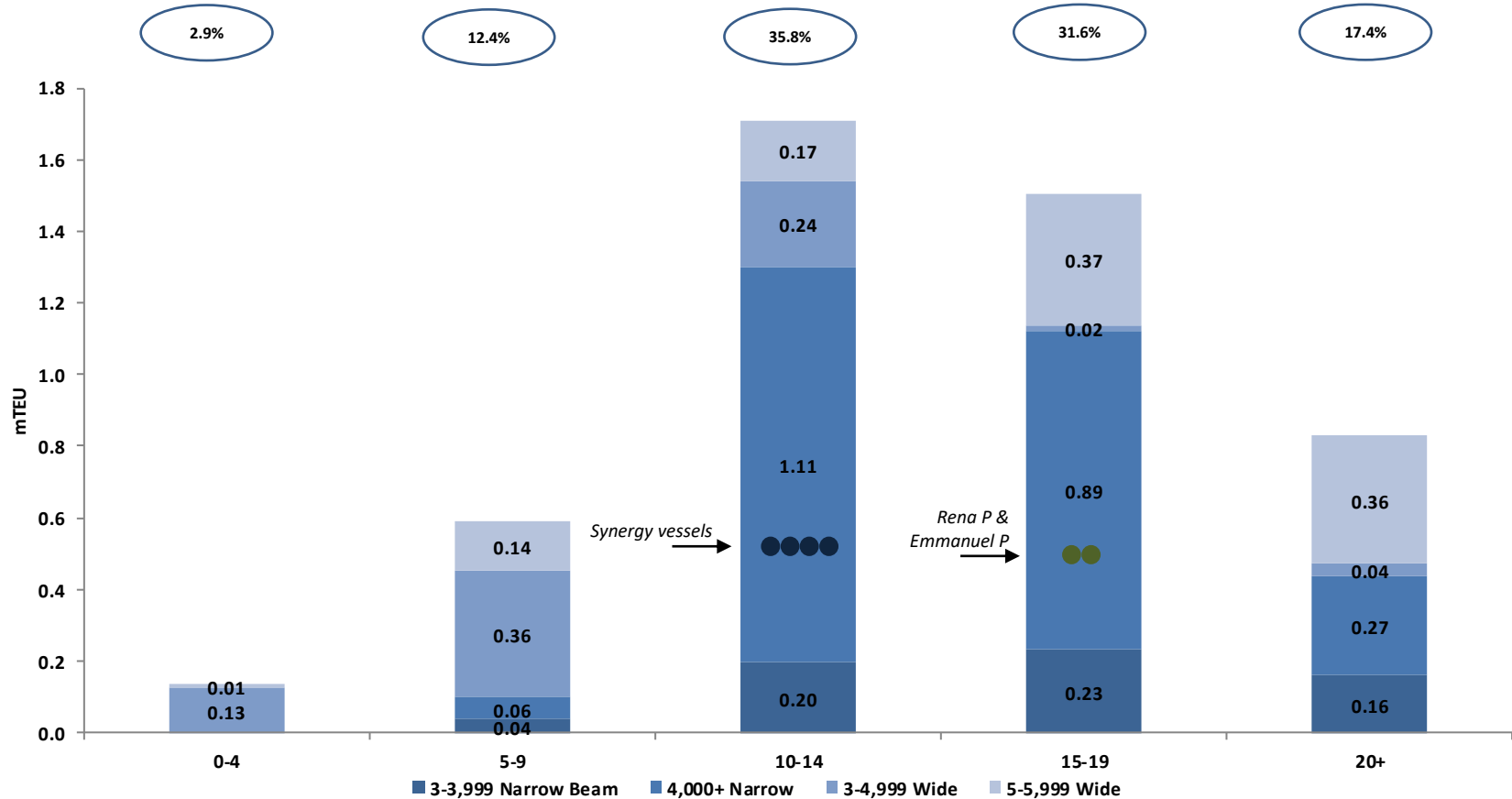
(*) Percentage figures for years 2023, 2024 and 2025 indicate scheduled deliveries only; percentages in previous years show net fleet growth accounting for scrapping and other fleet changes

(**) Orderbook % Fleet calculated in terms of TEU.



3,000-5,999 teu Fleet Age Profile & Orderbook

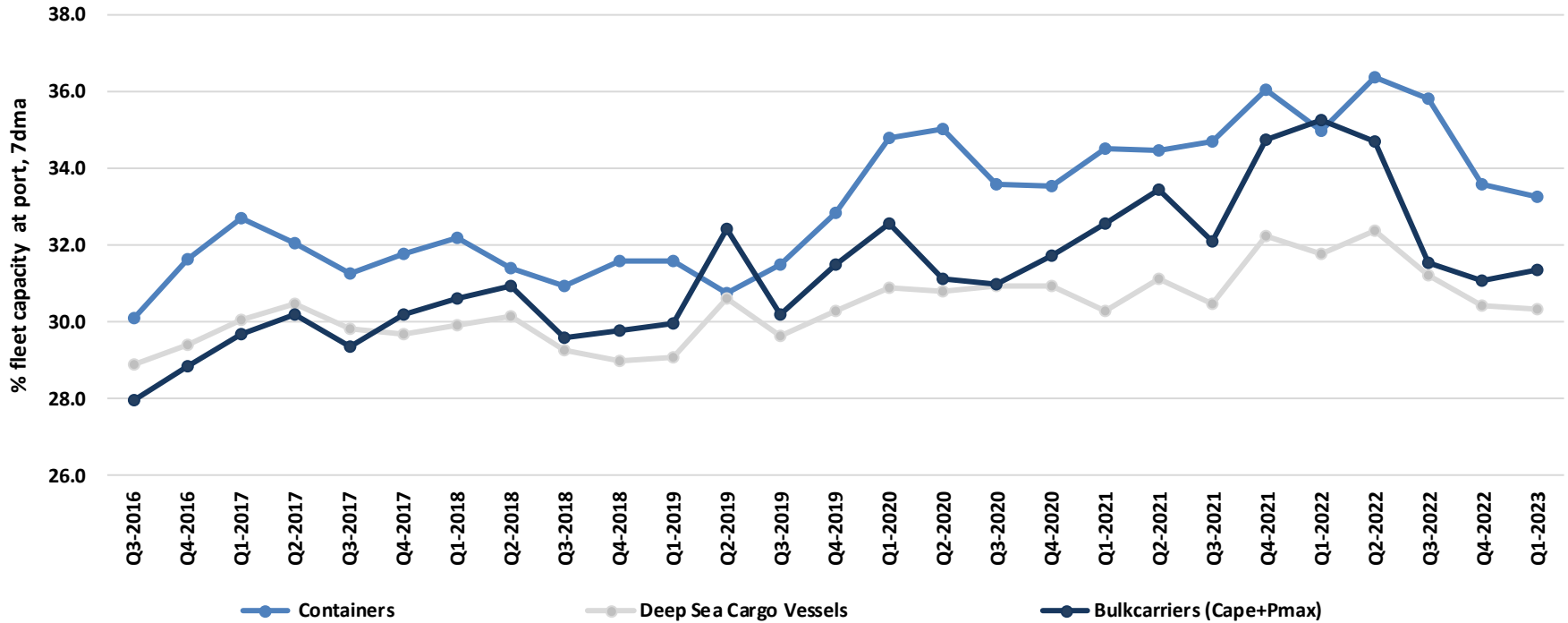
Age Profile



Current orderbook of this size segment amounts to 90 vessels or ~318k teu mainly for 3,000/4,999 wide beam designs which amounts ~6.7% of the current fleet of this size. This can be offset since ~17.4% of the fleet is over 20 years old

Transportation System Inefficiencies

Port Congestion Indices



Port congestion that dominated headlines finally began to ease in the second half of the year and move towards pre-pandemic levels

Outlook Summary

- Political and economic insecurity affected container shipping with freight rates dropping dramatically in November and December 2022 with TC rates returning towards more “normal” levels from the exceptional highs seen in 2021-2022H1.
 - The container freight index continued to weaken, falling 80% from the Jan-22 peak, and just 7% above the pre-COVID 10yr average.
 - Container shipping market is under clear pressure, with trade volumes falling by 8.4% y-o-y. Pressure has been amplified by excess retail inventories which have reduced new shipments, alongside underlying economic headwinds and impacts on consumer activity from inflation and a “cost of living” crisis.
 - Reversal of port congestion “released” a good portion of the fleet increasing effective supply
- In 2023, market conditions are generally expected to soften further, with rates expected to continue to move towards and potentially below typical historical average levels while strong supply expansion in the next 6-24 months is likely to increase pressure.
- From 2024 onwards, a number of developments -quite difficult to assess yet- could come into play
 - Geopolitical developments, like the Ukraine-Russia war and its aftermath & other global tensions, and overall economic conditions could significantly shape the demand for containerized trade
 - In addition, new environmental regulations about greenhouse gas emissions will probably result in more slow steaming by 2023/24, effectively, removing capacity from the market therefore moderating /improving any impact on the market.
 - The spread between charter rates achieved by eco-vessels is expected to further increase.
- The smaller size vessels from 1,000 – 6,000 TEU are expected to perform relatively better due to their healthier supply situation (many overaged ships that will be scrapped and lower orderbook).
 - Without doubt, though, cascading of larger vessels to trades currently served by this size group fleet could mitigate any differences to an extent.



Euroseas Operations, Chartering & Strategy



Current Fleet Profile

Current fleet is comprised of 17 vessels with an average age of 17.5⁽¹⁾ years and a carrying capacity of 53.3k TEU



10x Feeder
Avg. Age: 20.2 years⁽¹⁾
Carrying Capacity: 21.4k TEU



8x Intermediate
Avg. Age: 15.7years⁽¹⁾
Carrying Capacity: 31.9k TEU

Name	Type	Size		Year
		DWT	TEU	Built
On the water fleet				
Marcos V	Intermediate	72,968	6,350	2005
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
On the water fleet total	17	666,038	53,261	17.5



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	TEU	To be Delivered
Vessels under construction					
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
On order vessels total	9	290,208		22,200	

Financial Highlights

Nine-month 2022 Highlights and a glimpse of 2023

First nine-months of 2022 were quite profitable

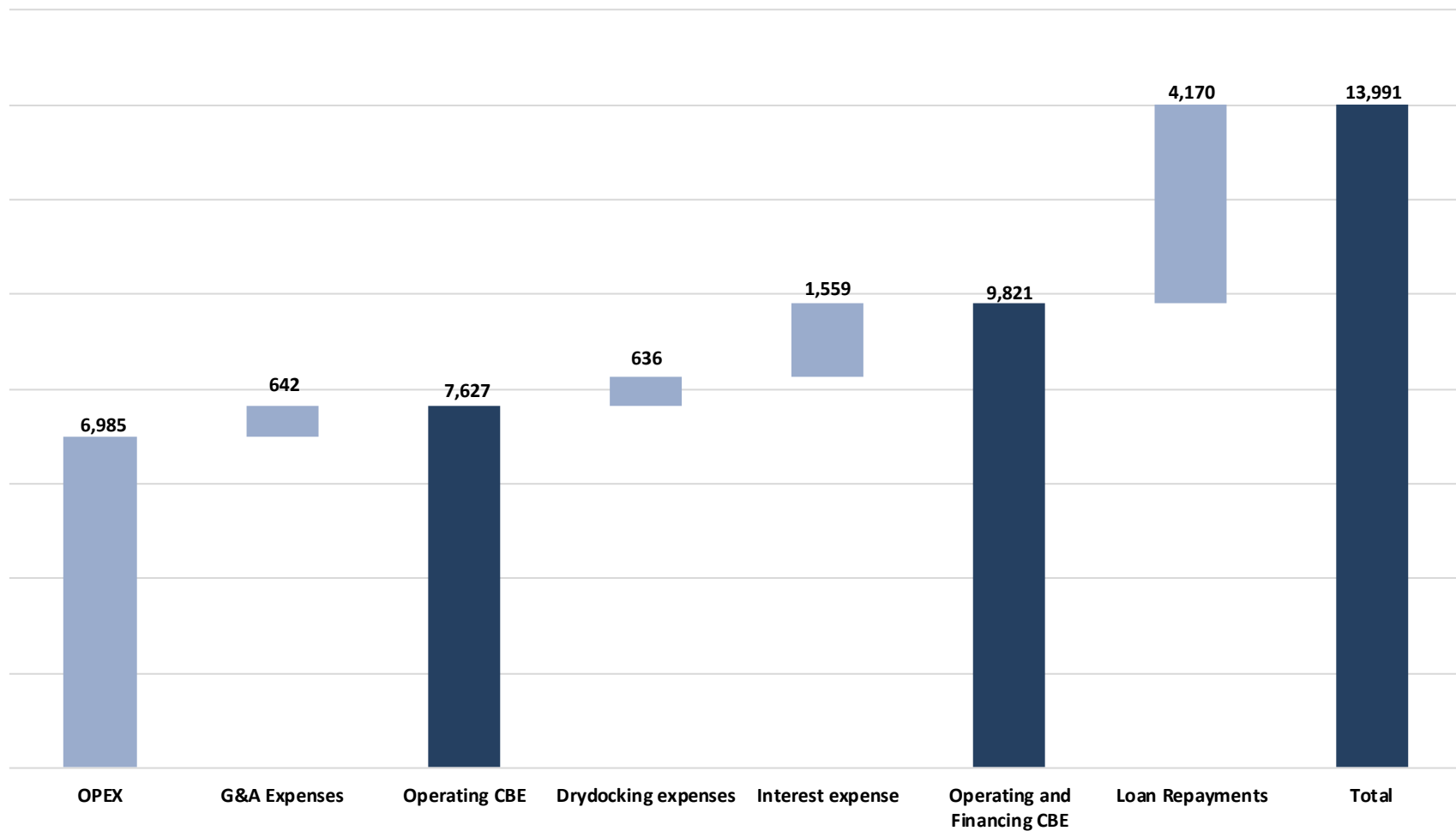
- Total net revenues of \$139.8 million.
- Net income attributable to common shareholders of \$85.9 million or \$11.91 and \$11.86 earnings per share basic and diluted, respectively inclusive of change in the fair value of derivatives.
- Adjusted net income attributable to common shareholders for the period was \$77.3 million or \$10.71 and \$10.67 adjusted earnings per share basic and diluted, respectively.
- Adjusted EBITDA was \$91.5 million.
- Average of 16.8 vessels were owned and operated during the first nine months of 2022 earning an average time charter equivalent rate of \$32,814 per day.
- A \$0.50/share quarterly dividend was declared for each of the first three quarters of 2022

2023 starts from a rate level still above pre-pandemic levels but challenges lie ahead

- Own contract coverage (more than 75% and 50% in 2023 and 2024, respectively) will largely shield our earnings from current market environment of lower rates ...
- ...and allow us to fund our dividend and the equity portion of our newbuilding program

Projected Cash Flow Break Even

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



Key Balance Sheet Highlight

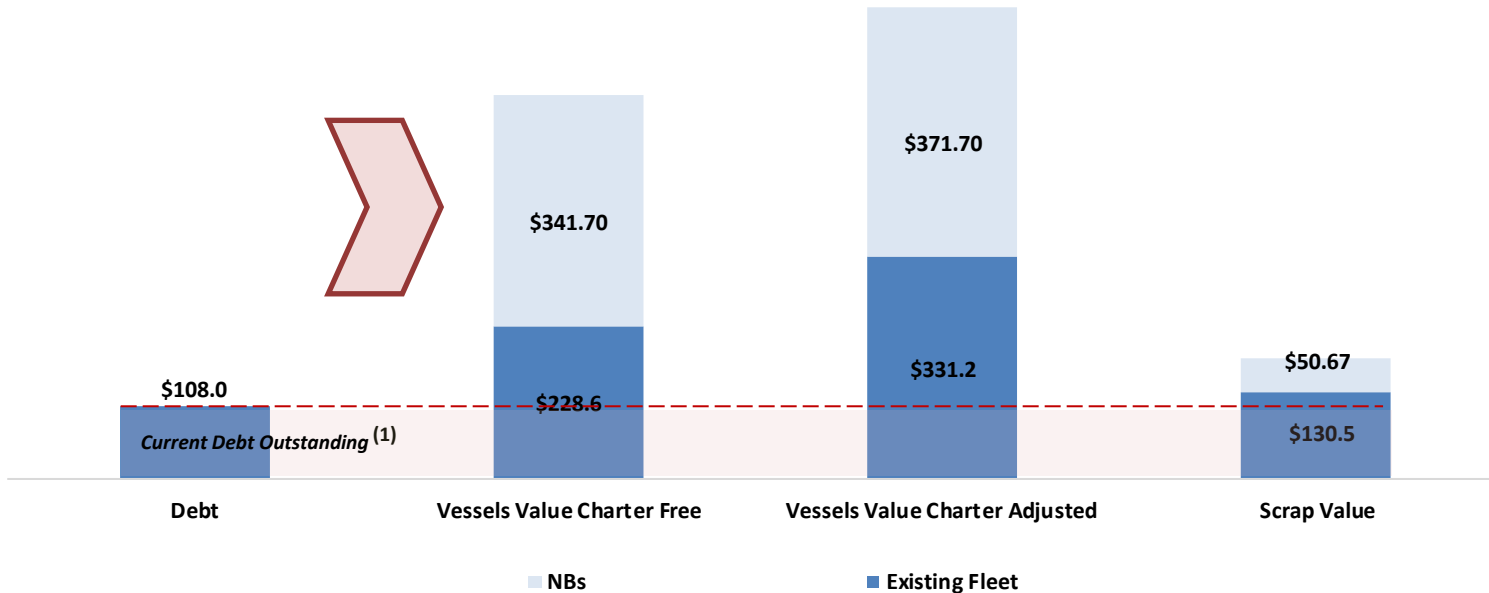
Current outstanding debt as of Dec 31, 2022 compared to the fleet valuation

Loan to Value of the existing fleet ⁽¹⁾:

47%

33%

83%



- Low leverage with outstanding debt⁽¹⁾ standing at 33% of current charter-adjusted vessel values
- Total debt is even lower than the current scrap value of the existing vessels (reflecting the current price of \$480/lwt).
- Contracted EBITDA in 2023 alone stands at \$120m which is above of company's current debt outstanding.



Why Euroseas: Organic Growth & Shareholder Value

- We have insulated ourselves to a great degree from the current market by having secured long-term charters for the majority of our current fleet
 - Each of the next two years should be comparably profitable to 2022.
 - Conservatively financed provides further minimizes any risks and increases funding flexibility
- Our strategy is to grow and modernize the Company
 - We will grow organically having embarked on a significant newbuilding program by ordering 9 vessels to-date, with a total contract price about \$360m
 - We are also targeting selective acquisitions with fully covered downside market risk especially if the market weakens
- We are rewarding shareholders
 - a dividend which at current valuation provides approximately a 10% annual yield and,
 - a share repurchase program
- Our share trades at a significant discount to our current NAV, more than 50%!
 - It also trades at a significant discount to the value of our contracted earnings during 2023-2025, plus the scrap price of the existing fleet at \$400/lwt (current scrap price is \$550/lwt), even without accounting for the net value of our newbuilding vessels at the end of 2025, or earnings from our open days during 2023-2025 assumed at historical median rates (which are about half of the level of the already reduced current rates)



Thank you!



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