



Euroseas Ltd.

Reports Results for the Six-Month Period and Quarter Ended June 30, 2018

Maroussi, Athens, Greece – August 10, 2018 – Euroseas Ltd. (NASDAQ: ESEA, the “Company”), an owner and operator of container carrier vessels and provider of seaborne transportation for containerized cargoes, announced today its results for the three and six month period ended June 30, 2018.

The Spin-off

On May 30, 2018, the Company spun-off its drybulk fleet (excluding M/V Monica P, a handymax drybulk carrier, which was agreed to be sold) into EuroDry Ltd., a separate publicly listed company also listed on NASDAQ Capital Market. Shareholders of the Company received one EuroDry Ltd. share for every five shares of the Company they held. As a result of the spin-off and the subsequent sale of M/V Monica P, the Company has become a pure containership company and the only publicly listed company concentrating on the feeder containership sector.

The results below refer to Euroseas Ltd. “continuing operations” excluding the contribution from Euroseas Ltd.’s vessels spun-off into EuroDry Ltd. in May 2018 (“discontinued operations”) unless otherwise noted; historical comparative periods have been adjusted accordingly.

Second Quarter 2018 Highlights:

- Total net revenues of \$9.8 million. Net income of \$2.1 million and net income attributable to common shareholders (after a \$0.39 million dividend on Series B Preferred Shares) of \$1.8 million or \$0.16 earnings per share basic and diluted. Adjusted net income attributable to common shareholders¹ for the period was \$0.5 million or \$0.04 per share basic and diluted.
- Adjusted EBITDA¹ was \$2.4 million.
- An average of 11.95 vessels were owned and operated during the second quarter of 2018 earning an average time charter equivalent rate of \$10,028 per day.
- The Company declared its eighteenth dividend of \$0.4 million on its Series B Preferred Shares; the dividend was paid in-kind by issuing additional Series B Preferred Shares. On May 30, 2018 Euroseas redeemed 50% of its Series B Preferred Stock using shares of EuroDry Ltd.’s Series B Preferred Stock alongside the spin-off of the latter. The dividend paid for the second quarter reflects dividend on the all the shares of its Series B Preferred Stock up to May 30, 2018 and on the shares that remained after the redemption since May 30, 2018 to the end of the quarter.

First Half 2018 Highlights:

- Total net revenues of \$18.1 million. Net income of \$0.7 million; net loss attributable to common shareholders (after a \$0.85 million of dividend on Series B Preferred Shares) of \$0.1 million or \$0.01

¹ Adjusted EBITDA, Adjusted net income/ (loss) and Adjusted earnings/ (loss) per share are not recognized measurements under US GAAP (GAAP) and should not be used in isolation or as a substitute for Euroseas financial results presented in accordance with GAAP. Refer to a subsequent section of the Press Release for the definitions and reconciliation of these measurements to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

loss per share basic and diluted. Adjusted net loss per share attributable to common shareholders¹ for the period was \$1.4 million or \$0.13 per share basic and diluted.

- Adjusted EBITDA¹ was \$2.4 million.
- An average of 11.97 vessels were owned and operated during the first half of 2018 earning an average time charter equivalent rate of \$9,228 per day.

Aristides Pittas, Chairman and CEO of Euroseas commented: “

“In the second quarter of 2018, we achieved a significant milestone in executing our strategy by completing the spin-off of six of our drybulk vessels into EuroDry Ltd., a shipping company also listed on NASDAQ. We are pleased to see that our shareholders benefited by having the market value of their combined EuroDry Ltd. and Euroseas holdings increase by more than 40% as a result of the spin-off. Separately, we sold the only remaining drybulk vessel we owned and, thus, Euroseas has become the only publicly listed company focused on the feeder containership sector.

During the second quarter, the containership market continued its recovery. Although charter rates peaked in early May and have softened since, they remain at levels noticeably higher than their respective periods of last year. Expectations for continued economic growth across many developed and developing countries and low levels of orderbook support our guarded optimism that charter rates, especially for feeder vessels, will further improve in the latter part of the year and in 2019, provided that U.S. induced trade wars do not escalate significantly. Thus, we have been fixing our vessels that open up for recharter for periods between 3-12 months at profitable levels but also aiming to have staggered renewal periods to be able to participate further in the strengthening market which we anticipate.

“We remain focused at growing Euroseas to a significant publicly listed consolidating platform for the feeder containership sector. We continuously evaluate investment opportunities of either individual vessels or fleets that could be accretive to our shareholders.”

Tasos Aslidis, Chief Financial Officer of Euroseas commented: “The results of the second quarter of 2018 reflect the improving levels of the containership markets compared to the same period of 2017.

“Adjusted EBITDA during the second quarter of 2018 was \$2.4 million versus \$0.6 million in the second quarter of last year. As of June 30, 2018, our outstanding debt (excluding the unamortized loan fees) was \$32.7 million versus restricted and unrestricted cash of \$13.6 million. As of the same date, our scheduled debt repayments over the next 12 months amounted to about \$11.8 million (excluding the unamortized loan fees) of which \$7.9 million is a balloon payment for one of our loans which we expect to be able to refinance.

“Total daily vessel operating expenses, including management fees, general and administrative expenses but excluding drydocking costs, averaged \$6,278 per vessel per day during the second quarter of 2018 as compared to \$6,220 per vessel per day for the same quarter of last year, and \$6,543 per vessel per day for the first half of 2018 as compared to \$6,055 per vessel per day for the same period of 2017, reflecting a 0.9% and 6.4% increase, respectively, which is attributed to the different composition our fleet during the periods. As always, we want to emphasize that cost control remains a key component of our strategy. We are in compliance with all our loan covenants.”

Second Quarter 2018 Results:

For the second quarter of 2018, the Company reported total net revenues of \$9.8 million representing an 85.0% increase over total net revenues of \$5.3 million during the second quarter of 2017 which was a result of the increased average number of vessels and the increase in the average time charter rate our vessels earned. The Company reported net income for the period of \$2.1 million and net income attributable to common shareholders of \$1.8 million, as compared to a net loss of \$0.8 million and a net loss attributable to common shareholders of \$1.2 million, respectively, for the same period of 2017. The results for the second quarter of 2018 include a \$1.3 million gain on sale of a vessel. Drydocking expenses amounted to \$0.4 million during the second quarter of 2018 as a vessel underwent drydocking. Depreciation expenses for the second quarter of 2018 amounted to \$0.8 million compared to \$1.0 million for the same period of 2017. Although the average number of vessels increased, one vessel which was held for sale during the second

quarter of 2018 did not contribute to the depreciation charge and the new vessels acquired have a lower average daily depreciation charge as a result of their lower acquisition cost and greater remaining useful life compared to the remaining vessels. Vessel operating expenses were \$5.3 million in the second quarter of 2018 as compared to \$3.4 million for the second quarter of 2017 due partly to the increased average number of vessels operated and higher costs for lubricants and other supplies paid. Other general and administrative expenses amounted to \$0.63 million for the second quarter of 2018 marginally higher compared to \$0.66 million for the second quarter of 2017. On average, 11.95 vessels were owned and operated during the second quarter of 2018 earning an average time charter equivalent rate of \$10,028 per day compared to 8.12 vessels in the same period of 2017 earning on average \$7,428 per day.

Interest and other financing costs for the second quarter of 2018 amounted to \$0.7 million compared to \$0.4 million for the same period of 2017. Interest during the second quarter of 2018 was higher due to higher debt and increased LIBOR during the period as compared to the same period of last year.

Adjusted EBITDA for the second quarter of 2018 was \$2.4 million compared to \$0.6 million achieved during the second quarter of 2017. Please see below for Adjusted EBITDA reconciliation to net income/ (loss).

Basic and diluted earnings per share attributable to common shareholders for the second quarter of 2018 were \$0.16 calculated on 11,133,764 basic and diluted weighted average number of shares outstanding, compared to basic and diluted loss per share of \$0.11 for the second quarter of 2017, calculated on 11,061,612 basic and diluted weighted average number of shares outstanding.

Excluding the effect on the earnings attributable to common shareholders for the quarter of the unrealized gain and realized loss on derivative, and the gain on sale of a vessel, the adjusted net earnings per share attributable to common shareholders for the quarter ended June 30, 2018 would have been \$0.04 per share basic and diluted compared to adjusted net loss of \$0.11 per share basic and diluted for the quarter ended June 30, 2017. Usually, security analysts do not include the above items in their published estimates of earnings per share.

First Half 2018 Results:

For the first half of 2018, the Company reported total net revenues of \$18.1 million representing a 76.3% increase over total net revenues of \$10.2 million during the first half of 2017, as a result of the increased average number of vessels and the increase in the average time charter equivalent rate our vessels earned. The Company reported net income for the period of \$0.7 million and a net loss attributable to common shareholders of \$0.1 million, as compared to net loss and net loss attributable to common shareholders of \$2.1 million and \$3.0 million respectively, for the first half of 2017. The results for the first half of 2018 include a \$1.3 million gain on sale of a vessel, as compared to a \$0.5 million gain on sale of a vessel for the same period of 2017. Depreciation expenses for the first half of 2018 were \$1.7 million compared to \$1.9 million during the same period of 2017. Although the average number of vessels increased, one vessel which was held for sale during the first half of 2018 did not contribute to the depreciation charge and the new vessels acquired have a lower average daily depreciation charge as a result of their lower initial values (acquisition price) and greater remaining useful life compared to the remaining vessels. On average, 11.97 vessels were owned and operated during the first half of 2018 earning an average time charter equivalent rate of \$9,228 per day compared to 8.38 vessels in the same period of 2017 earning on average \$6,918 per day.

Interest and other financing costs for the first half of 2018 amounted to \$1.3 million compared to \$0.7 million for the same period of 2017. This increase is due to the increased amount of debt and increased LIBOR in the current period compared to the same period of 2017.

Adjusted EBITDA for the first half of 2018 was \$2.4 million compared to \$(0.1) million achieved during the first half of 2017. Please see below for Adjusted EBITDA reconciliation to net income/ (loss).

Basic and diluted loss per share attributable to common shareholders for the first half of 2018 was \$0.01, calculated on 11,133,764 basic and diluted weighted average number of shares outstanding compared to basic and diluted loss per share of \$0.28 for the first half of 2017, calculated on 11,030,754 basic and diluted weighted average number of shares outstanding.

Excluding the effect on the income/ (loss) attributable to common shareholders for the first half of the year of the unrealized (gain) /loss and realized (gain) /loss on derivative and the gain on sale of vessel, the adjusted net loss per share attributable to common shareholders for the six-month period ended June 30, 2018 would

have been \$0.13 compared to a loss of \$0.32 per share basic and diluted for the same period in 2017. Usually, security analysts do not include the above items in their published estimates of earnings per share.

Fleet Profile:

The Euroseas Ltd. fleet profile is as follows:

| Name | Type | Dwt | TEU | Year Built | Employment(*) | TCE Rate (\$/day) |
|---------------------------------|--------------|----------------|---------------|------------|--|---|
| Container Carriers | | | | | | |
| AKINADA BRIDGE | Intermediate | 71,366 | 5,610 | 2001 | Idle | |
| EM ASTORIA | Feeder | 35,600 | 2,788 | 2004 | undergoing repairs | \$8,000 for about 70 days after completion of repairs |
| EM CORFU | Feeder | 34,654 | 2,556 | 2001 | TC until Dec-18 | \$9,950 |
| EM ATHENS | Feeder | 32,350 | 2,506 | 2000 | TC until Mar-19 | \$10,400 |
| EM OINOUSSES | Feeder | 32,350 | 2,506 | 2000 | TC until Aug-18 + 12 months in Charterers Option | \$8,500 \$15,000 |
| EVRIKIDIKI G | Feeder | 34,677 | 2,556 | 2001 | TC until Dec-18 | \$9,950 |
| JOANNA | Feeder | 22,301 | 1,732 | 1999 | TC until Sep-18 | \$10,500 |
| MANOLIS P | Feeder | 20,346 | 1,452 | 1995 | TC until Apr-19 | \$9,500 |
| NINOS | Feeder | 18,253 | 1,169 | 1990 | TC until Sep-18 | \$11,900 |
| AEGEAN EXPRESS | Feeder | 18,581 | 1,439 | 1997 | TC until Sep-18 | \$10,500 |
| KUO HSIUNG | Feeder | 18,154 | 1,169 | 1993 | TC until Oct-18 | \$11,900 |
| Total Container Carriers | 11 | 338,632 | 25,483 | | | |

Note:

(*) Represents the earliest redelivery date

Summary Fleet Data is provided for the Company's vessels excluding the vessels spun-off:

| | Three months, ended June 30, 2017 | Three months, ended June 30, 2018 | Six months, ended June 30, 2017 | Six months, ended June 30, 2018 |
|--|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| FLEET DATA | | | | |
| Average number of vessels (1) | 8.12 | 11.95 | 8.38 | 11.97 |
| Calendar days for fleet (2) | 739.0 | 1,086.0 | 1,516.0 | 2,166.0 |
| Scheduled off-hire days incl. laid-up (3) | 0.0 | 8.2 | 72.0 | 37.6 |
| Available days for fleet (4) = (2) - (3) | 739.0 | 1,077.8 | 1,444.0 | 2,128.4 |
| Commercial off-hire days (5) | 0.0 | 2.0 | 42.5 | 24.9 |
| Operational off-hire days (6) | 1.8 | 66.2 | 5.9 | 69 |
| Voyage days for fleet (7) = (4) - (5) - (6) | 737.2 | 1,009.6 | 1,395.6 | 2,034.5 |
| Fleet utilization (8) = (7) / (4) | 99.8% | 93.7% | 96.6% | 95.6% |
| Fleet utilization, commercial (9) = ((4) - (5)) / (4) | 100.0% | 99.8% | 97.1% | 98.8% |
| Fleet utilization, operational (10) = ((4) - (6)) / (4) | 99.8% | 93.9% | 99.6% | 96.8% |
| AVERAGE DAILY RESULTS | | | | |
| Time charter equivalent rate (11) | 7,428 | 10,028 | 6,918 | 9,228 |
| Vessel operating expenses excl. drydocking expenses (12) | 5,331 | 5,698 | 5,119 | 5,873 |
| General and administrative expenses (13) | 889 | 580 | 936 | 670 |
| Total vessel operating expenses (14) | 6,220 | 6,278 | 6,055 | 6,543 |
| Drydocking expenses (15) | 37 | 394 | 25 | 543 |

(1) Average number of vessels is the number of vessels that constituted the Company's fleet for the relevant period, as measured by the sum of the number of calendar days each vessel was a part of the Company's fleet during the period divided by the number of calendar days in that period.

(2) Calendar days. We define calendar days as the total number of days in a period during which each vessel in our fleet was in our possession including off-hire days associated with major repairs, drydockings or special or intermediate surveys or days of vessels in lay-up. Calendar days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during that period.

(3) The scheduled off-hire days including vessels laid-up are days associated with scheduled repairs, drydockings or special or intermediate surveys or days of vessels in lay-up.

(4) Available days. We define available days as the total number of days in a period during which each vessel in our fleet was in our possession net of scheduled off-hire days including laid up. We use available days to measure the number of days in a period during which vessels were available to generate revenues.

(5) Commercial off-hire days. We define commercial off-hire days as days a vessel is idle without employment.

(6) Operational off-hire days. We define operational off-hire days as days associated with unscheduled repairs or other off-hire time related to the operation of the vessels.

(7) Voyage days. We define voyage days as the total number of days in a period during which each vessel in our fleet was in our possession net of commercial and operational off-hire days. We use voyage days to measure the number of days in a period during which vessels actually generate revenues or are sailing for repositioning purposes.

(8) Fleet utilization. We calculate fleet utilization by dividing the number of our voyage days during a period by the number of our available days during that period. We use fleet utilization to measure a company's

efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons such as unscheduled repairs or days waiting to find employment.

(9) Fleet utilization, commercial. We calculate commercial fleet utilization by dividing our available days net of commercial off-hire days during a period by our available days during that period.

(10) Fleet utilization, operational. We calculate operational fleet utilization by dividing our available days net of operational off-hire days during a period by our available days during that period.

(11) Time charter equivalent, or TCE, is a measure of the average daily revenue performance of a vessel on a per voyage basis. Our method of calculating TCE is determined by dividing revenue generated from charters net of voyage expenses by voyage days for the relevant time period. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by the charterer under a time charter contract, or are related to repositioning the vessel for the next charter. TCE is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance despite changes in the mix of charter types (i.e., spot voyage charters, time charters and bareboat charters) under which the vessels may be employed between the periods. Our definition of TCE may not be comparable to that used by other companies in the shipping industry.

(12) Daily vessel operating expenses, which includes crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs and management fees are calculated by dividing vessel operating expenses by fleet calendar days for the relevant time period. Drydocking expenses are reported separately.

(13) Daily general and administrative expense is calculated by dividing other general and administrative expense by fleet calendar days for the relevant time period.

(14) Total vessel operating expenses, or TVOE, is a measure of our total expenses associated with operating our vessels. TVOE is the sum of vessel operating expenses, management fees and other general and administrative expenses; drydocking expenses are not included. Daily TVOE is calculated by dividing TVOE by fleet calendar days for the relevant time period.

(15) Drydocking expenses, which include expenses during drydockings that would have been capitalized and amortized under the deferral method divided by the fleet calendar days for the relevant period. Drydocking expenses could vary substantially from period to period depending on how many vessels underwent drydocking during the period. The Company expenses drydocking expenses as incurred.

Conference Call and Webcast:

Later today, August 10, 2018 at 11:00 a.m. Eastern Time, the Company's management will host a conference call and webcast to discuss the results.

Conference Call details:

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: (866) 966-1396 (US Toll Free Dial In), 0(800) 376-7922 (UK Toll Free Dial In) or +44 (0) 2071 928000 (Standard International Dial In). Please quote "Euroseas" to the operator.

A telephonic replay of the conference call will be available until August 17, 2018, by dialing 1(866) 331-1332 (US Toll Free Dial In), 0(808) 238-0667 (UK Toll Free Dial In) or +44 (0) 3333 009785 (Standard International Dial In) and the access code required for the replay is:6973591#.

Audio webcast - Slides Presentation:

There will be a live and then archived audio webcast of the conference call, via the internet through the Euroseas website (www.euroseas.gr). Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast. A slide presentation on the Second Quarter 2018 results in PDF format will also be available 10 minutes prior to the conference call and webcast accessible on the company's website (www.euroseas.gr) on the webcast page. Participants to the webcast can download the PDF presentation.

Euroseas Ltd.
Unaudited Consolidated Condensed Statements of Continuing and Discontinued Operations
(All amounts expressed in U.S. Dollars – except number of shares)

| | Three Months Ended June 30, 2017 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2017 | Six Months Ended June 30, 2018 |
|--|---|---|---|---|
| | (unaudited) | | (unaudited) | |
| Revenues | | | | |
| Voyage revenue | 10,543,232 | 16,746,844 | 19,278,103 | 30,420,656 |
| Related party revenue | 60,000 | - | 120,000 | - |
| Commissions | (592,794) | (880,596) | (1,095,439) | (1,626,935) |
| Net revenues | 10,010,438 | 15,866,248 | 18,302,664 | 28,793,721 |
| Operating expenses | | | | |
| Voyage expenses | 784,675 | 467,238 | 2,003,598 | 1,014,360 |
| Vessel operating expenses | 5,341,530 | 7,360,461 | 10,320,414 | 15,302,326 |
| Drydocking expenses | 45,701 | 427,804 | 118,603 | 2,618,023 |
| Depreciation | 2,156,131 | 2,168,431 | 4,273,776 | 4,240,304 |
| Management fees | 903,490 | 1,325,507 | 1,763,084 | 2,661,630 |
| Gain on sale of vessel | - | (1,340,952) | (516,561) | (1,340,952) |
| Other general and administrative expenses | 911,532 | 1,562,620 | 1,905,548 | 2,640,628 |
| Total operating expenses | 10,143,059 | 11,971,109 | 19,868,462 | 27,136,319 |
| Operating (loss) / income | (132,621) | 3,895,139 | (1,565,798) | 1,657,402 |
| Other income/(expenses) | | | | |
| Interest and finance cost | (863,378) | (1,325,458) | (1,626,900) | (2,392,838) |
| (Loss) / gain on derivative, net | (33,794) | 38,540 | (29,053) | 118,682 |
| Foreign exchange (loss) / gain | (15,295) | 27,527 | (19,859) | 313 |
| Interest income | 9,407 | 25,641 | 16,099 | 47,469 |
| Other expenses, net | (903,060) | (1,233,750) | (1,659,713) | (2,226,374) |
| Net (loss) / income | (1,035,681) | 2,661,389 | (3,225,511) | (568,972) |
| Dividend Series B Preferred shares | (448,053) | (470,879) | (885,785) | (930,912) |
| Net (loss) / income attributable to common shareholders | (1,483,734) | 2,190,510 | (4,111,296) | (1,499,884) |
| (Loss) / earnings per share, basic and diluted | (0.13) | 0.20 | (0.37) | (0.13) |
| Weighted average number of shares, basic and diluted | 11,061,612 | 11,133,764 | 11,030,754 | 11,133,764 |

Euroseas Ltd.
Unaudited Consolidated Condensed Statements of Discontinued Operations
(All amounts expressed in U.S. Dollars – except number of shares)

| | Three Months Ended June 30, 2017 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2017 | Six Months Ended June 30, 2018 |
|--|--|---|---|---|
| | (unaudited) | | (unaudited) | |
| Revenues | | | | |
| Voyage revenue | 5,025,925 | 6,466,876 | 8,551,308 | 11,379,371 |
| Commissions | (287,227) | (351,260) | (489,434) | (642,898) |
| Net revenues | 4,738,698 | 6,115,616 | 8,061,874 | 10,736,473 |
| Operating expenses | | | | |
| Voyage expenses | 743,061 | 311,566 | 930,971 | 747,653 |
| Vessel operating expenses | 1,958,111 | 2,076,539 | 3,661,567 | 4,443,003 |
| Drydocking expenses | 18,013 | - | 80,825 | 1,442,657 |
| Depreciation | 1,205,435 | 1,326,639 | 2,375,994 | 2,531,778 |
| Management fees | 347,331 | 421,211 | 660,983 | 800,621 |
| Other general and administrative expenses | 254,566 | 932,459 | 486,577 | 1,189,720 |
| Total Operating expenses | (4,526,517) | (5,068,414) | (8,196,917) | (11,155,432) |
| Operating income / (loss) | 212,181 | 1,047,202 | (135,043) | (418,959) |
| Other income / (expenses) | | | | |
| Interest and finance cost | (496,823) | (620,402) | (940,236) | (1,047,786) |
| Gain on derivative, net | - | 24,917 | - | 113,528 |
| Foreign exchange gain / (loss) | 1,204 | 11,954 | (2,263) | 3,575 |
| Interest income | - | 2,916 | - | 8,845 |
| Other expenses, net | (495,619) | (580,615) | (942,499) | (921,838) |
| Net (loss) / income | (283,438) | 466,587 | (1,077,542) | (1,340,797) |
| Dividend Series B Preferred shares | - | (80,204) | - | (80,204) |
| Net (loss) / income attributable to common shareholders | (283,438) | 386,383 | (1,077,542) | (1,421,001) |
| (Loss) / earnings per share, basic and diluted | (0.13) | 0.17 | (0.49) | (0.64) |
| Weighted average number of shares, basic and diluted | 2,212,322 | 2,226,753 | 2,206,151 | 2,226,753 |

Euroseas Ltd.
Unaudited Consolidated Condensed Statements of Continuing Operations
(All amounts expressed in U.S. Dollars – except number of shares)

| | Three Months Ended June 30, 2017 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2017 | Six Months Ended June 30, 2018 |
|--|---|---|---|---|
| | (unaudited) | | (unaudited) | |
| Revenues | | | | |
| Voyage revenue | 5,517,307 | 10,279,968 | 10,726,795 | 19,041,285 |
| Related party revenue | 60,000 | - | 120,000 | - |
| Commissions | (305,567) | (529,336) | (606,005) | (984,037) |
| Net revenues | 5,271,740 | 9,750,632 | 10,240,790 | 18,057,248 |
| Operating expenses | | | | |
| Voyage expenses | 41,614 | 155,672 | 1,072,627 | 266,707 |
| Vessel operating expenses | 3,383,419 | 5,283,922 | 6,658,847 | 10,859,323 |
| Drydocking expenses | 27,688 | 427,804 | 37,778 | 1,175,366 |
| Depreciation | 950,696 | 841,792 | 1,897,782 | 1,708,526 |
| Management fees | 556,159 | 904,296 | 1,102,101 | 1,861,009 |
| Gain on sale of vessel | - | (1,340,952) | (516,561) | (1,340,952) |
| Other general and administrative expenses | 656,966 | 630,161 | 1,418,971 | 1,450,908 |
| Total operating expenses | 5,616,542 | 6,902,695 | 11,671,545 | 15,980,887 |
| Operating (loss) / income | (344,802) | 2,847,937 | (1,430,755) | 2,076,361 |
| Other income/(expenses) | | | | |
| Interest and finance cost | (366,555) | (705,056) | (686,664) | (1,345,052) |
| (Loss) / gain on derivative, net | (33,794) | 13,623 | (29,053) | 5,154 |
| Foreign exchange (loss) / gain | (16,499) | 15,573 | (17,596) | (3,262) |
| Interest income | 9,407 | 22,725 | 16,099 | 38,624 |
| Other expenses, net | (407,441) | (653,135) | (717,214) | (1,304,536) |
| Net (loss) / income | (752,243) | 2,194,802 | (2,147,969) | 771,825 |
| Dividend Series B Preferred shares | (448,053) | (390,675) | (885,785) | (850,708) |
| Net (loss) / income attributable to common shareholders | (1,200,296) | 1,804,127 | (3,033,754) | (78,883) |
| (Loss) / earnings per share, basic and diluted | (0.11) | 0.16 | (0.28) | (0.01) |
| Weighted average number of shares, basic and diluted | 11,061,612 | 11,133,764 | 11,030,754 | 11,133,764 |

Euroseas Ltd., Post Spin-off
Unaudited Consolidated Condensed Balance Sheets
(All amounts expressed in U.S. Dollars – except number of shares)

| | December 31, 2017 | June 30, 2018 |
|--|----------------------|-------------------|
| ASSETS | | (unaudited) |
| Current Assets: | | |
| Cash and cash equivalents | 2,858,927 | 9,099,122 |
| Trade accounts receivable, net | 885,495 | 940,753 |
| Other receivables | 965,037 | 1,007,502 |
| Inventories | 1,193,018 | 1,104,525 |
| Restricted cash | 1,103,953 | 119,399 |
| Prepaid expenses | 247,039 | 301,993 |
| Vessel held for sale | 4,914,782 | - |
| Total current assets, continuing operations | 12,168,251 | 12,573,294 |
| Current assets of discontinued operations | 3,914,117 | - |
| Total current assets | 16,082,368 | 12,573,294 |
| Fixed assets: | | |
| Vessels, net | 52,132,079 | 50,425,420 |
| Long-term assets: | | |
| Restricted cash | 4,334,267 | 4,334,267 |
| Due from spun-off subsidiary | 24,585,518 | - |
| Fixed and long- term assets of discontinued operations | 65,197,615 | - |
| Total assets | 162,331,847 | 67,332,981 |
| Current liabilities: | | |
| Long -term bank loans, current portion | 4,203,261 | 11,099,893 |
| Trade accounts payable | 1,522,473 | 1,618,737 |
| Accrued expenses | 1,117,110 | 1,692,372 |
| Deferred revenue | 590,178 | 510,144 |
| Derivative | 229,451 | 60,210 |
| Due to related company | 4,986,836 | 8,642,163 |
| Total current liabilities, continuing operations | 12,649,309 | 23,623,519 |
| Current liabilities of discontinued operations | 5,885,574 | - |
| Total current liabilities | 18,534,883 | 23,623,519 |
| Long-term liabilities: | | |
| Long -term bank loans, net of current portion | 29,811,241 | 19,540,527 |
| Derivative | 16,631 | 43,656 |
| Vessel profit participation liability | 1,297,100 | 2,005,500 |
| Total long-term liabilities, continuing operations | 31,124,972 | 21,589,683 |
| Long- term liabilities of discontinued operations | 30,364,035 | - |
| Total long term liabilities | 61,489,007 | 21,589,683 |
| Total liabilities | 80,023,890 | 45,213,202 |
| Mezzanine equity: | | |
| Series B Preferred shares (par value \$0.01, 20,000,000 shares authorized, 37,314 and 19,122 issued and outstanding, respectively) | 35,613,759 | 18,272,339 |
| Shareholders' equity: | | |
| Common stock (par value \$0.03, 200,000,000 shares authorized, 11,274,126 and 11,274,126 issued and outstanding) | 338,230 | 338,230 |
| Additional paid-in capital | 241,717,702 | 231,811,950 |
| Accumulated deficit | (228,223,857) | (228,302,740) |
| Total shareholders' equity, continuing operations | 13,832,075 | 3,847,440 |
| Shareholders' equity of discontinued operations | 32,862,123 | - |
| Total shareholders' equity | 46,694,198 | 3,847,440 |
| Total liabilities, mezzanine equity and shareholders' equity | 162,331,847 | 67,332,981 |

Euroseas Ltd. Post Spin-off
Unaudited Consolidated Condensed Statements of Cash Flows
(All amounts expressed in U.S. Dollars)

| | Six Months Ended June 30, 2017 | Six Months Ended June 30, 2018 |
|---|--------------------------------------|--------------------------------------|
| Cash flows from operating activities: | | |
| Net (loss) / income continuing operations | (2,147,969) | 771,825 |
| Adjustments to reconcile net loss to net cash (used in) /provided by operating activities: | | |
| Depreciation of vessels | 1,897,782 | 1,708,526 |
| Amortization of deferred charges | 71,010 | 69,777 |
| Share-based compensation | 74,706 | 96,174 |
| Gain on sale of vessel | (516,561) | (1,340,952) |
| Unrealized loss / (gain) on derivative | 31,351 | (142,216) |
| Amortization of debt discount | - | 202,541 |
| Changes in operating assets and liabilities | 1,067 | 3,959,805 |
| Net cash (used in) /provided by operating activities of continuing operations | (588,614) | 5,325,480 |
| Cash flows from investing activities: | | |
| Cash paid for vessel acquisition and capitalized expenses | (4,677,212) | (1,867) |
| Proceeds from sale of vessel | 5,137,010 | 6,255,735 |
| Net cash provided by investing activities of continuing operations | 459,798 | 6,253,868 |
| Cash flows from financing activities: | | |
| Proceeds from issuance of common stock, net of commissions paid | 549,495 | - |
| Investment in subsidiary spun-off | (486,577) | (3,298,356) |
| Due from spun-off subsidiary | 639,313 | - |
| Loan arrangement fees paid | (50,000) | (119,863) |
| Offering expenses paid | (240,981) | (12,488) |
| Proceeds from long- term bank loans | 4,750,000 | 4,250,000 |
| Repayment of long-term bank loans | (2,023,915) | (7,143,000) |
| Repayment of related party loan | (2,000,000) | - |
| Net cash provided by / (used in) financing activities of continuing operations | 1,137,335 | (6,323,707) |
| Net increase in cash, cash equivalents and restricted cash | 1,008,519 | 5,255,641 |
| Cash, cash equivalents and restricted cash at beginning of period | 7,004,684 | 8,297,147 |
| Cash, cash equivalents and restricted cash at end of period, continuing operations | 8,013,203 | 13,552,788 |
| Cash breakdown | | |
| Cash and cash equivalents | 3,124,110 | 9,099,122 |
| Restricted cash, current | 654,826 | 119,399 |
| Restricted cash, long term | 4,234,267 | 4,334,267 |
| Total cash, cash equivalents and restricted | | |

| | | |
|---|------------------|-------------------|
| cash shown in the statement of cash flows, continuing operations | 8,013,203 | 13,552,788 |
| Discontinued operations: | | |
| Net cash provided by operating activities of discontinued operations | 533,045 | 360,977 |
| Net cash used in investing activities of discontinued operations | (6,841,251) | (18,817,048) |
| Net cash provided by financing activities of discontinued operations | 9,640,896 | 18,054,670 |

Euroseas Ltd. Continuing Operations
Reconciliation of Adjusted EBITDA to Net (loss) / income
(All amounts expressed in U.S. Dollars)

| | Three Months Ended June 30, 2017 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2017 | Six Months Ended June 30, 2018 |
|--|--|--|--------------------------------------|--------------------------------------|
| Net (loss) / income | (752,243) | 2,194,802 | (2,147,969) | 771,825 |
| Interest and finance costs, net (incl. interest income) | 357,148 | 682,331 | 670,565 | 1,306,428 |
| Depreciation | 950,696 | 841,792 | 1,897,782 | 1,708,526 |
| Gain on sale of vessel | - | (1,340,952) | (516,561) | (1,340,952) |
| Unrealized and realized loss / (gain) on derivative, net | 33,794 | (13,623) | 29,053 | (5,154) |
| Adjusted EBITDA | 589,395 | 2,364,350 | (67,130) | 2,440,673 |

Adjusted EBITDA Reconciliation:

Euroseas Ltd. considers Adjusted EBITDA to represent net loss / income before interest, income taxes, depreciation, gain / loss in derivative and loss on sale of vessels. Adjusted EBITDA does not represent and should not be considered as an alternative to net income / (loss), as determined by United States generally accepted accounting principles, or U.S. GAAP. Adjusted EBITDA is included herein because it is a basis upon which the Company assesses its financial performance and we believe that these non- GAAP financial measures assist our management and investors by increasing the comparability of our performance from period to period by excluding the potentially disparate effects between periods, of financial costs, gain/ loss in derivative and depreciation. The Company's definition of Adjusted EBITDA may not be the same as that used by other companies in the shipping or other industries.

Euroseas Ltd. Continuing Operations
Reconciliation of Net (loss)/ income to Adjusted net (loss) / income
(All amounts expressed in U.S. Dollars – except share data and number of shares)

| | Three Months Ended June 30, 2017 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2017 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| Net (loss) / income | (752,243) | 2,194,802 | (2,147,969) | 771,825 |
| Unrealized loss / (gain) on derivative | 36,423 | (47,946) | 31,351 | (142,216) |
| Realized (gain) / loss on derivative | (2,629) | 34,323 | (2,298) | 137,062 |
| Gain on sale of vessel | - | (1,340,952) | (516,561) | (1,340,952) |
| Adjusted net (loss) / income | (718,449) | 840,227 | (2,635,477) | (574,281) |
| Preferred dividends | (448,053) | (390,675) | (885,785) | (850,708) |
| Adjusted net (loss) / income attributable to common shareholders | (1,166,502) | 449,552 | (3,521,262) | (1,424,989) |
| Adjusted net (loss)/ earnings per share, basic and diluted | (0.11) | 0.04 | (0.32) | (0.13) |
| Weighted average number of shares, basic and diluted | 11,061,612 | 11,133,764 | 11,030,754 | 11,133,764 |

"Adjusted net (loss) / income" and "Adjusted net (loss) /earnings per share" Reconciliation:
Euroseas Ltd. considers "Adjusted net (loss)/ income" to represent net (loss) / income before gain / loss on derivative and gain on sale of vessel. "Adjusted net (loss) / income " and "Adjusted net (loss) / earnings per share" is included herein because we believe it assists our management and investors by increasing the comparability of the Company's fundamental performance from period to period by excluding the potentially disparate effects between periods of gain / loss on derivative and gain on sale of vessel, which items may significantly affect results of operations between periods.

"Adjusted net (loss)/ income" and "Adjusted net (loss)/ earnings per share" do not represent and should not be considered as an alternative to net (loss) / income or (loss) / earnings per share, as determined by U.S. GAAP. The Company's definition of "Adjusted net (loss) /income" and "Adjusted net (loss) / earnings per share" may not be the same as that used by other companies in the shipping or other industries.

About Euroseas Ltd.

Euroseas Ltd. was formed on May 5, 2005 under the laws of the Republic of the Marshall Islands to consolidate the ship owning interests of the Pittas family of Athens, Greece, which has been in the shipping business over the past 140 years. Euroseas trades on the NASDAQ Capital Market under the ticker ESEA.

Euroseas operates in the container shipping market. Euroseas' operations are managed by Eurobulk Ltd., an ISO 9001:2008 and ISO 14001:2004 certified affiliated ship management company and Eurobulk (Far East) Ltd. Inc., which are responsible for the day-to-day commercial and technical management and operations of the vessels. Euroseas employs its vessels on spot and period charters and through pool arrangements.

The Company has a fleet of 11 vessels, including 10 Feeder containerships and 1 Intermediate Container carrier. Euroseas 11 containerships have a cargo capacity of 25,483 teu.

Forward Looking Statement

This press release contains forward-looking statements (as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) concerning future events and the Company's growth strategy and measures to implement such strategy; including expected vessel acquisitions and entering into further time charters. Words such as "expects," "intends," "plans,"

"believes," "anticipates," "hopes," "estimates," and variations of such words and similar expressions are intended to identify forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to changes in the demand for container ships, competitive factors in the market in which the Company operates; risks associated with operations outside the United States; and other factors listed from time to time in the Company's filings with the Securities and Exchange Commission. The Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

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