



## **Earnings Presentation**

**Quarter Ended September 30, 2023**

**November 09, 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.*

*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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# 2023 Third Quarter Financial Highlights

## Financial Results

*in million USD except per share figures*

		Q3 2023
Net Revenues	50.7	
Net Income	32.2	4.65/ share <sup>(2)</sup>
Adj. Net Income <sup>(1)</sup>	28.2	4.07/ share <sup>(2)</sup>
Adj. EBITDA <sup>(1)</sup>	34.5	

1) See press release of Nov 09, 2023 for reconciliation of Adj. Net Income and Adjusted EBITDA to Net Income

2) Diluted

## Dividend Declaration & Repurchase Program

- Declared a quarterly dividend of \$0.50 per common share payable on or about December 16, 2023 to shareholders of record on December 09, 2023.
- As of November 9, 2023 we had repurchased 400,705 of our common stock in the open market for a total of about \$8.2 million, under our share repurchase plan of up to \$20 million announced in May 2022 (approximately 5.8% of our outstanding shares). Our Board of Directors decided to extend the program for another year.

# Recent S&P, Chartering & Operational Highlights

## ➤ Newbuilding/ New acquisitions/ Scrapping

- **M/V Terataki** was delivered on July 6, 2023. Following her delivery, she commenced a thirty-six to forty months charter with Asyad Lines @ \$48,000/day.

## ➤ Chartering

- **Aegean Express:** Fixed @ \$9,000/day for min 3-4 months until December 2023
- **Synergy Antwerp:** Fixed @ \$18,250/day for 40-60 days then option for 40-60 days @ \$18,250/day which was declared until December 2023

## ➤ Idle period/commercial off-hire

- None

## ➤ Drydockings

- None

# Current Fleet Profile

Current fleet is comprised of 19 vessels with an average age of 15.9<sup>(1)</sup> years and a carrying capacity of 58.9k TEU



**12x Feeder**  
**Avg. Age: 16.0 years<sup>(1)</sup>**  
**Carrying Capacity: 27k TEU**



**7x Intermediate**  
**Avg. Age: 15.7 years<sup>(1)</sup>**  
**Carrying Capacity: 31.9k TEU**

Name	Type	DWT	Size	Year
			TEU	Built
<b>On the water fleet</b>				
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
Gregos (H4201)	Feeder	37,237	2,800	2023
Terataki (H4202)	Feeder	37,237	2,800	2023
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>19</b>	<b>740,512</b>	<b>58,861</b>	<b>15.9</b>

# Vessels Under Construction

*Seven vessels with capacity of 16,600 teu to be delivered during 2024*



**4x Feeders**  
Carrying Capacity: 2,800 teu each



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

Name	Type	DWT	Size TEU	To be Delivered
<b><i>Vessels under construction</i></b>				
Tender Soul (H4236)	Feeder	37,237	2,800	Q1 2024
Leonidas Z (H4237)	Feeder	37,237	2,800	Q2 2024
Monica (H4248)	Feeder	22,262	1,800	Q2 2024
Stephania K (H4249)	Feeder	22,262	1,800	Q2 2024
Pepi Star (H4250)	Feeder	22,262	1,800	Q3 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>7</b>	<b>215,734</b>	<b>16,600</b>	

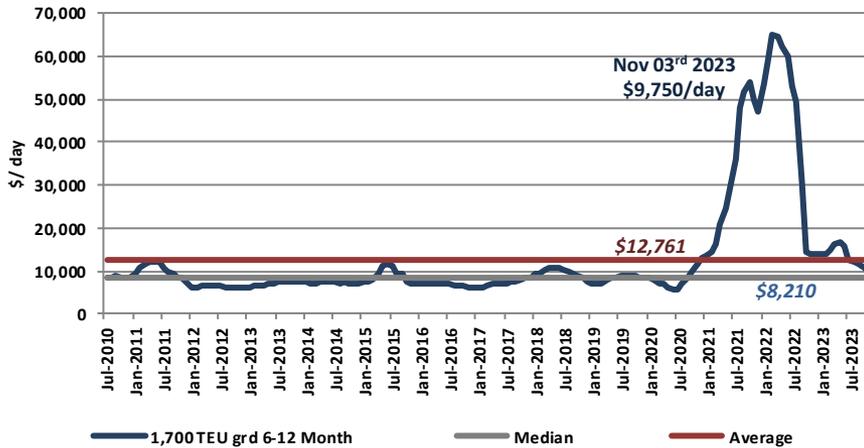




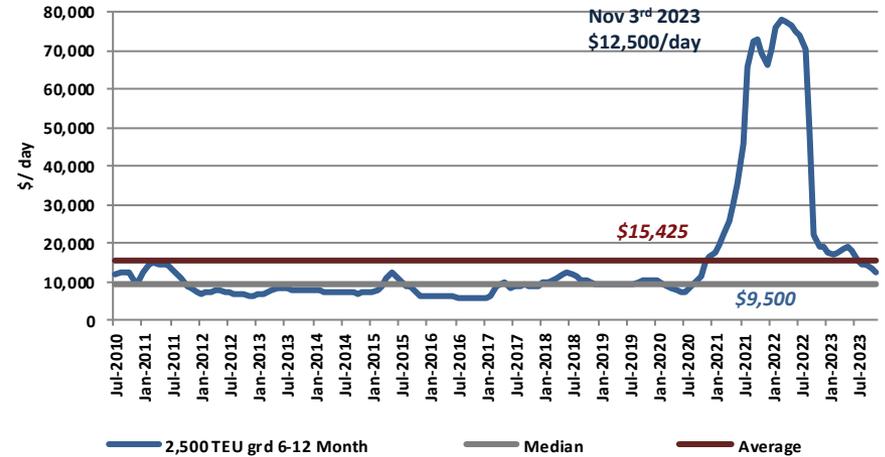
Market Overview

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

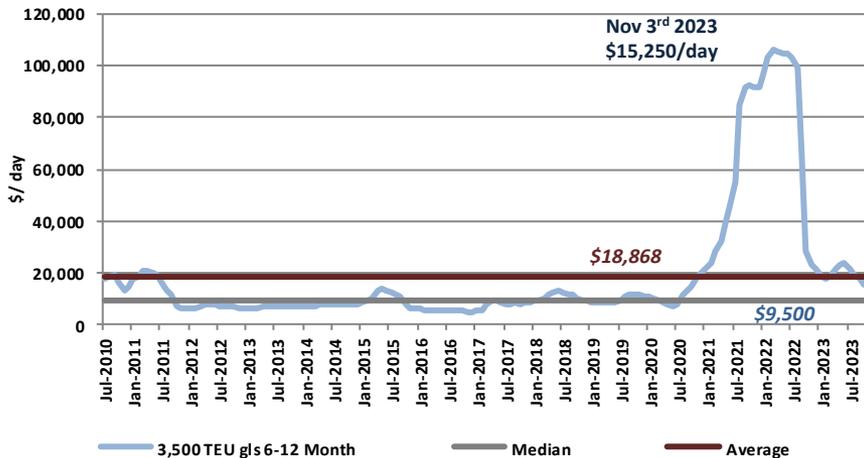
## 1,700 TEU grd



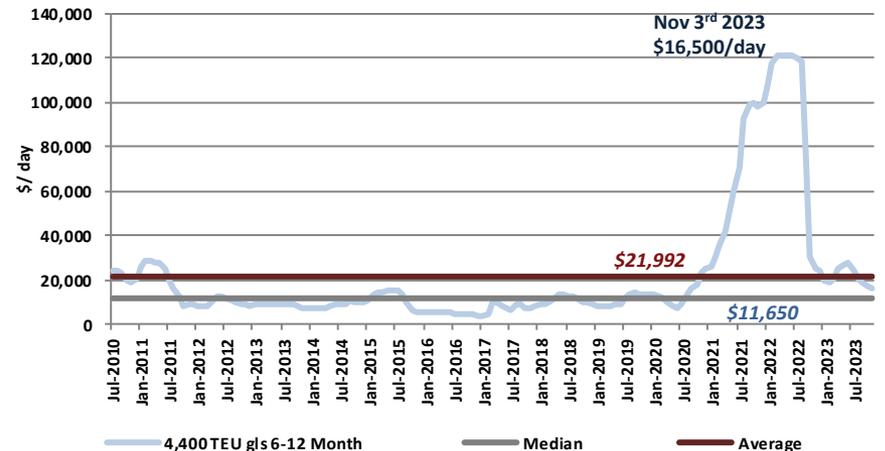
## 2,500 TEU grd



## 3,500 TEU gls



## 4,400 TEU gls



# Containership Market Highlights – Q3 2023

- In 2023Q3, one-year time charter rates across all segments saw a decline, particularly in smaller sizes, which experienced a significant drop compared to the beginning of 2023. Furthermore, there was an additional decrease of approximately 20% in November.

- Average rates (\$/day) during 2023Q3 were down by 18% compared to 2023Q2 as shown in the table below:

Size (teu) / Type	23Q2 average	23Q3 average	Nov '23
1,700 geared	\$16,162	\$12,165	\$9,964
2,500 geared	\$18,292	\$14,788	\$12,818
4,400 g'less	\$26,635	\$21,454	\$16,660
6,800 g'less	\$39,577	\$36,808	\$27,606

- Average secondhand price index decreased on average by about 4.4% in 23Q3 over 23Q2.
  - Secondhand containership prices have been gradually dropping throughout the first ten months of 2023, remaining significantly below the 2022 peak levels but still above the pre-Covid average.
- Newbuilding price index remained unchanged in 23Q3 over 23Q2.
  - Newbuilding prices remain at elevated levels due to cost inflation and extended yard forward cover. While newbuild contracting has eased from the extremely firm levels seen during Covid-19, it still remains fairly strong historically with the large liner operators continuing to place orders for larger vessels mainly equipped with dual fuel capability engines.
- Idle fleet excluding vessels under repair stands at 0.45m teu as of Oct 23, 2023 (1.6% of the fleet)
  - It peaked at 0.8m teu in February, trending downwards until July 2023 but has increased again since September.
- Recycling activity: 68 vessels accounting for 128,000teu were sent to scrapyard in YTD
  - Demolition remains low compared to historical standards, primarily due to market resilience earlier in the year and the fact that more than usual vessels are still under charter. However, there is an anticipation of a rise in demolition activity throughout 2023 and into 2024, driven by weaker markets and increasing environmental regulations.
  - Scrapping prices have softened a little in 2023Q3 at ~\$550/lwt, ~33% above the 2019 average
- The fleet has grown by 6.5% in 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	2023p	2024p
USA	2.6	1.5	2.	2.9	2.3	-3.5	5.9	2.1	2.1(1.8)	1.5(1.0)
Eurozone	2.0	1.8	2.4	1.8	1.2	-6.6	5.3	3.3	0.7(0.9)	1.2(1.5)
Japan	0.5	1.0	1.8	1.0	0.7	-4.8	2.2	1.0	2.0(1.4)	1.0(1.0)
China	6.9	6.7	6.8	6.6	6.1	2.3	8.4	3.0	5.0(5.2)	4.2(4.5)
India	7.6	7.1	6.7	7.1	4.2	-8.0	9.1	7.2	6.3(6.1)	6.3(6.3)
Russia	-3.7	-0.2	1.8	2.3	1.3	-3.1	5.6	-2.1	2.2(1.5)	1.1(1.3)
Brazil	-3.8	-3.6	1.1	1.1	1.1	-4.1	5.0	2.9	3.1(2.1)	1.5(1.2)
ASEAN-5	4.8	4.9	5.3	5.2	4.8	-3.4	4.0	5.5	4.2(4.6)	4.5(4.5)
<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>6.3</b>	<b>3.5</b>	<b>3.0(3.0)</b>	<b>2.9(3.0)</b>

Containerized Trade (% p.a.	2015	2016	2017	2018	2019	2020	2021	2022e	2023p	2024p
TEU/miles	1.5	4.0	5.6	3.6	2.3	-1.8	6.7	-5.2	1.2(0.9)	3.8(3.7)

*Global economy is still slow and uneven; the outlook on containerized trade remains uncertain given the supply growth outlook and challenging market conditions.*

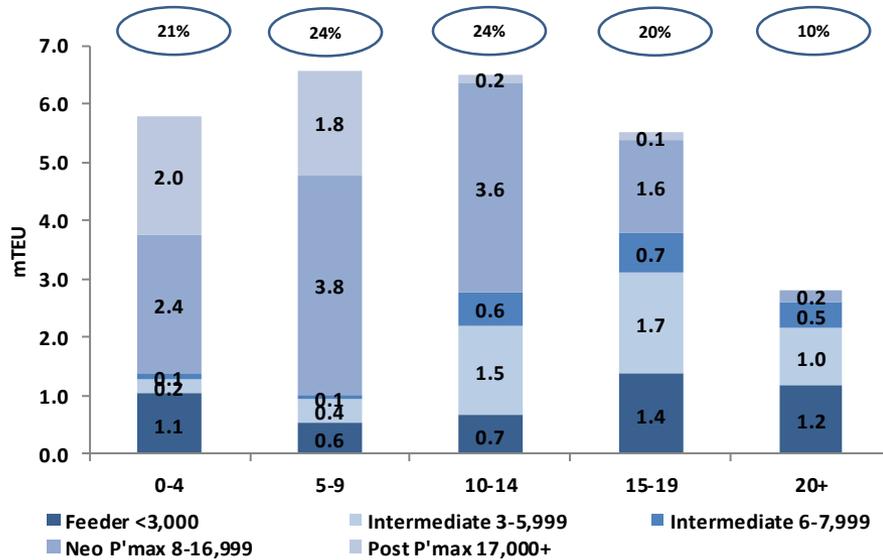
## Sources:

GDP - International Monetary Fund: 2015-2021 (start of year estimates in parentheses), 2022-24 IMF Estimates/Forecasts (Oct-23). In parentheses, previous estimates for 2022-24 (Jul-23).

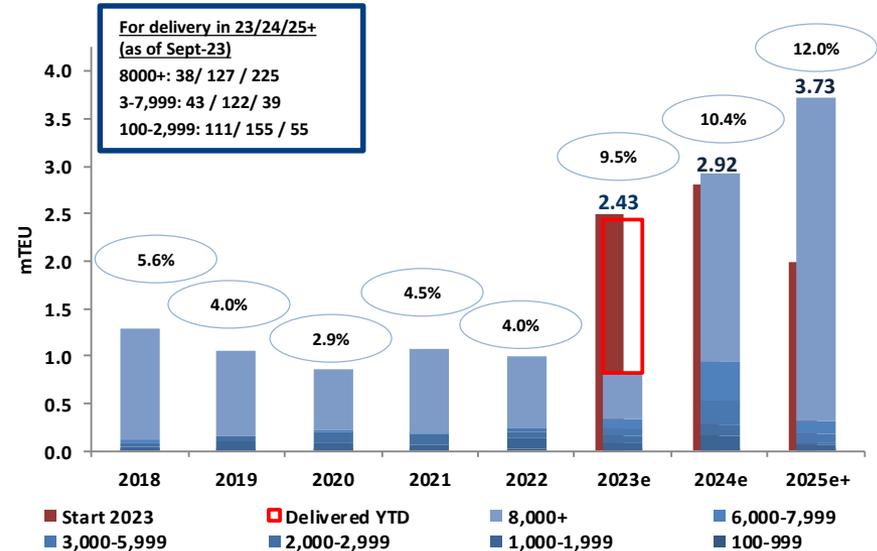
Trade - Clarksons: 2015-2022: Figures in parentheses indicate beginning of respective year estimates from Clarksons; 2023-24 revised estimates from Clarksons (Oct-23), figures in parentheses indicate previous Clarksons estimates (Sept-23)

# Age Profile and Orderbook

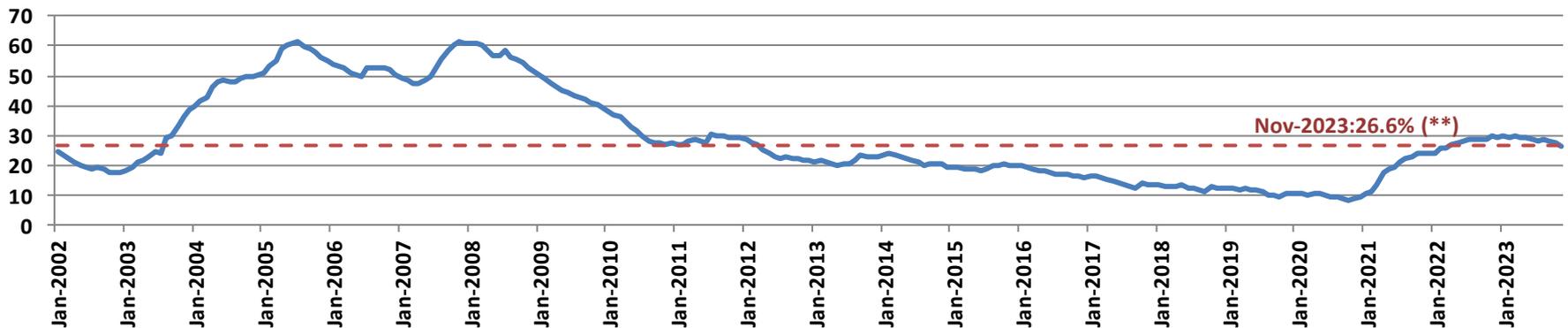
## Age Profile



## Containership Orderbook



## Orderbook as % of fleet



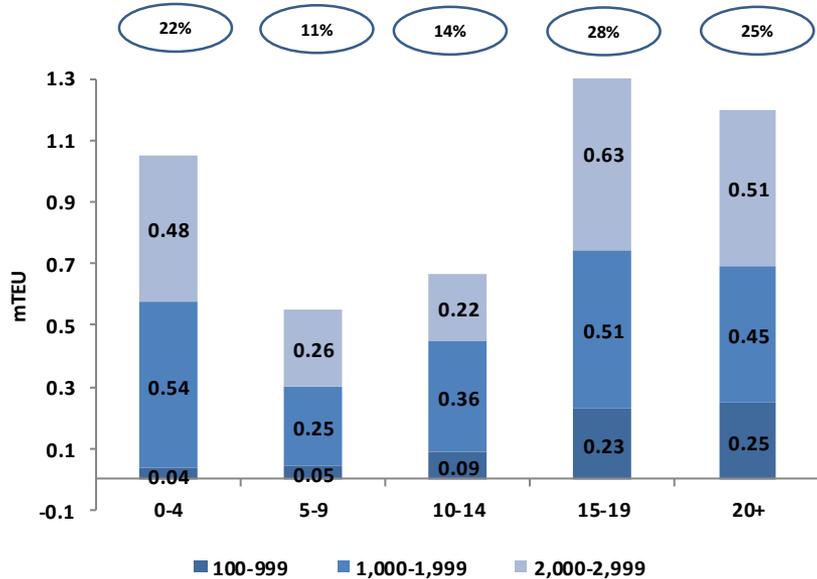
Source: Clarksons Research

(\*) 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

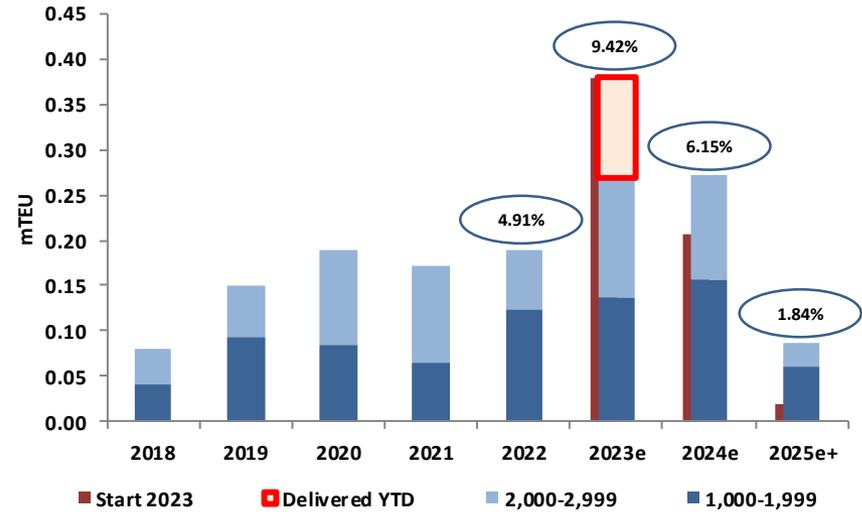
(\*\*) Orderbook % Fleet calculated in terms of TEU.

# Fleet Age Profile and Orderbook, 1000-3000 TEU

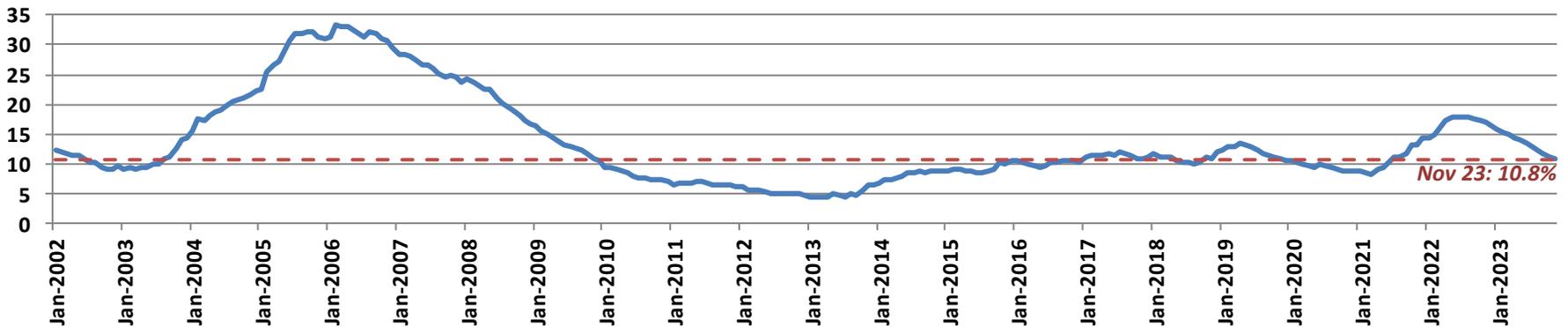
## Age Profile



## Containership Orderbook



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



Source: Clarksons Research

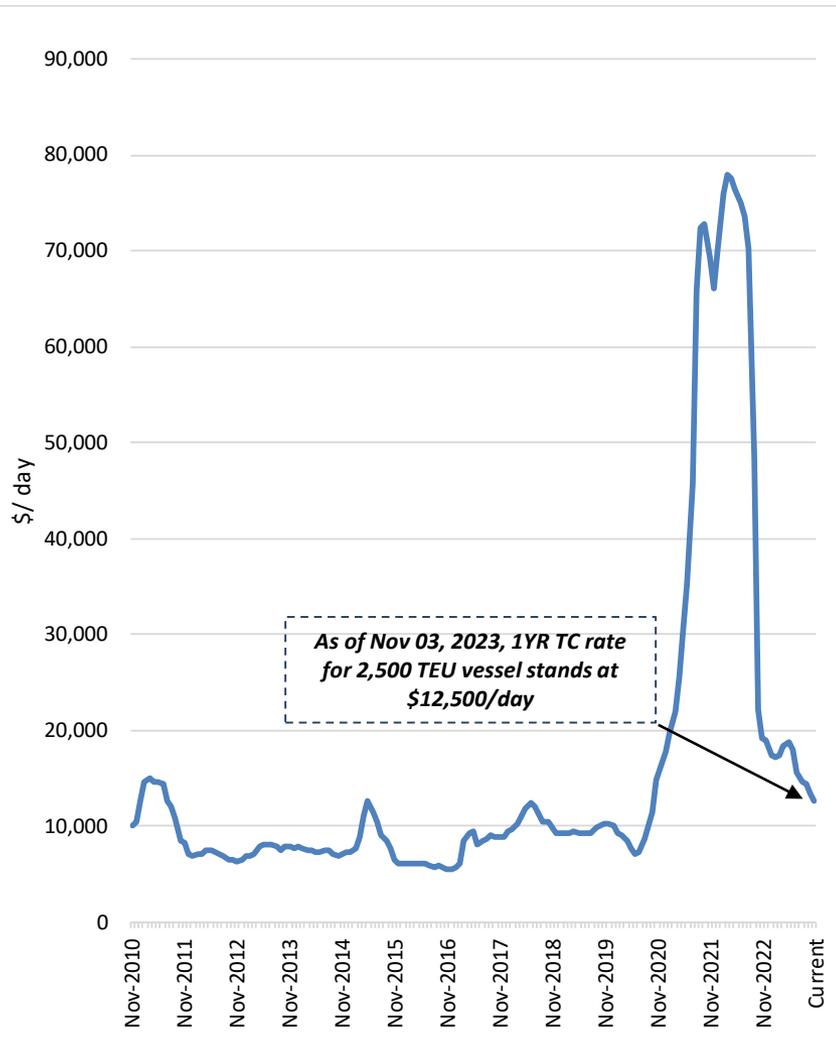
(\*) Percentage figures for years 2023-2025 indicate scheduled deliveries only; percentages in previous years show net fleet growth accounting for scrapping and other fleet changes

# Outlook Summary

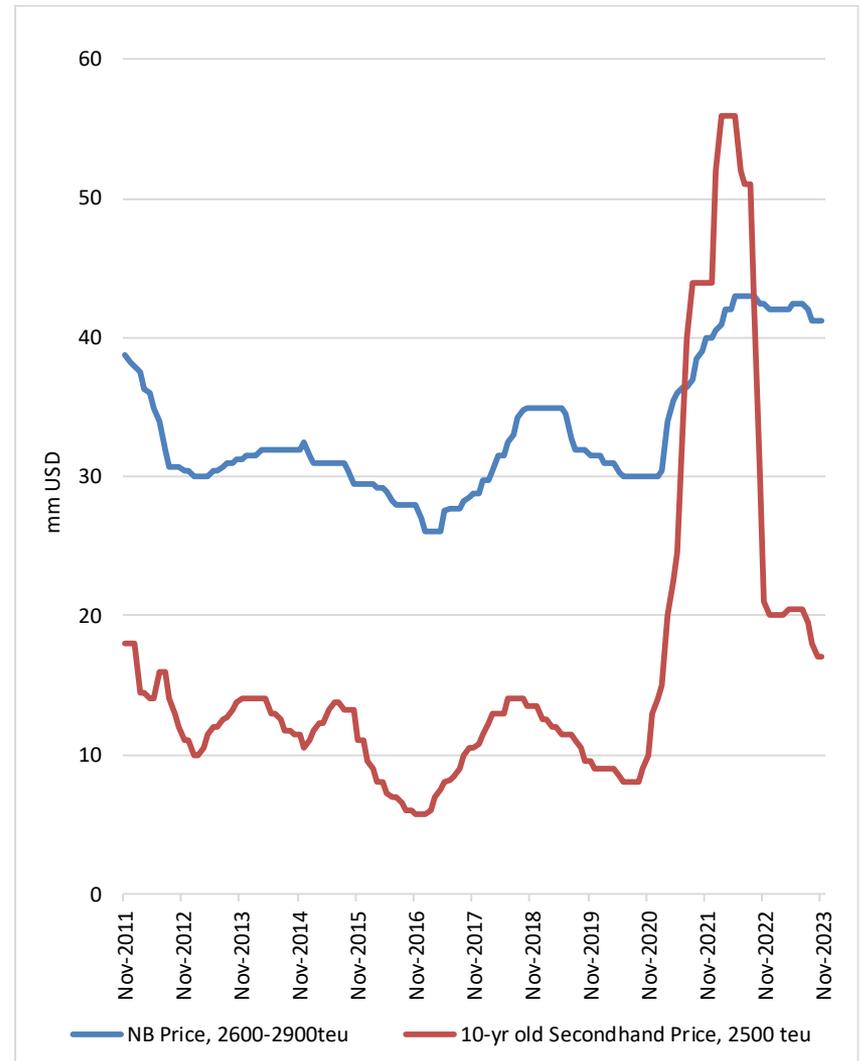
- Charter rates continue to face renewed pressure due to weak demand, leading to a ~20% decrease in hire rates since the third quarter of 2023. The substantial accumulation of available tonnage in smaller feeder sizes is notably contributing to the downward trend in charter rates for smaller vessels.
  - While the container freight index has seen some improvements since July, it remains significantly lower, at 80% below its peak in January 2022 and has roughly returned to about the pre-COVID 10-year average.
  - Container trade volumes grew by 6.6% y-o-y in September, but still above pre-pandemic levels
- For the remainder of 2023, there are still considerable challenges ahead
  - General downward pressure has re-emerged in 2023Q4 as supply growth accelerates and an increasing number of charter vessels are redelivered.
  - Slower speeds are expected to play a key role in absorbing some of the excess tonnage...
  - Economic developments amidst two wars remain very uncertain
- 2024 will also probably be quite a difficult year
  - Market conditions will remain challenging, as the rates may decline even further towards the lowest point of the cycle due to a second consecutive year of substantial fleet expansion. Market's performance will remain sensitive to capacity management, vessel speeds, and a range of other "inefficiencies" (e.g. congestion) that could alleviate pressure to some extent
  - The energy transition has continued to gain traction in the containership sector. While it's evident that a shift is taking place, the long-term outcome is very uncertain.
  - The spread between charter rates achieved by eco-vessels is expected to further increase as charterers become even more sensitive to greener transport.
- Supply/Demand fundamentals seem to suggest that in 2025 we could see a leveling off in the market and some stabilization. If enough scrapping materializes within the next 2 years, demand remains relatively resilient and new orders are disciplined we could see a turning point some time then.

# Market Evolution

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



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





## Financial Overview

# Financial Highlights: Q3 and First Nine Months of 2022 and 2023

<i>(in million USD except per share amounts)</i>	Third Quarter		Change	Nine Months		Change
	2022	2023	%	2022	2023	%
Net Revenues	45.96	50.67	10.3%	139.81	140.30	0.4%
Net Income	25.22	32.20	27.7%	85.91	89.83	4.6%
Earnings per share, diluted	3.50	4.65	32.9%	11.86	12.90	8.8%
Interest & Finance Costs, net <sup>(1)</sup>	1.31	1.42		3.46	3.01	
Depreciation	5.35	5.95		13.17	16.84	
Impairment loss		13.83			13.83	
(Gain) / Loss on Sale of Vessels					(5.16)	
Amortization of below market charters	(3.88)	(2.49)		(6.95)	(10.12)	
Gain on termination of below market charters		(15.98)			(15.98)	
Unrealized Loss (Gain) On Derivatives	(1.81)	(0.39)		(4.12)	(1.13)	
Adjusted EBITDA <sup>(2)</sup>	26.19	34.54	31.9%	91.48	91.12	-0.4%
Adj. Net Income <sup>(2)</sup>	20.88	28.18	35.0%	77.29	78.88	2.1%
Adj. earnings per share, diluted	2.90	4.07	40.3%	10.67	11.33	6.2%
Weighted average numbers of shares, diluted	7,211,204	6,930,548		7,240,848	6,964,967	

**Notes:**

1) Including interest income

2) See press release of Nov 09, 2023 for Adjusted EBITDA and Adj. Net Income reconciliation to Net Income

# Fleet Data for Q3 and First Nine Months of 2022 and 2023

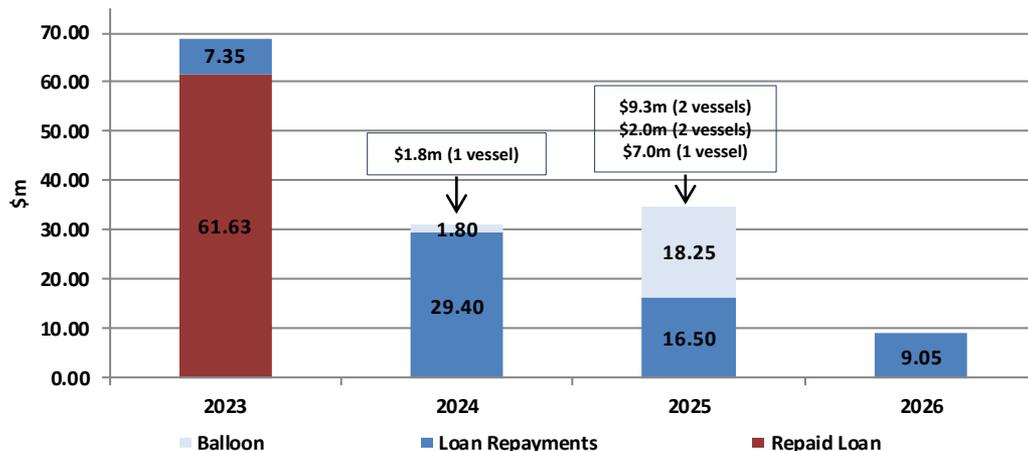
<i>(in million USD except per share amounts)</i>	Third Quarter		Nine Months	
	2022	2023	2022	2023
<b>Number of vessels</b>	<b>18.0</b>	<b>19.0</b>	<b>16.8</b>	<b>18.0</b>
<b>Utilization Rate<sup>(1)</sup></b>				
Operational	99.5%	99.2%	99.6%	98.9%
Commercial	100.0%	100.0%	99.9%	99.4%
Overall	99.5%	99.2%	99.5%	98.3%
<i>(usd/day/vessel)</i>				
<b>Time Charter Equivalent (TCE)<sup>(2)</sup></b>	<b>\$30,893</b>	<b>\$30,074</b>	<b>\$32,814</b>	<b>\$29,843</b>
Operating Expenses				
Vessel Oper. Exp.exlc. DD exp.	6,601	7,192	6,771	7,210
G&A Expenses	579	500	635	648
<b>Total Operating Expenses</b>	<b>\$7,180</b>	<b>\$7,692</b>	<b>\$7,406</b>	<b>\$7,858</b>
Interest Expenses	905	1,552	788	1,433
Drydocking Expenses	2,223	70	1,346	229
Loan Repayments without Balloons	4,158	4,280	4,512	4,332
<b>Breakeven/day</b>	<b>\$14,466</b>	<b>\$13,594</b>	<b>\$14,052</b>	<b>\$13,852</b>
Common dividend	2,177	2,012	1,530	2,134

## Notes:

- Utilization Rate is calculated excluding scheduled off-hire (drydockings and special surveys) and vessels in lay-up. Scheduled off-hire amounted to 114.4 days and 173.0 days for the third quarter and the first nine months of 2022 respectively and 0 days for the third quarter and the first nine months of 2023.
- 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.

# Debt Repayment Profile

## Debt Repayment Profile of Existing Debt



### Cost of funding:

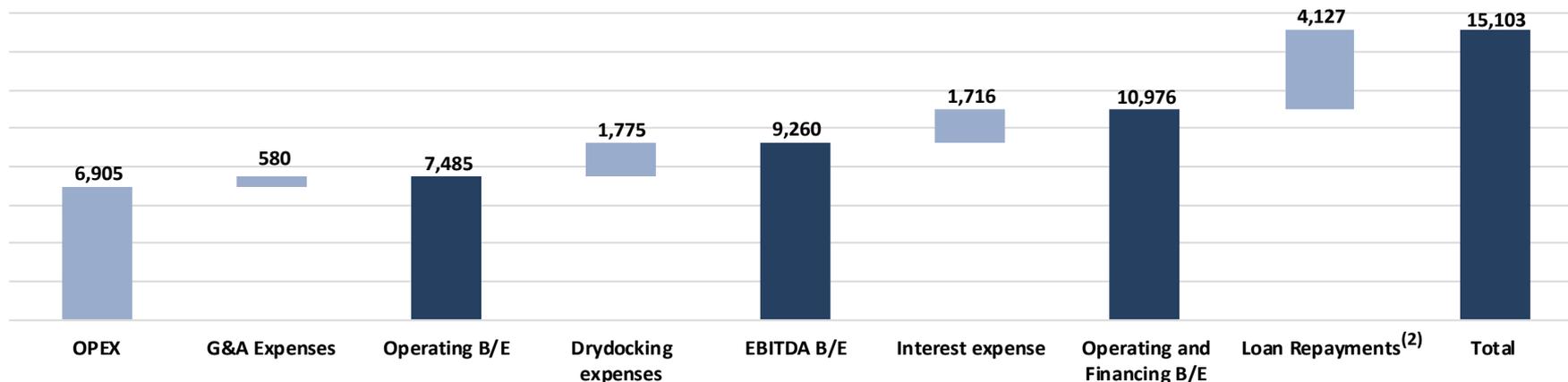
Outstanding bank debt of \$138.4 with average margin of about 2.32%; assuming 3M SOFR<sup>(1)</sup> of 5.41%, our cost of senior debt is 7.73%

- Including the cost of interest rate swaps, the total cost of our debt is approximately 7.44% as about 15% of our debt is "hedged" at 3.41%

### Newbuilding financing:

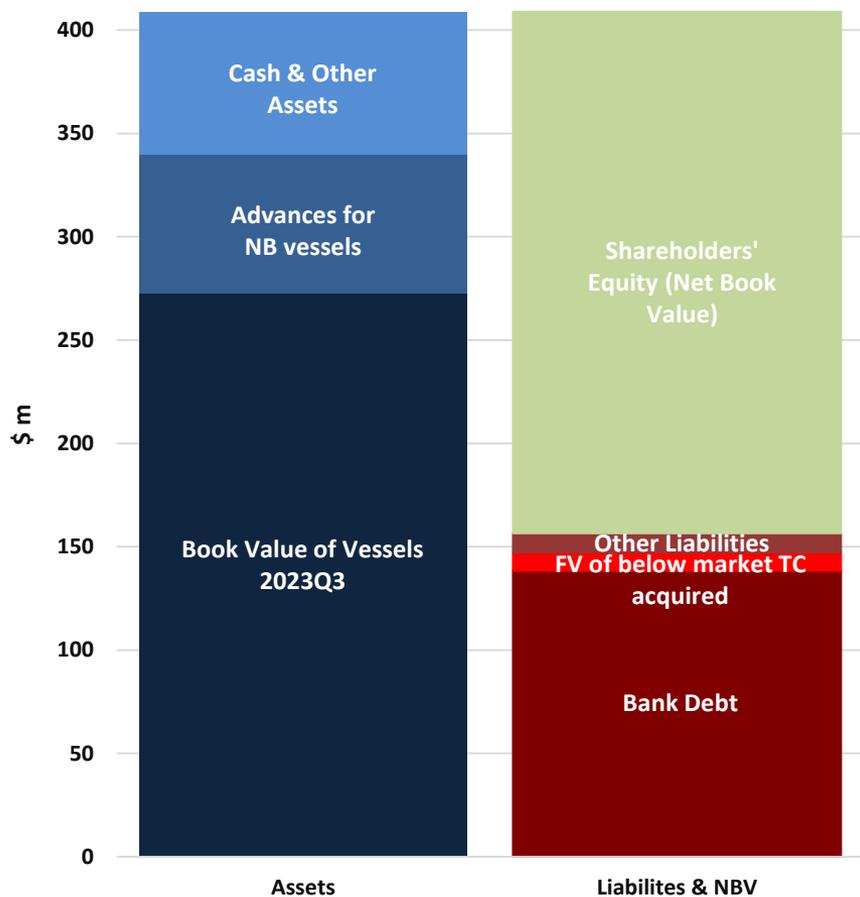
Additional debt - estimated around \$165m - will be assumed to finance the newbuilding program

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



# Balance Sheet Highlights

## Euroseas Capital Structure (09/30/23)



## Notes

### Assets

- Cash & Other assets: \$69.0m
- Advances for NB vessels: \$67.3m
- Vessels book value: \$272.6m
- Total assets (at book value): \$408.9m

### Liabilities

- Bank & other debt (net of deferred charges): \$138.4m, i.e. ~33.8% of total book value of assets
- FV of below market TC acquired: ~\$8.4m, i.e. ~2.1% of total book value of assets
- Other liabilities: ~\$9.3m, i.e. ~2.3% of total book value of assets

### Net Asset Value

- Using the charter-adjusted market value of vessels and the net change of newbuilding contracts estimated about \$396.7m<sup>(1)</sup>  
=> Net Asset Value around \$385.3m, or around \$55.4/share
- Recent share price trading around \$25.0/share represents a significant discount to the value of the company



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