



ERNST RUSS AG
NINE-MONTH REPORT
2022

KEY FIGURES AS OF 30/9/2022

| EARNINGS | UNIT | 1/1/ – 30/9/2022 | 1/1/ – 30/9/2021 |
|---|----------------------|-------------------------------------|------------------|
| Revenue | EUR million | 138.0 | 63.8 |
| Operating earnings (EBIT)* | EUR million | 72.4 | 19.2 |
| Earnings before taxes (EBT) | EUR million | 66.6 | 16.8 |
| Profit attributable to non-controlling interests | EUR million | 32.2 | 5.7 |
| Consolidated net income for the period after non-controlling interests | EUR million | 33.9 | 10.7 |
| Earnings per share** | EUR | 1.05 | 0.33 |
| * Determined in accordance with economic criteria. ** The company does not hold any treasury shares. | | | |
| BALANCE SHEET | UNIT | 30/9/2022 | 31/12/2021 |
| Total equity and liabilities | EUR million | 274.8 | 263.7 |
| Ship assets shown on the balance sheet*** | EUR million | 203.0 | 210.2 |
| Equity | EUR million | 210.8 | 142.8 |
| Equity ratio | % | 76.7 | 54.2 |
| Cash at hand and bank balances | EUR million | 43.8 | 26.4 |
| *** Includes down payments made and assets in the course of construction. | | | |
| EMPLOYEES | UNIT | 1/1/ – 30/9/2022 | 1/1/ – 30/9/2021 |
| Average employee capacity | Full-time equivalent | 85 (of which 46 maritime personnel) | 43 |
| Personnel expenses | EUR million | 6.7 | 3.8 |
| Personnel expense ratio | % | 4.9 | 6.0 |
| KEY FIGURES SPECIFIC TO VESSELS | UNIT | 30/9/2022 | 31/12/2021 |
| Number of fully consolidated vessels | | 29 | 30 |
| Capacity | TEU | 49,737 | 49,411 |
| Capacity | DWT | 685,575 | 692,525 |
| | UNIT | 1/1/ – 30/9/2022 | 1/1/ – 30/9/2021 |
| Average charter rate | USD/day | 18,520 | 13,948 |
| Technical availability | % | 96.4 | 97.7 |
| Employment ratio | % | 95.9 | 97.7 |

SHARE AND INVESTOR RELATIONS

PERFORMANCE OF THE SHARE IN THE FIRST NINE MONTHS OF 2022

In December 2021, the German benchmark index (DAX), which tracks the performance of the 40 largest or highest revenue-generating German shares by market capitalisation, closed at 15,884.86 points. In January, the index briefly moved above the 16,000 point mark, but fell steadily in the months that followed. The impact of the military conflict between Russia and Ukraine, rising inflation rates and other global economic disruptions depressed trading activity causing the DAX to lose more than 20% in the first nine months of 2022, ending the September 2022 trading month at 12,114.36 points.

was EUR 6.45. The share reached its high of EUR 7.50 on 28 March and its low of EUR 3.58 on 28 September. The closing price at the end of the quarter was EUR 3.66. The average price of the Ernst Russ share in the first nine months of 2022 was EUR 5.46. The share price has recovered steadily since the beginning of Q4 2022. The share price was EUR 5.08 as of 14 November 2022.

It goes without saying that our aim is still to increase the value of the share on a permanent basis and thus boost your investment in Ernst Russ AG.

This trend was also reflected in the Ernst Russ AG share price. The opening price of the Ernst Russ share in 2022

SHARE PRICE (IN EUR)



CLOSING PRICE IN EUR

AVERAGE PRICE (EUR 5.46)

Source: vwd group / EQS Group AG; 2022

KEY DATA FOR THE ERNST RUSS SHARE

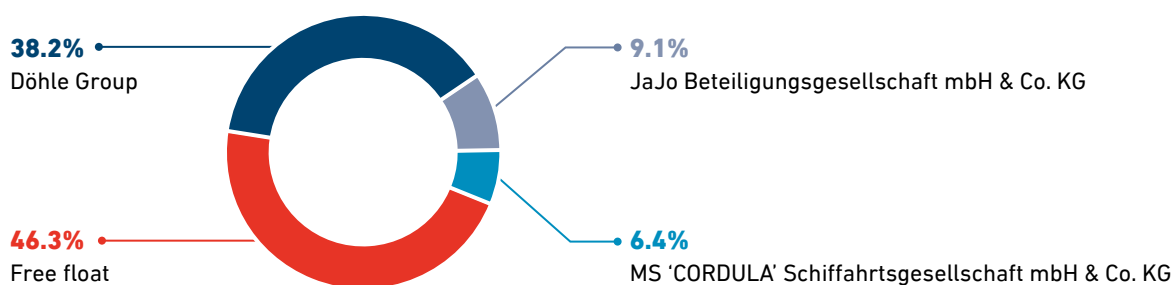
| | 30/9/2022 | 31/12/2021 |
|--------------------------------------|----------------|----------------|
| Number of shares | 32,434,030 | 32,434,030 |
| Share capital in EUR | 32,434,030 | 32,434,030 |
| Market capitalisation in EUR million | 118.7 | 43.8 |
| | 1/1/–30/9/2022 | 1/1/–30/9/2021 |
| High in EUR | 7.50 | 4.38 |
| Low in EUR | 3.58 | 1.25 |
| Earnings per share in EUR | 1.05 | 0.33 |

* The company does not hold any treasury shares.

BASIC DATA FOR THE ERNST RUSS SHARE

| | |
|---------------------|--|
| Share type | No-par value shares (bearer shares) |
| Market segment | Scale (Frankfurt Stock Exchange), Mittelstandsbörse Deutschland (Hanseatic Stock Exchange Hamburg) |
| ISIN / WKN | DE000A161077 / A16107 |
| Stock exchange code | HXCK |

SHAREHOLDER STRUCTURE OF ERNST RUSS AG AS AT 30/9/2022



DATES*

16/11/2022

Attendance at MKK –
Munich Capital Market Conference

* Ernst Russ AG reserves the right to change or add dates where appropriate.



MARKET TRENDS

MACROECONOMIC ENVIRONMENT

The military conflict between Russia and the Ukraine, high inflation and the consequences of the coronavirus pandemic are putting a strain on the global economy. The Ukraine crisis has driven up the prices of primary raw materials, fuels, food and fertilisers. In August 2022, energy prices were up 78% year over year, led by natural gas which became 250% more expensive. The 36% increase in the price of crude oil in the same period was small by comparison, but clearly felt by consumers. The rate of inflation in Germany was 10% in September 2022.

The European Central Bank (ECB) raised key interest rates by 0.75 percentage points in September 2022 following a 0.5 percentage point increase on 27 July. These first increases since 2011 are intended to send a clear signal in a bid to curb rising inflation. The US Federal Reserve (Fed) has also raised its key interest rate in large increments since March to between 3.75% and 4%.

The economic institutions have adjusted their forecasts for the coming months accordingly. The International Monetary Fund (IMF) revised its summer forecast for global growth downward by 0.2 percentage points and now expects growth of 2.7% next year. The IMF is still forecasting global growth of 3.2% for the current year. According to a forecast by the World Trade Organization (WTO), world trade could grow more strongly in the current year than was assumed in spring 2022, despite many disruptive factors. WTO economists now predict global merchandise trade volumes will grow by 3.5% in 2022. For 2023 however, they foresee a 1.0% increase – down sharply from the previous estimate of 3.4%. The WTO expects import demand to soften as growth slows in major economies. In the United States, monetary policy tightening will hit interest-sensitive spending in areas such as housing, motor vehicles and fixed investment. In China, the consequences of the COVID-19 pandemic dominate the economy. According to the forecast, they will continue to result in production disruptions and weak external demand.

SHIPPING MARKETS

The container shipping market, which is relevant for the ER Group, has shown positive trends in the first nine months of 2022. However, after freight and charter rates surged in 2021 and 2022, and increased demand, severe logistical disruptions and port congestion gave rise to and supported record levels, the container shipping markets weakened significantly from an extraordinarily high level in September 2022. This was due to weak trade volumes and an increasingly negative market mood. According to the Kiel Institute for the World Economy (IfW), supply chains were still disrupted as in previous quarters. Congestion in global container shipping only eased slightly resulting in 11.23% of all goods shipped worldwide still being on congested container ships at the end of September 2022.

The Shanghai Containerized Freight Index (SCFI), which tracks weekly freight rate trends of container shipments departing from China's largest container ports, reached 2,072 points on 23 September 2022. The SCFI was therefore 34% lower than at the end of August, 59% lower than at its peak at the beginning of 2022, and slipped below the 2,000 mark the following week to 1,923 points. Nevertheless, container freight rates remained historically high in the first three quarters of 2022. The SCFI fell again by 5.7% to 1,814 points in mid-October continuing the trend of the previous two months.

The New ConTex for segments between 1,100 and 4,250 TEU, published by the Hamburg and Bremen Shipbrokers Association (VHBS), started 2022 with a positive upward trend at 2,673 points. After rising to over 3,500 points (March 2022) and moving sideways in the following months, the container ship charter rate index fell steadily in August and September. The New ConTex lost close to 1,000 points in September 2022, falling to 1,093 points by the end of October 2022 (-66.5% compared with the previous year's figure) as according to VHBS there was comparatively little market activity to report.

On the supply side, the order book accounted for 10% of the fleet in service. New shipbuilding orders have fallen since 2021 and totalled around 54 million DWT in the period from January to August 2022. New orders in the LNG-tanker and container segments dominated the order situation. The prices of new vessels have risen 30% since the beginning of 2021. Amid strong markets, recycling was limited (10 million DWT). In the first half of 2022, numerous sale and purchase activities were still evident, but the number of purchases and sales has subsequently declined (January to August 2022: 91 million DWT). For 2023 and 2024, Clarksons expects a total of 5.1 million TEU of new build tonnage to be added to the container ship fleet, with 2.3 TEU expected next year and 2.8 million TEU in 2024. By comparison, only around 1.1 million TEU of new capacity will weigh anchor in 2022, roughly the same as in the previous year. As

supply pressure increases and disruptions and bottlenecks in the supply chain ease, the trend reassuring the markets is expected to continue in 2023. Increasing fleet growth will be countered by the new requirements to meet decarbonisation targets (EEXI and CII regulations) and the accompanying 'slow steaming'. Reducing speed to save energy and emissions cuts down fuel consumption and decreases fleet productivity. However, it is currently difficult to gauge the extent to which new build capacity will be absorbed by the market as a result. The growth of the global container ship fleet and the accompanying overcapacity will also be curtailed by ship-breaking over the next few years.

Generally speaking, economic concerns increased at the end of Q3 2022. Several factors are likely to continue shaping the shipping markets in the coming months: port congestion, the military conflict between Russia and Ukraine and the resulting sanctions and changes in trade patterns as well as topics relating to energy security.



COURSE OF BUSINESS

The ER Group had a majority holding in 29 vessels as of 30 September 2022. The ship portfolio is comprised of container vessels in the 700 to 6,600 TEU classes, plus a handysize bulker with a capacity of 38,000 DWT and a multipurpose vessel.

In Q3 2022, three ships from the ER Group's fleet underwent regular class renewal – without any objections. The major maintenance of technical equipment required in accordance with the manufacturer's specifications is organised and monitored on a regular basis for the vessels under management. In Q3 2022, other ship operations ran smoothly and without any specific incidents in close and excellent cooperation with the commissioned ship management companies and chartering brokers.

The employment concept developed for the ER Group fleet is geared to the sustainable securing of income over the long term. In a market environment that remained positive, we were able to achieve an average charter rate of around USD 18,520 per day in the first nine months of 2022. This means that overall seven ships are still chartered with term of up to twelve months. Ten vessels generate revenue from charter income pools. All other vessels are in medium to long term operation.

Of the 7,843 possible operating days, the ER Group's fleet of fully consolidated vessels was operational on 7,560 days in the first nine months of 2022 (96.4%, equivalent period in the previous year: 97.7%). Technical downtime of 3.6% (equivalent period in the previous year: 2.3%) was essentially due to dry dock overhauls of nine vessels (equivalent period in the previous year: two vessels) as well as normal operational disruptions and the time needed to carry out necessary repairs.

In addition, there were outbreaks of COVID-19 on two vessels in the fleet resulting in a total of 37 days quarantine. Consequently, the number of actual operating days totalled 7,523 (equivalent period in the previous year: 4,739). This corresponds to fleet capacity utilisation of 95.9% (equivalent period in the previous year: 97.7%).

We used the Group's financial strength in recent months largely to repay the loans taken out to finance our fleet. This brought liabilities to banks down EUR 75.7 million to EUR 3.4 million. At the same time, the equity ratio increased from 54.2% to 76.7%. By reducing debt and retaining profits, we consider ourselves well positioned for the financial years ahead to take advantage of opportunities that arise in the market and to expand the fleet with younger tonnage.

ASSETS, FINANCIAL POSITION AND EARNINGS

The assets, financial position and earnings of the ER Group continued to show positive trends in the first three quarters of 2022. Revenue was up EUR 74.2 million or 116% compared with the previous year's figure to currently EUR 138.0 million. In addition to the increase in charter rates and the good fleet capacity utilisation, the expansion of our fleet by twelve vessels in Q4 2021 in particular had a positive impact. Operating earnings of EUR 72.4 million (equivalent period in the previous year: EUR 19.2 million)

generated pre-tax earnings of EUR 66.6 million (equivalent period in the previous year: EUR 16.8 million). Consolidated net income after non-controlling interests amounted to EUR 33.9 million (equivalent period in the previous year: EUR 10.7 million). Ship assets were down EUR 7.2 million to EUR 203.0 million. Equity of EUR 210.8 million (31 December 2021: EUR 142.8 million) produced an equity ratio of 76.7% (31 December 2021: 54.2%). This was due in particular to the repayment of ship mortgage loans.

OUTLOOK

Consistent with the ad hoc press release published on 16 August 2022, we are still expecting revenue between EUR 183 million and EUR 193 million and operating earnings between EUR 85 million and EUR 90 million for the 2022 financial year as a whole.



DISCLAIMER

These documents include forward-looking statements and information about future developments that are based on the convictions of the Executive Board of Ernst Russ AG and on assumptions and information currently available to Ernst Russ AG. Words such as 'expect', 'estimate', 'assume', 'intend', 'plan', 'should', 'could', 'project' and similar terms referring to the company are intended to indicate forward-looking statements which are subject to uncertainties.

There are many contributing factors which may cause the actual results of the ER Group to be significantly different from the forecasts made in these forward-looking statements.

Ernst Russ AG accepts no responsibility towards the public to update or correct forward-looking statements. All forward-looking statements are subject to various risks and uncertainties, which may mean that the actual results differ numerically from expectations. The forward-looking statements reflect the views at the time at which they were made.

In accordance with Section 317 HGB (German Commercial Code), the Nine-Month Report has not been audited or reviewed by an auditor.

LEGAL INFORMATION

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