



ERNST RUSS AG
QUARTERLY REPORT
2022

KEY FIGURES AS OF 31/3/2022

EARNINGS	UNIT	1/1/–31/3/2022	1/1/–31/3/2021
Revenue	EUR million	35.4	16.9
Operating earnings (EBIT)*	EUR million	16.5	1.3
Earnings before taxes (EBT)	EUR million	15.1	0.2
Consolidated net income for the period after non-controlling interests	EUR million	9.1	0.3
BALANCE SHEET			
	UNIT	31/3/2022	31/12/2021
Total equity and liabilities	EUR million	255.8	263.7
Ship assets shown on the balance sheet**	EUR million	194.9	210.2
Equity	EUR million	154.7	142.8
Equity ratio	%	60.5	54.2
Cash at hand and bank balances	EUR million	34.3	26.4
EMPLOYEES			
	UNIT	1/1/–31/3/2022	1/1/–31/3/2021
Average employee capacity	Full-time equivalent	84 (of which 45 maritime personnel)	52 (of which 5 maritime personnel)
Personnel expenses	EUR million	2.1	1.5
KEY FIGURES SPECIFIC TO VESSELS			
	UNIT	31/3/2022	31/12/2021
Number of fully consolidated vessels		28	30
Capacity	TEU	47,940	49,411
Capacity	DWT	670,981	692,525
	UNIT	1/1/–31/3/2022	1/1/–31/3/2021
Average charter rate	USD/day	15,450	11,007
Technical availability	%	95.6	96.5
Employment ratio	%	94.0	96.5

* Determined in accordance with economic criteria.

** Includes down payments made on assets in the course of construction.

SHARE AND INVESTOR RELATIONS

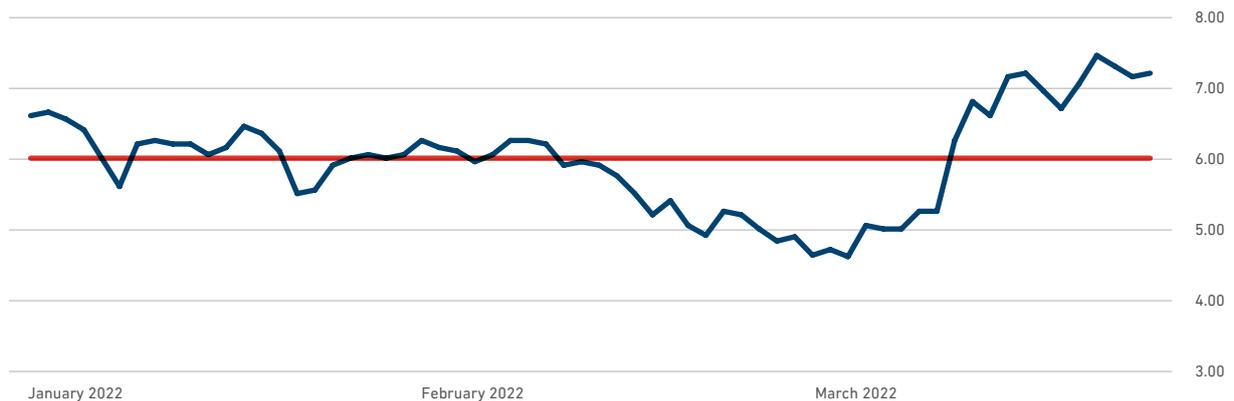
PERFORMANCE OF THE SHARE IN THE FIRST THREE MONTHS OF 2022

According to analysts, 2022 will be a highly volatile year for the stock markets. Key negative factors are the expected interest rate increases and the Russia-Ukraine war. The impact of the latter on the global economy is difficult to predict. The DAX started 2022 above the 16,000 points mark and then reached its low for the year of around 12,800 points on 8 March 2022. At the end of Q1 2022, the index stood at around 14,400 points.

The Ernst Russ AG share price has shown very positive trends since the end of 2020. This trend continued in the first quarter of 2022. The opening price of the Ernst

Russ share in 2022 was EUR 6.65. The quarterly low of EUR 4.66 was recorded on 8 March 2022 in the wake of general uncertainties on the stock markets. The share price reached a high of EUR 7.50 on 28 March 2022 and closed the quarter at EUR 7.25. The average price of the Ernst Russ share in the first three months of 2022 was EUR 6.02. Our aim is still to increase the value of the Ernst Russ share and boost your investment in Ernst Russ AG on a permanent basis.

SHARE PRICE IN THE FIRST THREE MONTHS OF 2022



CLOSING PRICE IN EUR

AVERAGE PRICE (EUR 6.02)

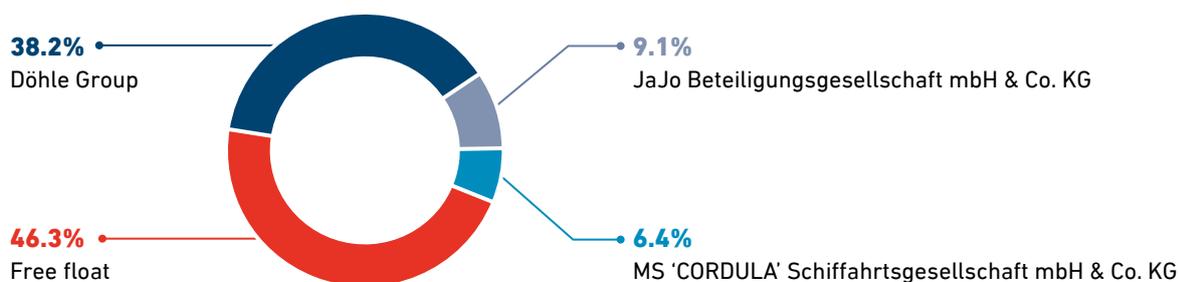
Source: vwd group / EQS Group AG; 2022

KEY DATA FOR THE ERNST RUSS SHARE

	31/3/2022	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	235.1	204.3
	1/1/–31/3/2022	1/1/–31/3/2021
High in EUR	7.50	3.16
Low in EUR	4.66	1.25
Earnings per share (undiluted) in EUR	0.28	0.00
Earnings per share (diluted) in EUR	0.28	0.00

BASIC DATA FOR THE ERNST RUSS SHARE

Share type	No-par value 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 31/3/2022**DATES*****18 MAY 2022**Annual General Meeting 2022
(virtual)**25 AUGUST 2022**Publication of
2022 Half-Year Report**15 NOVEMBER 2022**Publication of
Nine-Month Report 2022**16 NOVEMBER 2022**Attendance at MKK –
Munich Capital Market Conference

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



COURSE OF BUSINESS

The Ernst Russ Group had a majority holding in 28 vessels as of 31 March 2022. The ship portfolio consists mainly of container vessels in the 700 to 6,600 TEU classes, plus a handysize bulker with a capacity of 38,000 DWT and a multi-purpose vessel.

An agreement for the sale of the container ship *Dance* was concluded on 9 December 2021. The 806 TEU container ship was handed over to the purchaser on 18 January 2022. The ER Group sold the multi-purpose vessel *Lotta Auerbach* under a purchase agreement dated 18 October 2021. The vessel was handed over on 4 February 2022. In addition, the 800 TEU container ship *Music* was sold under an agreement dated 18 March 2022. The vessel was handed over on 12 May 2022.

The ER Group reviews opportunities that come up in the market to expand its existing fleet on an ongoing basis. On 9 February 2022, a subsidiary company, in which Ernst Russ AG has a 99% indirect interest, acquired a 1,036 TEU container ship, *Conmar Avenue*. The vessel was handed over on 29 April 2022. Furthermore, another subsidiary, in which the Ernst Russ Group holds a 55% interest, concluded an agreement on 25 March 2022 to purchase the container ship *Faith* (ex *Motivation D*) with a slot capacity of 917 TEU. The vessel is due to be handed over on 18 May 2022.

In Q1 2022, three vessels 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 Q1 2022, other ship operations

ran smoothly without any specific incidents in close and excellent cooperation with the commissioned ship management companies and chartering brokers.

The employment concept developed for the Ernst Russ Group fleet is geared to the sustainable securing of income over the long term. In a market environment that remained very positive, we were able to achieve an average charter rate of around USD 15,450 per day in the first quarter. During this period, one vessel in our fleet entered into a new charter agreement and new charterparties have already been agreed in advance for six other vessels most of which will commence in Q2 2022. This means that just three vessels are now chartered with term of up to twelve months. Twelve vessels remain in charter revenue pools as of the reporting date of 31 March 2022. All other vessels are in medium to long-term operation.

Of the 2,571 possible operating days, the ER Group's fleet of fully consolidated vessels was operational on 2,458 days (95.6%, previous year: 96.5%). Technical downtime of 4.4% (previous year: 3.5%) was essentially due to dry dock overhauls of three 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 our fleet resulting in a total of 41 days quarantine. Consequently, the number of actual operating days of our fleet totalled 2,417 (equivalent period in the previous year: 1,502). This corresponds to capacity utilisation of 94.0% (equivalent period in the previous year: 96.5%).

MARKET TRENDS

The consequences of the Ukraine war are slowing global economic recovery significantly. This was the conclusion reached by the International Monetary Fund (IMF) in its updated April 2022 economic report. The IMF is lowering its forecast for global economic growth this year to 3.6% as a result. In January 2022, the forecast was still 0.8 percentage points higher than the current IMF forecast, as the overall global economic situation was assessed more positively before the outbreak of the war in Ukraine. Global industrial production rose by 1.8% in January 2022 and substantial increases were also seen in the three months before that. However, since the beginning of the military invasion, sharp price increases have been recorded for energy and raw materials. International trade flows and supply chain relationships have also continued to be affected by the impact of the COVID-19 pandemic.

According to Clarksons' figures, the international fleet of cargo vessels over 100 GT (gross tonnage) reached a total of 103,161 vessels with around 1.5 billion GT at the end of March 2022. This represents an increase of 9.9 million GT in Q1 2022. A total of 263 vessels with a combined gross registered tonnage (GRT) of 15.3 million were commissioned in this period, including 108 vessels with 9.4 million GRT that can run on alternative fuels. Recycling activities were minimal in the first quarter in spite of rising scrap metal prices.

According to Clarksons, the container freight markets remained stable until the end of Q1 2022, although in many cases key figures were down from the highs seen at the beginning of the year. The Shanghai Containerized Freight Index (SCFI), which tracks spot rates in the Shanghai container freight market, stood at 4,229 points in mid-April, 17% below the level at the beginning of 2022, however over 400% higher than the average value in 2019. The charter markets for container ships also remained exceptionally buoyant with rates approaching current all-time highs. In light of the ongoing shortage of available tonnage in all size classes and the supply chain disruptions underpinning demand for vessels, Alphaliner forecasts that charter rates are unlikely to deviate from their historic highs in the foreseeable future. Even though macroeconomic headwinds are picking up for the reasons mentioned above and an adjustment of market conditions for container ships is likely in the near future, the outlook remains positive for the time being with stable demand and major logistical disruptions holding up the market. Looking further ahead, the easing of port congestion should eventually lead to more stable market conditions, whereas the higher rate of fleet growth (8.2% is forecast for 2023) is expected to cause supply pressures in 2023 to 2024, according to Clarksons.

The sale and purchase market for container ships was quiet compared to previous quarters. Just 84 container ships with capacity of 0.24 million TEU were sold in the whole of the first quarter of 2022. This is the lowest figure since mid-2020. The market for cargo vessel newbuildings on the other hand is extremely buoyant in 2022. In Q1, orders were placed for 133 vessels with a capacity of 1.0 million TEU – three times the total capacity in Q4 of the previous year. As the market conditions for container ships remain exceptionally good, no vessels from this segment have been sold for recycling to date in 2022. In 2021, there were 16 vessels, of which just three were sold in the second half of the year.

The Russia-Ukraine war is having a clear impact on the container ship market. Trends in the global economy, global trade and global commercial shipping are closely linked. There may also be an impact on the business activities of the Ernst Russ Group in this respect. However, due to the highly significant events and the constantly changing situation, we do not consider ourselves in a position to provide a conclusive risk assessment in this regard at the present time.

ASSETS, FINANCIAL POSITION AND EARNINGS

The assets, financial position and earnings of the Ernst Russ Group continued to show positive trends in Q1 2022. Revenue was up EUR 18.5 million or 109% compared with the previous year's figure to currently EUR 35.4 million. In addition to the increase in charter rates and the good capacity utilisation, the expansion of our fleet by two vessels in Q1 2021 and in particular by a further twelve vessels at the end of Q4 2021 had an impact. Operating earnings of EUR 16.5 million

(previous year: EUR 1.3 million) generated positive pre-tax earnings of EUR 15.1 million (previous year: EUR 0.2 million). Consolidated net income after non-controlling interests amounted to EUR 9.1 million (previous year: EUR 0.3 million). Ship assets were down EUR 15.3 million to EUR 194.9 million due to the sales of vessels previously described. Equity of EUR 154.7 million (31 December 2021: EUR 142.8 million) produced an equity ratio of 60.5% (31 December 2021: 54.2%).

OUTLOOK

Consistent with the ad hoc release published on 28 March 2022, we are still expecting revenue between EUR 160 million and EUR 170 million and EBIT between EUR 72 million and EUR 77 million for the 2022 financial year as a whole. As far as we are able to judge at present, these figures also factor in increases in ship operating costs due

to disrupted supply chains and higher raw material prices. Any future impact of the Russia-Ukraine war on the global economy and the business activities of the ER Group over and above what has already been stated has not been taken into account in our forecast, as it is currently impossible for us to make reliable predictions in this respect.



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 Quarterly Report has not been audited or reviewed by an auditor.

LEGAL INFORMATION

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Ernst Russ AG
Elbchaussee 370
22609 Hamburg, Germany

© Ernst Russ AG 2022

Tel.: +49 40 88 88 1-0
Fax: +49 40 88 88 1-199
Email: info@ernst-russ.de
Website: www.ernst-russ.de

CONTACT

Anika Hillmer
Investor Relations

Ernst Russ AG
Elbchaussee 370
22609 Hamburg, Germany

Tel.: + 49 40 88 88 1-18 00
Email: ir@ernst-russ.de

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