ERNST RUSS AG

2021 HALF-YEAR REPORT

ERNST RUSS

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KEY FIGURES

EARNINGS	UNIT	1/1 – 30/6/2021	1/1 – 30/6/2020	CHANGE IN %
Revenue	EUR million	39.6	28.9	37.0
Operating earnings*	EUR million	8.6	1.8	> 100.0
Earnings before taxes (EBT)	EUR million	7.1	1.9	> 100.0
Consolidated net income after non-controlling interests	EUR million	4.4	1.8	> 100.0

* Determined in accordance with economic criteria

BALANCE SHEET	UNIT	30/6/2021	31/12/2020	CHANGE IN %
Total equity and liabilities	EUR million	173.7	163.4	6.3
Ship assets shown on the balance sheet**	EUR million	128.0	119.7	6.9
Equity	EUR million	89.2	80.1	11.4
Equity ratio	%	51.3	49.0	2.3 percentage points
Cash at hand and bank balances	EUR million	19.5	9.2	> 100.0

** Including down payments made and assets in the course of construction

EMPLOYEES	UNIT	1/1 – 30/6/2021	1/1 – 30/6/2020	CHANGE IN %
Average employee capacity	Full-time equivalent	46	66	-30.3
Personnel expenses	EUR million	2.7	3.8	-28.9
Personnel expense ratio	%	6.8	13.1	6.3 percentage points

KEY FIGURES SPECIFIC TO VESSELS	UNIT	30/6/2021	31/12/2020	CHANGE
Number of fully consolidated vessels		18	16	+ 2 vessels
Capacity	TEU	37,173	37,173	-
Capacity	DWT	553,813	528,813	+ 25,000 DWT

	UNIT	1/1 – 30/6/2021	1/1 – 30/6/2020	CHANGE IN %
Average charter rate	USD/day	12,930	8,643	49.6
Technical availability	%	98.00%	97.80%	0.2 percentage points
Employment ratio	%	98.00%	95.10%	2.9 percentage points

SHARE	UNIT	1/1 – 30/6/2021	1/1 – 30/6/2020	CHANGE IN EUR
Earnings per share (undiluted)	EUR	0.14	0.05	0.09
Earnings per share (diluted)	EUR	0.14	0.05	0.09

INTRODUCTION BY THE EXECUTIVE BOARD

Dear shareholders and business partners of Ernst Russ AG,

The last year and a half has been characterised across the world by the spread of the COVID-19 pandemic and its socio-political and economic consequences. The outlook is now more positive as vaccination rates progress, but the spread of the Delta variant and the long-term consequences of the pandemic will have a lasting impact on both life and the economy.

There have been clear positive trends in the international shipping markets since the end of 2020, from which we, as an internationally operating ship-owner, have benefited directly. The change in consumer behaviour in response to the COVID-19 pandemic, significant congestion, especially off US ports as well as the closure of Asian terminals, and not least the incident involving the 'Ever Given' in the Suez Canal have driven up charter rates. We do not expect this market environment to change in the short term.

In the first six months of the year, the Ernst Russ Group expanded its fully consolidated fleet by two multi-purpose vessels. 18 vessels are now included in the Group's scope of consolidation. The ER Group also holds significant interests in twelve other vessels.

The employment concept for the Ernst Russ Group fleet is geared to the sustainable securing of income in the long term. In the very positive economic environment, we were able to secure new charters for eight vessels in our fleet in the first six months of 2021 at very attractive rates and terms. Revenue averaged USD 12,930/day over the first six months of the year. This corresponds to an increase of 49.6% year-on-year. The charter agreements for a further four vessels are due to expire in Q4 2021 and therefore in the current financial year, and consequently we are expecting charter agreements to be reached for these vessels at the currently historically high market level as well.

The rise in charter rates is also reflected in the business figures for the first half of 2021: An increase in revenue

of 37% from EUR 28.9 million to EUR 39.6 million, alongside a reduction in personnel expenses, has led to EBT rising from EUR 1.9 million to EUR 7.1 million. Cash and cash equivalents more than doubled to EUR 19.5 million compared with 31 December 2020. Ship assets were up EUR 8.3 million to EUR 128.0 million due to the acquisition of the two multi-purpose vessels. The equity ratio was 51.3% (31 December 2020: 49.0%).

In light of the ongoing positive trends in the shipping markets and the largely secure employment situation of our fleet for the 2021 financial year, we have also been able to firm up our forecast to the effect that we expect revenue for the whole year 2021 ranging between EUR 85.0 and EUR 90.0 million and an operating result (EBIT) between EUR 24.0 and 26.0 million (EUR 2.3 million in 2020 financial year).

The performance of our share price was also very encouraging at the end of 2020. Our aim is still to increase the value of the share on a permanent basis and thus boost your investment in Ernst Russ AG.

I would like to thank all the employees of the Ernst Russ Group for their commitment. I would also like to thank the Supervisory Board for its close and constructive cooperation.

With very best wishes –
stay healthy!

Robert Gärtner

CEO of Ernst Russ AG

Hamburg, 23 August 2021

ERNST RUSS AG
SHARE AND INVESTOR RELATIONS

PERFORMANCE OF THE SHARE IN THE FIRST HALF OF 2021

The opening price of the Ernst Russ share in 2021 was EUR 1.31. The share reached its lowest price of EUR 1.25 at the beginning of January. Since then, the share price has risen steadily. The share reached a high of EUR 4.24 at the end of June 2021 and the closing price at the end of the first half of the year was EUR 3.92. The average price of the Ernst Russ share in the first six months of 2021 was EUR 2.36.

An average of 114,660 shares were traded every working day, with an average daily trading volume of EUR 296,826.25.

CLOSING PRICE IN EUR
AVERAGE PRICE (EUR 2.36)

Source: vwd group / EQS Group AG; 2021

SUPERVISORY BOARD ELECTIONS

Robert Lorenz-Meyer was re-elected as member of the Supervisory Board through a resolution passed by the Annual General Meeting of Ernst Russ AG on 2 June 2021. A resolution was also passed to increase the size of the Supervisory Board from four to five members and to amend the Articles of Association accordingly. Harald Christ was elected as the additional Supervisory Board member and has been in office since the relevant change to the Articles of Association. Mr Christ was elected Deputy Chairman by the Supervisory Board. Together with Alexander Stuhlmann as Chairman, Jochen Thomas Döhle and Ingo Kuhlmann, they form the supervisory body of Ernst Russ AG. Udo Bandow assists the Board in an advisory capacity as honorary Chairman.

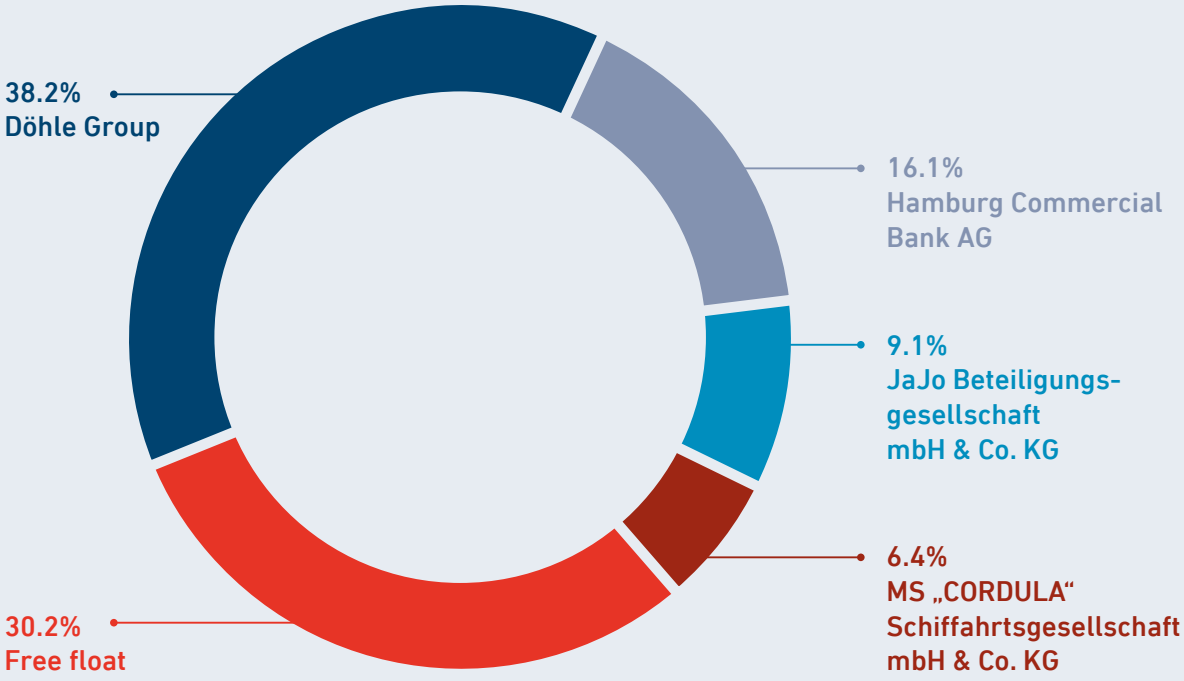
CHANGES TO THE ARTICLES OF ASSOCIATION – AUTHORISED AND CONTINGENT CAPITAL 2021

The authority of the Executive Board with the approval of the Supervisory Board to increase the share capital by up to EUR 16,217,015 in total by issuing new registered shares on one or more occasions for subscription in cash and/or in kind (Authorised Capital 2016) and to issue bonds (Contingent Capital 2016) still applied until 22 June 2021. New Authorised Capital 2021 and new Contingent Capital 2021 at the same amount were agreed in a resolution passed by the 2021 Annual General Meeting of Ernst Russ AG on 2 June 2021.

The Articles of Association of Ernst Russ AG are available under the following link:

https://www.ernst-russ.de/en/about-us/articles-of-association.html

SHAREHOLDER STRUCTURE OF ERNST RUSS AG AS AT 30 JUNE 2021



BASIC DATA FOR THE ERNST RUSS SHARE AS AT 30 JUNE 2021

Share type	No-par value shares
Number of shares authorised for trading on a stock exchange	32,434,030
Market segment	Scale (Frankfurt Stock Exchange), Mittelstandsbörse Deutschland (Hanseatic Stock Exchange Hamburg)
Exchanges	Frankfurt Stock Exchange, Hanseatic Stock Exchange Hamburg
First day of trading / Issue price	6 October 2005 / EUR 20.50
ISIN	DE000A161077
WKN	A16107
Stock exchange code	HXCK
Reuters	HXCKk.DE
Bloomberg	HXCK:GR
Common code	022854488
Designated sponsor	ODDO BHF Corporates & Markets AG

DATES*

25 November 2021

Publication of Quarterly Report Q3 2021

8 December 2021

Attendance at Munich Capital Market Conference (MKK)

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

CAPITAL MARKET ACTIVITIES

We have set ourselves the target of providing even more comprehensive and faster information about Ernst Russ AG in the future as part of our investor relations work. The first equity research report by Warburg Research GmbH was published in May. Follow the link below to view this report and its updates on our website:

https://www.ernst-russ.de/en/investor-relations-de/research-berichte.html

In view of the ongoing COVID-19 pandemic, we had to forego a face-to-face annual general meeting again this year and individual dialogue with our shareholders in the usual setting. The option to hold a virtual annual general meeting, which was introduced in law at the end of March 2020, was extended to the end of 2021. In light of the ongoing risk posed by the coronavirus, we considered this to be the only responsible way of holding an Annual General Meeting in the first half of 2021.

1.
INTERIM GROUP MANAGEMENT REPORT

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1.1. FOUNDATIONS OF THE GROUP

I. BUSINESS OPERATIONS

Ernst Russ AG, based in Hamburg, is the management holding company for the Ernst Russ Group (hereafter 'ER Group'). Together with its subsidiaries, Ernst Russ AG forms a ship-owner group.

Following the completion of the previously initiated realignment and focusing of the company's strategy on the Shipping segment, thereby establishing a new, sustainable and transparent business model, the ER Group adjusted its segments from the beginning of the 2021 financial year. The **Shipping** segment covers the operation of the Group's own, i.e. fully consolidated vessels. This includes in particular the charter income from these vessels and their operating and financing costs. All services are reported in the **Management Services** segment. These include both asset and ship management for the ER Group fleet and asset and fund management for investors in the asset classes, Shipping and Alternative Investments. Holding functions will continue to be reported in the **Other Services** segment.

SHIPPING

The ER Group successfully expanded and diversified its fleet in February 2021 through the acquisition of majority interests in two multi-purpose vessels. These are two project cargo vessels built in 2007, each with a deadweight tonnage of around 12,500 tons. The ER Group had a majority holding in 18 vessels as of 30 June 2021. The ER Group also holds significant interests in twelve other vessels. Our ship portfolio mainly consists of container ships in the 700 to 6,600 TEU classes, plus a handysize bulker with a capacity of 38,000 DWT and two multi-purpose vessels.

Extensive maintenance work was carried out on one vessel in the ER fleet in Q1 2021. This vessel also underwent scheduled class renewal as part of this work. 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 is geared to the sustainable securing of income in the long term. In a market environment that remained very positive, we were able to secure new charters for eight vessels in our fleet in the first six months of 2021 at very attractive rates and terms. Over the course of the first six months of 2021, this resulted in a steady rise in the average revenue generated from around USD 10,500/day in December 2020 to around USD 14,300/day in June 2021. Revenue thus averaged USD 12,930/day over the first six months of the year. This corresponds to an increase of 49.6% compared with the previous year's figure of USD 8,643/day. At present, based on recently concluded contracts, the average charter rate is around USD 16,000 per day. The charter agreements for a further four vessels are due to expire in Q4 2021 and therefore in the current financial year, and consequently we are expecting charter agreements to be reached for these vessels at the currently historically high market level. Six vessels in total are chartered over the medium to long-term and a further

nine vessels are chartered for a period of up to twelve months. Three vessels generate revenue from charter income pools.

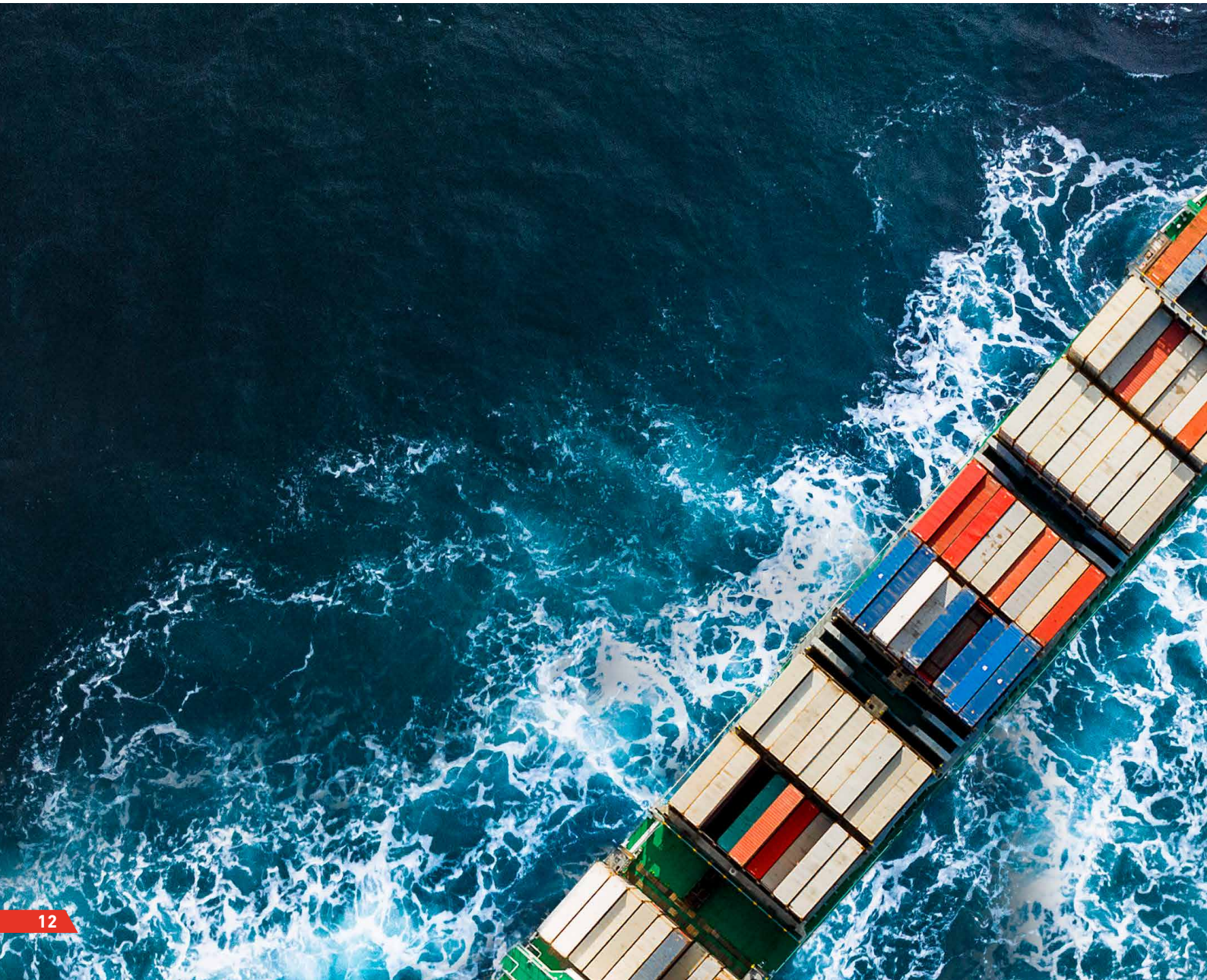
Of the 3,196 possible operating days, the ER Group's fleet of fully consolidated vessels was operational on 3,131 days in the reporting period (98.0%, equivalent period in the previous year: 97.8%). Technical downtime of 2.0% (equivalent period in the previous year: 2.2%) was due in particular to the shipyard stay of one vessel as well as normal operational disruptions and the time needed to carry out necessary repairs.

In addition, there were no demurrage periods and consequently the actual number of operating days was 3,131 (equivalent period in the previous year: 2,422). This corresponds to fleet capacity utilisation of 98.0% (equivalent period in the previous year: 95.1%).

MANAGEMENT SERVICES

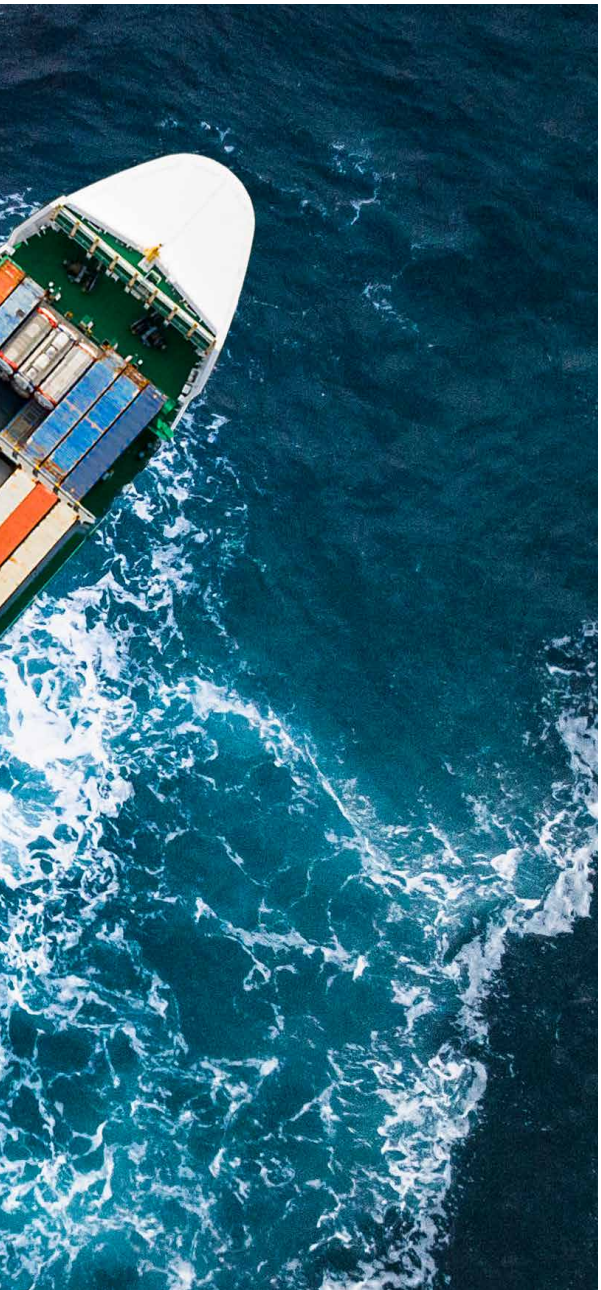
We disposed of our Bremen Fund Management sub-segment in early April 2021. This involved the disposal of five Group companies and around 40 other investments. The number of employees was reduced by six in conjunction with this.

As at 30 June 2021, the Management Services segment managed assets with a total investment volume of around EUR 0.6 billion (31 December 2020: EUR 0.8 billion). As at 30 June 2021, the number of funds under management was 22 (31 December 2020: 67). The changes are due mainly to the disposal of the Bremen Fund Management sub-segment.



II. ECONOMIC REPORT

As in 2020, trends in **global economic performance** were characterised in the first six months of 2021 by the COVID-19 pandemic and its far-reaching effects. Following extremely negative effects in 2020, the global economy began to recover in the first half of 2021. Global trade volume, which is particularly important for international shipping, was again above the pre-crisis level at the beginning of Q2 2021 and mood indicators also painted a positive overall picture of the global economic situation. Supply bottlenecks for primary products put a slight damper on expectations, but this did not affect the positive underlying momentum of the economy as a whole. Surprisingly, China's exports were up by almost a third in June 2021 compared to June 2020. According to Chinese customs authority statistics, exports of the People's Republic were up 32.2% to around USD 281 billion and significantly exceeded the expectations of economic experts. Imports even increased by 36.7% to around USD 230 billion. The increase in China's imports was actually lower than in the previous month of May, for which an increase of 51% was reported. The People's Republic returned to traditional growth rates for gross domestic product (GDP) as private households stepped up their consumption. The economy developed similarly in the United States where 850,000 new jobs were created on balance in June alone. The USA experienced an increase in consumption accordingly. Europe has also seen a recent upturn. According to statistical office, Eurostat, GDP in the eurozone rose by 2% compared with the previous quarter. This resulted in overall growth of 1.9% for the EU. More and more sectors enjoyed the upturn and many countries, including Germany, were party to this in the first half of 2021.



In spring 2021, the third wave of coronavirus infections was suppressed successfully in **Germany**. In spite of restricted production due to faltering supplies, both domestically and from abroad, as well as the remaining pandemic risks, companies showed a good deal of confidence in economic development in the second half of 2021. After a mixed Q1 2021 for the economy as a whole, there were clear signs of recovery in retail, tourism and in the stabilisation of production in April, May and June. In Germany too, private consumption is propping up macroeconomic demand in an already strong economy.

The rate of inflation in Germany was 2.3% in June 2021. Following a steady increase since the beginning of the year, inflation has thus levelled off slightly compared to the previous month (+2.5%). According to the Federal Statistical Office, consumer prices rose by 0.4% compared with May 2021. Commodity prices increased at an above-average rate of 3.1% year-on-year from June 2020 to June 2021. Prices for energy products were still well above overall inflation at 9.4% (+10.0% in May 2021). In addition to the current rise in energy prices, temporary special effects also had an increasing impact on the rate of inflation, in particular the CO2 tax introduced at the beginning of the year and the low prices for energy products a year ago. Mineral oil products were particularly cheap at the time. Consequently, heating oil (+42.5%) and fuels (+23.5%) in particular became more expensive within a year.

Overall, the German economy returned to growth with the end of the coronavirus lockdown in the spring. According to calculations by the Federal Statistical Office, GDP rose by 1.5% quarter-on-quarter from April to June. The pace of growth thus fell short of economists' expectations, but at the beginning of the year during the third coronavirus wave, GDP had slumped more sharply than was thought at minus 2.1%, according to the latest calculations. The upswing was subsequently driven by higher private and government spending. Many service sectors

have been able to resume economic activity supported by the progressive easing of restrictive measures to combat the pandemic. At the end of Q2 2021, the economic recovery was in full swing.

International **shipping** has performed very positively in the course of 2021 to date after the COVID-19 pandemic threw supply and demand for goods off kilter. There was a significant lull in global trade in 2020, but there were signs of improvement as early as April 2020 with the first leap in US demand for goods. Shipping subsequently experienced initial congestion off US ports due to increased cargo volumes and the pandemic situation. The supply of goods from Asia came to a standstill and the situation was further aggravated by the incident involving the 'Ever Given' in the Suez Canal and new coronavirus outbreaks in Chinese ports. The performance of the container and bulker markets is particularly relevant for the ER Group.

The **container shipping markets** continued their spectacular performance in Q1 2021 after rallying strongly in the second half of 2020. With the rapid recovery of sea container trade combined with notable logistical disruptions and moderate growth in supply, several factors came together to drive the box freight and container ship markets to unusually high levels. The upward trend in the container markets gained further momentum in Q2. The time charter market also picked up, surpassing all records from 2005 to 2008. Freight rates reached their temporary peak in January and fell slightly in the weeks thereafter. The 'Ever Given' incident in the Suez Canal pushed them up again supported by strongly recovering volumes in combination with port congestion and logistical disruptions. June 2021 was the strongest single month for container ship charter rates on record (average revenues of USD 41,538/day according to Clarksons). In the time charter market, the number of contracts concluded thinned out considerably, since hardly any more vessels were available at short notice and activity increasingly focused on delivery dates from autumn until well into the coming year. Five-year terms are now standard for large vessels. According to Clarksons, contracts with such terms were concluded in June for some vessels with a capacity of 5,500 and 6,800 TEU at rates in excess of USD 45,000/day. Two to three years are the norm for feeder vessels, but there is an upward trend.

The demand for transport of consumer goods increased sharply during the pandemic and consequently the supply of cargo space and empty containers was unable to keep pace. As a result, container ship new builds with a combined capacity of over 2.1 million TEU were ordered in the two quarters Q4 2020 to Q1 2021 inclusive, according to The Maritime Overview. This represented over 9% of the fleet capacity in service. Unused capacity or laid-up ship tonnage fell sharply during the first half of 2021. In response to the COVID-19 pandemic, ship-owners had mothballed significant container ship capacity – Clarksons recorded a peak of over 11% of fleet capacity for the end of May 2020 (including 3% of the fleet that was out of action due to a scrubber refit). However, this figure fell to around 4%, i.e. around one million TEU in Q1 2021. For used tonnage, Alphaliner recorded 301 transactions with a total capacity of 1,025,000 for the first six months of 2021. This volume represents the largest amount of TEU ever bought and sold in a six-month period and indicates that ship-owners and shipping companies are confident of continued strong demand for container ships going forward. According to Clarksons, the prices of second-hand vessels have risen relatively sharply in the container ship and bulk carrier sectors (+124% in first half of 2021, +38% in the first half of 2021).

The **bulker market** also performed well with earnings reaching an 11-year high at the end of the first half of 2021. The general conditions described above, such as port congestion, also supported these trends in the dry bulk sector. According to Clarksons' calculations, revenue in the bulker market averaged USD 21,039/day, the highest six-month average since the first half of 2010. Looking at individual months, in June 2021, freight rates were the highest for a single month since September 2008. Average earnings for Panamax bulkers (USD 22,040/day) and Supramax bulkers (USD 21,890/day) exceeded those for Capesize vessels (USD 19,635/day). The Shanghai Containerized Freight Index (SCFI), which tracks the development of freight rates of container shipments originating from the Port of Shanghai, the world's largest container port, reached a new high of 3,748 points on 18 June 2021 (four times the average in the first of half of 2020). Bulk shipping benefited increasingly from a broad upturn in global demand for raw materials. Steel production recovered during the first half of 2021, resulting in higher monthly volumes than before the COVID-19 crisis. Volumes of semi-finished and finished products, i.e. steel products of all kinds, most of which are transported by smaller bulkers, mainly Supramax and handysize bulkers, also increased. The cereals sector also recorded high growth, supported by increased demand in China following the recovery of the pig population that was decimated two years ago as a result of swine fever. The bulker spot market also experienced a gathering tailwind from the coal sector. Demand for thermal coal in China increased rapidly. The positive overall picture is rounded off by the slight growth in tonnage supply. During Q2, the Baltic Dry Index increased by around 50% – with a steep upward curve in the Panamax segment at the end of the reporting period and a moderate and constant upward trend for Supramax and handysize vessels. The average daily spot rates in the Panamax segment improved by 34% in Q2 to around USD 36,000/day. There was an increasing upward trend for Supramax and handysize vessels of 37% and 14% to USD 32,000 and USD 27,500/day respectively.

1.2. ASSETS, FINANCIAL POSITION AND EARNINGS OF THE ER GROUP

Ernst Russ AG prepared its interim consolidated financial statements as at 30 June 2021 in accordance with Sections 290 et seq. of the German Commercial Code (HGB) and the additional provisions of the German Stock Corporation Act (AktG). The presentation of the assets, financial position and earnings is based on the accounting figures in the interim consolidated financial statements, but follows economic criteria. Income and expenses attributed to operating earnings relate to the ordinary business activities of the ER Group and are generally of a recurring nature. They also include income that is not directly related to ordinary commercial activities, but to expenses that are attributed to the area of operations. Income and expenses attributable to non-operating activities mainly result from one-off business transactions or those that are not related to ordinary business activities.

I. ASSETS

Compared with the previous year, the ER Group's assets as at 30 June 2021 were as follows:

IN EUR MILLION	30/6/2021	31/12/2020	CHANGE
Assets	**173.7**	**163.4**	**10.3**
Non-current assets	**138.5**	**133.6**	**4.9**
Purchased service agreements	0.3	0.4	-0.1
Goodwill	2.5	2.8	-0.3
Ships	128.0	119.7	8.3
Other intangible assets and property, plant and equipment	0.4	0.4	0.0
Financial assets	7.3	8.5	-1.2
Non-current receivables and other assets	0.0	1.8	-1.8
Current assets	**35.2**	**29.8**	**5.4**
Inventories	1.4	1.0	0.4
Current receivables and other assets	12.0	18.1	-6.1
Cash and cash equivalents	19.5	9.2	10.3
Deferred income	1.8	0.9	0.9
Deferred tax assets	0.5	0.6	-0.1
Equity and liabilities	**173.7**	**163.4**	**10.3**
Non-current capital	**140.8**	**141.8**	**-1.0**
Equity	89.2	80.1	9.1
Negative goodwill from capital consolidation	0.5	0.5	0.0
Non-current provisions and liabilities	51.1	61.2	-10.1
Current capital	**32.9**	**21.6**	**11.3**
Current provisions and liabilities	31.4	20.8	10.6
Deferred income	1.5	0.8	0.7

Compared with 31 December 2020, **Total equity and liabilities** increased by EUR 10.3 million from EUR 163.4 million to EUR 173.7 million as at 30 June 2021.

Non-current assets went up by EUR 4.9 million from EUR 133.6 million to EUR 138.5 million and thus accounted for 79.7% of total assets and liabilities. This change was due in particular to investments in two multi-purpose vessels at the beginning of 2021 with acquisition costs totalling EUR 10.4 million. Furthermore, down payments of EUR 0.5 million have already been made for the installation of ballast water systems on ships in the ER fleet. The investments in ship assets were offset by scheduled depreciation of **ship** assets in the amount of EUR 3.5 million. Ship assets were as follows as of 30 June 2021:

SHIP TYPE	SIZE	YEAR OF CONSTRUCTION	30/6/2021 CARRYING AMOUNT IN EUR MILLION	31/12/2020 CARRYING AMOUNT IN EUR MILLION	CHANGE
Container	3,091 TEU	2006	7.5	7.7	-0.2
Container	1,341 TEU	2010	7.0	7.0	0.0
Container	1,341 TEU	2010	7.0	7.0	0.0
Container	1,710 TEU	2008	6.1	6.2	-0.1
Container	1,700 TEU	2008	6.1	6.2	-0.1
Container	1,338 TEU	2007	5.1	5.2	-0.1
Container	698 TEU	2008	2.7	2.8	-0.1
			41.5	**42.1**	**-0.6**
Bulker	39,959 DWT	2018	15.5	15.9	-0.4
Container	3,091 TEU	2008	8.8	9.1	-0.3
			24.3	**25.0**	**-0.7**
Container	2,785 TEU	2007	7.7	7.9	-0.2
Container	2,450 TEU	2003	5.8	6.0	-0.2
Container	3,091 TEU	2003	6.0	6.1	-0.1
			19.5	**20.0**	**-0.5**
Container	4,178 TEU	2010	8.2	8.4	-0.2
Container	679 TEU	2007	3.1	3.2	-0.1
Container	6,589 TEU	2010	15.3	15.7	-0.4
Container	3,091 TEU	2003	5.9	5.3	0.6
Multi-purpose	12,652 t	2007	5.9	0.0	5.9
Multi-purpose	12,744 t	2007	4.3	0.0	4.3
			128.0	**119.7**	**8.3**

The decrease in **financial assets** of EUR 1.7 million is due to the full consolidation of a multi-purpose vessel that was still held as an equity interest as of 31 December 2020. This was offset by investments that included EUR 0.3 million in a company developing special software for container shipping. **Non-current receivables and other assets** were down due to payment settlement.

Current assets were up EUR 5.4 million from EUR 29.8 million to EUR 35.2 million. This change was due essentially to the increase in **Cash and cash equivalents** on account of positive operating cashflow. The decrease in **Current receivables and other assets** is due to the repayment of two loans of EUR 7.0 million granted to single ship companies at the end of last year. Furthermore, income tax receivables were down EUR 0.4 million and insurance payment receivables down EUR 0.5 million. Trade receivables were up EUR 1.8 million.

Cash and cash equivalents were up EUR 10.3 million to EUR 19.5 million. For explanations relating to the change in cash and cash equivalents, please refer to the notes on the financial position.

Equity was up EUR 9.1 million to EUR 89.2 million as at 30 June 2021 compared with 31 December 2020. The increase in equity was due firstly to the positive consolidated net income for the period after non-controlling interests of EUR 4.4 million. Secondly, the share of minority shareholders in equity increased by EUR 5.3 million to EUR 28.0 million. The increase was due mainly to the initial consolidation of two multi-purpose vessels in the amount of EUR 2.1 million, the contribution of a minority shareholder in the amount of EUR 0.8 million and the share of minority shareholders in the half-year result of EUR 2.4 million. The equity ratio was up to 51.3% (31 December 2020: 49.0%).

Negative goodwill was unchanged.

Non-current provisions and liabilities were down EUR 10.1 million to EUR 51.1 million. The financing of a ship company is due to expire in the first half of 2022. The loan debt of EUR 10.6 million reported under non-current liabilities as at 31 December 2020 is therefore reported under current liabilities as at 30 June 2021. Furthermore, repayments of EUR 4.4 million were made during the reporting period. Financing for the multi-purpose vessels acquired in the first half of 2021 increased non-current liabilities by EUR 3.4 million. Furthermore, the change in the USD exchange rate increased non-current liabilities by EUR 1.0 million.

Current provisions and liabilities were up EUR 10.6 million to EUR 31.4 million. The increase was due in particular to the change in the maturity of a ship financing loan described under non-current provisions and liabilities. Moreover, the first-time consolidation of the two multi-purpose vessels increased current liabilities by EUR 3.6 million. In contrast, a loan to a minority shareholder of EUR 2.4 million was repaid in the first half of 2021. Furthermore, tax liabilities and tax provisions fell by a total of EUR 0.6 million.

The increase in **Deferred income** was due to payments of crewing and charter revenue prior to the reporting date.

II. FINANCIAL POSITION

For the first six months of the 2021 financial year, **Cashflow from operating activities** was EUR 12.1 million (equivalent period in the previous year: EUR 3.1 million) and resulted in particular from a significant increase in operating income from charter revenue. The increase compared to the operating cashflow for the first half of 2020 was also due to a reduction of operating liabilities in the prior-year reporting period.

Cashflow from investing activities was EUR 3.4 million (equivalent period in the previous year: EUR 5.2 million). This is due in particular to the repayment of a loan granted in the previous year to a single ship company of EUR 3.5 million. It also includes a purchase price instalment of EUR 1.2 million for the disposal of the Real Estate segment. In contrast, further payments of EUR 1.4 million were made in connection with the acquisition and operation of the shipping fleet.

Cashflow from financing activities of EUR -4.6 million (equivalent period in the previous year: EUR -5.0 million) relates mainly to interest and amortisation payments, particularly in the Shipping segment, of EUR 8.2 million. In contrast, loans totalling EUR 2.8 million were taken out for further ship financing and a minority shareholder in a ship portfolio deposited EUR 0.8 million.

Thus, taking into account changes due to exchange rates and scope of consolidation, **Cash and cash equivalents** were up EUR 10.3 million to EUR 19.5 million as at 30 June 2021. Cash and cash equivalents amounted to EUR 9.2 million as at 31 December 2020.

III. EARNINGS

Compared with the equivalent period in the previous year, the ER Group's earnings in the first half of 2021 were as follows:

IN EUR MILLION	1 HY 2021	1 HY 2020	CHANGE
Revenue	39.6	28.9	10.7
Total revenue	**39.6**	**28.9**	**10.7**
Other operating income	1.4	0.9	0.5
Cost of materials and services	-24.0	-18.3	-5.7
Personnel expenses	-2.7	-3.8	1.1
Other operating expenses	-2.0	-2.0	0.0
Depreciation	-3.7	-3.9	0.2
Operating earnings (EBIT)	**8.6**	**1.8**	**6.8**
Other operating income	0.7	1.0	-0.3
Other operating expenses	-1.5	-0.3	-1.2
Other impairment charges	-0.3	-0.9	0.6
Non-operating result	**-1.1**	**-0.2**	**-0.9**
Net income from investments in associates	0.1	0.0	0.1
Income from other equity interests	0.8	2.1	-1.3
Other interest and similar income	0.2	0.1	0.1
Amortisation of financial assets	-0.1	-0.3	0.2
Interest and similar expenses	-1.4	-1.6	0.2
Net interest and investment income	**-0.4**	**0.3**	**-0.7**
Earnings before taxes (EBT)	**7.1**	**1.9**	**5.2**
Income taxes	-0.3	-0.2	-0.1
Consolidated net income before non-controlling interests	**6.8**	**1.7**	**5.1**
Profit attributable to non-controlling interests	-2.4	0.1	-2.5
Consolidated net income after non-controlling interests	**4.4**	**1.8**	**2.6**

Revenue of EUR 39.6 million was generated in the reporting period, which is significantly higher than in the same period in the previous year (EUR 28.9 million). The significant increase in revenue presented in the 2020 Annual Report forecast was achieved in line with expectations.

The increase in revenue compared with the same period in the previous year is made up of the following changes in the ER Group segments:

IN EUR MILLION	1 HY 2021	1 HY 2020	CHANGE	CHANGE IN %
Revenue	**39.6**	**28.9**	**10.7**	**37.0%**
Shipping	33.7	19.0	14.7	77.4%
Management Services	6.1	10.2	-4.1	-40.2%
Other services	0.2	0.1	0.1	100.0%
Consolidation	-0.4	-0.4	0.0	0.0%

Revenue in the Shipping segment relates to charter revenue from the Group's own fleet. In addition to the ship acquisitions at the end of the last financial year (two container ships) and at the beginning of this year (two multi-purpose vessels), the increase in revenue in this segment is due to the hike in charter rates. The average charter rate per day for the Group's own fleet has increased compared to the first six months of 2020 from USD 8,643 to USD 12,930.

The decline in revenue in the Management Services segment is due to lower income in the Ship asset class. The decline here is EUR 2.5 million and is attributable to low crewing, chartering and asset management fees and one-off payments in connection with the sale of ships. In the equivalent reporting period in the previous year, Management Services also still included the Real Estate segment which was sold in the second half of the 2020 financial year. This accounts for a decrease of EUR 1.5 million.

The increase in **Other operating income** is due mainly to higher income from insurance payments of EUR 0.8 million.

The significant increase in **Cost of materials** of EUR 5.7 million to EUR 24.0 million is due in particular to an increase of EUR 5.7 million in ship operating costs in conjunction with the expansion of the Group's own fleet of ships. In contrast, expenses for sub-contracted ship-owners were down slightly.

Personnel expenses were down over EUR 1.1 million year-on-year in the first half of the current financial year. Average employee capacity fell from 66 to 46 as expected. The decrease is due mainly to the sale of the Real Estate segment in the second half of 2020 and the reduction in the number of employees in staff functions.

Other operating expenses amounted to EUR 2.0 million and are therefore consistent with the equivalent period in the previous year. They include expenses for legal, auditing and advisory costs of EUR 0.6 million (equivalent period in the previous year: EUR 0.6 million), rental and leasing expenses of EUR 0.4 million (equivalent period in the previous year: EUR 0.4 million) and insurance costs and fees of EUR 0.3 million (equivalent period in the previous year: EUR 0.2 million).

Depreciation, amortisation and impairment on intangible assets and property, plant and equipment was down EUR 0.2 million. Scheduled depreciation of ship assets was up EUR 0.9 million compared to the equivalent period in the previous year due to the fleet expansion. Scheduled depreciation of intangible assets was down EUR 1.1 million due to lower impairment losses for purchased service agreements.

At EUR 8.6 million, **operating earnings (EBIT)** and thus the operating result of the ER Group, were significantly higher than in the equivalent period in the previous year (EUR 1.8 million).

The **non-operating result** for the ER Group for the first half of 2021 was down EUR 0.9 million and amounted to EUR -1.1 million. The non-operating result for the reporting period includes in particular expenses from the reimbursement of charter revenue in the previous year of EUR 0.7 million. Income from the reduction of liabilities of EUR 0.3 million was included in the equivalent period in the previous year. The result from exchange rate differences was negative at EUR 0.1 million.

Net interest and investment income amounted to EUR -0.4 million in the first half of 2021 and was EUR 0.7 million lower than the figure for the equivalent period in the previous year. The decline is due mainly to lower income from distributions from affiliated companies and equity interests of EUR 1.3 million. Net interest, however, was up EUR 0.3 million.

Earnings before tax (EBT) for the first half of the year of EUR 7.1 million were up on the corresponding figure for the previous year (EUR 1.9 million).

After the deduction of profit attributable to non-controlling interests of EUR 2.4 million, **consolidated net income for the period after non-controlling interests,** was EUR 4.4 million higher in the reporting period than the corresponding figure for the previous year (EUR 1.8 million).

1.3. OPPORTUNITIES AND RISKS

The opportunities and risks for the business of the ER Group were described in detail in the opportunities and risks section of the 2020 Annual Report (see pages 49 to 57). The risk management system in place in the ER Group is also explained here. In principle, these statements continue to apply unchanged.

I. OPPORTUNITIES

The performance of the international shipping markets and the container shipping market that is particularly relevant for the ER Group has improved yet again since the end of the year. Charter rates reached historic highs in June 2021. This will have a positive effect particularly on the earnings situation of the ER Group, which is party to this positive performance since it has concluded new charter agreements. The situation is not expected to deteriorate, at least in the short term (for a detailed presentation of the forecast for the shipping markets, see section D 'Forecast').

II. RISKS

Certain parameters have changed in comparison with the 2020 Annual Report for the following risks.

INCOME AND LIQUIDITY RISKS ARISING FROM CLAIMS FOR DAMAGES

Claims made by investors against ER Group companies for the rescission of fund investments and damages based on liability in respect of information contained in prospectuses amounted to around EUR 24.2 million as at 30 June 2021 (31 December 2020: EUR 24.6 million). These claims will be asserted in full through legal action. The extent to which claims will be successful is evaluated monthly as part of the risk management process. As at 30 June 2021, the enforceability of claims based on liability in respect of information contained in prospectuses of EUR 12.7 million (31 December 2020: EUR 13.2 million) is estimated to be very unlikely and of EUR 11.5 million (31 December 2020: EUR 11.4 million) to be unlikely. As at 30 June 2021, no provisions were formed for liability risks in respect of information contained in prospectuses (31 December 2020: also no provisions).

The ER Group is defending itself against these claims and will take legal action to recover any damages if appropriate. At the present time, however, it cannot be ruled out that individual investors might be successful with their claims against companies in the ER Group.

RISKS FROM CONTINGENT LIABILITIES IN THE CONTEXT OF PRODUCT GUARANTEES

In order to secure its guarantee products as intended, the ER Group has given guarantees to banks, which in turn should guarantee the repayment of invested capital for these products. How the latent risk of claims under one of these company guarantees evolves depended to a large extent on the income generated in future by the underlying assets funds. These have been continuously reviewed and evaluated by Risk Management. The ER Group's guarantees to one bank were terminated during the reporting period due to sufficient fund distributions. The maximum risk of EUR 0.9 million as of 31 December 2020 has therefore been eliminated in full.

1.4. FORECAST

The **global economy** is recovering from the COVID-19 crisis. There is also hope of dynamic recovery in the second half of 2021 as well. According to forecasts by the International Monetary Fund (IMF), growth prospects for the industrialised countries have improved considerably. The IMF has raised its growth forecast for the USA significantly to 7.0% for 2021 accordingly. According to the IMF, US gross domestic product (GDP) will be 4.9% for the coming year. For poorer developing and emerging countries on the other hand, the outlook has worsened, as economic growth is directly dependent on their access to coronavirus vaccines. According to the IMF forecast, the global economy as a whole will grow 6% this year and 4.9% in 2022. This growth will be driven by more robust growth in the industrialised countries (4.4%) and by significant increases in government spending in the USA and the EU. According to IMF estimates, the GDP of emerging and developing countries will increase by 5.2% which would represent an increase of 0.2 percentage points compared to the April estimate. The IMF is generally raising its forecasts for the eurozone slightly, from 4.4% to 4.6% (2021) and 3.8% to 4.3% (2022) respectively.

Germany is expected to see growth of 3.6% for 2021 as a whole and 4.1% in 2022. In April, the IMF was still forecasting lower growth of 3.4% for 2022. Export growth will continue to forge ahead, driven by unchanged buoyant demand from abroad. According to the ifo Institute, the generally favourable outlook is reflected in the business expectations of German companies that have improved significantly over the last few months. According to Deutsche Bank's forecast, the significant growth in exports will gradually level off, which, together with high industrial capacity utilisation, will support corporate investment. Private consumption will continue to

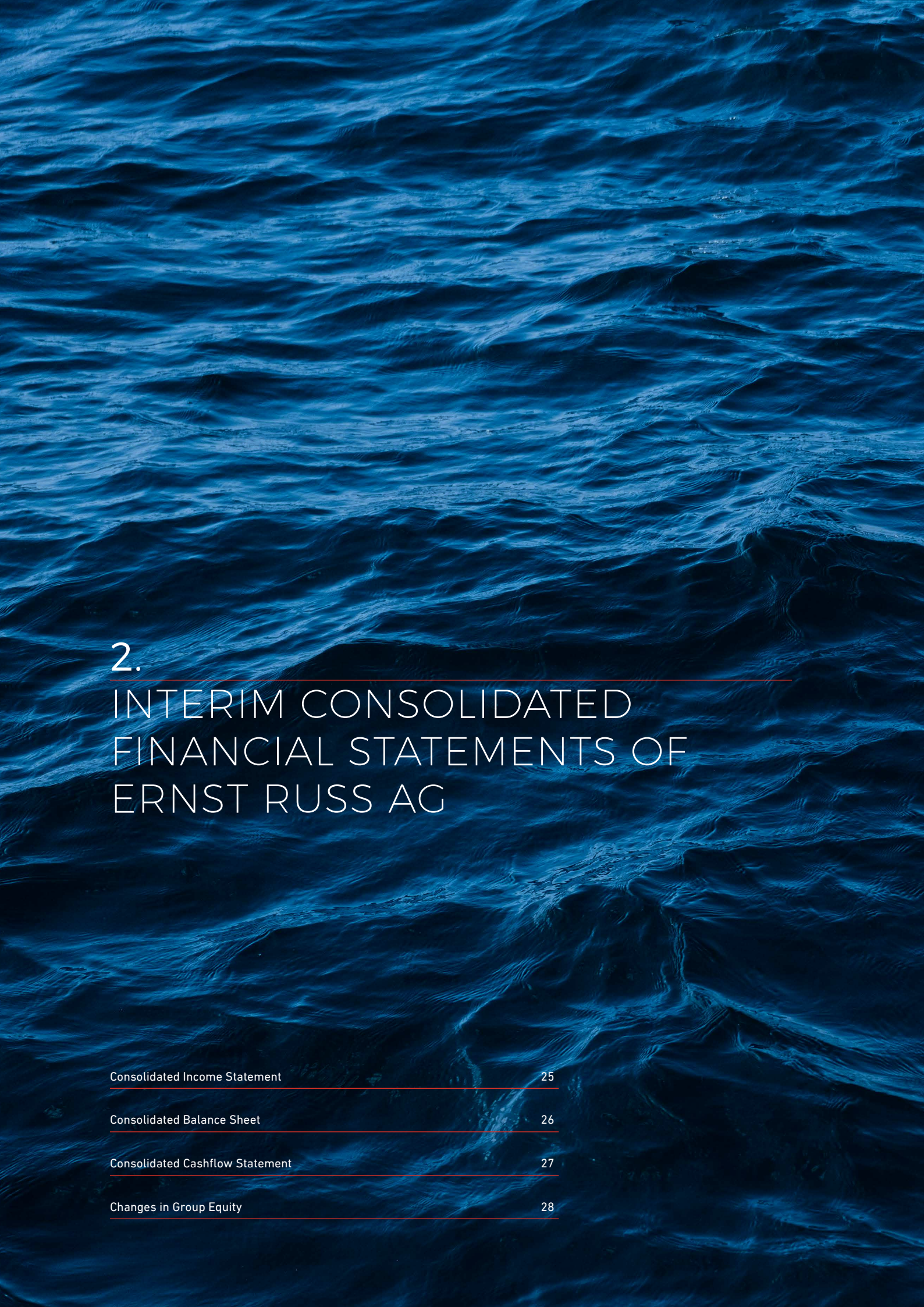
grow extraordinarily strongly. The underlying assumption here is that the coronavirus-related restrictions will be lifted in the early months of next year. According to the Bundesbank's estimates, private consumption will then temporarily exceed its expansionary path, which is based on income growth, because some of the additional savings accumulated during the pandemic will be spent. Fiscal support, which broadly cushioned losses of income in 2020 and 2021, will largely cease to apply in 2022. The outlook for the German economy is therefore very favourable overall: The rapid recovery from the crisis continues in a temporarily strong upswing that is gradually losing momentum. After the massive slump of 5% last year, calendar-adjusted real GDP could grow strongly this year and in the following year at slightly below 4% and over 5% respectively. The outlook for the industrial economy as a whole remains bullish in view of the positive order situation, the optimistic mood among companies and the good economic situation in important sales markets in Asia and the United States.

Strong growth in **container shipping** will continue to be driven by pent-up demand, economic stimuli and an improving macroeconomic environment. Logistical disruptions and congestion in some ports will continue to have an impact. The short-term consequences for the container market are positive. Clarksons is forecasting strong growth of 6.3% for container trade in 2021. Fleet capacity is expected to grow moderately by 4.5% in 2021 and 2.6% in 2022. However, the recent surge in orders should lead to a significant acceleration in growth in 2023 as over 2 million TEU are already scheduled for delivery in 2023. A slowing down of rates from current record levels seems possible as disruptions subside and demand 'normalises'. However, this could lead to a shift in spending back to the service sector. Limited supply growth in 2022 could provide renewed support before the capacities delivered may exert pressure in 2023.

Clarksons is currently expecting demand in the global seaborne **bulker market** to grow 4% in 2021 as a whole (4.3% in ton-miles) with iron ore (+4%) and cereals trade (+4%) on track to continue the strong growth seen in 2020. Clarksons is forecasting that trade in minor bulk cargoes such as fertilisers, steel and cement (-2% in 2020; +4% for 2021) will see a significant recovery from last year's COVID-19 related disruption. In 2021 as a whole, the bulk carrier fleet is expected to grow by a relatively low 3.3% (in dwt) before growing by around just one percent in 2022. While earnings could potentially decline from current highs over the course of 2021, if demand weakens or conditions change, the short-term outlook is positive. Overall, economic experts forecast that the volume of trade in the bulk sector will develop positively into 2022 (approximately 2.5% growth in demand versus approximately 1% growth in the fleet), assuming a positive mood in the global economy and limited supply and/or supply growth. Risks arising from volatilities in the coal trade and from unforeseeable changes in energy supply remain.

Expectations for the **performance of the ER Group** in 2021 were described in detail on pages 60 – 61 of the english version of the 2020 Annual Report.

Against the backdrop of the ongoing positive development of the shipping markets and the largely secured employment situation of the fleet of ER Group for the 2021 financial year, the management board of Ernst Russ AG can on this base specify its forecast to the effect that for the full year 2021, revenue is now expected to be in a range of EUR 85 and EUR 90 million and an operating result (consolidated net income before interest and tax, adjusted for non-operating expenses and income) of between EUR 24 and EUR 26 million. The forecast is based, among other things, on the assumptions of a continuously stable development of the charter markets, a scheduled technical availability of our fleet of 98% and an average exchange rate of USD 1.20/EUR.



2.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF ERNST RUSS AG

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CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

IN EUR THOUSAND	NOTE*	1/1 – 30/6/2021	1/1 – 30/6/2020
1. Revenue	(3)	39,577	28,929
2. Decrease/increase in unfinished products		0	-1
3. Other operating income	(4)	2,107	2,221
4. Cost of materials and services	(5)		
a) Raw materials, consumables and supplies		-747	-1,040
b) Purchased services		-23,250	-17,289
5. Personnel expenses			
a) Wages and salaries		-2,280	-3,156
b) Social security contributions, retirement and other benefits		-419	-623
- of which for retirement benefits EUR -16 thousand (previous year: EUR -33 thousand)			
6. Depreciation			
a) on intangible assets and property, plant and equipment	(6)	-3,993	-4,311
b) on current assets, to the extent that they exceed the normal level for the company		-483	-1,179
7. Other operating expenses	(7)	-3,517	-2,377
8. Net income from investments in associates		92	0
9. Income from equity interests		815	1,958
- of which from affiliates EUR 44 thousand (previous year: EUR 870 thousand)			
10. Income from other securities and loans held as financial assets		0	16
11. Other interest and similar income		709	764
12. Amortisation of financial assets and current securities	(8)	-136	-351
13. Interest and similar expenses		-1,424	-1,630
14. Income taxes	(9)	-286	-233
- of which expenses due to changes in deferred taxes EUR 54 thousand (previous year: income EUR 2 thousand)			
15. Earnings after tax		**6,765**	**1,698**
16. Other taxes		-2	-48
17. Consolidated net income for the period including non-controlling interests		**6,763**	**1,650**
18. Consolidated net income for the period attributable to non-controlling interests		-2,384	173
19. Consolidated net income for the period after non-controlling interests		**4,379**	**1,823**
20. Profit carried forward		16,216	12,087
21. Consolidated net income		**20,595**	**13,910**

* The figure relates to the explanation in the condensed notes to the interim consolidated financial statements.

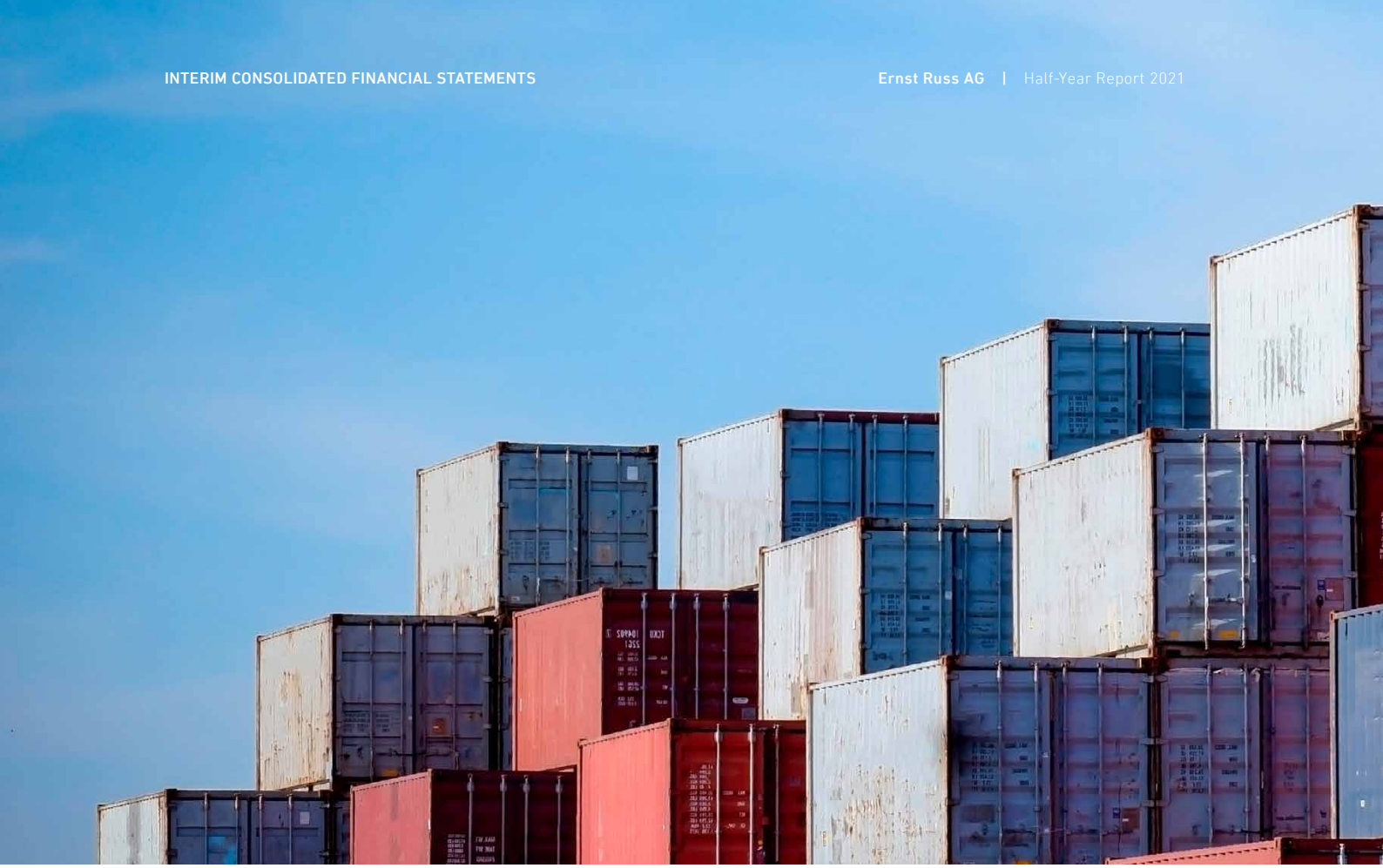
CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2021

ASSETS IN EUR THOUSAND	30/6/2021	31/12/2020
A. Fixed assets	**138,466**	**131,792**
I. Intangible assets		
1. Purchased service agreements	339	445
2. Purchased concessions and licences	261	259
3. Goodwill	2,501	2,796
4. Down payments made	5	0
II. Property, plant and equipment		
1. Ships	127,510	119,738
2. Buildings on third-party land	0	49
3. Other equipment, operating and office equipment	42	49
4. Down payments made and asset in the course of construction	521	0
III. Financial assets		
1. Interests in affiliated companies	1,122	512
2. Investments in associates	2	1,715
3. Equity interests	3,489	3,662
4. Loans to investees and investors	2,223	2,413
5. Non-current securities	451	154
B. Current assets	**32,891**	**30,087**
I. Inventories		
Raw materials, consumables and supplies	1,356	954
II. Receivables and other assets		
1. Trade receivables	3,829	2,018
2. Receivables from affiliates	148	30
3. Receivables from investees and investors	926	870
4. Other assets	7,139	17,022
III. Cash at hand and bank balances	19,493	9,193
C. Prepaid expenses	**1,803**	**933**
D. Deferred tax assets	**496**	**554**
Total equity and liabilities	**173,656**	**163,366**

EQUITY AND LIABILITIES IN EUR THOUSAND	30/6/2021	31/12/2020
A. Equity	**89,155**	**80,140**
I. Subscribed capital	32,434	32,434
II. Capital reserves	6,657	6,657
III. Accounting profit	20,595	16,216
IV. Other comprehensive income	1,512	2,164
V. Non-controlling interests	27,957	22,669
B. Negative goodwill	**523**	**523**
C. Provisions	**6,266**	**6,493**
1. Provisions for pensions and similar obligations	1,577	1,577
2. Provisions for taxes	369	568
3. Other provisions	4,320	4,348
D. Liabilities	**76,164**	**75,417**
1. Liabilities to banks	62,169	60,725
2. Trade payables	3,673	3,340
3. Liabilities to affiliates	382	112
4. Liabilities to investees and investors	4,849	4,844
5. Other liabilities	5,091	6,396
E. Deferred income	**1,518**	**759**
F. Deferred tax liabilities	**30**	**34**
Total equity and liabilities	**173,656**	**163,366**

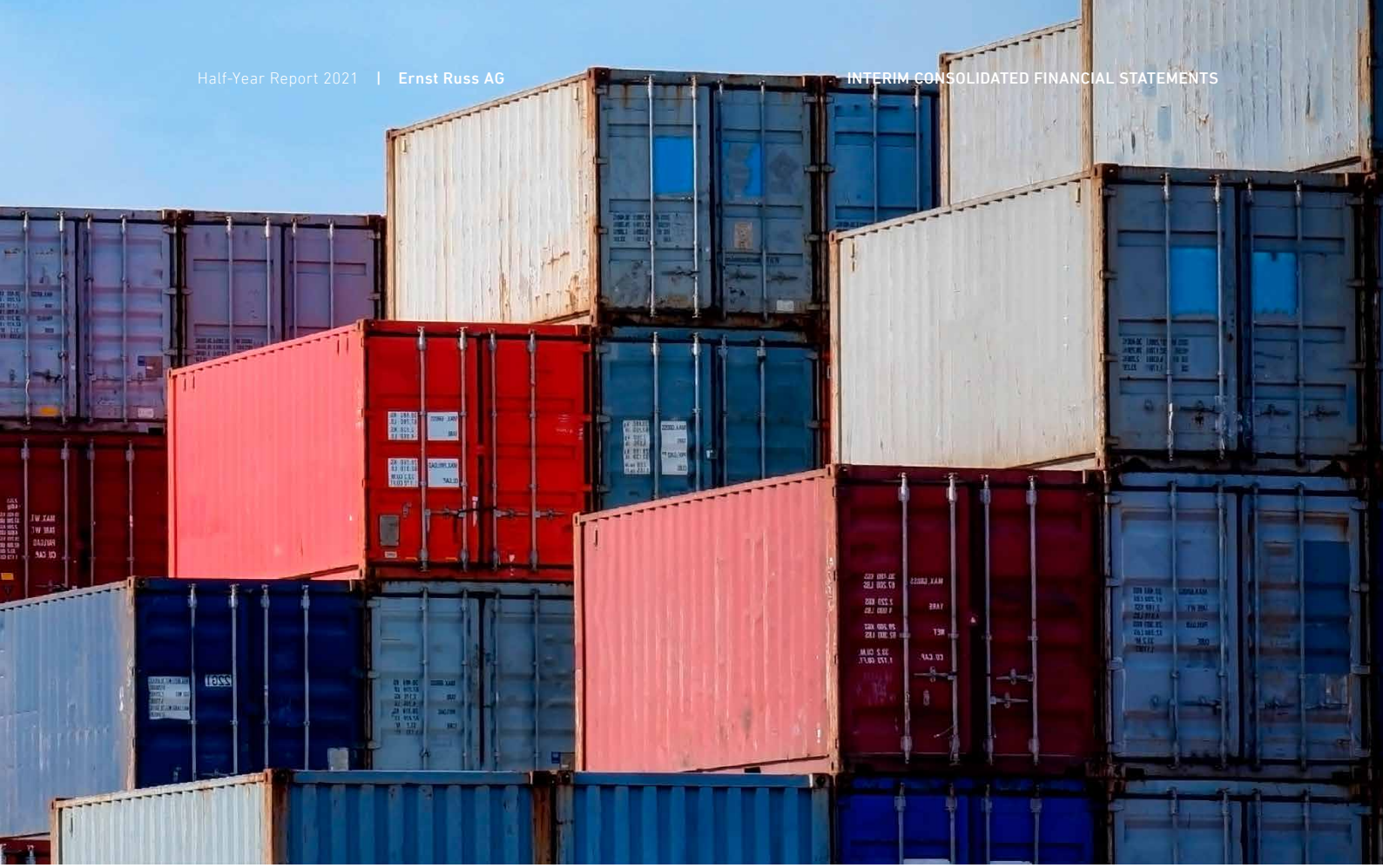
CONSOLIDATED CASHFLOW STATEMENT

IN EUR THOUSAND	1/1 – 30/6/2021	1/1 – 30/6/2020
Consolidated net income for the period, including income attributable to non-controlling interests	**6,763**	**1,650**
Depreciation, amortisation, impairment charges and write-ups on fixed assets	4,108	4,619
Decrease in provisions	4	-185
Other non-cash expenses/income	1,377	815
Decrease/increase in inventories, trade receivables and other assets not attributable to investing or financing activities	-1,775	-1,597
Decrease/increase in trade payables and other equity and liabilities not attributable to investing or financing activities	1,893	-1,779
Gains (+)/ losses (-) on the disposal of fixed assets	45	-154
Interest expenses/income	715	866
Other investment income	-815	-1,958
Income tax expenses/income	286	233
Income tax payments	-477	548
Cashflow from operating activities	**12,124**	**3,058**
Cash outflows for investments in intangible fixed assets	-30	0
Cash inflows from the disposal of property, plant and equipment	3	21
Cash outflows for investments in property, plant and equipment	-1,422	-19
Cash inflows from disposals of financial assets and other current assets	3,632	3,660
Cash outflows for investments in financial assets and other current assets	-662	-258
Change in cash and cash equivalents due to additions to and disposals from the group of consolidated companies	1,593	0
Interest received	94	113
Dividends received	183	1,683
Cashflow from investing activities	**3,391**	**5,200**
Cash inflows from capital contributions from other shareholders	788	0
Cash inflows from the issuing of bonds or taking up of loans	2,814	3,770
Cash outflows for the repayment of bonds and borrowing	-6,834	-7,136
Interest paid	-1,383	-1,622
Cashflow from financing activities	**-4,615**	**-4,988**
Net change in cash and cash equivalents	**10,900**	**3,270**
Change in cash and cash equivalents due to exchange rates	-109	6
Change in cash and cash equivalents due to scope of consolidation	-491	0
Cash and cash equivalents at the beginning of the period	9,193	10,008
Cash and cash equivalents at the end of the period	**19,493**	**13,284**

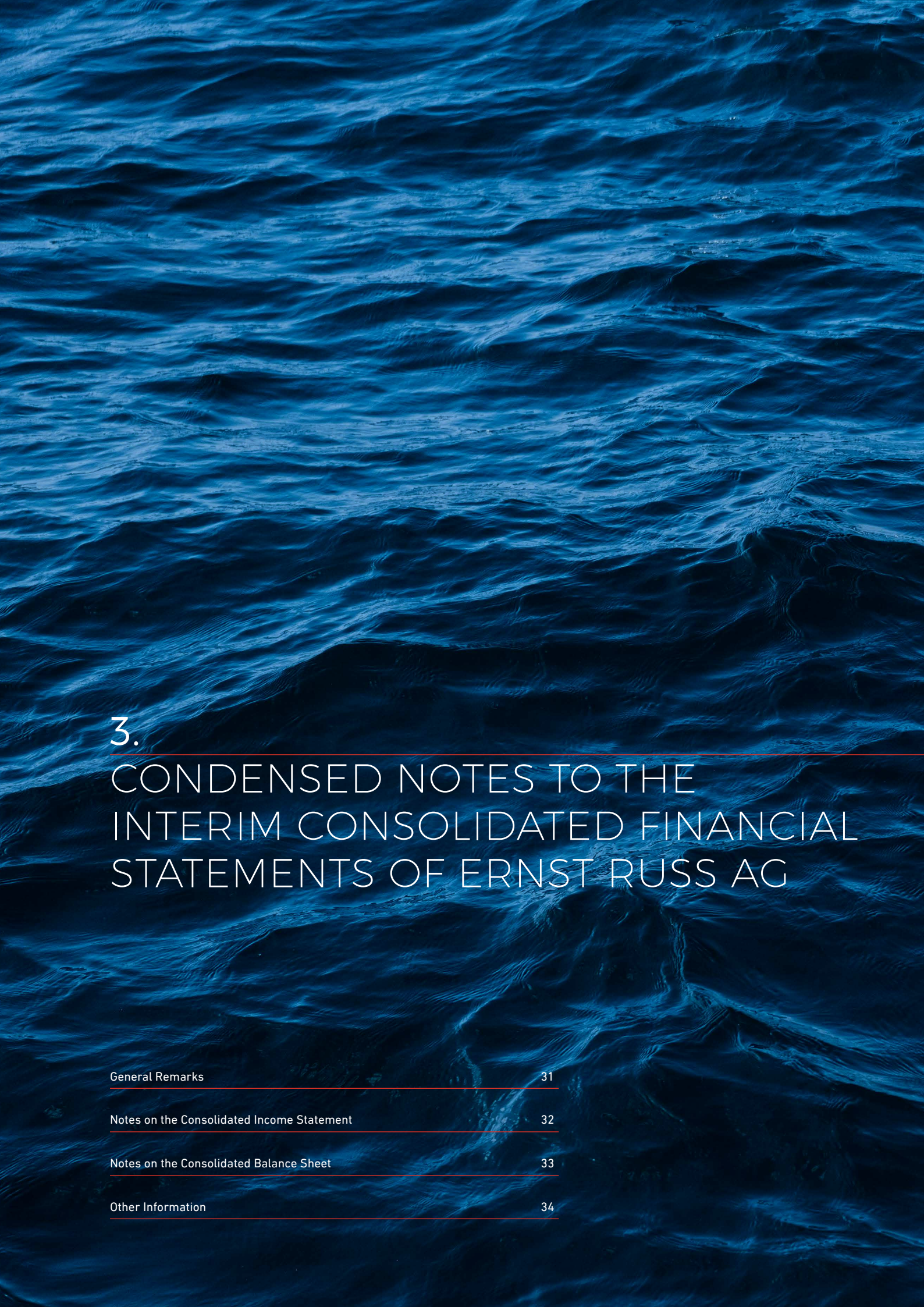


CHANGES IN GROUP EQUITY

IN EUR THOUSAND	SUBSCRIBED CAPITAL	CAPITAL RESERVES		EQUITY OF THE
		SECTION 272 (2) NOS. 1-3 HGB	SECTION 272 (2) NO. 4 HGB	TOTAL
As at 1/1/2020	**32,434**	**5,695**	**962**	**6,657**
Consolidated net profit	0	0	0	0
Currency translation	0	0	0	0
Changes in the consolidated group of companies	0	0	0	0
Total	0	0	0	0
As at 30/6/2020	**32,434**	**5,695**	**962**	**6,657**
As at 1/1/2021	**32,434**	**5,695**	**962**	**6,657**
Consolidated net income for the period	0	0	0	0
Currency translation	0	0	0	0
Allocations to reserves	0	0	0	0
Changes in the consolidated group of companies	0	0	0	0
Total	0	0	0	0
As at 30/6/2021	**32,434**	**5,695**	**962**	**6,657**



PARENT COMPANY			NON-CONTROLLING INTERESTS	GROUP EQUITY
GROUP EQUITY GENERATED	OTHER COMPREHENSIVE INCOME	TOTAL	EQUALISATION ITEMS FOR NON-CONTROLLING INTERESTS	TOTAL
ACCOUNTING PROFIT	EQUALISATION ITEMS FOR TRANSLATION OF ACCOUNTS IN FOREIGN CURRENCIES			
12,087	**239**	**51,417**	**17,332**	**68,749**
4,129	0	4,129	607	4,736
0	1,925	1,925	0	1,925
0	0	0	4,730	4,730
4,129	1,925	6,054	5,337	11,391
16,216	**2,164**	**57,471**	**22,669**	**80,140**
16,216	**2,164**	**57,471**	**22,669**	**80,140**
4,379	0	4,379	2,384	6,763
0	-652	-652	0	-652
0	0	0	788	788
0	0	0	2,116	2,116
4,379	-652	3,727	5,288	9,015
20,595	**1,512**	**61,198**	**27,957**	**89,155**



3.
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF ERNST RUSS AG

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GENERAL REMARKS

(1) INFORMATION ABOUT THE COMPANY AND GROUP

Ernst Russ AG, whose place of business is Elbchaussee 370, 22609 Hamburg, Germany is registered in the commercial register of the Hamburg District Court under HRB 93324.

The company's share capital of EUR 32,434,030.00 is divided into 32,434,030 no-par registered shares.

Ernst Russ AG has been publicly listed since 2005 and its shares have been traded on the Entry Standard of the Deutsche Börse AG in Frankfurt and the Mittelstandsbörse in Hamburg since May 2012. Deutsche Börse AG replaced its Entry Standard with the 'Scale' listing segment for growth companies as of 1 March 2017. Ernst Russ AG was one of the first companies forming part of the new Deutsche Börse Scale listing segment on 1 March 2017. Since 16 December 2019, the Scale segment has been part of what is known as the 'SME growth market'. This is a new category of multi-lateral trading platforms in Europe which are designed specifically for small and medium-sized enterprises ('SME' for short) and comply with EU-wide standards.

As at 30 June 2021, according to information available to the company, 12,386,630 shares (38.2%) were held by Jochen Döhle, Germany, or companies controlled or significantly influenced by him, 5,215,596 shares (16.1%) by Hamburg Commercial Bank AG (formerly HSH Nordbank AG), 2,953,302 shares (9.1%) by JaJo Beteiligungsgesellschaft mbH & Co. KG and 2,075,415 shares (6.4%) by MS 'CORDULA' Schiffahrtsgesellschaft mbH & Co. KG. The remaining shares make up the free float.

Ernst Russ AG and its subsidiaries (hereinafter referred to as 'ER Group') form a ship-owner group with its registered office in Hamburg The Group's business activities include in particular maritime shipping operations with owned and chartered vessels, ship-owner and shipbroking activities, including freight brokerage and chartering as well as the provision of ship-owner services and all kinds of commercial and technical advisory services. According to the Articles of Association, the object for which the company is established is also to provide services relating to real estate, such as fund, asset and property management. Since the Real Estate segment has now been disposed of, this business purpose is no longer pursued. The Group is also active in the management of fund assets (asset management) as well as in the structuring and distribution of financial and investment products, particularly in the areas of maritime shipping and real estate. Activities relating to the structuring and distribution of investment products are not pursued at present. The business purpose can also be achieved in whole or part through subsidiary and associated companies.

In accordance with Section 317 HGB, the interim financial statements and the interim management report have not been audited or reviewed by the auditors.

(2) ACCOUNTING METHODS

The interim consolidated financial statements of Ernst Russ AG as at 30 June 2021 were prepared in accordance with Sections 290 et seq. HGB.

The accounting methods applied to the interim consolidated financial statements of the ER Group are the same as those applied to the consolidated financial statements as at 31 December 2020. The interim consolidated financial statements as at 30 June 2021 should therefore be read in conjunction with the consolidated financial statements as at 31 December 2020.

NOTES ON THE CONSOLIDATED INCOME STATEMENT

(3) REVENUE

Revenue is made up as follows:

IN EUR THOUSAND	1/1 – 30/6/2021	1/1 – 30/6/2020
Shipping	33,668	18,979
Management Services	6,094	10,226
Other services	263	153
Consolidation	-448	-429
Total revenue	**39,577**	**28,929**

Revenue for the prior-year period has been adjusted to reflect the new segmentation. Revenue under 'Consolidation' relates to intra-Group revenue of the Management Services segment along with the Shipping segment.

(4) OTHER OPERATING INCOME

Other operating income amounted to EUR 2,107 thousand (equivalent period in the previous year: EUR 2,221 thousand) and is due to insurance payments of EUR 820 thousand (equivalent period in the previous year: EUR 30 thousand), income from currency translation of EUR 611 thousand (equivalent period in the previous year: EUR 171 thousand) and income from the reversal of provisions of EUR 119 thousand (equivalent period in the previous year: EUR 579 thousand). In the equivalent period in the previous year, this item included income of EUR 308 thousand from the writing off of liabilities.

(5) COST OF MATERIALS

Expenses for raw materials, consumables and supplies consisted of expenses for lubricants and fuel in connection with ship operations.

Expenses for purchased services essentially included ship operating costs of EUR 19,179 thousand (equivalent period in the previous year: EUR 13,195 thousand) and expenses for third-party crewing services of EUR 3,406 (equivalent period in the previous year: EUR 3,397 thousand) and expenses related to the sub-management of ships of EUR 630 thousand (equivalent period in the previous year: EUR 551 thousand).

(6) DEPRECIATION, AMORTISATION AND IMPAIRMENT ON INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Of the depreciation, amortisation and impairment figure of EUR 3,993 thousand (equivalent period in the previous year: EUR 4,311 thousand), EUR 424 thousand (equivalent period in the previous year: EUR 1,658 thousand) related to scheduled amortisation of intangible assets and EUR 3,569 thousand (equivalent period in the previous year: EUR 2,653 thousand) related to scheduled depreciation of property, plant and equipment.

(7) OTHER OPERATING EXPENSES

Other operating expenses of EUR 3,517 thousand (equivalent period in the previous year: EUR 2,377) include expenses for legal, auditing and advisory costs of EUR 570 thousand (equivalent period in the previous year: EUR 618 thousand), rental and leasing expenses of EUR 378 thousand (equivalent period in the previous year: EUR 422 thousand) and currency translation expenses of EUR 753 thousand (equivalent period in the previous year: EUR 305 thousand). This item also includes expenses arising from the repayment of charter revenue from the previous year of EUR 730 thousand. The repayment for the previous year led to an increase in charter revenue of EUR 2,503 thousand for the ship company for the current financial year.

(8) AMORTISATION OF FINANCIAL ASSETS AND CURRENT SECURITIES

Impairment charges related mainly to equity interests of EUR 132 thousand (equivalent period in the previous year: EUR 226 thousand).

(9) INCOME TAXES

Income taxes, including taxes for previous years, of EUR 286 thousand (equivalent period in the previous year: EUR 233 thousand), included current tax expenses of EUR 232 thousand (equivalent period in the previous year: EUR 235 thousand) as well as deferred tax expenses of EUR 54 thousand (equivalent period in the previous year: tax income of EUR 2 thousand).

NOTES ON THE CONSOLIDATED BALANCE SHEET

(10) EQUITY

(A) SUBSCRIBED CAPITAL

The company's share capital of EUR 32,434,030.00 is divided into 32,434,030 no-par registered shares. In a resolution passed on 2 June 2021, the Annual General Meeting authorised the Executive Board, with the approval of the Supervisory Board, to increase the share capital by up to EUR 16,217,050.00 until 1 June 2026 by issuing new registered shares on one or more occasions for subscription in cash or in kind (Authorised Capital 2021). If the share capital is increased by cash contribution, the shareholders must be given subscription rights. In accordance with Section 186 (5) of the German Stock Corporation Act (AktG), the new shares can also be acquired by a bank with the obligation to offer them for subscription to shareholders. However, subject to the approval of the Supervisory Board, the Executive Board is authorised to exclude shareholders' rights on one or more occasions

- for fractional amounts,
- if it is necessary to grant holders of bonds with conversion or option rights or a conversion obligation, issued by the company or its group companies, the right to subscribe to new shares to the extent of their entitlement after they have exercised their conversion or option rights or conversion obligation,
- In the event of a capital increase for cash if the issue price of the new shares is not materially – as defined in Section 186 (3) sentence 4 AktG – below the market price for the company shares of the same type and the shares issued excluding subscription rights in line with Section 186 (3) sentence 4 AktG do not exceed ten percent of the share capital, either at the time this authorisation takes effect or the time it is exercised. To be included in this cap are those shares issued or to be issued to fulfil bonds with conversion or option rights or conversion obligations, if these bonds were issued by the company or any of its subsidiaries during the period of this authorisation and exclude subscription rights with the corresponding application of Section 186 (3) sentence 4 AktG. Also to be included in this cap are the treasury shares sold if the sale takes place during the period of validity of this authorisation and excludes subscription rights in accordance with Section 186 (3) sentence 4 AktG,
- in the event of a capital increase for subscription in kind.

The Executive Board is also authorised, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation, particularly the nature of the share rights and the terms of the share issue. The Supervisory Board is authorised to amend the articles of association in accordance with the utilisation of the authorised capital.

In addition, the Executive Board is authorised to increase the company's share capital by up to EUR 16,217,015.00 by issuing up to 16,217,015 new registered shares (Contingent Capital 2021). Contingent capital will only be used insofar as

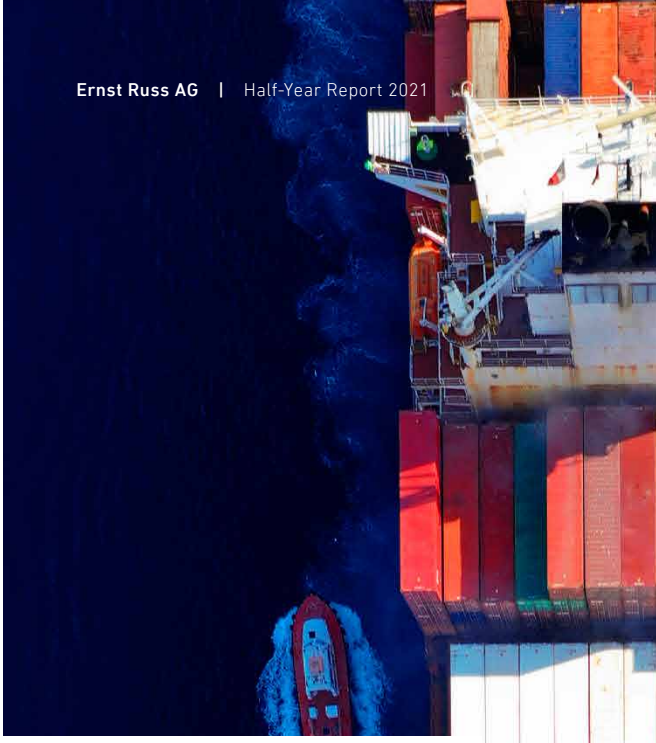
- the holders or creditors of bonds with conversion or option rights issued by the company or its direct or indirect majority holdings on the basis of the authorisation granted by the Annual General Meeting on 2 June 2021 actually make use of their conversion or option rights, or
- the holders or creditors of bonds with conversion obligations issued by the company or its direct or indirect majority holdings on the basis of the authorisation granted by the Annual General Meeting on 2 June 2021 meet their conversion obligations

and insofar as they are not compensated in cash or other existing shares are used. New shares are issued at the option or conversion price determined in accordance with the authorisation granted by the Annual General Meeting on 2 June 2021. The new shares are entitled to company profits from the beginning of the financial year in which they are created by the exercise of conversion or option rights or by the fulfilment of conversion obligations.

The Executive Board is authorised to determine the further details of implementing the contingent capital increase. The Supervisory Board is authorised to amend the articles of association as the contingent capital is used. The same applies if the authorisation dated 2 June 2021 to issue convertible bonds or warrants is not exercised during its period of validity and if the contingent capital is not used after the expiry of the exercise periods for options or conversion rights or for fulfilling conversion or option obligations.

(B) OTHER COMPREHENSIVE INCOME

Changes in the fair value of available-for-sale financial instruments and equalisation items from the translation of financial statements in foreign currencies are recognised in Other comprehensive income.



OTHER INFORMATION

(11) CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The acquisition costs of fund interests held by companies in the ER Group on their own account were reduced by EUR 0.4 million (31 December 2020: EUR 0.4 million) in the consolidated financial statements as of 30 June 2021 to reflect liability claims in accordance with Sections 171 and 172 (4) HGB.

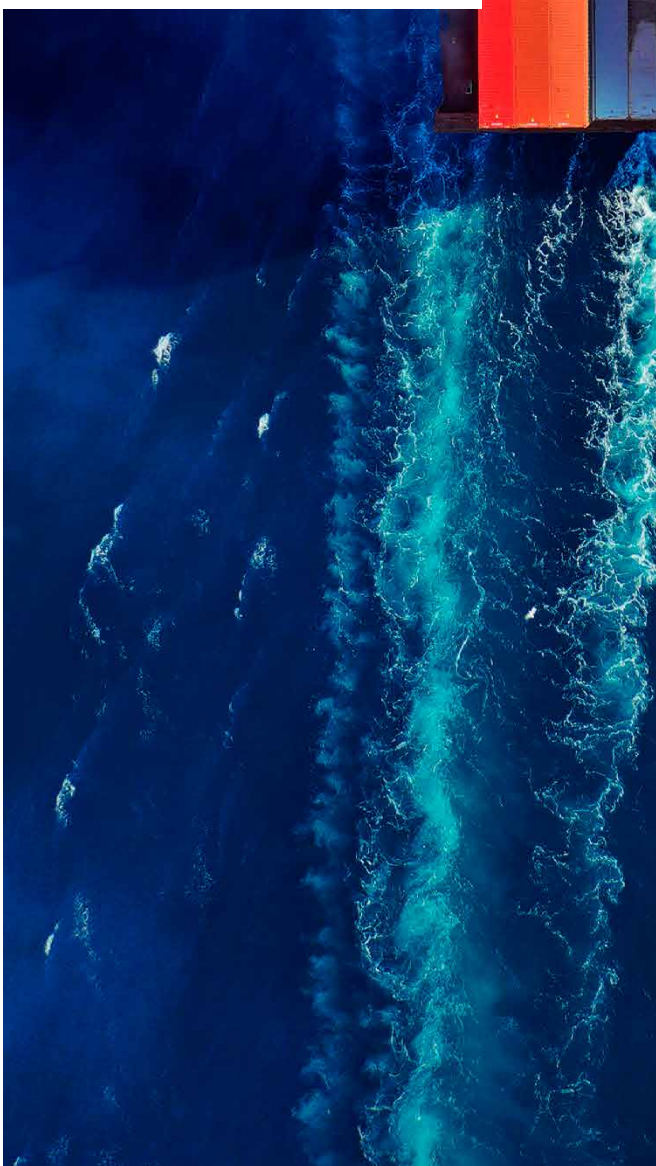
As at 30 June 2021, there were the following additional contingent liabilities and other financial obligations:

	30/6/2021			31/12/2020		
	EUR THOUSAND	EUR THOUSAND	USD THOUSAND	EUR THOUSAND	EUR THOUSAND	USD THOUSAND
Guarantees and other obligations	5,320	5,236	100	6,250	6,168	100
Future payments in operating leases	794	794	-	791	791	-

There are no contingent liabilities or other financial obligations in respect of non-consolidated affiliated subsidiaries.

(12) EVENTS AFTER THE REPORTING DATE

No events of material importance for the assets, financial position and earnings of the ER Group have occurred to date in the course of business after 30 June 2021.



(13) SUPERVISORY BOARD AND EXECUTIVE BOARD

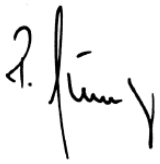
The Supervisory Board of Ernst Russ AG was composed of the following members in the first half of the 2021 financial year:

- Mr Alexander Stuhlmann, management consultant, Hamburg (Chairman)
- Mr Harald Christ, Management Consultant, Berlin (since 15 June 2021, Deputy Chairman since 22 June 2021)
- Mr Jochen Thomas Döhle, Managing Partner of Peter Döhle Schiffahrts-KG, Hamburg (Deputy Chairman until 22 June 2021)
- Mr Ingo Kuhlmann, Managing Partner of RTC Beteiligungen GmbH, Sittensen
- Mr Robert Lorenz-Meyer, Management Consultant, Hamburg

The following is appointed as a member of the Executive Board:

- Mr Robert Gärtner, businessman, Schliersee

Hamburg, 23 August 2021



Robert Gärtner

CEO of Ernst Russ AG

DISCLAIMER

FORWARD-LOOKING STATEMENTS

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.

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IMPRINT

PUBLISHED BY

Ernst Russ AG
Elbchaussee 370
22609 Hamburg, Germany

PRINT AND FINISHING

Druck- und Verlagshaus
Fromm + Rasch GmbH & Co. KG
Breiter Gang 10 – 16
49074 Osnabrück

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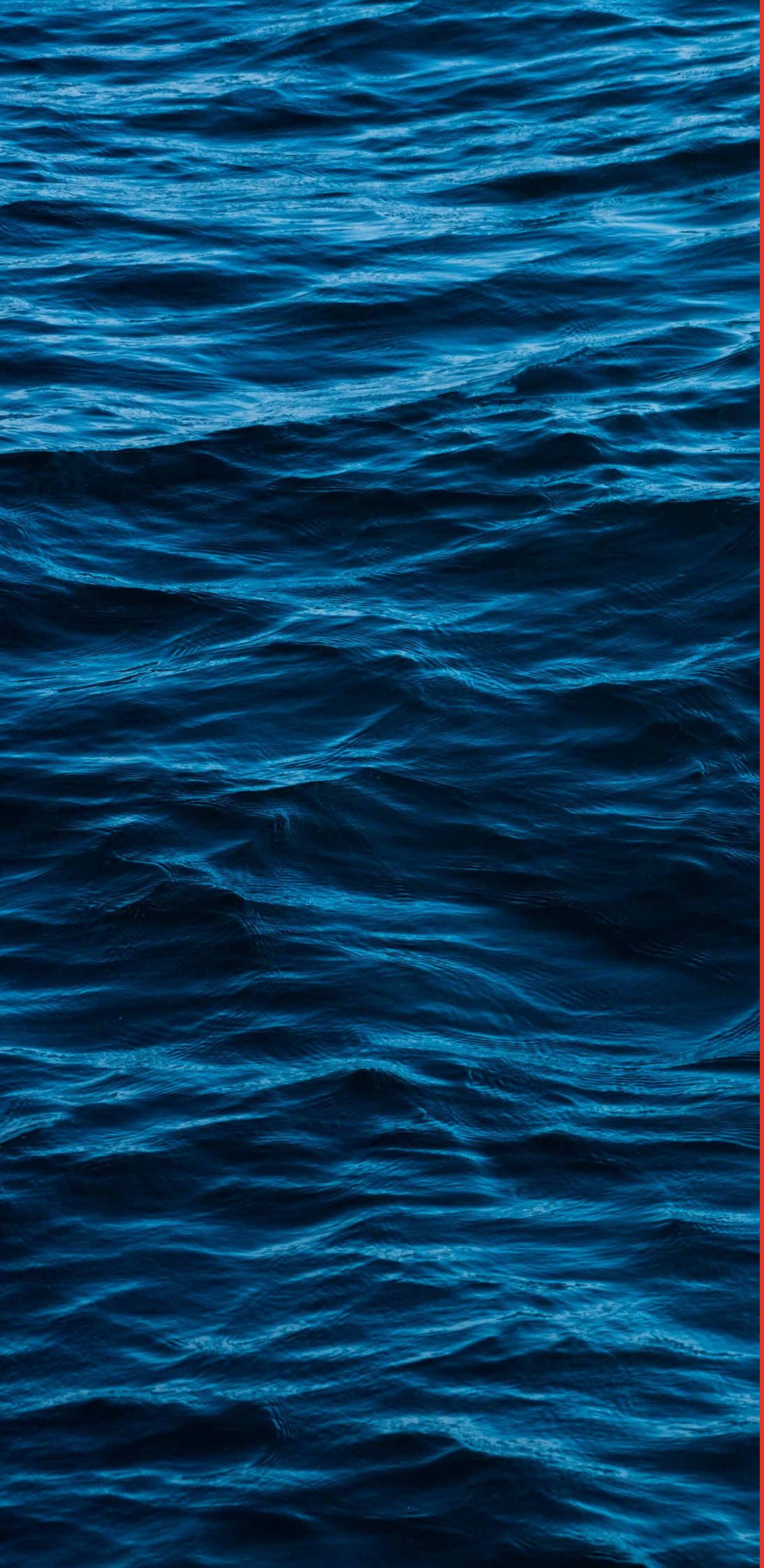
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