MPC CONTAINER SHIPS ASA

ANNUAL REPORT 2020

CONTENTS

BOARD OF DIRECTORS' REPORT

BUSINESS OVERVIEW AND CORPORATE DEVELOPMENT

MPC Container Ships ASA (the “Company” or “MPCC”, together with its subsidiaries the “Group”) was incorporated on 9 January 2017 as a private limited liability company under the laws of Norway, and converted to a Norwegian public limited liability company on 16 January 2018. The Group's principal business activity is to invest in and operate maritime assets in the container shipping segment. As a dedicated owner and operator of container ships, the Group has a focus on feeder vessels, mainly between 1,000 and 3,000 TEU, that are chartered out to liner shipping companies and regional carriers.

On 14 February 2020, the Company announced the successful completion of an equity private placement supported by three large shareholders, the private placement was later approved by the extraordinary general meeting at 9 March 2020. In the transaction the Company issued 7,250,000 new shares at a subscription price of NOK 17.25 per share, thereby raising NOK 125 million to ensure additional liquidity for general corporate purposes.

Following the outbreak of COVID-19, the Group experienced significantly reduced charter rates and utilization of the fleet due to the low containerized freight volumes globally in the first half of 2020. The Group’s financial position was severely affected and the economic downturn prompted an immediate need for the Group to take certain measures and secure additional liquidity in order to safeguard values for stakeholders. Accordingly, during the third quarter, the Company completed an equity private placement with gross proceeds of NOK 260 million and a subsequent offering raising NOK 35 million. Additionally, MPC Container Ships Invest B.V., a wholly owned subsidiary of the Company, received support for certain amendments under its bond agreement. The amendments included a waiver of the LTV covenant and reduced minimum liquidity restrictions until, but excluding, 31 December 2021 and a six-month bond maturity extension. After completing the recapitalisation process during Q3 2020, the Group was equipped with a comfortable liquidity runway and well-positioned to benefit from an improving charter market.

After the recapitalisation was completed in the beginning of August, the year 2020 proved to be unexpected volatile, with the extraordinary v-shaped recovery for container shipping industry the during the latter half. Tonnage providers such as the Company are greatly benefitting from the sharp upturn in charter rates, albeit with a certain time lag as the customers in a such market usually exhaust their pre-recovery charter parties to the fullest. Accordingly also the earnings for the last two quarters of 2020 were still heavily affected by the depressed market during the spring and summer months of 2020 after the COVID-19 outbreak.

However, with the strong charter market in the fourth quarter of 2020 and the continuing significant improvement into 2021 where the strong market momentum has pushed charter rates to 10-year highs whilst extending achievable charter periods. The Group, in the midst of these ideal market dynamics has re-chartered out the majority of its fleet. As such, the Group are accumulating a sizeable charter backlog and secured earnings. As of mid-March, the Group has secured approximate 70% of the total trading days for 2021, leading to an estimated secured revenue of USD 166 million.

Key performance indicators 2020:

- Total ownership days of the vessels fully owned were 21,616 (2019: 21,900)
- Total trading days of fully owned vessels were 19,377 (2019: 19,380)
- The utilization in 2020 was 91.6% (2019: 92.9%)
- Average time charter equivalent (“TCE”) was USD 8,102 per day in 2020 (2019: USD 8,885 per day)
- Average operating expenses (“OPEX”) were USD 4,918 per day in 2020 (2019: 5,005 per day)
- Equity ratio as at 31 December 2020 was 56.5% and the leverage ratio was 40.8%

Fleet changes

The Group entered into new Memorandum of Agreements at 26 May 2020 and 3 July 2020, for the sale of AS Leona and AS Lauretta respectively, after the initial buyers not were able to perform under the initial contracts as entered into on 5 February 2020. The sale of these vessels was conducted in a weak second hand market to strengthen and ensure liquidity in a charter market heavily affected by the COVID-19 outbreak. Accordingly the Group recognized a loss of USD 2.5 million on the sales in 2020, which was presented as impairment charges.

At 2 October 2020 and 10 December 2020 the Group entered into sale agreements for the TEU 1,200 vessel AS Fiona and the TEU 1,000 vessel AS Laguna, respectively, where the loss between the agreed sales price and the carrying amounts of USD 1.7 million for AS Fiona and USD 2.6 million for AS Laguna, was included as impairment charges.

At 7 December 2020, the Group entered into a purchase agreement for the TEU 3,500 vessel AS Nadia (former known as Nordspring), which were delivered to the Group during January 2021.

Subsequent to 31 December 2020, the Group has entered into a sale agreement for AS Frida, a TEU 1,300 vessel, which will be delivered to its new owners during the first half of 2021.

The selective sales conducted during the second half of 2020 and the beginning of 2021, has been completed as strategic portfolio optimization and risk reduction measures, to prepare to comply with financing arrangements and to ensure liquidity to acquire a younger and larger vessel and thereby improve the portfolio. With replacing smaller and older tonnage with larger and younger in the same time and market, the Group have secured a significant charter backlog and reduced the overall risk exposure of the Group.

CONSOLIDATED FINANCIAL STATEMENTS

Income statement

The Group and the container shipping market were heavily impacted by the outbreak of COVID-19 in 2020. Following the outbreak in the beginning of 2020, the Group experienced significantly reduced charter rates and utilization of the fleet due to the low containerized freight volumes globally in the first half of 2020. Following this, the container shipping market during the second half of 2020 had a v-shaped recovery leading to low number of idle vessels and a significant increase in charter rates. Due to these impacts in the charter market, the Group's revenues and earnings was reduced in 2020 compared to 2019, as set out below. Additionally the net profit for the year decreased due to impairment charges of USD 9.0 million (2019: USD 2.6 million) and increased depreciations, mainly from the scrubber installations and other regulatory capex.

The Group's vessels are chartered out on time charter contracts to global and regional liner shipping companies. Operating revenues during 2020 were USD 171.9 million (2019: USD 184.7 million). Vessel-related expenses were USD -147.1 million (2019: -152.2 million), resulting in a gross profit from vessel operations including share of profit from joint venture of USD 25.7 million (2019: 32.1 million).

The Group's earnings before interest tax and depreciations ("EBITDA") was USD 16.2 million compared to USD 25.3 million in 2019.

Loss before tax was USD -64.4 million (2019: USD -39.7 million), and income tax expenses were USD 0.1 million (2019: USD 0.1 million), resulting in a loss for the period of USD -64.5 million (2019: USD -39.7 million).

Earnings per share

Basic and diluted earnings per share for the year were negative with USD -0.27 (2019: USD -0.47) and USD -0.27 (2019: USD -0.47), respectively.

Financial position

The Group's total assets amounted to USD 678.1 million as at 31 December 2020 (USD 718.1 million as at 31 December 2019). Non-current assets in the amount of USD 617.2 million reflects the carrying amounts of the vessels operated by the Group including the equity investments into a joint venture holding 8 additional vessels.

Total equity was USD 383.0 million as at 31 December 2020 (USD 410.5 million as at 31 December 2019) with non-controlling interest of USD 1.7 million. The change in equity during 2020 mainly relates to the net loss for the period of USD 64.5 million and to the negative change of USD 5.3 million for the hedging reserves, partly offset by the private placements concluded in March and July and the subsequent offering in August 2020, raising a total of USD 42.2 million net of share issuance costs. As at 31 December 2020, the Group had interest-bearing debt in the amount of USD 276.9 million (USD 279.6 million as at 31 December 2019). The decrease in long-term debt is due to repayments of debt offsetting issuance of USD 4.1 million new bonds as payment-in-kind interest, accrued interest and amortization of capitalized loan fees and premiums.

Cash flow

For 2020 the Group reports an operating cash flow of USD 16.5 million (2019: USD 24.5 million), where the decrease is caused mainly by the implications on the charter market caused by the COVID-19 pandemic as described above. The cash flow from investing activities was negative by USD 29.4 million (2019: Negative by USD 55.9 million), mainly due to investments and upgrades on the vessels. And the cash flow from financing activities was positive by USD 12.0 million (2019: USD 11.3 million) after the proceeds from the share issuances net of USD 42.1 million, partly offset by regular interest payments.

Cash and cash equivalents as at 31 December 2020 were USD 39.3 million (31 December 2019: USD 26.8 million).

PARENT FINANCIAL STATEMENTS

Income statement

Revenues during 2020 were USD 16.5 million (2019: USD 14.3 million). Payroll and other operating expenses were USD -20.3 million (2019: USD -21.2 million), resulting in an operating result of USD -3.8 million (2019: USD -6.9 million). Net financial income/expense was negative by USD 0.2 million (2019: positive by USD 5.7 million).

Losses before tax were USD -3.6 million (2019: USD -1.2 million), resulting in a net loss for the period of USD -3.6 million (2019: USD -1.1 million). The Board of Directors has proposed that the net loss for the period is allocated to retained losses.

Financial position

The Company's total assets amounted to USD 491.5 million as at 31 December 2020 (USD 454.2 million as at 31 December 2019). Non-current assets in the amount of USD 483.2 million (2019: USD 445.6 million) comprise mainly of equity investments into affiliated companies.

Total equity was USD 490.0 million as at 31 December 2020 (2019: USD 451.5 million). Total liabilities were USD 1.4 million at 31 December 2020 (2019: USD 2.7 million).

Cash flow

During 2020, the Company generated a negative cash flow from operating activities of USD 3.0 million (2019: positive by USD 9.7 million). The cash flow from investing activities into vessels and joint venture investments was USD -39.2 million (2019: USD -27.4 million). The positive cash flow from financing activities of USD 42.1 million (2019: negative by USD -1.1 million) is due to the capital increases during 2020.

The total net change in cash and cash equivalents in 2020 was USD -1.0 million (2019: USD -18.8 million).

Cash and cash equivalents as at 31 December 2020 are USD 3.1 million (31 December 2019: USD 3.2 million).

Dividend considerations

The Company's intention is to pay regular dividends in support of its objective of maximizing returns to shareholders. The timing and amount of dividends is at the discretion of the Board of Directors. Any future dividends proposed will depend upon the Group's financial position, earnings, debt covenants, distribution restrictions, capital requirements, investment opportunities, and other factors. The Board of Directors has proposed to not declare any dividend based on the 2020 financial statements.

GOING CONCERN

In accordance with the Norwegian Accounting Act § 3-3a, the Board of Directors confirm that the going concern assumption on which the financial statements have been prepared, is appropriate. This assumption is based on budgeted future cash flows for 2021 and the Group's long-term strategic forecasts.

WORK ENVIRONMENT AND EQUAL OPPORTUNITIES

The Group is still in an operational growth phase. As at 31 December 2020, the Group employs 21 people. Offshore personnel operating the Group's vessels is not employed by the Group, however we have high focus on health and safety on board on our vessels and no significant accidents have occurred in 2020.

The working environment is considered to be good, and efforts for improvements are made on an on-going basis through among others employee development review and feedback sessions with the individual persons. No leave of absence, incidences or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year.

The Norwegian Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, language, religion and faith. The Group is working actively, determined and systematically to encourage the act's purpose within our business, and aims to be a workplace with equal opportunities. This is reflected in the Company's Code of Conduct, applicable to all entities controlled by the Company and all employees, directors, officers and agents.

As at 31 December 2020, the Board of Directors consists of two women and three men. The executive management consists of two men (following the entrance of the new CFO Dr. Benjamin Pfeifer by 1 January 2021).

INTERNAL CONTROLS AND RISK MANAGEMENT

In accordance with the principles underlying value-based management, the Board of Directors places great importance on systematic risk management. This is done not only to satisfy the requirements set out by law, but also to ensure the Company's governance in a highly dynamic market environment by identifying existing and potential risk exposures.

Through (i) quarterly reviews of the Company's most prominent areas of risk exposure and its internal control arrangements, (ii) management guidelines and (iii) the appointment of a dedicated risk management unit to perform risk monitoring and provide regular risk management updates to the Risk & Audit Committee, the Board of Directors aims to ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities.

CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

Good corporate governance is a prerequisite for cooperation based on trust between the owners, the Board of Directors and management of the Group, with a view of achieving long-term growth. Of equal importance is the Company's corporate social responsibility, which shall be reflected in our core values, the quality of our work and services, and in our entire range of activities. The Company shall:

- operate our business with integrity and respect laws, different cultures and human dignity;
- operate our business in accordance with fundamental human rights as enshrined in the United Nations Universal Declaration of Human Rights and follow the standards of the International Labour Organization, which are guiding principles encouraged and implemented by the European Union;
- show consideration for the local communities in which we are a part of, and emphasise spin-off effects of the Company's activities;
- contribute to learning and distribution of knowledge; and
- establish long-term working relationships and utilize the shipping sector's expertise for the further development of the industry.

The Board of Directors actively adheres to good corporate governance standards and will ensure that the Company either complies with or explain possible deviations from the Norwegian Code of Practice for Corporate Governance (the "Code"). The Code can be found at www.nues.no.

As at 31 December 2020, there are no significant deviations between the Code and how the Company complies with the Code. The corporate governance principles of the Company are adopted by the Board of Directors.

Please see the Corporate Governance Report and our Corporate Social Responsibility Statement embedded in this Annual Report and the 2020 Sustainability Report published as a separate document on the Company's website: www.mpc-container.com. The Corporate Governance Report, Corporate Social Responsibility Statement and the Company's Code of Conduct may also be found on the Company's website: www.mpc-container.com.

CONTAINER MARKET UPDATE

COVID-19: The Container Vessel Market on a Roller Coaster Ride in 2020

In 2020, the COVID-19 pandemic put the container vessel market on a roller coaster ride. Due to lockdowns in major western economies in H1 2020 and a resulting drop in demand, 2020 will enter the books as a year of global recession, already compared with the Great Depression in the 1930s. GDP growth was negative in most industrialized economies, leading to a global GDP growth of -3.5%. Only the Chinese Economy grew with 2.3%, nevertheless the slowest pace since four decades. World trade in 2020 declined -9.6%.[1]

End of April 2020, container trade growth for full year 2020 was forecasted with -11%[2] and analysts expected 2020 to be one of the worst years for container trade ever. With the ease of lockdowns in May 2020, markets started to recover. While macroeconomic numbers recovered only slightly and stepwise, the container vessel market saw and unexpected fast and strong bounce back, outperforming every expectation.

Following a V-shaped recovery, container volumes jumped back on track and full year demand forecasts was continuously revised upwards. Finally, 2020 will experience "only" a slight decline of seaborne container trade of -1.1%.[3] With the tremendous bounce back in trade volumes, freight rates increased to record high numbers, time-

[1] International Monetary Fund, World Economic Outlook Update, January 2021.
[2] Clarkson Research, Container Intelligence Monthly, Volume 22, No. 4 (April)
[3] Clarkson Research, Container Intelligence Monthly, Volume 23, No. 2 (February).

charter rates followed in tandem and the idle statistics decreased to record low levels. The strong market momentum encouraged investors. US-listed shipping stocks started the first week of 2021 with a roar (+12.8% on average). Secondhand transactions and new-build orders increased and so did secondhand prices, whereas scrapping came nearly to a halt at the end of 2020.

Therefore, the container vessel market started into 2021 with strong momentum, historical proper fundamentals and excess demand expectations for two to three years at least. Neither the continuously growing numbers of new COVID-19 infections worldwide nor the second wave of lockdowns around the globe seem to lower container vessel market expectations. The reason lies within an interplay of trade volumes, equipment shortage, a shift in consumer behavior (from non-tradable local services to consumption goods, fueled by monetary and fiscal stimuli), a change in global sourcing patterns (more diversified sourcing strategies), the need of increasing corporate inventory levels (to cushion risks of a future demand dip) and a wise capacity management of a consolidated liner industry.

Container Demand

Despite the fast and significant bounce back of trade volumes, 2020 will see one of the worst years for container trade ever. Full year TEU demand is calculated with -1.1%. The main downturn occurred in H1 2020. After the ease of lockdowns in the US and Europe in May 2020, container demand recovered significantly and unexpected fast. Operators started to increase capacity with a remarkable rebound on Transpacific and North-South trades, where capacity soon reached higher levels than pre-crisis levels.

Currently, container demand growth is forecasted with 5.7% in 2021. As it is still early in the year, this number will be impacted by how much the second wave of lockdowns affects retail trade and, thus, also container demand.[4] Full year demand expectations are even stronger for intra-regional trades with 7.6%[5].

Mid-term demand forecasts for the Container Vessel Market are encouraging as well. Demand growth is currently estimated with an average annual growth rate of 5.2% until the end of 2025. Numbers are even more favorable for smaller and intermediate vessels as demand growth on intra-regional trades (the main deployment of vessels smaller 6,000 TEU) is relative strong with an average annual growth rate of 5.6% until 2025.[6] A possible rethinking of global production patterns towards more regional diversification can be expected to have additional positive implications on intra-regional trades (especially in Asia) and to increase the need for small and flexible container vessels.

Fleet Development

Regarding the supply side of the container vessel market, the global container fleet comprises currently 5,445 vessels with a total capacity of 23.8 million TEU. The feeder fleet (1,000 to 3,000 TEU) amounted to 1,975 vessels with a total capacity of 3.6 million TEU.[7]

The COVID-19 induced lockdowns made vessel handovers impossible for a while so that deliveries and scrapping came nearly to a halt in Q2 2020. With the ease of lockdowns, demolition peaked in June and July. As soon as vessel owners got aware of the increased market momentum and respective earnings possibilities, scrapping came nearly to a halt again in Q4 2020. In full year 2020, 80 vessels with a capacity of 214 thousand TEU have been scrapped (compared to 93 vessels with a capacity of 267 thousand TEU in 2019). In the feeder segment (1,000 - 3,000 TEU), 45 vessels with 67 thousand TEU have been deleted, compared to 61 vessels and 93 thousand TEU in 2019. In the Classic Panamax segment (3,000 - 6,000 TEU), 16 vessels with 79 thousand TEU have been scrapped in 2020, compared to 17 vessels with 81 thousand TEU in 2019.[8]

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[4] Ibid.
[5] Maritime Strategies International, Horizon, 16 February 2021.
[6] Ibid.
[7] Clarkson Research, Shipping Intelligence Network, 17 March 2021.
[8] Ibid.

New-build deliveries have been very low in 2020. 137 container vessels with a capacity of 854 thousand TEU have been delivered. While numbers for 2019 have already been relative low, still 165 container vessel deliveries have been recorded with 1.1 million TEU capacity. In the feeder segment (1,000 to 3,000 TEU) 90 vessels have been delivered in 2020 (with 185 thousand TEU capacity) compared to 84 vessels delivered in 2019 (153 thousand TEU).[9]

With 12% of the total fleet (2.9 million TEU capacity), the order book is currently at low levels. The lowest order book was observed in October 2020 with 8% and 1.9 million TEU. Due to the current market momentum, also new-build orders increased. In Q4 2020, vessels with a total capacity of 654 thousand TEU have been ordered. The Feeder order book (1,000 - 3,000 TEU) is also at record low levels with 298 thousand TEU (8% of the feeder fleet). Compared with the total fleet, feeder orders did increase only marginal in Q4 2020. Ordered vessels in the Classic Panamax segment (3,000 - 6,000 TEU) is still relative low (40 vessels), but the number increased significantly from only 13 vessels in January 2021 which are currently on order (157 thousand TEU, 3% of the respective fleet). Planned delivery of feeder vessels is slightly larger in H1 2021 than afterwards. As of August 2021, monthly new-build deliveries will be at a low level, at least until the end of 2022. Difficulties to decide about the right propulsion technology are expected to put restrictions on new orders, especially in the feeder segment.[10]

Analysts nevertheless expect orders to increase in the coming two years due to the average age of the total fleet. The current age of the total fleet is 13.5 years. In 2011, the current fleet age was 9 years. Smaller vessels (sub-panamax) are aging more notably: 880 vessels smaller 4,000 TEU are currently 20 years or older. Analysts expect this number to increase to 1,150 vessels in 2025.[11]

Supply / Demand Balance

Accordingly an excess demand situation is expected for the coming years. The expected demand growth in 2021 of 5.7% will most likely outperform supply growth, currently forecasted with 3.9%. An even stronger excess demand is expected for smaller vessel sizes. Demand growth on intra-regional trades is forecasted with 7.6% in 2021 and the number of vessels smaller than 5,200 TEU are expected to grow with only 0.3% in 2021.

Current forecasts for 2022 are even better. The total fleet is expected to grow with only 1.9% and the size cluster of vessels smaller than 5,200 TEU to decrease with 0.6%. Container demand growth for 2022 is forecasted with 3.7% and intra-regional trade demand with 6.3%.[12]

Charter Market

With the recovery of traded TEU volumes, also the charter market improved to levels not seen since a decade. A wise capacity management of the liners, equipment shortage on main shipping hubs, increased trade flows and a shift in consumer behaviour from non-tradable local services to consumption goods pushed freight rates to historical high numbers. The SCFI Comprehensive increased from 1,050 in July 2020 to 2,876 in March 2021. The increase of freight rates started on Transpacific trades and followed on North-South trades and meanwhile Asia – Europe trades as well. Shippers from Asia to Europe have already been asked to pay in excess of USD 10 thousand / 40ft container.[13]

Freight rates also increased on intra-regional trades. Rates on Intra-Asia trades e.g. increased from 852 USD/ 40ft in May 2020 to 1,512 USD/ 40 ft in February 2021 (+78%) and box rates on Intra-Europe trades from 930 USD/ 40 ft to 1,400 USD/ 40ft (+50%).[14]

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[9] Ibid.
[10] Ibid.
[11] Braemar, Container Market Developments Weekly, Week 6 2021, 1 February 2021.
[12] Clarkson Research, Container Intelligence Monthly, Volume 23, No. 2 (February).
[13] Clarkson Research, Shipping Intelligence Network, 17 March 2021.
[14] Drewry, Container Freight Rate Insights, 17 March 2021.

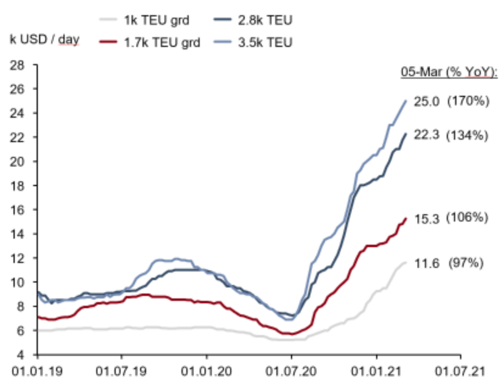
Lagged by one to two months, also time-charter rates increased to record high numbers. The Clarksons Time-Charter Rate Index increased from 44 points in July 2020 to 108.34 points in February 2021.[15]

Time charter rates (6-12 months) at 5 March 2021: [16] (See figure below)

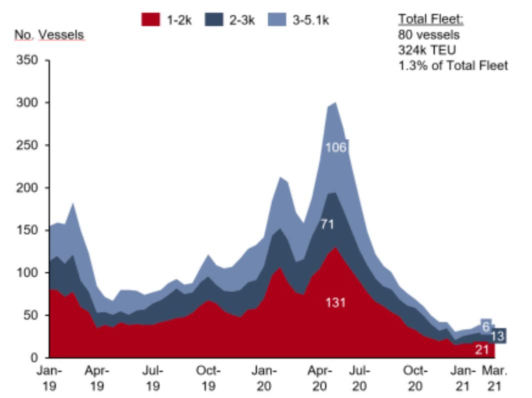
- 1,000 TEU grd: USD 11,600 (+97% YoY)
- 1,700 TEU grd: USD 15,250 (+106% YoY)
- 2,750 TEU: USD 22,250 (+134% YoY)
- 3,500 TEU: USD 25,000 (+170% YoY)

Idle numbers decreased significantly since June. As of 1 March, only 80 vessels have been idle across all size segments (324k TEU and 1.3% of the total fleet). The feeder idle statistics decreased by around 80% to only 34 idle vessels (1-3k TEU segment). The idle number for vessels between 3,000 - 5,100 TEU decreased from 106 in June 2020 to 6 in March 2021 (-91%).[17] (See figure below)

TIME-CHARTER RATE DEVELOPMENT



IDLE STATISTICS (ALPHALINER, AS OF 1 MAR)



With the upswing in the charter market, also the charter duration and other contract details got more favourable for vessel owners. The average charter period for smaller vessels (1,000 - 5,100 TEU) increased from 4.2 months in June 2020 to 11.9 months in December 2020. The min-max redelivery spread decreased from 3.4 months in June 2020 to 1.5 months in December 2021.[18]

Asset Prices

With the improvement of the market momentum, also second hand sales activity and prices increased. During Q4 2020 65 container vessel sales were completed. Prices increased from USD 3.75 million for a ten year old 1,000 TEU vessel in June 2020 to USD 6.5 million in February 2021. For a ten year old 1,700 TEU vessel, the price increased from USD 6 million in June 2020 to USD 11 million in February 2021 and from 8m USD to USD 15 million for a 10 year old 2,800 TEU vessel. [19]

For new-building prices, a such increasing tendency has not yet been seen. New building prices are currently (as of 22nd January 2021) at USD 41 million for a 3,500 – 4,000 TEU vessel, at USD 30.5 million for a 2,800 TEU vessel,

[15] Clarkson Research, Shipping Intelligence Network, 17 March 2021.
[16] Ibid.
[17] Alphaliner, Weekly Newsletter, Volume 2021 Issue 10.
[18] Clarksons Research, Shipping Intelligence Network, 17 March 2021.
[19] Ibid.

at USD 23.5 million for a 1,700 TEU vessel and at USD 19 million for a 1,000 TEU vessel. It is important to note, however, that the observation of prices are based on vessels with traditional forms of propulsion. Consequently, price reductions may have only limited effects on attracting new orders as propulsion uncertainties add additional market entry barriers.[20]

Market Outlook

COVID-19 and the imposed lockdowns led to a severe global recession in 2020, affecting all major economies and a wide range of industries. Seaborne container trade saw a decrease of 1.1% in full year 2020, as demand stumbled in H1. After the ease of lockdowns in May 2020, the markets started to recover stepwise. The container vessel industry and the charter market saw an unexpected strong and fast rebound. First, the market recovered for larger sized vessels. With a lag of 2 months, the recovery started for smaller vessel sizes as well. With increasing trade volumes, a shift in consumption patterns, capacity management of liners and a shift in production and sourcing strategies, accompanied by expansive fiscal and monetary policy, the industry saw an unexpected boom in H2 2020, leading to the best market momentum and fundamentals in a decade. The further increase in COVID-19 infections and the second wave of lockdown do not seem to being able to harm the current market momentum significantly.

The proper market fundamentals provide an encouraging picture for the coming two to three years. Order books are at record low levels, freight rates and charter rates at record high levels and the idle statistic negligible. Investors already jumped on board and second hand activities and prices went upwards. Scrapping nearly came to a halt and new orders entered the books. However, as it takes time for a container vessel to be build, the new orders will not be delivered until H2 2022 and we thus do expect an excess demand situation for at least the coming two years. In addition, the charter market surge also increased the average charter duration significantly and decreased the redelivery window, that the availability of vessels will be scarce in 2021. The uncertainty surrounding future propulsion technology is an additional boundary for investors to place new-build orders and the age structure of the current operating feeder fleet points towards an increase in scrapping when the market movements get back to a more normal situation. Beyond the supply side, also trade forecasts are encouraging, especially for Intra-regional trades.

The implications of COVID-19 are also expected to induce a long-term shift in regional trade flows towards a more regionally diversified sourcing pattern. This will most likely lead to additional growth for regional trades, what can be assumed to increase the demand for smaller and more flexible container tonnage. This tendency can already be observed on intra-regional trades. While very large container vessels entered intra-regional trades in 2018, and where able to expand their share up to 3% in 2019, they left those trades in 2020 year-to-date. It has to be monitored closely, if this is a structural shift in deployment patterns or of temporary manner. The crisis is also affecting green-transition and technology standards of the industry in the long term. Several planned IMO meetings have been delayed. Major industry decisions regarding e.g. decarbonisation have been paused and there are no important decisions expected soon. On a positive note, the crisis may lead to an increased recycling of older tonnage and yards might push green-technology in light of the low new-build prices.

OUTLOOK AND STRATEGY

With the very compelling current market momentum and fundamentals the outlook for 2021 is positive for the Group. As of mid-March, the Group has fixed 70% of the total trading days in 2021, reflecting in approximate USD 166 million on contracted charter revenue. And the Group will see more vessels available for new charter parties during the next months. As such the Group is accumulating a sizeable charter backlog with an increased duration period

[20] Ibid.

and secured earnings.

With the above mentioned positive market dynamics, the Group also take pre-emptive measures by maintaining a low and sensible cash break-even, prudent leverage profile and stringent capital allocation to ensure manoeuvrability under current conditions and to benefit from positive charter market.

RISK FACTORS

The Board of Directors aims to ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's objectives and activities. Together with management, the Board of Directors has identified approximately 52 risk factors divided into seven categories.

The Risk Inventory is quantified and monitored taking a Probability-Impact approach. Each risk is assigned a Risk Owner within the Company's organization and a defined set of countermeasures and control frequencies.

A summary of the Company's risk categories is outlined below. Descriptions are not exhaustive, and the sequence of risk categories is not set out according to importance or priority.

Market and industry risks

As a supplier of ocean-going container vessels to the international sea trade, the Company is exposed to changes in trade patterns and the supply/demand for (imports/exports of) containerised goods caused by e.g. macroeconomic and geopolitical events, evidenced e.g. by the US-Sino trade tensions during 2018-19 and the outbreak of the COVID-19 pandemic during 2020. This in turn necessitates risk surveillance and mitigation procedures related to the charter market, fluctuation in vessel values and competitors, among others. The Company strives to maintain a dynamic chartering strategy, a reliable fleet and a close dialogue with the shipping market intelligence community so as to proactively adjust operations according to prevailing and future market environments.

Environmental, social and governance risks

Risks related to e.g. climate change impacts mitigation and adaptation, environmental management practices and duty of care, working and safety condition, respect for human rights, gender diversification, anti-bribery and corruption practices, and compliance to relevant laws, regulations and best-practice guidelines. Responsible business operations should also consider the impacts of megatrends (e.g. climate change), emerging regulations, voluntary guidelines as well as the requirements of wider stakeholders for transparency.

Sustainability-related topics are gaining foothold amongst stakeholders not due to specific laws or regulations mandating a new level of disclosure but as a broader understanding of the reputational and financial impact of poorly handling such issues. While the developments in the ESG ("Environmental, Social and Governance") environment is outside of the control of the Company, our attentiveness and adherence to ESG initiatives, reporting standards etc. is within the Company's scope of business as of strategic relevance.

Performance risks

The Company's performance depends heavily on technical, operational, environmental and reputational factors that carries both risks and opportunities. The Company addresses these risk and opportunities by assigning responsibilities, monitoring and reporting routines to dedicated teams within its organization (e.g. asset management, treasury and owner controlling), utilizing and continuingly develop portfolio management tools, and by engaging subject matter consultants to conduct routine compliance and quality management assessments. The Company's vessels have insurance covering (where applicable) P&I, hull & machinery, loss of hire and crew negligence. However, risks remain as to whether the vessels are covered under all conditions. Vessels carry Loss Prevention, Safety and Quality manuals to ensure sound HSE routines. Third party contracting related to the

Company’s performance shall comply with applicable laws and regulations, for instance and where applicable the International Maritime Organization’s ISM Code and the SOLAS, STCW and Maritime Labour conventions.

Legal risks

The Company is exposed to changes in legal, tax and regulatory regimes within relevant jurisdictions as well as potential private litigation and public prosecution. The Company seeks to mitigate legal risks by maintaining a well-functioning risk management system, management guidelines and dedicated compliance and legal functions.

Personnel risks

The continued progress of the Company depends heavily on the knowledge and network of key personnel as well as access to new talent. Personnel risk mitigation procedures include pre- and post-hire preparations, routine employee development reviews, jour fixes and a methodical expansion of internal resources on business-critical processes.

IT risks

IT and cyber risks make up an increasing share of a company’s risk universe. The Company purchases IT services from third parties that offer comprehensive security strategies that closely matches the Company’s business objectives.

Financial risks

The Company seeks to actively manage its financial risk exposures through the use of dedicated finance, treasury and owner controlling teams within its organization. Liquidity and covenant risks are monitored on an on-going basis, also considering latest macroeconomic events such as the COVID-19 pandemic and its implications for container shipping. Currency and interest rate risks are mitigated via financial instruments where deemed appropriate. The compliance with certain debt covenants, including covenants in relation to the market value of the Group's fleet, may be beyond the control of the Group. Outstanding interest-bearing debt on the balance sheet at 31 December 2020 is USD 276.9 million, net of debt issuance costs, which will be repaid through the cash flow generated from the vessels or through refinancing. As at 31 December 2020, the Group had no outstanding in remaining off-balance sheet capital commitments in relation to the scrubber contracts. This compared to USD 39.3 million in available liquidity as cash and cash equivalents.

Other risks

From time to time, the Company will be required to consider major business initiatives which – if implemented – entail a considerable amount of costs and resources. Moreover, if executed without due care and planning, such strategic initiatives may have a material adverse impact on the Company. The need to consider major initiatives may arise from strategic considerations or from shifts in market dynamics or regulatory changes outside of the Company's control. The Company will seek to mitigate risks arising from such initiatives, as well as all other risks not assorted into the above-mentioned six risk categories, on a case-by-case basis by implementing e.g. project steering committees comprising relevant stakeholders/expertise, be it internal or external.

FORWARD-LOOKING STATEMENTS

Forward-looking statements presented in this report are based on various assumptions. The assumptions are subject to uncertainties and contingencies that are difficult or impossible to predict. MPC Container Ships ASA cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

Oslo, 25 March 2021

The Board of Directors of
MPC Container Ships ASA

Ulf Holländer (Chairman)

Dr. Axel Schroeder

Laura Carballo

Darren Maupin

Ellen Hanetho

ESG REPORT

The Company’s ESG report for 2020 can be found on the Company’s website: www.mpc-container.com.

CORPORATE SOCIAL RESPONSIBILITY

In order to achieve the Company's objectives, it is essential that we are trusted by society. As a corporation, we must be able to efficiently manage the challenges and requirements society imposes on our activities.

The Company is engaged in the global marine transportation of containerised goods. The business activity of the Company is to invest in maritime assets with a particular focus on feeder container vessels, chartering out the vessels per time charter agreements, operate and sell them.

This report constitutes the Company's reporting according to the requirements of the Norwegian Accounting Act §3-3c on social responsibility reporting.

CORPORATE RESPONSIBILITY AND OUR PRINCIPLES

Corporate responsibility shall be reflected in our core values, in the quality of our work and services, and in our entire range of activities. There must be coherence between what we say and what we do. The Company shall:

- operate our business with integrity and respect laws, different cultures and human dignity;
- operate our business in accordance with fundamental human rights as enshrined in the United Nations Universal Declaration of Human Rights and follow the standards of the International Labour Organization, which are guiding principles encouraged and implemented by the European Union;
- show consideration for the local communities in which we are a part of, the environment in which we operate, and emphasise spin-off effects of the Company's activities;
- contribute to learning and distribution of knowledge;
- establish long-term working relationships and utilize the shipping sector's expertise for the further development of the industry; and
- meet public authorities and customers with insight, respect and understanding and in an open and appropriate manner, and treat suppliers impartially and justly.

ETHICS

The Company adheres to a Code of Conduct which requires our employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Employees must practice fair dealing, honesty and integrity in every aspect in dealing with other employees, business relations and customers, the public, the business community, shareholders, suppliers, competitors and government authorities.

When acting on behalf of the Company, employees shall not take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or other unfair dealing practices.

The Company's Code of Conduct prohibits unlawful discrimination against our employees, shareholders, directors, customers and suppliers on account of ethnic or national origin, age, sex or religion. Respect for the individual is the cornerstone of the Company's policy. All persons shall be treated with dignity and respect and they shall not be unreasonably interfered with in the conduct of their duties and responsibilities.

No employee should be misguided by loyalty to the Company or desire for the Company's profitability to disobey any applicable law or the Company's policy.

ENVIRONMENTAL IMPACT

The international shipping industry is of great economic importance, with a majority of worldwide transported goods being carried out by ocean-going ships. Such economic impact also comes with an environmental footprint

– particularly carbon and sulphur dioxides. This poses both risks and opportunities for the shipping industry due to its significance and potential role in optimising global supply chains for its customers. As in other industries, green strategies are about seizing opportunities and creating value for customers, shareholders and other stakeholders.

The industry is governed by a global and uniform regulatory framework created by the IMO. The framework has significantly contributed to lessening the industry's impact on the environment by enforcing the adoption of certain technical and operational measures to reduce the industry's impact on the environment. One of the basic frameworks of the IMO has been the International Convention for the Prevention of Pollution from Ships ("MARPOL"). Since its ratification in 1973, MARPOL has undergone numerous amendments, continuously expanding its framework to require increasing compliance from the shipping industry.

Environmental regulation affects the ownership and operation of our vessels in a significant manner. The Company is subject to international conventions and national, port state and local laws and regulations applicable to international waters and/or territorial waters of the countries in which our vessels may operate or are registered.

The environmental impact of our operations relates mainly to (i) emissions from container vessel fuel consumption, (ii) the risk of major environmental accidents and (iii) waste management including ballast water and spills and (iv) the disposal of vessels at the end of their useful life.

Our vessels run on ordinary heavy fuel oil or gasoil. The potential for major environmental accidents relates to the risk of a vessel accidentally running aground or suffering a breach, with a subsequent leak of bunker oil into the environment. The last potential impact is waste produced by the vessels, discharge of untreated ballast water and potential spills of chemicals, bilge water and sludge etc. into the environment. Discharge of untreated ballast water may potentially introduce non-native organisms into marine environments worldwide.

The Company is continuously working on optimising fleet operations in terms of e.g. speed/fuel consumption. The Company has retrofitted selected vessels with exhaust gas cleaning systems ("scrubbers") as one alternative measure to comply with the IMO's January 2020 sulphur emission cap regulation. Remaining vessels will operate on compliant low-sulphur fuel oils. Through participation in maritime environmental organisations such as the Clean Shipping Alliance 2020 and the Trident Alliance, MPCC aims to align our company with networks of like-minded industry peers and support efforts for sustainable shipping.

All of our vessels have ballast water treatment systems in place according to the IMO's Ballast Water Management Convention so as to prevent the spread of potentially harmful aquatic organisms and pathogens in the ships' ballast water.

The ship recycling industry supports the economy of many developing countries and functions as an important contributor to global sustainability by recycling metals and other components, hence extending the useful life of these resources. MPCC is committed to sustainable and socially responsible recycling of ships, thereby safeguarding the environment, human health and safety. Any recycling of owned vessels will be conducted in accordance with applicable laws and regulations, specifically in compliance with the requirements of the 2009 Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships and in respect for human rights, the Basel Convention on the Control of the Transboundary Movements of Hazardous Wastes and their Disposal and, where applicable, the EU Ship Recycling Regulation.

The Company subcontracts performance of technical ship management services to firms that have environmental policies and procedures in place. Our aim is to conduct operations with the utmost regard for the safety of employees, the public, the environment and to meet or exceed the industry and customer's requirements. Third party managers are certified according to e.g. ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (Environmental Management System), and are required to comply with applicable regulations, codes, guidelines and standards such as the IMO's ISM Code.

QUALITY, HEALTH AND SAFETY

The Company's policy is to operate our business in a manner designed to protect the health and safety of our employees, customers, the public and the environment, and in accordance with all applicable environmental and safety laws and regulations so as to ensure the protection of the environment, our personnel and property.

Our employees should conduct themselves in a manner that is consistent with this policy. Any departure or suspected departure from this policy must be reported promptly.

The Company shall be a professional and positive workplace with an inclusive working environment. All employees shall help to create a work environment free from any discrimination due to e.g. religion, skin colour, gender, sexual orientation, age, nationality, race and disability. We do not tolerate behaviour that can be perceived as degrading or threatening.

Seafarer crewing is subcontracted to third party ship managers who comply with e.g. the IMO's ISM Code, Safety of Life at Sea ("SOLAS") Convention, International Convention on Standards of Training, Certification and Watchkeeping for Seafarers as well as the ILO Maritime Labour Convention. Masters, officers and ratings must be qualified, certified and experienced in their duties. This qualification level has to be maintained by regular training and education. Accidents, incidents, near-miss incidents and non-conforming processes are investigated and deficiencies are identified, analysed and evaluated.

ANTI-CORRUPTION

Value creation at the Company must be achieved in compliance with our Code of Conduct and applicable legislation. The Company's overarching goal is to develop a corporate culture characterized by good judgement and the ability to deal with difficult situations. The Company has zero tolerance for corruption, price-fixing agreements, market sharing or other practices that hamper free competition.

Our Code of Conduct describes the Company's standards and guidelines relating to key integrity issues. The management is responsible for communicating the Company's Code of Conduct to every employee and making all employees who may be exposed to risk aware of the requirements in the anti-corruption and competition law manuals.

As part of the Company's due diligence procedures in connection with acquisitions and major investments, we assess the risk of becoming involved in breaches of anti-corruption and competition law. The Company will take necessary risk-mitigating actions to prevent independent business partners, including customers and joint venture partners, from participating in corruption or other illegal or unethical activities in connection with their business dealings with the Company.

The Company's anti-corruption policy includes the following principles:

- We do not tolerate active corruption (attempts to bribe others by e.g. offering or giving anything of value) or passive corruption (allowing oneself to be bribed by way of demanding, soliciting, receiving, accepting, etc. an offer of an improper advantage).
- Gifts must be made openly. They must not be made in the form of cash, must have a clear, legitimate basis in local business relationships and must have a minimal cash value.
- Expenses relating to travel, meals and events paid for customers or other persons must be clearly justified by business considerations, must be reasonable and well documented and must be paid openly.

- We do not tolerate acts of corruption carried out by our agents or representatives. Agents and other representatives acting on behalf of the Company must comply with the same anti-corruption standards as the Company.
- The Company must not make financial contributions to political campaigns or the like.

CORPORATE GOVERNANCE REPORT

Good corporate governance is a prerequisite for cooperation based on trust between the owners, the Board of Directors (the “Board”) and management of MPC Container Ships ASA (the “Company”, together with its subsidiaries “the Group”), with a view of achieving long-term growth.

The Board actively adheres to good corporate governance standards and will ensure that the Company either complies with or explains possible deviations from the Norwegian Code of Practice for Corporate Governance (the “Code”).

The Code can be found at www.nues.no.

As at 31 December 2020, there are no significant deviations between the Code and how the Company complies with the Code. Two deviations under Section 5 on general meetings and one deviation under Section 6 on the nomination committee have been justified and disclosed.

BUSINESS

The business activity of the Company is set out in article 3 of its articles of association: "The Company’s business activity is to (i) invest in maritime assets (vessels, shares in ship-owning companies, loans secured by vessels and/or shares in ship-owning companies) with a main focus on small-size container ships between 1,000 and 3,500 TEU, (ii) chartering-out the vessels per time charter agreements, operate and sell them as well as (iii) working-out the acquired maritime loans in order to take over the securing assets."

The Company is listed on the Oslo Stock Exchange with ticker “MPCC”.

As set out in the risk factors section in the Board of Director’s report in the FY 2020 Annual Report, the Board has defined clear objectives, strategies and risk profiles for the Company’s business activities to ensure shareholder value creation. The Board will evaluate these objectives, strategies and risk profiles on a regular basis, and routinely monitor risk exposure vis-à-vis its business objectives.

Deviations from the Code: None

EQUITY AND DIVIDENDS

Share capital

All shares issued in the Company are equal in all respects. The Company has one class of shares, each carrying one vote and an equal right to dividend. All shares are validly issued and fully paid. The shares are issued in accordance with the laws of Norway and registered in the Norwegian Central Securities Depository (VPS) with ISIN NO0010791353. As at 31 December 2020, the Company’s share capital is NOK 394,256,127 divided into 394,256,127 shares, each with a nominal value of NOK 1.00.

Any increase of the Company’s share capital must be mandated by the general meeting. If a mandate is to be granted to the Board to increase the Company's share capital, such mandate will be restricted to a defined purpose. If the general meeting is to consider mandates to the Board for the issuance of shares for different purposes, each mandate will be considered separately by the general meeting.

MPC Münchmeyer Petersen Capital AG ("MPC Capital"), through its subsidiary MPC Capital Beteiligungs-gesellschaft mbH & Co. KG has been granted warrants to subscribe for additional shares in the Company. Please refer to Note 22 of the Company's FY 2020 Annual Report for additional information.

On the Company's extraordinary general meeting held 13 July 2020, the Board was authorised to increase the Company's share capital by up to NOK 100,000,000. Subject to this aggregate amount limitation, the Board's authority may be used on more than one occasion and for such purposes as the Board finds to be in the interest of the Company, including for use in relation to a subsequent repair offering in connection with the NOK 260,000,000 private placement issued at NOK 1.00 per share announced on 6 July 2020 and resolved on the Company's extraordinary general meeting held 13 July 2020. On this basis and in relation to the NOK 35,000,000 subsequent repair offering with an issue price of NOK 1.00 per share announced on 10 July 2020, the Board authority was applied towards the issuance of all 35,000,000 subsequent offering shares as well as 1,400,000 new shares for the settlement of the underwriting commission to the underwriters of the subsequent repair offering. As at 31 December 2020, the remaining Board authority comprises a further share capital increase of up to NOK 63,600,000.

The Board's authority shall remain in force until the annual general meeting in 2021, but not later than 13 July 2021. Pre-emptive rights of existing shareholders may be set aside. The authority covers (i) capital increases against contributions in cash and non-cash, (ii) the right to incur special obligations for the Company, (iii) resolutions on mergers and (iv) takeover situations.

On the Company's extraordinary general meeting held 13 July 2020, the Board was authorised to carry out a reverse share split in a ratio of 10:1 so that 10 shares in the Company, each with a nominal value of NOK 1.00, are consolidated to 1 share with a nominal value of NOK 10.00. In carrying out a reverse share split, the total number of issued shares in the Company would be reduced accordingly. The Board is authorised to determine the date and further process for carrying out the reverse share split. As at 31 December 2020, the Board has made no plans to effectuate the aforementioned reverse share split.

Capital structure

The Board regards its capital structure and equity ratio as appropriate considering the Group's objectives, strategy and risk profile.

Dividend policy

In support of its objective of maximizing returns to shareholders, The Company's intention is to pay regular dividends by way of distributing 75% of free cash flow after CAPEX and working capital requirements, including liquidity reserves. Dividends will be proposed by the Board for approval by the general meeting. Any future dividend proposal will depend upon the financial position, earnings, debt covenants, distribution restrictions, capital requirements and other factors related to the Company and its subsidiaries.

Purchase of own shares

As at 31 December 2020, the Company owns 351,098 treasury shares. On the annual general meeting held 28 April 2020, the Board was granted authorisation to acquire shares in the Company on behalf of the Company with an aggregate nominal value of up to NOK 9,150,300 and with a consideration per share of no less than NOK 1.00 and no more than NOK 200.00. The Board's authority shall remain in force until the annual general meeting in 2021, but not later than 30 June 2021.

Deviations from the Code: None

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Equal treatment

Equal treatment of all shareholders is a core governance principle of the Company. The Company has one class of shares, and each share confers one vote at the general meeting. The articles of association contain no restrictions on voting rights and all shares have equal rights.

Transactions in own shares

The Company's transactions in own shares are carried out over the stock exchange or by other means at market price. Should there be an increase in capital which involves a waiver of the existing shareholders' pre-emptive rights, and the Board resolves to carry out such an increase on the basis of a mandate granted by the general meeting, the Board will explain the justification for waiving the pre-emptive rights in the stock exchange announcement.

Transactions with close associates

The Board and management are committed to promoting equal treatment of all shareholders.

In relation to its ordinary business, the Group may enter into transactions with certain entities in which the Group has ownership interests in or entities otherwise deemed as close associates of the Group, its shareholders, Board or executive personnel. Such transactions are carried out on an arm's length basis and disclosed in Note 19 of the Company's FY 2020 Annual Report.

Guidelines regulating loyalty, ethics, impartiality and conflict of interests are stipulated in the Company's Code of Conduct, applicable to all entities controlled by the Company and all employees, directors, officers and agents. The Code of Conduct is made available on the Company's website.

Deviations from the Code: None

SHARES AND NEGOTIABILITY

The Company's shares are listed on the Oslo Stock Exchange and are freely negotiable. The Company has one class of shares, each carrying one vote at the general meeting. The shares have no trading restrictions in the form of Board consent or ownership limitation, and the Company does not limit any party's ability to own, trade or vote for shares in the Company.

Deviations from the Code: None

GENERAL MEETINGS

The general meeting of shareholders is the Company's supreme corporate body. It serves as a democratic and effective forum for interaction between the Company's shareholders, Board and management.

According to the Company's articles of association, the annual general meeting shall be held once a year before the end of June. Furthermore, extraordinary general meetings may be convened either by the Board, the auditor or shareholders representing at least 5% of the Company's share capital.

Notice of meeting

Notice of the general meeting is sent at the latest two weeks before the meeting. All shareholders registered in the Norwegian Central Securities Depository (VPS) will receive a notice of meeting and are entitled to submit proposals and vote directly or via proxy. Agenda papers will also be published on the Company's website.

Pursuant to the Company's articles of association, when documents concerning matters to be discussed at general meetings have been made available to the shareholders on the Company's website, the Board may decide that the documents shall not be sent to the shareholders. If so, a shareholder may request that documents concerning matters to be discussed at the general meeting be sent to him or her. The Company will not charge any form of compensation for sending the documents to the shareholders.

The agenda papers must contain all necessary information so that the shareholders can decide on the issues to be addressed. The registration deadline for the general meeting will be as close to the general meeting as practically possible but no sooner than five days prior to the meeting, cf. the Company's articles of association.

Registration and proxy

Registration should be made in writing, either via mail or e-mail. The Board will facilitate so that as many shareholders as possible are able to participate. Shareholders who are unable to attend in person, are encouraged to appoint a proxy. A special proxy form is available which facilitates separate voting instructions for each issue to be considered by the general meeting and for each of the candidates nominated for election. The Company will nominate one or more persons to vote as proxy for shareholders. Representatives from the Board, management and/or the auditor will participate in the general meeting.

If shares are registered by a nominee in the Norwegian Central Securities Depository (VPS) and the beneficial shareholder wants to vote for their shares, the beneficial shareholder must re-register the shares in a separate VPS account in their own name prior to the general meeting. If the holder can prove that such steps have been taken and that the holder has a de facto shareholder interest in the Company, the shareholder will be allowed to vote for the shares. Decisions regarding voting rights for shareholders and proxy holders are made by the person opening the meeting, whose decisions may be reversed by the general meeting by simple majority vote.

Minutes from meeting

The minutes of the general meetings are made available on the Company's website immediately after the meeting.

Deviations from the Code: The Board might not make arrangements for an independent chairperson for general meetings as the Company believes that the Chairman of the Board can act independently and in the interests of shareholders. Similarly, the Board may not deem it appropriate for all Board members and the auditor to participate in all general meetings.

NOMINATION COMMITTEE

Considering the scope of the Company's operations, the Board considers it reasonable and appropriate that the Company should have two board sub-committees: the Risk & Audit Committee and the Remuneration Committee. The Risk & Audit Committee is made up of Ulf Holländer (Chairman), Laura Carballo and Ellen Hanetho. The Remuneration Committee is made up of Ulf Holländer (Chairman), Darren Maupin and Paul Gough.

Deviations from the Code: Contrary to the recommendations of The Code, due to the above considerations, the Company presently does not have a dedicated Nomination Committee. Regardless, the Company shall account for the interests of the shareholders when considering the composition of the Board. This is done by (i) seeking a diverse and highly qualified pool of Board candidates with relevant competence and industry expertise and (ii) ensuring that shareholder input on Board member nomination, election and evaluation are properly addressed. The Board must take appropriate measures to avoid self-perpetuation.

BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to the Company's articles of association, the Board shall consist of between three to seven members who are elected by the general meeting for up to four years at a time. MPC Capital has the right to elect 40% of the members of the Board (rounded down). If the aggregate share ownership of MPC Capital and affiliates falls below 20% of the total number of shares in the Company, MPC Capital shall only have the right to elect one board member. If neither MPC Capital nor any affiliates own any shares in the Company, MPC Capital shall not have the right to elect a board member.

Board appointments are communicated through the notice of general meetings and the members are elected by majority vote.

The Board considers its composition to be diverse and competent with respect to the expertise, capacity and diversity appropriate to attend to the Company's objectives, main risks and challenges, and the common interest of all shareholders. The Board composition adheres to the requirement regarding gender equality and representation of both sexes on the board of directors of Norwegian public entities, as set forth in the Norwegian Public Limited Liability Companies Act Section 6-11a. Further, the Board deems its composition to be made up of individuals who are willing and able to work as a team, resulting in the Board working effectively as a collegiate body. The Board does not include executive personnel of the Company.

As at 31 December 2020 the Board comprises the following members:

Ulf Holländer (chairman)

Term of office: Re-elected on 25 April 2019 for a period of two years.

Experience: Commerce degree from the University of Hamburg. Audit assistant and auditor at Dr. W Schlage & Co Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in Hamburg (1984-1987). Various positions at shipping group Hamburg Süd and affiliated companies in Australia and the U.S. (1987-2000) such as financial controller at Columbus Overseas Services Pty. (1990-1992), commercial director at Columbus Line USA Inc. (1992-1996) and head of Hamburg Süd's finance and accounting department (1997-2000). CFO of MPC Capital (2000-2015). CEO of MPC Capital from 2015.

Other matters: in 2020, Ulf Holländer participated in 28 board meetings.

Dr. Axel Schroeder

Term of office: Re-elected on 25 April 2019 for a period of two years.

Experience: Economics and Social Science studies at the University of Hamburg (1985-1990) followed by a doctorate (1993). Various positions within the MPC Group since 1990, including engagements in MPC Capital from its infancy in 1994. CEO of MPC Capital (1999-2015), during which period the company was listed at the Frankfurt Stock Exchange (2000). Chairman of the Supervisory Board of MPC Capital since 2015. Managing partner of MPC Münchmeyer Petersen & Co. GmbH, MPC Participia GmbH and CSI Beteiligungsgesellschaft mbH.

Other matters: in 2020, Dr. Axel Schroeder participated in 27 board meetings.

Laura Carballo

Term of office: Re-elected on 25 April 2019 for a period of two years.

Experience: B.S. in Economics from Duke University. MBA from INSEAD. Merrill Lynch (1998-2000), Compass Partners International (2000-2002), STAR Capital Partners Ltd. and successor STAR Capital Partnership LLP from 2004.

Other matters: in 2020, Laura Carballo participated in 28 board meetings.

Ellen Hanetho

Term of office: Re-elected on 25 April 2019 for a period of two years.

Experience: MBA from Solvay Business School. BSBA in Business and Administration from Boston University. Analyst and senior associate at the investment bank division of Goldman Sachs International Ltd. (1997-2002). Investment manager and later partner at Credo Partners AS (2003-2012). CEO of Frigaard Invest AS (2013-2019). Founder and Chairwoman of the board at Cercis as well as board member of Kongsberg Automotive ASA, Fearnley Securities AS, Stokke Industri AS and Stor-Oslo Eiendom AS, among others.

Other matters: in 2020, Ellen Hanetho participated in 26 board meetings.

Darren Maupin

Term of office: Re-elected on 25 April 2019 for a period of two years.

Experience: BA in Economics and Finance from Boston College. Further studies at the London School of Economics and Beijing Language and Culture University. Analyst and fund manager at Fidelity Investments in Boston, London, and Hong Kong (1998-2007). Founder and a director of the Pilgrim Global ICAV, its predecessors, and associated value-oriented investment funds since 2009. Founder and executive director of Anglo International Shipping Co. Ltd. and non-executive director of both private and publicly listed companies in a variety of industries.

Other matters: in 2020, Darren Maupin participated in 28 board meetings.

Ellen Hanetho and Darren Maupin are considered independent of the Company's day-to-day management, majority shareholders and major business connections.

Deviations from the Code: None

THE WORK OF THE BOARD OF DIRECTORS

The duties of the Board

The Board has overall responsibility for management of the Company and for supervising the day-to-day management and the Company's operations. This involves defining the Company's objectives, strategies and risk profiles to ensure value-creation for its shareholders. The Board is also responsible for following-up that the objectives and strategies are implemented, and for control functions to ensure that the Company has proper operations as well as asset and risk management.

Instructions for the Board

Pursuant to the provisions of the Norwegian Public Limited Liability Companies Act, the Board has established rules of procedures that provide detailed regulations and guidelines for the Board's work and administrative procedures and as to the functions and duties of the CEO towards the Board.

Conflicts of interest and disqualification

Members of the Board and executive management cannot consider matters in which they may hold a special interest. In order to ensure that items brought to the Board's attention can be considered in an unbiased and satisfactory way, Board members and executive management have a duty to inform the Board of any potential special interest in Board matters, and the Board must account for the individual's interest in its consideration of the item.

Instructions for the CEO

A clear division of responsibilities and tasks has been established between the Board and executive management. The CEO, appointed by the Board, has a particular responsibility to ensure that the Board receives accurate, relevant and timely information that is sufficient to allow the Board to carry out its duties.

Financial reporting

The Board receives periodic reports with comments on the Company's financial status. In terms of the annual account which the Board is asked to adopt, the Board may ask the executive management to confirm that accounts have been prepared in accordance with EU IFRS (group level) and Norwegian GAAP (parent level), that all the information included is in accordance with the actual situation of the Company and that nothing of material importance has been omitted.

Chairman of the Board

The principal duty of the Chairman is to ensure that the Board operates well and carries out its duties. In addition, the Chairman has certain specific duties in respect of the general meetings. Matters to be considered by the Board are prepared by the CEO in collaboration with the Chairman, who chairs the board meetings.

In order to ensure an independent approach by the Board, some other member should take the chair when the Board considers matters of a material nature in which the Chairman has, or has had, an active involvement.

Meeting structure

The Board intends to meet at least five times each year, and routinely receives reports on the Company's operational and financial performance, market updates etc. Furthermore, the Board is consulted on or informed about matters of special importance.

Risk & Audit Committee

The Risk & Audit Committee shall act as a preparatory and advisory body for the Board and support the Board in the exercise of its responsibility for financial reporting, internal control and risk management. Furthermore, the Risk & Audit Committee shall review and discuss with the Company's management and statutory auditor the Company's annual and quarterly financial statements, and assess and monitor the independence of the statutory auditor.

The Risk & Audit Committee shall meet at least four times a year and at such other times as the Chairman of the committee deems appropriate.

A Risk & Audit Committee consisting of three members, of which one is independent of the Company's business activities and main shareholders, was established in January 2018.

Remuneration Committee

The Remuneration Committee shall act as a preparatory and advisory body for the Board and shall assist the Board in its work in relation to the Company's remuneration policies and terms of employment for the CEO.

A Remuneration Committee consisting of three members, of which one is independent of the Company's business activities and main shareholders, was established in March 2018.

The Boards' self-evaluation

The Board conducts an annual evaluation of its performance, way of working and expertise.

Deviations from the Code: None

RISK MANAGEMENT AND INTERNAL CONTROL

In accordance with the principles underlying value-based management, the Board places great importance on systematic risk management. This is done not only to satisfy the requirements set out by law, but also to ensure the Company's governance in a highly dynamic market environment by identifying existing and potential risk exposures.

Through (i) quarterly reviews of the Company's most prominent areas of risk exposure and its internal control arrangements, (ii) management guidelines and (iii) the appointment of a dedicated risk management unit to perform risk monitoring and provide regular risk management updates to the Risk & Audit Committee, the Board aims to ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities.

Deviations from the Code: None

REMUNERATION OF THE BOARD OF DIRECTORS

For fiscal year 2020, each Board member will receive NOK 200,000 in remuneration, covering work related to both Board representation and sub-committee participation, as approved by the annual general meeting on 28 April 2020.

The remuneration of the Board is not linked to the Company's performance. Board members have no options to buy shares in the Company, nor do they receive compensation other than the Board remuneration. Board remuneration is considered to be on market terms.

Deviations from the Code: None

REMUNERATION OF EXECUTIVE PERSONNEL

Pursuant to the Norwegian Public Limited Liability Companies Act, the Board prepares guidelines for the remuneration of the Company's CEO and other executive personnel. The guidelines set out the main principles applied in determining the salary and other remuneration of the executive personnel considered to reflect market conditions, and helps to ensure convergence of the financial interests of the executive personnel and shareholders.

The Board's statement on executive personnel remuneration is communicated to the annual general meeting in a separate appendix, highlighting which guidelines are advisory and which, if any, are binding.

Any performance-related remuneration such as incentive programmes, share option schemes or similar shall be linked to value-creation for shareholders and results delivered in the Group over time. Such arrangements aim to drive performance and be based on financial, operational and other quantifiable measures over which the employee in question can impact. Performance-related remuneration are subject to limits.

For information about remuneration of the Company's CEO and other executive personnel, see Note 19 in the Company's FY 2020 Annual Report.

Deviations from the Code: None

INFORMATION AND COMMUNICATIONS

The Company seeks to treat all participants in the securities market equally through publishing interim reports, annual reports, press releases all relevant information to the market in a timely, efficient and non-discriminating manner. All reports will be available on the Company's website www.mpc-container.com and through regulatory and non-regulatory disseminations at the Oslo Stock Exchange.

The Board has adapted an Investor Relations Policy to ensure that the Company's investor relations are carried out in compliance with applicable rules, regulations and recommended practises. The policy shall also ensure awareness of investor relations amongst the management and the Board.

The Company's current financial calendar with dates of important events including the annual general meeting, publishing of quarterly reports and its presentations, etc. are publicly accessible on the Company's website www.mpc-container.com and through regulatory and non-regulatory disseminations at the Oslo Stock Exchange.

Deviations from the Code: None

TAKE-OVERS

The Company has implemented guidelines on how to act in the event of a takeover bid.

In the event of a take-over bid being made for the Company, the Board will follow the overriding principle of equal treatment for all shareholders and will seek to ensure that the Company's business activities are not disrupted unnecessarily. The Board will strive to ensure that shareholders are given sufficient information and time to evaluate an offer the Board considers as attractive to the shareholders.

The Board will not seek to prevent any take-over bid unless it believes that the interests of the Company and the shareholders justify such actions.

If a take-over bid is made, the Board will issue a statement with a recommendation on whether such bid should be accepted or not by the shareholders. Such statement shall, inter alia, include information on whether the assessment of the bid is unanimous, and if not, on which basis individual Board members have made reservations regarding the Board's statement.

In the event of a take-over bid, the Board will consider obtaining a valuation from independent experts. If a major shareholder, any member of the Board or executive management, or related parties or close associates of such individuals, or anyone who has recently held such a position, is either the bidder or has a particular personal interest in a take-over bid, the Board will arrange for an independent valuation.

Deviations from the Code: None

AUDITOR

Under Norwegian law the auditor of the Company is elected by the general meeting. Ernst & Young AS (org. no. 976 389 387) was elected as the Company's auditor on 18 May 2017.

The auditor participates in meetings of the Risk & Audit Committee that cover interim, quarterly and annual financial reporting, board meetings that deal with the annual accounts, as well as the annual general meeting. At these meetings, the auditor reviews any deviations in the accounting principles applied, comments on key aspects of the audit, material accounting estimates and issues of special interest to the auditor, including possible disagreements between the auditor and the management.

At least once a year the auditor and the Board meet without members of the executive management present.

The auditor presents and discusses annually with the Risk & Audit Committee the main features of its plan for the audit of the Company, as well as a review of the Company's internal control procedures.

The auditor shall annually submit a written confirmation that the auditor continues to satisfy with the requirements for independence and a summary of all services in addition to audit work that has been undertaken for the Company.

Deviations from the Code: None

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the consolidated financial statements presented in this report have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm to the best of our knowledge that the Board of Directors' report includes a fair review of the development and performance of the business and the position of the Group and a description of risks and uncertainties.

Oslo, 25 March 2021

The Board of Directors and CEO of
MPC Container Ships ASA

Ulf Holländer (Chairman)	Dr. Axel Schroeder	Laura Carballo
Darren Maupin	Ellen Hanetho	Constantin Baack (CEO)

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT[21]

in USD thousands	Notes	2020	2019
Operating revenues	6	171,898	184,743
Commissions		-6,166	-6,566
Vessel voyage expenditures	7	-22,978	-22,233
Vessel operation expenditures	8	-108,915	-114,356
Ship management fees		-9,065	-9,042
Share of profit or loss from joint venture	12	936	-434
Gross profit		**25,710**	**32,111**
Administrative expenses	9	-7,874	-8,817
Other expenses		-3,485	-3,692
Other income		1,812	2,521
Gain/loss from disposals of vessels	14	0	3,129
EBITDA		**16,164**	**25,252**
Depreciation	14	-49,653	-41,109
Impairment	14	-8,996	-2,583
Operating result (EBIT)		**-42,486**	**-18,439**
Finance income		733	530
Finance costs	10, 17	-22,665	-21,746
Profit/Loss before income tax (EBT)		**-64,418**	**-39,656**
Income tax expenses	11	-73	-81
Profit/Loss for the period		**-64,491**	**-39,736**
Attributable to:			
Equity holders of the Company		-64,465	-39,701
Minority interest		-26	-35
Basic earnings per share – in USD	21	**-0.27**	**-0.47**
Diluted earnings per share – in USD	21	**-0.27**	**-0.47**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in USD thousands	Notes	2020	2019
Profit/loss for the period		-64,491	-39,736
Items that may be subsequently transferred to profit or loss		**-5,059**	**-4,803**
Foreign currency effects, net of taxes		257	-22
Change in hedging reserves, net of taxes	18	-5,316	-4,781
Items that will not be subsequently transferred to profit or loss		**0**	**0**
Total comprehensive profit/loss		**-69,550**	**-44,539**
Attributable to:			
Equity holders of the Company		-69,524	-44,504
Non-controlling interest		-26	-35

[21] See separate section on Alternative Performance Measures (“APM”) for a description of the APM’s applied in this Annual Report

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in USD thousands	Notes	31 December 2020	31 December 2019
Assets		**678,138**	**718,079**
Non-current Assets		617,179	649,287
Vessels	14	587,816	621,861
Prepayment on vessels	14	1,000	0
Investment in joint venture	12	28,362	27,426
Current assets		60,959	68,792
Vessels held for sale	14	3,900	0
Inventories		3,373	4,538
Trade and other receivables	16	14,432	24,049
Cash and cash equivalents	15	39,254	40,205
Unrestricted cash		27,717	26,765
Restricted cash		11,537	13,440
Equity and liabilities		**678,138**	**718,079**
Equity		383,032	410,458
Share capital	20, 22	43,047	101,121
Share premium	20, 22	456,764	356,566
Treasury shares		-1,143	-1,143
Retained losses		-108,413	-43,948
Other reserves		-8,877	-3,819
Non-controlling interest	13	1,655	1,682
Non-current Liabilities		274,484	276,862
Interest bearing loans	17, 24	274,484	276,862
Current Liabilities		20,623	30,758
Interest bearing loans and borrowings	17, 24	2,436	2,753
Trade and other payables	18	13,275	20,519
Payables to affiliated companies	19	20	46
Other liabilities		4,891	7,439

Oslo, 25 March 2021

The Board of Directors and CEO of
MPC Container Ships ASA

Ulf Holländer (Chairman)

Dr. Axel Schroeder

Laura Carballo

Darren Maupin

Ellen Hanetho

Constantin Baack (CEO)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In USD thousands	Share capital	Share premium	Treasury shares	Retained losses	Other reserves	Total equity attributable to the equity holders of the Company	Non-controlling interest	Total equity
Equity as at 1 Jan. 2020	101,121	356,566	-1,143	-43,948	-3,819	**408,776**	1,681	**410,458**
Change in nominal value	-97,236	97,236	0	0	0	**0**	0	**0**
Capital increase	39,162	2,962	0	0	0	**42,124**	0	**42,124**
Result of the period	0	0	0	-64,465	0	**-64,465**	-26	**-64,491**
Foreign currency effects	0	0	0	0	257	**257**	0	**257**
Hedging reserves	0	0	0	0	-5,316	**-5,316**	0	**-5,316**
Equity as at 31 December 2020	**43,047**	**456,764**	**-1,143**	**-108,413**	**-8,877**	**381,376**	**1,655**	**383,032**
Equity as at 1 Jan. 2019	101,121	356,605	0	-4,247	984	**454,463**	4,688	**459,150**
Purchase of own shares	0	0	-1,143	0	0	**-1,143**	0	**-1,143**
Capital increase from non-controlling interest	0	0	0	0	0	**0**	391	**391**
Changes in ownership in subsidiaries that do not result in loss of control	0	-39	0	0	0	**-39**	-3,361	**-3,400**
Result of the period	0	0	0	-39,701	0	**-39,701**	-35	**-39,736**
Foreign currency effects	0	0	0	0	-22	**-22**	0	**-22**
Hedging reserves	0	0	0	0	-4,781	**-4,781**	0	**-4,781**
Equity as at 31 Dec. 2019	**101,121**	**356,566**	**-1,143**	**-43,948**	**-3,819**	**408,776**	**1,683**	**410,458**

CONSOLIDATED STATEMENT OF CASH FLOW

in USD thousands	Notes	2020	2019
Profit/Loss before income tax		-64,418	-39,656
Income tax expenses paid		0	0
Net change in current assets (ex. Vessel held for sale)		8,961	-412
Net change in current liabilities (ex. capex payables)		-7,615	7,112
Fair value change in derivatives		-73	-4,766
Depreciation	14	49,654	41,109
Finance costs (net)		21,933	21,216
Share of profit or loss from joint venture		-936	434
Impairment	14	8,997	2,583
Gain/loss from disposal of vessels	14	0	-3,129
Cash flow from operating activities		**16,502**	**24,491**
Proceeds from disposal of vessels	14	14,064	10,739
Prepayment of vessels	14	-1,000	0
Scrubbers, dry docks and other upgrades on vessels	14	-42,569	-61,081
Investments in subsidiaries and affiliated companies	12	0	-4,900
Interest received		82	530
Purchase of own shares		0	-1,143
Cash flow from investing activities		**-29,423**	**-55,855**
Proceeds from share issuance	20	43,354	391
Share issuance costs	20	-1,220	0
Proceeds from debt financing	17	0	39,000
Repayment of debt	17	-8,326	-7,566
Interest paid	17	-12,732	-19,061
Debt issuance costs	17	-2,638	-1,424
Other interests paid		-1,226	0
Repayment of MTM value of collar	18	-5,243	0
Cash flow from financing activities		**11,969**	**11,340**
Net change in cash and cash equivalents		-952	-20,024
Cash and cash equivalents at beginning of period		40,205	60,228
Cash and cash equivalents at the end of period[22]		**39,253**	**40,205**

[22] Whereof USD 11.5 million is restricted as at 31 December 2020 and USD 13.0 million at 31 December 2019

NOTES

Note 1 - General information

MPC Container Ships ASA (the “Company”) is a public limited liability company (Norwegian: allmennaksjeselskap) incorporated and domiciled in Norway, with registered address at Munkedamsveien 45A, 0250 Oslo, Norway and Norwegian enterprise number 918 494 316. The Company was incorporated on 9 January 2017 and commenced operations in April 2017, when the first vessels were acquired. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). The principal activity of the Group is to invest in and to operate maritime assets in the container shipping segment.

The shares of the Company are listed at the Oslo Stock Exchange under the ticker “MPCC”.

The financial statements were approved by the Company’s Board of Directors on 25 March 2021.

Note 2 - Basis of preparation

The consolidated financial statements of the Group are prepared in accordance International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

Going concern assumption

The financial statements are based on the going concern assumption after the restructuring in 2020 and the current charter back-log. .

Financial statement classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

Current assets are assets that are:

- expected to be realized in the entity's normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash and cash equivalents (unless restricted)

The current share of long-term assets or liability will be classified as current. All other assets are non-current.

Current liabilities are those that are:

- expected to be settled within the entity's normal operating cycle;
- held for purpose of trading; or
- due to be settled within twelve months; or
- for which the entity does not have an unconditional right to defer settlement beyond twelve months.

All other liabilities are non-current. If a liability has become payable given a breach of an undertaking under a long-term loan agreement, the liability is classified as current.

The income statement of the Group is presented using the cost of sales method.

The cash flow statement of the Group is prepared using the indirect method.

Basis of measurement

The consolidated financial statements were prepared on the basis of historical cost, except for derivative instruments assets and liabilities which are measured at fair value.

The Group’s financial year corresponds to the calendar year.

Basis of consolidation

The consolidated financial statements comprise the financial statements of MPC Container Ship ASA and its subsidiaries as at 31 December 2020. The assets and liabilities, expenditure and income may only be included in the consolidated financial statements for subsidiaries over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In general, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The consolidation of subsidiaries is carried out from the date at which the Group obtains the control over such companies and subsidiaries continue to be consolidated until the date that such control ceases. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets, liabilities, non-controlling interest and other components of equity while any resultant gain is recognized in profit or loss. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany balances, income and expenses, unrealized gains and losses as well as cash flows resulting from intercompany transactions are eliminated in full.

Non-controlling interests represent the portion of comprehensive income and net assets that is not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity.

The Group has included the subsidiaries listed in Note 26 in the consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in US Dollar ("USD"), which is the functional currency of the parent company of the Group. All financial information presented in USD has been rounded to the nearest thousand USD, except otherwise indicated.

New and amended standards and interpretations

The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued. New and amended standards not yet effective are not expected to have a significant impact on the consolidated financial statements of the Group.

Note 3 - Significant accounting policies

Foreign currency translation

In accordance with IAS 21, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction.

For those subsidiaries with functional currencies other than USD, financial position items are translated at the rate of exchange at the balance sheet date, and income statements are translated at the exchange rate prevailing at the date of the transaction. Exchange differences arising on the translation are recognized in other comprehensive income as foreign currency differences.

Vessels and other property, plant and equipment

Fixed assets are stated at historical cost, less subsequent depreciation and impairment. For vessels purchased, these costs include capitalizable expenditures that are directly attributable to the acquisition of the vessels. Upon acquisition, each component of the vessels, with a cost significant to the total acquisition costs, is separately identified and depreciated over that component's useful life on a straight-line basis.

Depreciation is calculated on a straight-line basis over the useful life of the assets, taking residual values into consideration, and adjusted for impairment charges, if any. Residual values of the vessels are estimated as the lightweight tonnage of each vessel multiplied by scrap value per ton. Expected useful lives of assets, and residual values, are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation calculations are altered accordingly.

Ordinary repairs and maintenance expenses are charged to the income statement as incurred. Costs related to dry-docking or other major overhauls are recognized in the carrying amount of the vessels. The recognition is made when the dry-docking has been performed and is depreciated based on estimated time to the next class renewal. The remaining costs that do not meet the recognition criteria are expensed as repairs and maintenance.

The scrubbers installations is recognized in the carrying amount of the vessels, and depreciated over the remaining useful life of the vessels.

Vessels and other property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognized.

Impairment of vessels

Vessels and other fixed assets are assessed for impairment indicators each reporting period. If impairment indicators are identified, the recoverable amount is estimated; and if the carrying amount exceeds its recoverable amount an impairment loss is recognized, i.e. the asset is written down to its recoverable amount. An asset's recoverable amount is calculated as the higher of the fair value less cost of sale and its value in use. The net realizable value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of sale and the value in use is the present value of estimated future cash flows expected from the continued use of an asset.

Assets are grouped at the lowest level where there are separately identifiable independent cash flows.

The following assumptions have been made when calculating the value in use for container vessels:

- Each vessel is considered to be a separate cash generating unit.
- Future cash flows are based on an assessment of expected development in charter rates and estimated level of administrative and operating expenses (including maintenance and repair) and dry-docking over the remaining useful like of the vessel plus any residual value.
- The net present value of future estimated cash flows of each cash generating unit is based on a discount rate according to a pre-tax weighted average cost of capital (see Note 14 – Vessels). The weighted average cost

of capital is calculated based on the expected long-term borrowing rate and risk-free USD LIBOR rate plus an equity risk premium.

An impairment loss recognized in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are accounted for using the equity method. The investment in a joint venture is initially recognized at cost and thereafter adjusted for the Groups share of post-acquisition profits or losses, movements in other comprehensive income or dividends received. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The financial statements of the joint venture are prepared for the same reporting period as the Group.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized through profit and loss net of any reimbursement.

Trade and other payables

Trade and other payables represent non-interest-bearing liabilities for goods and services provided to the Group prior to the reporting date. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Trade and other receivables

Trade receivables and other short-term receivables are measured at transaction price upon initial recognition and subsequently measured at amortized cost less expected credit losses.

Inventories

The Group values its inventories, which comprise mainly of lube oils and bunkers on board the vessels, at the lower of cost and net realizable value. They are accounted for on a first-in/first-out basis.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks, on hand and short-term deposits with a maturity of three months or less. Cash equivalents represent short-term, liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.

Cash and cash equivalents are recorded at their nominal values. Liquid funds denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Cash not available for general use by the Group due to minimum liquidity requirements in the loan agreements are classified as restricted cash.

Share issuance

Costs related to share issuances are recognized directly in equity.

Warrants

The warrants issued by the Company are classified as equity instruments in accordance with IAS 32. Accordingly, the subscription rights are not recognized in the Group's financial statements at the time they are granted. At the time of the execution, the Company issues shares and receives a cash contribution. The cash contribution is accounted for in share capital and capital reserves (in the amount a premium or discount to the shares' par value).

Financial liabilities

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated as at fair value through profit or loss. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Derivative financial instruments and hedging

The Group may use certain hedging instruments, such as forward contracts or options, to manage foreign exchange or interest rate risk, for instance. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally documents the relationship between the hedge instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness if the hedging relationship.

The Group makes an assessment at inception and on an on-going basis according to IFRS 9, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable transactions.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

<u>Cash flow hedges</u>: As at 31 December 2020, The Group uses interest rate swaps, interest rate caps and collars as hedges of its exposure to interest rate fluctuations in connection with its bond financing, the non-recourse senior secured term loan and the recourse term loan.

The effective portion of the gain or loss on the hedging instrument is recognized in Other Comprehensive Income ("OCI") in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs.

When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction or firm commitment occurs.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, using assumptions that market participants would use when pricing the asset or liability.

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted market prices included in Level 1 are directly or indirectly observable.
- Level 3: Inputs are unobservable.

Additional explanations of fair values can be found in Note 18 – Financial instruments.

Leases as lessor

The determination of whether an arrangement contains a lease element is based on the substance of the arrangement at the inception of the lease. Leases are classified as finance leases if the terms of the lease agreement transfer substantially all the risks and benefits related to ownership of the leased item. All other leases are classified as operating leases.

The Group leases its assets to liner shipping companies through time charter contracts. Payments made under operating leases are charged to the profit and loss on a straight-line basis over the period of the time charter contract.

Revenue recognition

The Group's time charter contract revenues are separated into a lease element accounted for in accordance with IFRS 16 *Leases* (see above under leases as lessor) and service element which is accounted for in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Time charter, pool revenue and other revenue from contracts with customers is recognized when control of goods or services are transferred to the customer and when each separate performance obligation in the customer contract is fulfilled following the "over-time principle". It is recognized at an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services. Revenues are presented net of indirect sales taxes.

The Group acts as a participant in the pool arrangements. The performance obligation under the pool arrangements are equal as set under the time charter contracts. Revenues for the vessels employed in the pool are based on average revenues across the pool the vessels are employed in, i.e. the vessels earn the average charter rate of the pool for the respective month.

The service element from the Group's time charter contracts are recognized over time, as the performance obligation is satisfied over time. This since the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue from bunkers and other goods and services from customers are recognized in the period the goods or services are transferred to the customer, following the “point in time principle”.

Operating expenses

Operating expenses are accounted for on an accruals basis. Expenses are charged to the income statement, except for those incurred in the acquisition of an investment which are capitalized as part of the cost of the investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

Operating expenses of the Group are expenses related to the operation of vessels, such as (but not limited to) crewing expenses, expenses for maintenance and repair, insurance and lube oil.

Interest income

Interest income is recognized as accrued and is presented in financial income in the statement of comprehensive income.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per share are calculated by dividing the profit for the reporting period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant taxation authorities.

The Company is subject to tax on its income in accordance with the general tax rules pertaining to companies tax resident in Norway.

The Company's vessel-owning subsidiaries are subject to the German or Dutch tonnage tax regime, i.e. taxable income is calculated as a lump sum depending on the net tonnage of the respective vessels, independent of the realized earnings. Income not derived from the operation of the vessels in international waters, such as financial income, is usually taxed according the ordinary taxation rules applicable in the resident country of each respective company. Tonnage taxes is classified as “Vessel operating expenditures”.

Deferred tax liabilities are classified as non-current assets and are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers in the Group. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors of the Company. The Group has identified one operating segment as it employs one type of vessels: “Container vessels”.

Note 4 - Significant judgements, estimates and assumptions

The preparation of consolidated financial statements conforming to IFRS requires management to make judgments, estimates and assumptions that may affect assets, liabilities, revenues, expenses and information in notes to these financial statements. Estimates are management's best assessment based on information available at the date the financial statements are authorized for issue. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an on-going basis.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have significant effect on the amounts recognized in the consolidated financial statements:

- Joint arrangements: The Group holds a 50% ownership interest in 2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG; the Group has determined that it has joint control over the investee based on terms and conditions in the shareholder agreement and the ownership is shared with the joint venture partner.

Assumptions and estimation uncertainties

The following assumptions and estimation uncertainties can have a significant risk of resulting in a material adjustment to the carrying amounts of assets:

- Depreciation of vessels (including scrubbers): Depreciation is based on estimates of the vessels' useful lives, residual values less scrapping costs and the depreciation method, which are reviewed by management at each balance sheet date. Any changes in estimated useful lives and/or residual values impact the depreciation of the vessels prospectively.
- Impairment of vessels: Indicators of impairment of assets are assessed at each reporting date. In 2020 the Group identified impairment indicators (see Note 14 for further description). The impairment assessments demand a considerable degree of estimation. Changes in circumstances and assumptions may significantly affect the estimated recoverable amounts. The Group's impairment test for operating vessels is based on the value in use as assessed by performing discounted cash flow calculations. Value in use calculations involve a high degree of estimation and a number of critical assumptions such as time charter rates, operational expenses, residual values and discount rates. The key assumptions used in the impairment assessment are disclosed in Note 14.

Note 5 - Segment information

All of the Group's vessels earn revenue from seaborne container transportation globally. The vessels exhibit similar economic, trading and financial characteristics. The Group is organized in one operating segment, i.e. the container shipping segment.

The chief operating decision makers measure the financial performance based on the consolidated results for the Group's vessels. Further, the assets and liabilities are reviewed at a consolidated basis in a consistent manner with the statement of financial position.

The following customers of the Group represent more than 10% of the Group's total charter revenue: CMA CGM S.A., France, Hapag-Lloyd, Germany, and Maersk Line, Denmark.

The Group's vessels trade globally and are suitable to be deployed in various global trading patterns. Therefore, there is no particular focus on a geographic region. The Company provides geographical data for revenue only, as the Group's revenue predominantly stems from vessels that may be employed globally. Gross revenue specific foreign countries which contribute significantly to total revenue are disclosed below.

in USD thousands	2020	2019
Intra Asia	43,603	66,408
South America	52,654	57,166
Europe	10,873	19,854
Middle East	17,992	8,215
Africa	8,706	8,044
Other geographical locations (worldwide trades)	23,162	11,467
Total time charter and pool revenue	**156,990**	**171,155**

Note 6 - Revenue

in USD thousands	2020	2019
Time charter revenue	123,471	132,295
Pool charter revenue	33,520	38,860
Total charter revenues	**156,990**	**171,155**
Other revenue	14,908	13,588
Total operating revenue	**171,898**	**184,743**

The Group's time charter contracts and pool charter revenues are separated into a lease element and service element. The lease element of the vessel represents the use of the vessel without any associated performance obligations and are accounted for in accordance with IFRS 16 *Leases* Revenues from time charter services (service element) and other revenue (e.g. bunkers and other services) are accounted for in accordance IFRS 15. The Group's performance obligation is to provide time charter services to its charterers.

in USD thousands	2020	2019
Service element	63,548	76,378
Other revenue	14,908	13,588
Total revenue from customer contracts	**78,456**	**89,966**
Lease element	93,443	94,777
Total operating revenue	**171,898**	**184,743**

Reference to Note 5 for disaggregation of time charter and pool revenues on geographical regions.

Contracted revenues based on fixed time charter contracts as at 31 December 2020 are set out below, based on minimum contract periods of vessels held in subsidiaries:

in USD thousands	< 6 months	6 – 12 months	>12 months	Total
Time charter revenue	25,451	29,164	24,774	**79,389**

Also considering the charter agreements which is entered into during 2021 and as of mid-March, a total of USD 166 million are contracted for 2021 and 70% of the total trading days.

Contracted revenues based on fixed time charter contracts as at 31 December 2019 are set out below, based on minimum contract periods of vessels held in subsidiaries:

in USD thousands	< 6 months	6 – 12 months	>12 months	Total
Time charter revenue	47,928	12,626	27,996	**88,550**

Note 7 - Vessel voyage expenditures

in USD thousands	2020	2019
Bunker consumption	-20,131	-20,200
Other voyage expenses	-2,847	-2,034
Total voyage expenses	**-22,978**	**-22,233**

Bunker expenses relate to periods where the vessels have been idle, repositioning or under maintenance and repair. Bunker expenses are partially compensated by income from sale of bunkers upon delivery into a time charter (see Note 6 where revenue from bunker reimbursements are shown under other revenue). When the vessels are on time charter contracts bunker consumption is for the charterer's expense.

Note 8 Vessel operation expenditures

in USD thousands	2020	2019
Crew	-58,418	-59,329
Lube oil	-5,487	-5,965
Maintenance and repair	-24,872	-27,742
Insurances	-12,273	-11,126
General Opex	-7,865	-10,195
Total operating expenses	**-108,915**	**-114,356**

Vessel operating expenditures are partially compensated by income from reimbursements from the charterer (see Note 6 where revenue from reimbursements are shown under other revenue).

Note 9 - Administrative expenses

in USD thousands	2020	2019
Legal and advisory services	-1,160	-1,285
Auditor services	-847	-1,537
Salary and employee expenses	-3,193	-3,225
Other administrative expenses	-2,674	-2,770
Total administrative expenses	-7,874	-8,817

Other administrative expenses includes remuneration to the Board of Directors and executive management, and fees paid for corporate management services from MPC Maritime Investments GmbH and MPC Münchmeyer

Petersen Capital AG see Note 19 for further description. The group employs 21 people as at 31 December 2020.

The following table details the administrative expenses incurred in relation to audit and related services.

in USD thousands	2020	2019
Audit fee (EY)	-795	-1,019
Attestation services	-10	0
Tax services	-52	-518
Other non-audit services	0	0
Total auditor services	**-857**	**-1,537**

Note 10 - Finance income and expenses

in USD thousands	2020	2019
Interest income	56	103
Other financial income	677	427
Total financial income	**733**	**530**
Interest expenses	-22,444	-21,515
Other financial expenses	-222	-231
Total financial expenses	**-22,665**	**-21,746**

Note 11 - Income tax

The Company's subsidiaries in which the vessels are held are subject to German or Dutch tonnage tax, as applicable. Companies subject to tonnage tax are exempt from ordinary tax on income derived from operations in international waters.

The parent company is subject to ordinary corporation tax in Norway:

in USD thousands	2020	2019
Basis for ordinary corporation tax expense		
Loss before taxes	-64,418	-39,656
Tax at ordinary Norwegian corporation tax rate (22%)	0	0
Basis for tax on controlled foreign corporation		
Taxable profit of foreign controlled entities	0	0
Tax at ordinary corporation tax rate (22%)	0	0
Other taxes	-73	-81
Total tax expense	**-73**	**-81**

In Norway, the Group has an tax loss carried forward amounting to USD 36.7 million. The tax loss relates mainly to transaction cost on capital increase in Norway and can be carried forward indefinitely. Currently, no convincing evidence of using the tax loss exists. Accordingly, the criteria for recognition of deferred tax assets are not met.

Other taxes of USD 0.1 million consists of accruals for corporate income tax in Netherland and Germany. In 2020 a total of USD 0.2 million related to provisions for tonnage taxes and trade taxes which are presented under Vessel operating expenditures.

Note 12 - Interest in joint ventures

The Group has a 50% interest in 2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG, Hamburg (Germany), a company owning eight container vessels between 2,500 - 2,800 TEU through respective fully owned subsidiaries.

In view of the shared control structure in the joint venture, the Group's interest in 2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG is accounted for using the equity method. Summarized financial information of the joint venture, based on its IFRS financial statements, is set out below:

The joint venture had no contingent liabilities or capital commitments. 2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG cannot distribute its profits without the consent from the two partners.

in USD thousands	31 December 2020	31 December 2019
Non-current assets	67,864	67,640
Cash and cash equivalents	5,038	5,519
Other current assets	2,166	2,176
Non-current liabilities	15,816	18,000
Current liabilities	2,528	2,366
Equity	**56,725**	**54,968**
Group's carrying amount of the investment	**28,362**	**27,426**

in USD thousands	2020	2019
Revenue	27,505	25,107
Cost of sales	-19,127	-20,483
Administrative expenses	-789	-538
Other income	319	472
Other expenses	-478	-320
Depreciation	-4,682	-4,066
Interest income	1	0
Interest expenses	-831	-1,028
Income tax	-45	-12
Profit after tax for the period	**1,872**	**-868**
Total comprehensive income for the period	**1,872**	**-868**
Group's share of profit for the period	**936**	**-434**
Dividends received	**0**	**0**

Note 13 - Non-controlling interests

The non-controlling interests as of 31 December 2020 consists mainly of the 0.1% shares the ship managers hold in the ship-owning entities under the MPC Container Ships Invest B.V. Group including the minority interest's share of result within these ship-owning entities, see Note 26 – Group Companies.

Note 14 - Vessels and prepayments

in USD thousands	31 December 2020	31 December 2019
Acquisition cost at 1 January	**697,533**	**639,871**
Prepayment of vessels	1,000	0
Prepayments reclassified to vessels	0	1,549
Capitalized dry-docking, scrubbers and other expenses	42,569	64,067
Disposals of vessels	-25,025	-7,954
Vessel held for sale	-8,153	0
Acquisition cost	**707,924**	**697,533**
Accumulated depreciations 1 January	-75,672	-32,573
Depreciation for the year	-49,653	-41,109
Impairment	-8,996	-2,583
Disposal of vessels	10,961	593
Vessel held for sale	4,253	0
Accumulated depreciations 31 December	**-119,108**	**-75,672**
Closing balance	**588,816**	**621,861**
Depreciation method	*Straight-line*	*Straight-line*
Useful life (vessels)	*25 years*	*25 years*
Useful life (dry docks)	*5 years*	*5 years*
Useful life (scrubbers)	*Remaining useful life vessels*	*Remaining useful life vessels*

As at 31 December 2020, the Group operated 57 vessels in consolidated subsidiaries (2019: 60 vessels) and 8 vessels through a joint venture arrangement (2019: 8 vessels). During 2020 the Group entered into agreements for the sale of AS Leona, AS Lauretta and AS Fiona where the vessels were delivered to its new owner during 2020. Additionally the Group entered into an agreement for the sale of AS Laguna at 10 December 2020, were the vessel has been classified as held for sale as at 31 December 2020, as the vessel is to be delivered to its new owner during the first half of 2021.

Subsequent to the balance sheet date the Group entered into a Memorandum of Agreement for the sale of AS Frida.

The sales conducted during the end of the year were decisions that were based on a portfolio and risk analysis by way of replacing smaller and older vessels in order to acquire a younger and larger vessel. For the sales completed in the first half of 2020, these were made in order create flexibility and ensure liquidity under the financing silos during the COVID-19 outbreak. The sales completed during 2020 resulted in an estimated loss of USD 8.9 million for full-year 2020 which was recognized as an impairment at the date for held for sale classification. This compared to an impairment of USD 2.6 million in 2019.

Impairment: Given the that the Company’s market capitalization has been below the carrying value of the Company’s equity, management has performed impairment tests on all vessels in the Group as at 31 December 2020. Throughout 2020 the pandemic resulted in decreased charter rates and utilization of the vessels however, in Q2 2020 the market tightened significantly, and with the current charter rates (highest In 10 years), the Group secured a high order back log reducing the uncertainty. This assessment did not lead to any impairment charges as the recoverable amounts are higher than carrying amounts for all vessels (except to the vessels reference above). The value in use calculations are based on a discounted cash flow model with an scenario-adjusted approach with the following main inputs:

- Weighted average cost of capital: 7.0% - 8.3% p.a.
- Growth rate for operating expenses: 1.0 - 2.0% p.a.
- Charter rates: Contractual values and historic long-term as estimates of time charter rates for open periods for the following years. For the remaining period, the estimated charter rates are based on using the newbuilding parity rates, based on the current observable newbuilding prices. In the down-side case, the newbuilding parity rates are discounted by 5%.
- Utilization: 90% - 95% of available trading days
- Residual value: Scrap value based on estimated scrap prices less cost scrapping
- Probability down-side case: 20%

A few of the Group's cash generating units ("CGUs") are more sensitive for changes in the assumptions applied in the value in use calculation. For most of the CGU's minor changes in the assumptions applied in the value in use calculations will not lead to impairment charges.

In total, the Group would experience a impairment of USD 6.5 million if the average utilization is below 90%. An impairment of USD 4.5 million if the average WACC was increased to 9.0%. And an impairment of USD 12.3 million if the NB parity rates in average decline by 10%.

The impairment assessment is depending on a continued strong charter market for container vessels and accordingly the development in charter rates and utilization in the periods ahead will have an impact on the Group's impairment assessment going forward.

The Group entered into a Memorandum of Agreements at 7 December 2020 for the purchase of the 2007 built TEU 3,500 vessel MV Nordspring (to be renamed AS Nadia) at USD 10 million. Out of this, the Group made a prepayment of USD 1.0 million in 2020. The vessel was taken over by the Group, subsequent to the balance sheet date at 19 January 2021.

Note 15 - Cash and cash equivalents

in USD thousands	31 December 2020	31 December 2019
Bank deposits denominated in USD	37,342	38,164
Bank deposits denominated in EUR	1,542	1,828
Bank deposits denominated in NOK	370	213
Total cash and cash equivalents	**39,254**	**40,205**

The fair value of cash and cash equivalents at 31 December 2020 is USD 39.3 million (USD 40.2 million at 31 December 2019). Based on the terms of the amended bond terms a total of USD 9.2 million as proceeds from vessel sales are considered as restricted as the cash are only to be used for prepayments related to the bond financing or towards financing of acquisitions of replacement vessels, which also includes vessel sale and acquisitions between the financing silos within the Group (see Note 17). Additionally USD 1.8 million under recourse term loan are restricted for the solely use for required class-related maintenance on the vessels. Additionally USD 0.5 million of cash and cash equivalents from other activities are classified as restricted cash, which in total at 31 December 2020 is USD 11.5 million (USD 13.4 million at 31 December 2019).

Bank deposits earn interest at floating rates based on applicable bank deposit rates. Short-term deposits are made for varying periods, depending on the cash requirements of the Group.

Note 16 - Trade and other receivables

in USD thousands	31 December 2020	31 December 2019
Trade receivables	6,656	7,605
Receivables to affiliated companies	348	705
Claims related to insurance cases	1,862	6,691
Derivative financial instruments	0	0
Other receivables and prepayments	5,566	9,048
Total Trade and other receivables	**14,432**	**24,049**

Trade receivables relates to receivables against the charterers for the Group's time charter contracts. Insurance claims are the Group's claims covered by insurance agreements where the virtually certain threshold are met.

The Group had outstanding receivables per year end amounting to USD 6,7 million. Historically, the Group have not had any credit losses of significance. A significant part of the outstanding receivables are against larger liner companies, of which the Group have had a long business relationship with, which reduces the risk further. The Group applies the simplified approach to provide for lifetime Expected Credit Losses in accordance with IFRS 9. The invoiced amount is considered to be approximately equal to the value which would be derived under the amortized cost method. In 2020, the Group recognized USD 0.5 million as impairment losses, compared to USD 0.0 million in 2019. See Note 24 – Financial risk management regarding management of credit risk.

Note 17 - Interest-bearing debt

in USD thousands	Ticker	Currency	Facility amount	Interest	Maturity	31 December 2020	31 December 2019
Nominal value of issued bonds	MPCBV	USD	204,056	Floating + 4.75%	September 2022	204,056	200,000
Non-recourse senior secured term loan	N/A	USD	59,150	Floating + 4.75%	May 2023	49,595	57,921
Recourse term loan	N/A	USD	29,000	Floating + 3.5%	April 2022	29,000	29,000
Other long-term debt incl. accrued interest						229	310
Total outstanding						**282,880**	**287,231**
Debt issuance costs						-5,960	-7,615
Total interest bearing debt outstanding						**276,920**	**279,616**

The Group has hedged its cash flows by way of entering into fixed interest-rate swap agreements for USD 50 million of the USD 200 million bond loan in MPC Container Ships Invest B.V. For the remaining USD 150 million bond loan the Group has entered into interest cap and collar agreements. For the non-recourse senior secured term loan, the Group has entered into collar agreements. And in relation to the USD 29 million recourse term loan, the Group has entered into fixed interest-rate swap agreements for a notional of USD 15 million. See Note 18 for further information on the cash flow hedges.

On 3 July 2020, MPC Container Ships B.V. received support from the majority of its bondholders for certain amendments under the bond agreement, which included among others a waiver of the loan-to-value covenant and reduced minimum liquidity restrictions until but excluding 31 December 2021, including a six month extension of the maturity. The book-equity ratio of the Group at a minimum of 40% are suspended to (but excluding) 31 March 2021.

Accordingly, the following main financial covenants are applicable as at 31 December 2020 in accordance with the terms for the bond loan:

- MPC Container Ships Invest B.V., together with its subsidiaries, shall maintain a minimum liquidity of USD 7.5 million

The amended terms under the bond agreement was not considered to meet the derecognition criteria under IFRS 9 for a financial liability and accordingly was not accounted for as an extinguishment of the original liability and a recognition of a new liability. The amendments lead to a one-off effect of USD 0.3m from the difference in estimated future cash flows which was reflected in profit and loss for 2020.

In September and December 2020, MPC Container Ships Invest B.V. in accordance with the new terms under bond agreement, for the third and fourth quarter interest payment, settled 1/3 of the payment in cash and the remaining 2/3 as payment in kind ("PIK") by way of issuing additional bonds. Accordingly outstanding bonds as at 31 December 2020 was USD 204.1 million.

For the non-recourse senior secured term loan, the Group has an accordion option at the lender's discretion for additional approximately USD 240 million.

The following main financial covenants are defined in the terms of the non-recourse senior secured term loan:

- Vessel loan-to-value ratio of MPCC First Financing GmbH & Co. KG and its subsidiaries shall not exceed 75%; and
- MPCC First Financing GmbH & Co. KG shall maintain a minimum liquidity of 5% of the financial indebtedness of MPCC First Financing GmbH & Co. KG and its subsidiaries.

On 5 August 2020, MPCC Second Financing GmbH & Co. KG, a wholly owned subsidiary of the Company, entered into an amendment and restatement agreement for its former USD 40 million revolving credit facility, changing the agreement into a term loan of USD 29 million.

The following main financial covenants are applicable as at 31 December 2020 under the terms of the USD 29 million recourse term loan:

- the Group shall maintain a minimum liquidity of the higher of USD 11 million, 5% of the financial indebtedness of the Group and USD 200 thousand multiplied with the number of consolidated vessels within the Group

The Group is in compliance with all bond and loan covenants as at 31 December 2020. With the amended terms in financial covenants, in combination with the Groups charter back log, the Group does not expect any covenant breaches in 2021.

The bond is guaranteed by the Company and all subsidiaries of MPC Container Ships Invest B.V. The loan is guaranteed by the General Partner of MPCC First Financing GmbH & Co, MPCC First Financing Verwaltungs GmbH. KG and of all of its subsidiaries.

See Note 10 for further information on interest income and total interest expenses and Note 24 for an overview of the future repayment structure for the interest-bearing debt. The table below shows the reconciliation of movements of interest-bearing debt to cash flows from financing activities, including non-cash movements and reconciliation to total interest-bearing debt at 31 December 2020 and at 31 December 2019.

in USD thousands	Interest bearing short-term debt	Interest bearing long-term debt	Total
1 January 2020	**2,753**	**276,863**	**279,615**
Proceeds from debt financing	0	0	0
Repayment of debt	0	-8,326	-8,326
Interest paid	-12,732	0	-12,732
Debt issuance costs	0	-2,638	-2,638
Total cash flow from financing activities	**-12,732**	**-10,964**	**-23,696**
Amortization of debt issuance costs	0	4,251	4,251
Reclassification	-4,334	4,334	0
Accrued interest	16,749	0	16,749
31 December 2020	**2,436**	**274,484**	**276,920**

in USD thousands	Interest bearing short-term debt	Interest bearing long-term debt	Total
31 December 2018	**2,941**	**244,767**	**247,708**
Proceeds from debt financing	0	39,000	39,000
Repayment of debt	-2,686	-4,880	-7,566
Interest paid	-19,061	0	-19,061
Debt issuance costs	0	-1,424	-1,424
Total cash flow from financing activities	**-21,747**	**32,696**	**10,949**
Amortization of debt issuance costs	0	1,846	1,846
Reclassification	2,378	-2,446	-68
Accrued interest	19,180	0	19,180
31 December 2019	**2,753**	**276,863**	**279,615**

Note 18 - Financial instruments

Set out below is a comparison by category for carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements. The estimated fair value amounts of the financial instruments have been determined using appropriate market information and valuation techniques.

in USD thousands	31 December 2020	31 December 2019
Debt instruments at amortized cost		
Trade and other receivables	14,432	24,049
Cash and cash equivalents	39,254	40,205
Total financial assets	**53,686**	**64,253**
Derivatives designed as hedging instruments		
Interest rate swaps including caps and collars	3,823	3,750
Financial liabilities at amortized cost		
Interest bearing debt	276,920	279,616
Trade and other payables	13,275	20,519
Total financial liabilities	**294,019**	**303,885**

Fair value of trade receivables, cash and cash equivalents and trade payables approximate their carrying amounts measured at amortized cost due to the short-term maturities of these instruments.

The fair value of interest-bearing debt is estimated by discounting future cash flows using rates for debt on similar terms, credit risk and remaining maturities. Fair value of interest-bearing debt approximates the carrying amounts as there have been no significant changes in the market rates for similar debt financing between the date of securing the debt financing and the reporting date.

Fair value hierarchy

The Group uses a hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques. The table below shows the fair value measurements for both the Group's assets and liabilities as at 31 December 2020 and 2019.

in USD thousands	Level 1	Level 2	Level 3	Total (USD thousands)
Financial liabilities not measured at fair value, but for which fair value is disclosed				
Bonds	-200,318	0	0	-200,318
Debt	0	-76,602	0	-76,602
Derivatives used for hedging				
Derivatives in effective cash flow hedge	0	0	-3,823	-3,823
Total liabilities 31 December 2020	**-200,318**	**-76,602**	**-3,823**	**-280,744**

in USD thousands	Level 1	Level 2	Level 3	Total (USD thousands)
Financial liabilities not measured at fair value, but for which fair value is disclosed				
Bonds	-195,094	0	0	-195,094
Debt	0	-84,522	0	-84,522
Derivatives used for hedging				
Derivatives in effective cash flow hedge	0	0	-3,750	-3,750
Total liabilities 31 December 2019	**-195,094**	**-84,522**	**-3,750**	**-283,365**

Cash Flow Hedges

The details of new hedge activities entered into by the Group and hedges with significant changes in value during the year ended 31 December 2020 are described below. For a description of the Group's hedging strategy, see Note 3 under cash flow hedges and Note 24 for further information regarding risk.

The Group uses interest rate swaps, caps and collars as hedges of its exposure to interest rate fluctuations in connection with its debt and bond financing.

in USD thousands	31 December 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap	0	1,749	-	699
Interest rate caps	0	2,075	-	3,051
Total	**0**	**3,823**	**-**	**3,750**

The derivatives are presented net against prepayments related to the instruments, under current liabilities. The net position as of 31 December 2020 is USD 0.3 million (31 December 2019: USD 1.3 million).

The terms of the interest rate derivative contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognized in the statement of profit or loss.

An accumulated amount of USD 9.1 is included in OCI as at 31 December 2020 after the Group repaid one of its hedging instruments during 2020 at USD 5.2 million. The payment of USD 5.2 million was related to the settlement of a collar instrument for the bonds. The repaid amount remains in OCI as the future cash flows related to the bond financings are still expected to occur. During 2020 the changes in OCI of USD -5,3 million related to cash flow hedges, USD -5.2 million relates to the above mentioned repayment and the remaining USD -0.1 million (2019: USD -4.8 million) relates to effective portion of the fair value changes of the derivatives. There are no ineffective portion recognized to profit and loss during 2020 (2019: No ineffective portion recognized to profit and loss).

The swap, cap and collar agreements classified as effective cash flow hedges under IFRS 9.

Note 19 - Related party disclosure

The Group has entered into a corporate service agreement to purchase administrative and corporate services from MPC Münchmeyer Petersen Capital AG and its subsidiaries.

The Company is responsible for the technical ship management of the vessels owned by the Group. Performance of technical ship management services is sub-contracted to Wilhelmsen Ahrenkiel Ship Management GmbH & Co. KG and Wilhelmsen Ahrenkiel Ship Management B.V., joint ventures of MPC Münchmeyer Petersen Capital AG, for 60 of the 65 vessels owned by the Group and joint venture entities at 31 December 2020.

Commercial ship management of the vessels owned by the Group and associated joint ventures is contracted to Contchart GmbH & Co. KG and Harper Petersen B.V., which are joint ventures of MPC Münchmeyer Petersen Capital AG.

The following table provides the total amount of service transactions that have been entered into with related parties for the relevant period:

in USD thousands / 2020	Group	2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG
Wilhelmsen Ahrenkiel Ship Man. GmbH & Co. KG / B.V.	8,406	1,032
Contchart GmbH & Co. KG / Harper Petersen B.V.	2,046	317
MPC Maritime Investments GmbH	232	-
MPC Münchmeyer Petersen Capital AG	494	-
Total	**11,178**	**1,350**

in USD thousands / 2019	Group	2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG
Ahrenkiel Steamship GmbH & Co. KG / B.V.	8,311	967
Contchart GmbH & Co. KG / Harper Petersen B.V.	2,250	209
MPC Maritime Investments GmbH	560	-
MPC Münchmeyer Petersen Capital AG	513	-
Total	**11,634**	**1,176**

In relation to the private placement completed 13 July 2020 and the subsequent offering completed 20 August 2020 (see note 20), the Company entered into an underwriting agreement with Star Spike Ltd., CSI Beteiligungsgesellschaft mbH ("CSI") and Pilgrim Global ICAV (together as “the underwriters”), which is represented by the Board of Directors members Laura Carballo, Ulf Holländer and Dr. Axel Schroeder and Darren Maupin respectively. The underwriters were guaranteed allocation of their pro rata shareholding and received an underwriting commission shares of 4% in excess pro rata portion of the private placement and in addition 4% of the subsequent offering of 35 million new shares. Accordingly the underwriters received in total 6,353,127 shares from the private placement and 1,400,000 shares from the subsequent offering. The new shares were listed on the Oslo

Stock Exchange 31 August 2020.All transactions with related parties are carried out at market terms. See Note 22 – Warrants regarding the warrants allocated to the founding shareholders.

Directors' and executive management's compensation and shareholding

	Shares at 31 December 2020	Warrants	2020 remuneration
Ulf Holländer (Chairman)	112,217	-	NOK 200,000
Dr. Axel Schroeder	6,794,635	-	NOK 200,000
Darren Maupin	508,646	-	NOK 200,000
Laura Carballo	-	-	NOK 200,000
Ellen Hanetho	60,000	-	NOK 200,000
Constantin Baack (CEO)	-	-	NOK 4,454,372
Harald Wilke (CFO) [23]	N/A	-	NOK 3,240,026

	Shares at 31 December 2019	Warrants	2019 remuneration
Ulf Holländer (Chairman)	33,403	-	NOK 200,000
Dr. Axel Schroeder	396,317	-	NOK 200,000
Darren Maupin	58,646	-	NOK 200,000
Laura Carballo	-	-	NOK 200,000
Ellen Hanetho	-	-	NOK 200,000
Constantin Baack (CEO)	-	-	NOK 5,250,458
Harald Wilke (CFO)	4,045	-	NOK 3,248,377

In USD thousands 2020	Base salary	Variable pay	Total
Constantin Baack (CEO)	286	129	415
Harald Wilke (CFO) [24]	204	98	302

In USD thousands - 2019	Base salary	Variable pay	Total
Constantin Baack (CEO)	340	150	490
Harald Wilke (CFO)	285	18	303

On April 28 2020, the Company's general meeting unanimously resolved that each member of the Board of Directors shall receive NOK 200,000 in remuneration for the fiscal year 2020. The total remuneration to the Board of Directors and executive management in 2020 was USD 0.5 million (2019: USD 0.6 million).

Guidelines for compensation to the CEO and CFO

The main purpose of the compensation to the executive management is to attract, retain and motivate employees with the skills, qualifications and experience needed to maximize value creation for the Company and its shareholders.

The total compensation to the CEO and CFO consists of base salary, bonus and other benefits. The Company practices standard employment contracts, with standard terms and conditions regarding notice period and severance pay for the executive management. The executive management participate in a variable bonus scheme where the purpose is to provide incentive to contribute to the value creation of the Company and its shareholders.

[23] Harald Wilke is no longer part of the management of the Company after he resigned in August 2020
[24] Harald Wilke resigned the Company 31 August 2020. Accordingly the figures represents compensation for the period 1 January 2020 until 31 August 2020

Note 20 - Share capital

	Number of shares	Share capital (USD thousands)	Share premium (USD thousands)
1 January 2020	**84,253,000**	**101,121**	**356,566**
14 February 2020	7,250,000	6,920	4,751
9 July 2020	0	-97,236	97,236
13 July 2020	266,353,127	28,197	-1,644
20 August 2020	36,400,000	4,045	-156
31 December 2020	**394,256,127**	**43,047**	**456,764**

At 14 February 2020, the Company announced a private placement with a nominal value at NOK 10 and 7,250,000 number of new shares issued, raising a total of USD 9.9 million net of transaction costs.

On 9 July 2020, the Company announced a decrease of the share capital by NOK 823,527,000 to NOK 91,503,000 through a reduction of the nominal value of each of the Company's share to NOK 1. The reduction amount was allocated to Share premium

On 13 July 2020, the private placement of 260,000,000 new shares with a nominal value of NOK 1.00, raising a total of approximate USD 28.2 million in new equity was approved and finally completed. In relation to the private placement the Company on 20 August 2020 successfully completed the subsequent offering for 35,000,000 new shares at a nominal value of NOK 1.00, raising new equity of approximate USD 4.0 million.

	Number of shares	Share capital (USD thousands)	Share premium (USD thousands)
1 January 2019	**84,253,000**	**101,121**	**356,566**
Changes in shares and share capital in the period	0	0	0
31 December 2019	**84,253,000**	**101,121**	**356,566**

The share capital of the Company consists of 394,256,127 shares as at 31 December 2020, with nominal value per share of NOK 1. All issued shares are of equal rights and are fully paid up.

As at 31 December 2020 the Company holds 351,098 treasury shares.

Overview of the 20 largest shareholders as at 31 December 2020

Shareholder	Number of shares	in %	Type
Star Spike Limited	91,601,254	23.2%	Ordinary
CSI Beteiligungsgesellschaft mbH	49,927,635	12.7%	Ordinary
Brown Brothers Harriman & Co.	23,989,001	6.1%	Nominee
Euroclear Bank S.A./N.V.	21,213,684	5.4%	Nominee
Morgan Stanley & Co. LLC	14,768,776	3.7%	Ordinary
Clearstream Banking S.A.	14,711,826	3.7%	Nominee
CACEIS Bank	12,754,210	3.2%	Nominee
Citibank, N.A.	10,240,441	2.6%	Nominee
Spiralen Holding AS	9,575,000	2.4%	Ordinary
Goldman Sachs & Co. LLC	9,336,851	2.4%	Nominee
SIX SIS AG	9,010,961	2.3%	Nominee
Deutsche Bank Aktiengesellschaft	7,958,244	2.0%	Nominee
DZ Privatbank S.A.	7,032,940	1.8%	Nominee
State Street Bank and Trust Comp	6,283,767	1.6%	Nominee
Bank Julius Bär & Co. AG	4,694,052	1.2%	Nominee
CACEIS Bank Spain S.A.	4,220,906	1.1%	Nominee
UBS Switzerland AG	3,444,642	0.9%	Nominee
J.P. Morgan Bank Luxembourg S.A.	3,304,500	0.8%	Nominee
Citibank, N.A.	1,960,808	0.5%	Nominee
Altea Property Development AS	1,926,669	0.5%	Ordinary
Total	**307,956,167**	**78.1%**	

Dr. Axel Schroeder and Ulf Holländer hold indirect ownership interest in the Company through an indirect minority interest in CSI Beteiligungsgesellschaft mbH. Laura Carballo holds indirect ownership interest in the Company through a fund managed by STAR Capital Partnership LLP. Darren Maupin holds both direct and indirect ownership interest in the Company through a minority ownership in Pilgrim Global ICAV (via a Nominee account).

Note 21 - Earnings per share

in USD thousands	2020	2019
Profit/(loss) for year attributable to ordinary equity holders – in USD thousands	-64,465	-39,701
Weighted average number of shares outstanding, basic	238,286,799	84,008,735
Weighted average number of shares outstanding, diluted	240,407,845	86,129,781
Basic earnings per share – in USD	**-0.27**	**-0.47**
Diluted earnings per share – in USD	**-0.27**	**-0.47**

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. In the event of a loss, no dilution effect is calculated. Accordingly diluted earnings per share are calculated in the same way both for 2020 and 2019.

Note 22 - Warrants

On 20 April 2017, the Company issued 1,700,000 warrants to MPC Capital Beteiligungsgesellschaft mbH & Co. KG as the founding shareholder, corresponding to 8.5% of the shares issued in the private placement in April 2017. Under the same warrant agreement, on 19 June 2017, the Company issued 421,046 additional warrants to MPC Capital Beteiligungsgesellschaft mbH & Co. KG considering the equity private placement in June 2017. The total number of independent subscription rights granted to founding shareholders is 2,121,046 as at 31 December 2020. Each warrant gives the right, but no obligation, to subscribe for one share in the Company

Each warrant gives the holders the right, but no obligation, to subscribe for one share in the Company. The initial exercise price was set at the NOK equivalent of USD 5.00 subject to changes in the capital of the Company, such as among others issuance of new shares, split or reverse split of shares or distributions to the shareholders. Exercise of the warrants is subject to certain vesting criteria related to the development in the share price of the Company. The warrants are valid for a period of 5 years from 20 April 2017.

The warrants issued to the founding shareholder are recognized as equity instruments in accordance with IAS 32.

Note 23 - Commitments

There are no off-balance sheet commitments for the Group as at 31 December 2020, compared to USD 4.6 million at 31 December 2019. The off-balance sheet commitments end of 2019 related to the scrubber installations, which is fully settled during 2020.

Note 24 - Financial risk management

This section provides additional information about the Group's policies that are considered most relevant in understanding the operations and management of the Group, in particular objectives and policies of how the Group manages its financial risks, liquidity positions and capital structure.

The Group owns and operates vessels for worldwide transportation of containerized cargo. Through its operation, the Group is exposed to market risk, credit risk, liquidity risk and other risks that may negatively influence the value of assets, liability and future cash flows. The Group is exposed to risks affected by the ongoing pandemic COVID-19. COVID-19 could have an adverse effect on the charter market and thereby effect the market risk. Additionally COVID-19 could impact the credit risk with the Group's customers and also impact the liquidity risk of the Group.

Market risk from financial instruments is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise four types of risk: interest rate risk, foreign currency risk, credit risk and price risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates, i.e. interest payable on the bond issued and the non-recourse senior secured term loan depends with the short-term LIBOR. The Group manages its interest rate risk by using interest rate hedging instruments. To do so, the Group has entered into interest rate swaps and interest rate caps, are accounted for using hedge accounting. Taking into account these hedging instruments, an increase of the short-term LIBOR rate by 50 basis points would cause the Group's annualized interest expenses to increase by USD 0.5 million or 1% of Profit and loss for 2020.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of most of the entities in the Group is USD, and the Group has only minor currency risk from its operations since all income and all major vessel costs are in USD. However, the Group has exposure to EUR and NOK as parts of administration and vessel operating expenses and a portion of cash and cash equivalents, other short-term assets, trade payables and provisions and accruals are denominated in EUR and NOK. Currently, no financial instruments have been entered into to mitigate this risk. An increase of the USD/EUR exchange rate by 10% would increase cause the vessel operating expenses to increase by approx. 3% of Profit and loss for 2020.

The Group is subject to *price risk* related to the charter market for feeder container vessel which is uncertain and volatile and will depend upon, among other things, the global and regional macroeconomic developments. In addition, the future financial position of the Group depends on valuations of the vessels owned by the Group. Currently, no financial instruments has been entered into to reduce this shipping market risk. The Group will normally have limited exposure to risks associated with bunker price fluctuations as the bunkers are for the charterers account when the vessels are on time charter contracts. See Board of Directors' report for further description.

Credit risk

Credit risk refers to the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

It is the aim of the Group to enter into contracts with creditworthy counterparties only. Prior to concluding a charter party, the Group evaluates the credit quality of the customer, assessing its financial position, past experience and other factors. Charter hire is paid in advance, effectively reducing the potential exposure to credit risk. Bank deposits are only deposited with internationally recognized financial institutions.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity and/or undrawn committed credit facilities at all times to meet its obligations. See Board of Directors' report for further description with respect to liquidity risk. To ensure this, the Group continuously monitors projected cash flows using a liquidity planning tool. This includes furnishing management with weekly cash reporting, monthly liquidity forecasts and furnishing management and the Board of Directors with rolling 12-24 months liquidity forecasts.

The following table summarizes the contractual maturities of financial liabilities on an undiscounted basis as at 31 December 2020:

in USD thousands	< 1 year	1-3 years	4-5 years	> 5 years	Total
Interest bearing loans and borrowings	-12,106	-270,545	0	0	-282,651
Interest payments	-13,412	-13,085	0	0	-26,496
Trade and other payables	-13,275	0	0	0	-13,275
Total	**-38,793**	**-283,630**	**0**	**0**	**-322,423**

The contractual maturities and liabilities related to interest bearing loans and borrowings are related to the senior secured bond, and do not include the amended call options under the senior secured bond, which require the bond to be paid back at 102% of the nominal amount, if settled in September 2022 or later, and at 104% of the nominal amount if settled in December 2022 or later until the maturity date in March 2023.

The following table summarizes the contractual maturities of financial liabilities on an undiscounted basis as at 31 December 2019:

in USD thousands	< 1 year	1-3 years	4-5 years	> 5 years	Total
Interest bearing loans and borrowings	-2,446	-233,892	-50,583	0	-286,921
Interest payments	-19,168	-32,464	-845	0	-52,477
Trade and other payables	-20,519	0	0	0	-20,519
Total	-42,134	-266,356	-51,428	0	-359,918

Note 25 - Capital management

A key objective of the Group's capital management is to ensure that the Group maintains a capital structure in order to support its business activities and maximize the shareholder value. The Group evaluates its capital structure in light of current and projected cash flows, the state of the shipping markets, new business opportunities and the Group's financial commitments. Capital is primarily managed on Group level.

The Group monitors its capital structure using the book-equity ratio, which stands at 56.5% as at 31 December 2020. The Group is mainly subject to financial covenants under the bond loan and the non-recourse secured term loan (see Note 17 – Interest-bearing debt). The Group aims at maintaining an equity ratio with adequate headroom to the respective covenant requirements.

in USD thousands	31 December 2020	31 December 2019
Book equity	383,032	410,458
Total assets	678,138	718,079
Book-equity ratio	**56.5%**	**57.2%**

The Group's intention is to pay dividends in support of the Group's objective of maximizing returns to shareholders. Any future dividends proposed will be at the discretion of the Board of Directors and will depend upon the Group's financial position, earnings, capital requirements, debt covenants and other factors. See the board of directors report for further description.

Note 26 - Group companies

The Group's consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the table below. The table excludes all General partner companies and non-operating companies.

in USD thousands	Country	Principal activity	Ownership
"AS SAMANTA" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS SABRINA" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS FREYA" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS FENJA" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS PAOLA" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS PAULINE" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS RAFAELA" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS PENELOPE" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
MPC Container Ships GmbH & Co. KG	Germany	Management Company	100.00 %
"AS SELINA" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
Rio Teslin OpCo GmbH & Co. KG	Germany	Empty shelf company	80.00 %
Rio Thelon OpCo GmbH & Co. KG	Germany	Empty shelf company	80.00 %
MPCC Second Financing GmbH & Co. KG	Germany	Holding company	100.00 %
MPCC First Financing GmbH & Co. KG	Germany	Holding company	100.00 %
"AS Camellia" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS Carlotta" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS Carolina" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS Christiana" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS Franziska" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS Leona" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Empty shelf company	100.00 %
"AS Roberta" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS Serafina" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS Susanna" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
"AS Svenja" Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
MPC Container Ships Invest B.V.	Netherlands	Holding company	100.00 %
"AS Angelina" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS California" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Carelia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Clara" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Clarita" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Clementina CV" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Columbia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Constantina" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Cypria" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Fabiana" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Fabrizia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Fatima" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Faustina" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Federica" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Felicia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Filippa" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Fiona" ShipCo C.V.	Netherlands	Empty shelf company	99,90%
"AS Fiorella" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Flora" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Floretta" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Floriana" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%

"AS Fortuna" ShipCo C.V.	Netherlands	Empty shelf company	99,90%
"AS Frida" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Laetitia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Laguna" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Lauretta" ShipCo C.V.	Netherlands	Empty shelf company	99,90%
"AS Palatia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Patria" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Paulina" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Petronia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Ragna" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Riccarda" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Romina" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Rosalia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Sara" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Savanna" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Serena" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Sevillia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Sicilia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Sophia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%

Ownership rights equal voting rights in all subsidiary entities.

Note 27 - Subsequent events

The 2007-built TEU 3,500 vessel AS Nadia (former MV Nordspring) was taken over by the Group on the 19 January 2021.

On 27 January 2021 the Group entered into a sale agreement for the vessel AS Frida. The total sales price is agreed at USD 4.7 million and the vessel will be delivered to its new owner during first half of 2021.

ALTERNATIVE PERFORMANCE MEASURES

The Group's financial information is prepared in accordance with international financial reporting standards ("IFRS"). In addition, it is the management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of the Group's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. The Group is in the initial phase of operation and performance measures are therefore subject to change. The alternative performance measures are intended to enhance comparability of the results and to give supplemental information to the users of the Group's external reporting.

GROSS PROFIT

Gross profit is a key financial parameter for the Group and is derived directly from the income statement by deducting cost of sales (vessel voyage expenditures, ship management fees, vessel operating expenditures and commissions) from the operating revenues.

EBITDA

Earnings before interest, tax, depreciations and amortizations ("EBITDA") is a key financial parameter for the Group and is derived directly from the income statement by adding back depreciation and impairment to the operating result ("EBIT").

in USD thousands	2020	2019
Operating result (EBIT)	-42,486	-18,439
Depreciation	49,653	41,109
Impairment	8,996	2,583
EBITDA	**16,164**	**25,252**

AVERAGE TIME CHARTER EQUIVALENT ("TCE")

TCE is a commonly used Key Performance Indicator ("KPI") in the shipping industry. TCE represents time charter revenue and pool revenue divided by the number of trading days for the consolidated vessels during the reporting period. Trading days are ownership days minus days without revenue, including commercial, uninsured technical and dry dock related off-hire days.

AVERAGE OPERATING EXPENSES ("OPEX") PER DAY

OPEX per day is a commonly used KPI in the shipping industry. OPEX per day represents operating expenses excluding tonnage taxes and operating expenses reimbursed by the charterers divided by the number of ownership days of consolidated vessels during the reporting period.

UTILIZATION

Utilization in percentage is a commonly used KPI in the shipping industry. Utilization in percentage represents total trading days including off-hire days relates to dry docks divided by the total number of ownership days during the period.

LEVERAGE RATIO

Interest bearing long-term debt and interest bearing short-term debt divided by total assets.

EQUITY RATIO

Total book equity divided by total asset

PARENT FINANCIAL STATEMENTS

INCOME STATEMENT

in USD thousands	Notes	2020	2019
Revenue	2,9	16,465	14,303
Revenue		**16,465**	**14,303**
Payroll	5	-1,152	-1,416
Other operating expenses	10	-19,141	-19,781
Operating result (EBIT)		**-3,828**	**-6,894**
Finance income	10	680	10,233
Finance expense	10	-433	-4,505
Profit/Loss before income tax (EBT)		**-3,580**	**-1,166**
Income tax	4	-41	64
Profit/Loss for the period		**-3,621**	**-1,102**

Transfer of profit to retained earnings	6	**-3,621**	**-1,102**
Earnings per share	10	**-0.02**	**-0.01**

STATEMENT OF FINANCIAL POSITION

in USD thousands	Notes	31 December 2020	31 December 2019
Assets		**491,453**	**454,236**
Non-current assets		483,171	445,552
Investments in Subsidiaries	8	456,063	418,455
Investments in affiliated companies	8	27,068	27,068
Other non-current assets		40	29
Current assets		8,282	8,684
Short-term receivables group	9	2,909	5,012
Other short-term receivables		2,247	518
Cash and cash equivalents	3	3,126	3,153
Equity and liabilities		**491,453**	**454,236**
Equity		490,005	451,512
Share capital	6	43,046	101,120
Share premium	6	456,764	356,576
Treasury shares	6	-1,143	-1,143
Retained earnings	6	-8,662	-5,041
Current liabilities		1,448	2,724
Accounts payable		688	1,626
Social security, VAT, etc.		111	71
Other short-term liabilities		649	1,027

Oslo, 25 March 2021

The Board of Directors and CEO of
MPC Container Ships ASA

Ulf Holländer (Chairman)

Dr. Axel Schroeder

Laura Carballo

Darren Maupin

Ellen Hanetho

Constantin Baack (CEO)

STATEMENT OF CASH FLOW

in USD thousands	Notes	2020	2019
Profit/Loss before income tax		-3,580	-1,166
Net change in current assets		375	-1,292
Net change in current liabilities		-1,276	1,435
Depreciation and impairment		1,472	11,556
Loss/gain from the disposal of fixed assets		0	-828
Cash flow from operating activities		**-3,010**	**9,705**
Purchase of other non-current assets		-11	-29
Purchase of long-term financial assets	8	-39,140	-27,897
Cash flow from investing activities		**-39,151**	**-27,407**
Purchase of own shares	6	0	-1,143
Proceeds from share issuance	6	43,354	0
Share issuance costs		-1,220	0
Cash flow from financing activities		**42,134**	**-1,143**
Net change in cash and cash equivalents		-27	-18,846
Net foreign exchange differences		0	0
Cash and cash equivalents at beginning of period		3,153	21,999
Cash and cash equivalents at the end of period		**3,126**	**3,153**

NOTES

Note 1 – Significant accounting policies

MPC Container Ships ASA (the "Company") was incorporated on 9 January 2017 as a private limited liability company under the laws of Norway, and converted to a Norwegian public limited liability company (Norwegian: *allmennaksjeselskap*) on 16 January 2018.

The financial statements are prepared in accordance with Norwegian Standards (NGAAP) for public limited liability companies.

Current assets are assets that are expected to be realized in the Company's normal circle, held primarily for the purpose of trading and that are expected to be realized within twelve months after the reporting period. Current liabilities are liabilities that are expected to be settled within the Company's normal operating cycle. Other assets are classified as non-current assets and other liabilities are classified as non-current liabilities.

Accounts receivable are recognized at fair value after provisions for bad debts.

Long-term investments in shares in subsidiaries including affiliated companies are recognized at original cost, but are reduced to fair value if the decrease in value is not temporary.

Revenue and expenses from operations are booked in the same period as they occur.

The financial statements are presented in US Dollar (USD), which is the functional currency of the Company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction.

All financial information presented in USD has been rounded to the nearest thousand USD, except otherwise indicated. Differences from currency translations are classified as financial income.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax liabilities are classified as non-current assets and are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized.

Note 2 – Revenue

in USD thousands	2020	2019
Ship management fees	9,291	9,479
Corporate management fees	2,383	2,420
Reimbursements	4,791	2,405
Total revenue	**16,465**	**14,303**

Note 3 – Cash and cash equivalents

in USD thousands	2020	2019
Bank deposits denominated in USD	2,542	2,848
Bank deposits denominated in EUR	215	92
Bank deposits denominated in NOK	370	213
Total cash and cash equivalents	3,126	3,153

Bank deposits in NOK consists of in total USD 28 thousand in funds held for employee taxes payable to the Norwegian government.

Note 4 – Income tax

The Company is subject to ordinary corporation tax in Norway:

in USD thousands	2020	2019
Basis for ordinary corporation tax expense		
Profit before taxes	-3,580	-1,166
Tax at ordinary Norwegian corporation tax rate (22%)	0	0
Basis for deferred tax		
Taxable profit of foreign controlled entities	0	-261
Tax at ordinary corporation tax rate (22%)	0	64

In Norway, the Company has an estimated tax loss carried forward amounting to USD 31 million. The tax loss relates mainly to transaction cost on capital increase and can be carried forward indefinitely. Currently, no convincing evidence of using the tax loss exists. Accordingly, the criteria for recognition of deferred tax assets are not met.

Note 5 – Payroll expenses, Board of Directors remuneration, compensations, etc.

in USD thousands	2020	2019
Payroll	902	1,070
Social security	76	97
Other personnel expenses	53	81
Accrued Board of Directors remuneration	121	168
Total payroll expenses	**1,152**	**1,416**

In accordance with Norwegian law, the Company is required to have an occupational pension scheme. The Company's pension scheme was in compliance with Norwegian law as at 31 December 2020.

Please refer to Note 19 of the consolidated financial statements for the remuneration of the Board of Directors and key management.

Compensation to auditors (in USD thousands)	2020	2019
Fees related to audit services	121	121
Fees related to other services	102	266
Fees recorded towards equity	15	0
Total auditor compensation	**238**	**387**

Note 6 – Equity

in USD thousands	Share capital	Treasury shares	Share premium	Retained earnings/losses	Total
Total equity as at 1 January 2020	**101,121**	**(1,143)**	**356,576**	**(5,041)**	**451,512**
Capital increase 16 March	6,920	0	4,751	0	11,671
Change in nominal value 1 July	(97,236)	0	97,236	0	0
Capital increase 10 July 2020	28,197	0	(1,644)	0	26,553
Capital increase 21 August 2020	4,045	0	(156)	0	3,889
Profit/loss	0	0	0	(3,621)	(3,621)
Total equity as at 31 December 2020	**43,046**	**(1,143)**	**456,764**	**(8,662)**	**490,005**

in USD thousands	Share capital	Treasury shares	Share premium	Retained earnings/losses	Total
Total equity as at 1 January 2019	**101,120**	**0**	**356,585**	**-3,939**	**453,766**
Acquisition of own shares	0	-1,143	-9	0	-1,152
Profit/loss	0	0	0	-1,102	-1,102
Total equity as at 31 December 2019	**101,120**	**-1,143**	**356,576**	**-5,041**	**451,512**

Note 7 – Shareholders

As at 31 December 2020, the share capital of the Company consists of 394,256,127 shares with nominal value per share of NOK 1.00. All issued shares are of equal rights and are fully paid up.

Please refer to Note 20 of the consolidated financial statements for an overview of the 20 largest shareholders of the Company as at 31 December 2020. Please also refer to Note 22 of the consolidated financial statements for information about the Group's issued warrants.

Note 8 – Investments in Subsidiaries and affiliated companies

Investments in subsidiaries

in USD thousands	Country	Equity	Profit/Loss	Book value	Ownership
MPC Container Ships Invest B.V.	Netherlands	214,256	-16,775	261,384	100.00 %
MPCC First Financing GmbH & Co. KG	Germany	78,925	-4,061	87,719	100.00 %
MPCC Second Financing GmbH & Co KG	Germany	97,074	-1,858	101,298	100.00 %
MPCC First Financing OpCo KG	Germany	63	-17	29	100.00 %
MPCC First Financing Verwaltungs GmbH	Germany	29	4	29	100.00 %
MPC Container Ships GmbH & Co. KG	Germany	554	-12	733	100.00 %
AS Nadia Shiff. mbH & Co. KG	Germany	4,500	0	4,500	100.00 %
"AS CONSTANTINA" OpCo GmbH	Germany	27	0	62	100.00 %
MPC Container Ships Verwaltungs GmbH	Germany	29	0	29	100.00 %
MPC Container Ships Sourcing GmbH	Germany	157	14	276	100.00 %
Rio Teslin Opco GmbH Co. KG	Germany	57	-83	0	100.00 %
Rio Thelon Opco GmbH Co. KG	Germany	104	-153	0	100.00 %
Sao Paulo Project Holding Verwaltungs GmbH	Germany	0	0	6	100.00 %
Total		**395,776**	**-22,940**	**456,063**	

The major investment in subsidiaries of the Company are direct or indirect holding investments in container vessels where the future discounted values of the vessels exceeds the book values. Accordingly, there are not identified any need for impairment on the Company's investments in subsidiaries. Included in Other operating expenses is an impairment of Sao Paolo Project Holding GmbH & Co. KG of USD 1.5 million which is related to the company's liquidation in 2020.

Investments in affiliated companies

(in USD thousands)	Country	Equity	Profit/Loss	Booked value	Ownership
2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG	Germany	50,448	-965	24,063	50.00 %
Bluewater Holding SFG	Germany	35	2	3,004	50.00 %
Total		**50,483**	**-963**	**27,068**	

Note 9 – Group transactions

(in USD thousands)	Receivables at 31 December 2020	Payables at 31 December 2020	Revenues in 2020	Expenses in 2020
Intercompany balances/transactions	2,909	0	16,465	0

(in USD thousands)	Receivables at 31 December 2019	Payables at 31 December 2019	Revenues in 2019	Expenses in 2019
Intercompany balances/transactions	5,012	0	14,303	0

Revenue is related to invoiced ship management fees and corporate management fees including other reimbursements.

Note 10 – Specification of P/L records

in USD thousands	2020	2019
Other operating expenses		
Fees from auditors	-223	-693
Ship management fees	-9,004	-9,050
Legal fees	-4,714	-3,025
Other fees	-3,070	-3,427
Impairment of subsidiaries	-1,475	-2,672
Other operating expenses	-662	-915
Total operating expenses	**-19,147**	**-19,781**
Finance income		
Interest income	1	49
Income from exchange	662	243
Dividend from subsidiaries	17	4,716
Other financial income	0	0
Profit from shares sold	0	5,226
Total finance income	**680**	**10,233**
Finance expense		
Interest expense	-211	0
Expense from exchange	-222	-108
Other financial expenses	0	0
Loss from shares sold	0	-4,397
Total finance expense	**-433**	**-4,505**

Note 11 – Earnings per share

in USD thousands	2020	2019
Profit/(loss) for year attributable to ordinary equity holders – in USD thousands	-3,621	-1,102
Weighted average number of shares outstanding	238,286,799	84,008,735
Basic earnings per share – in USD	**-0.02**	**-0.01**

Note 12 - Guarantees

The Company has guaranteed for the bond loan of MPC Container Ships Invest B.V., together with the subsidiaries of MPC Container Ships Invest B.V. And the Company has guaranteed for the recourse term loan of MPCC Second Financing GmbH & Co. KG., together with the subsidiaries of MPCC Second Financing GmbH & Co. KG.

Note 13 – Financial risk management

Foreign exchange

The risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Company has exposure in EUR and NOK as part of administrative and operating expenses and a portion of cash and cash equivalents and trade payables are denominated in EUR and NOK. The Company do not have financial instruments in place to mitigate this risk.

Credit risk

Credit risk relates to loans to subsidiaries and affiliated companies, guarantees to subsidiaries, deposits with external banks and receivables against related parties. Loss provisions are provided in situations of negative equity and where the companies are not expected to be able to fulfil its loan obligations from future earnings.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations when they fall due and is managed through maintaining sufficient cash. Development in the Group's and thereby the Company's available liquidity, is continuously monitored through a liquidity planning tool which includes weekly cash reporting and monthly cash flow forecasts.

AUDITOR’S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of MPC Container Ships ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MPC Container Ships ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2020, the income statement, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2020, the income statement, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Building a better working world

Impairment assessment of vessels

Management identified indications of potential impairment for the Group's vessels mainly as a result of the market capitalization compared to the book value of the equity (price/book) has been trading below 1. Therefore, management performed an impairment test to determine the recoverable amount for each of the vessels and to measure it against the related book value. When estimating the recoverable amount, management used assumptions of future market and economic conditions as well as Group-specific factors.

Key assumptions included the future time charter rates, expected utilization, the trend of operating expenses, expected capital expenditures, newbuilding prices and discount rate. Considering the degree of management's judgment in establishing the key assumptions and the potential impacts on the estimated recoverable amounts of changes in such key assumptions, we considered the impairment assessment as a key audit matter.

An impairment charge of MUSD 6.8 was recorded related to vessels classified as held for sale during 2020, including one vessel classified as held for sale at 31 December 2020. Further, an impairment charge of MUSD 2.2 was recorded related to a vessel for which a sale agreement was entered into subsequent to the balance sheet date. Management concluded there were no additional impairment charges necessary for the remaining fleet, as the estimated recoverable amounts of the vessels exceeded the related book values.

The Group has disclosed its accounting policy related to impairment under note 3: Significant accounting policies, and the key assumptions used in the impairment assessment and the sensitivities performed under note 14: Vessels and prepayments.

Our audit procedures included an assessment of the key assumptions and methods used by management in the impairment assessment. We performed an assessment of the discounted cash flows projected by management through review of the underlying key assumptions, including comparison to external data sources and third-party valuation reports for the container ship market sector. In addition, we compared the key estimates to current applicable agreements and Board approved budgets and historical data.

Furthermore, we involved our internal valuation experts and assessed the reasonability of the weighted average cost of capital (the discount rate) used in the discounted cash flow model by comparing the estimated equity beta, risk-free interest rates on government bonds, market risk premium and cost of debt to peer group data, relevant external sources and the Group's specific factors. We also tested the mathematical accuracy of the valuation model and performed sensitivity analysis on the most critical assumptions.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 25 March 2021
ERNST & YOUNG AS

Jon-Michael Grefsrød

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

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