



**MPC CONTAINER SHIPS ASA**  
**FINANCIAL REPORT**  
**Q1 2021**

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# MPC CONTAINER SHIPS ASA

## FIRST QUARTER 2021 HIGHLIGHTS

- Total operating revenues for Q1 2021 were USD 54.9 million compared to USD 45.6 million for Q4 2020.
- EBITDA was USD 22.3 million in Q1 2021 (Q4 2020: USD 4.5 million).
- Operating cash flow for Q1 2021 was USD 17.6 million (Q4 2020: USD 1.5 million).
- Net profit for the period was USD 3.5 million (Q4 2020: net loss of USD 18.4 million).
- Total ownership days of fully owned vessels were 5,182 (Q4 2020: 5,297) and total trading days were 5,089 (Q4 2020: 5,045). Utilization in Q1 2021 was 99.2%<sup>1</sup> (Q4 2020: 97.0%).
- Average time charter equivalent (“TCE”) was USD 10,502 per day (Q4 2020: USD 8,115 per day).
- Average operating expenses (“OPEX”) were USD 5,224 per day (Q4 2020: USD 5,251 per day).
- Equity ratio as at 31 March 2021 was 56.2% (31 December 2020: 56.5%) and the leverage ratio was 41.1% (31 December 2020: 40.8%).
- On 19 January 2021, MPC Container Ships ASA (“the Company”, together with its subsidiaries “the Group”) assumed physical ownership of the vessel AS Nadia.
- On 12 March 2021, the vessel AS Frida was delivered to its new owners.
- In Q1 2021, the Group agreed on a settlement with the first intended buyer of AS Leona and AS Lauretta after their non-performance under the initial agreements entered into in 2020. The settlement of USD 2.0 million is included in Other income in Q1 2021 contributing to the net profit of USD 3.5 million. The vessels were sold and delivered during 2020 to new buyers after the above mentioned.

## CEO COMMENT

The strong container market momentum which commenced in the second half of 2020 has shown no sign of slowdown, but has instead constantly strengthened further in 2021. The present market conditions are based on fundamentals. Significant demand growth in combination with limited supply, fuelled by extraordinary effects such as container box shortages and the Suez Canal blockage, has led to one of the strongest container markets in history which we expect will continue into next year.

Charter rates are at historically high levels whilst charter periods are getting longer and longer thus increasing cash flow visibility on our fleet. So far, in 2021 we have concluded 26 multi-year charters, bringing our overall charter backlog to more than USD 400 million. Based on around 25 additional charter renewals until year-end, we believe MPCC is well-positioned to further benefit from the continuously strong charter markets.

Going forward, we will continue with our focused strategy to own and operate vessels in intra-regional trades, a sector where we see an extremely compelling demand/supply development for the years ahead. Whilst the order book has recently increased significantly for the larger sizes, we expect constrained supply will persist in the medium-term, in particular for intra-regional vessel sizes. Furthermore, we expect attractive demand growth in the intra-regional trades, especially in Asia due to global sourcing dynamics and demand developments.

We firmly believe, it is the combination of the strong cash generation, whilst having an extremely low residual value risk and our prudent capital allocation strategy which makes up MPC Container Ships’ attractiveness as an unique

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<sup>1</sup> Utilization in percentage represents total trading days including off-hire days related to dry-docks divided by the total number of ownership days during the period

investment in these exciting times in container shipping.

## FIRST QUARTER 2021 RESULTS

### Financial performance

The Group's vessels are chartered out on time charter contracts to global and regional liner shipping companies. Operating revenues for the quarter were USD 54.9 million (Q4 2020: USD 45.6 million). The gross profit from vessel operations was USD 23.0 million (Q4 2020: USD 7.9 million). The increase in operating revenues and gross profit compared to the previous quarter is driven by the improvement in the charter market and container demand, in turn leading to higher charter rates, reduced idle time and increased utilization for the Group's fleet. Accordingly, the Q1 2021 TCE (per trading day) has seen an increase compared to Q4 2020 from USD 8,115 to USD 10,502 as the Group was able to make use of the currently strong demand from container capacity.

The Group reports a net profit of USD 3.5 million in Q1 2021 (Q4 2020: loss of USD 18.4 million).

### Financial position

The Group's total assets amounted to USD 688.4 million as at 31 March 2021 (USD 678.1 million as at 31 December 2020). Non-current assets in the amount of USD 615.1 million reflect 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 386.9 million as at 31 March 2021 (USD 383.0 million as at 31 December 2020) with non-controlling interest of USD 0.8 million. The change in equity during Q1 2021 mainly relates to the net profit for the period of USD 3.5 million and to the positive change of USD 0.5 million for the hedging reserves. As at 31 March 2021, the Group had interest-bearing debt in the amount of USD 283.3 million (USD 276.9 million as at 31 December 2020). The increase in long term debt is mainly due to the new financing of USD 6.0 million related to the financing of the acquisition of AS Nadia and quarterly amortization of capitalized loan fees, partly offset by scheduled repayments.

### Cash flow

In Q1 2021, the Group generated a positive cash flow from operating activities of USD 17.6 million (Q4 2020: positive by USD 1.5 million). The cash flow from investing activities was USD -9.5 million (Q4 2020: USD -9.5 million) from the investments into dry-dockings and other upgrades of USD 5.1 million and purchase of the new vessel AS Nadia of USD 10.0 million, partly offset by the proceeds from disposal of the vessel AS Frida of USD 4.6 million. The Group had a positive cash flow from financing activities of USD 0.8 million in Q1 2021 (Q4 2020: USD -2.8 million) resulting mainly from proceeds from debt financing of USD 6.0 million partly offset by repayment of debt of USD 1.1 million and payment of interest and bond issuing costs totalling to USD 4.1 million.

Cash and cash equivalents as at 31 March 2021 were USD 48.1 million.

## CONTAINER MARKET UPDATE

### COVID-19

In the aftermath of the significant Covid-19-induced drop in international trade in H1 2020, the container vessel market has recovered fast and strong, outperforming every expectation. Container volumes jumped back in July 2020 and full year demand forecasts have been continuously revised upwards. Finally, 2020 experienced a slight decline of seaborne container trade of -1.8%.<sup>2</sup> With the tremendous bounce back in trade volumes and equipment

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<sup>2</sup> Maritime Strategies International, Horizon, May 2021.

shortage occurring at key trading hubs, freight rates increased to record high numbers. Time-charter rates followed in tandem with a one-to-three months' time lag depending on the specific vessel size segment and the commercial 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) and have since then outperformed other indices. Secondhand transactions and new-build orders increased and so did secondhand prices and meanwhile also newbuilding prices. Also driven by the strong market momentum, scrapping came nearly to a halt at the end of 2020 and has thus far remained negligible in 2021.

Overall, the container vessel market saw a very strong start into 2021 with historical good market indices backed up by proper industry fundamentals. Analysts thus expect an excess demand situation for two years at least. Neither the continuously growing numbers of new Covid-19 infections worldwide nor the current wave of lockdowns around the globe seem to be able to dampen the container vessel market momentum and the charter market surge in particular. The reason lies within a leverage effect induced by an interplay of different parameters: A shift in consumer behavior (from non-tradable local services to consumption goods), a change in global sourcing patterns (still global but more diversified between different economies), the need for increasing corporate inventory levels (to cushion risks of a future demand dip), monetary and fiscal stimuli packages, strong trade volumes and equipment shortage on trading hubs.

### **Container Demand**

Despite the fast and significant bounce back of trade volumes and a booming H2 2020, 2020 full year numbers still highlight one of the worst years for container trade ever (-1.8% TEU demand). The main downturn occurred in H1 2020. Following the ease of lockdowns in May 2020, container demand recovered significantly and unexpectedly fast. For 2021, container demand growth is currently forecasted to be 6.9%. Full year demand expectations are even stronger for intra-regional trades at 7.8%<sup>3</sup>. Those strong numbers are based on a good performance of the global economy. In light of good vaccination progress and strong commodity goods demand, the IMF revised its global GDP growth forecasts for 2021 upwards to 6%.<sup>4</sup>

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 5.1% until the end of 2024. Numbers are even more favorable for smaller and intermediate vessels as demand growth on intra-regional trades (the main deployment of vessels smaller 5,200 TEU) is relatively strong with an average annual growth rate of 5.7%.<sup>5</sup> The rethinking of global sourcing 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 5,462 vessels with a total capacity of 23.9 million TEU. The feeder fleet (1,000 to 3,000 TEU) amounted to 1,996 vessels with a total capacity of 3.7 million TEU.<sup>6</sup>

The COVID-19-induced lockdowns made vessel handovers more complicated 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 became aware of the increased market momentum and respective earnings possibilities, scrapping came again nearly to a halt in Q4 2020. In full year 2020, 80 vessels with a capacity of 214,000 TEU have been scrapped (compared to 93 vessels with a capacity of 267,000 TEU in 2019). In the feeder segment (1,000 to

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<sup>3</sup> Ibid.

<sup>4</sup> International Monetary Fund, World Economic Outlook, April 2021.

<sup>5</sup> Maritime Strategies International, Horizon, May 2021.

<sup>6</sup> Clarkson Research, Shipping Intelligence Network, May 2021.

3,000 TEU), 45 vessels with 67,000 TEU have been scrapped, compared to 61 vessels and 93,000 TEU in 2019. In the Classic Panamax segment (3,000 to 6,000 TEU), 16 vessels with 79,000 TEU have been scrapped in 2020, compared to 17 vessels with 81,000 TEU in 2019. 2021 saw only 8,000 TEU removed from the container market (4,000 TEU in the size segment <1,000 TEU vessels and 4,000 TEU in the feeder segment 1,000 to 3,000 TEU). As 52% of the vessels (in terms of TEU) are older than 15 years with a strong bias towards smaller tonnage, a significant increase in scrapping numbers is expected when the current market surge eases, presumably in 2023.<sup>7</sup>

New building deliveries have been very low in 2020. 137 container vessels with a capacity of 854,000 TEU have been added to the market. In the feeder segment (1,000 to 3,000 TEU), 90 vessels have been delivered in 2020 (with 185,000 TEU capacity) compared to 84 vessels delivered in 2019 (153,000 TEU). Only 6 vessels with 21,000 TEU have been delivered in the size segment of 3,000 to 6,000 TEU. The number is comparably low to the 2019 levels, where 7 vessels with 24,000 TEU have been delivered. In 2021, 38 vessels with 221,000 TEU have been delivered so far, whereof 21 vessels (45,300 TEU) have been delivered in the feeder segment (1,000 to 3,000 TEU) and 3 vessels with 9,000 TEU in the size segment 3,000 to 6,000 TEU.

A historical low container vessel order-book was observed in October 2020 with 8% of the total fleet and only 1.9 million TEU capacity on order. Due to the extraordinary strong market momentum since then, new building orders increased significantly. In Q1 2021 alone, 138 container vessel orders have been placed with 1.4 million TEU capacity. The total orderbook-to-fleet ratio thus increased to 15.4% with 3.7 million TEU capacity on order. As the recent increase in new orders has been biased strongly towards larger tonnage, the Feeder Orderbook (1,000 to 3,000 TEU) is still at very low levels with 316,000 TEU on order (9% of the feeder fleet).

### **Supply / Demand Balance**

As the forecasted strong TEU demand will meet a moderate fleet growth in the coming years, an excess demand situation is expected. Demand growth is assumed to be 6.9% in 2021 for the total market, outperforming the expected supply growth of 3.4%. In 2022, the total container fleet is expected to grow only with 1.5%, compared to a strong 5.9% TEU demand growth. An even stronger excess demand is expected for vessels serving intra-regional trades. Demand growth on intra-regional trades is forecasted to be 7.8% in 2021 and vessels smaller than 5.2k TEU (which carry 93.4% of the intra-regional TEU tonnage) are expected to grow by only 0.5% in 2021. In 2022, the growth of vessels smaller than 5.2k TEU is even expected to be negative with -0.9%, intra-regional trade demand by contrast is forecasted with a strong growth of 6.2%.

### **Charter Market**

With the recovery of traded TEU volumes, the charter market has improved significantly to levels not seen in 15 years. 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 have pushed freight rates to historical high numbers. The SCFI Comprehensive increased from 1,050 in July 2020 to 2,980 in April 2021. The increase of freight rates started on Transpacific trades and followed on North-South trades and meanwhile Asia – Europe trades as well.<sup>8</sup>

Freight rates also increased on Intra-Regional trades. Rates on Intra-Asia trades e.g. increased from 852 USD/ 40ft in May 2020 to 1,513 USD/ 40 ft in March 2021 (+78%) and box rates on Intra-Europe trades from 930 USD/ 40 ft to 1,680 USD/ 40ft (+81%).<sup>9</sup>

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<sup>7</sup> Ibid.

<sup>8</sup> Clarkson Research, Shipping Intelligence Network, April 2021.

<sup>9</sup> Drewry, Container Freight Rate Insights, May 2021.

Lagged by one to two months, also time-charter rates increased to record high numbers. The surge in time-charter rates still continues and has not been experienced such strong and fast growth since 2002. The HARPEX Time-Charter Rate Index increased from 412 points in June 2020 to 1,680 points in April 2021 (+308%).<sup>10</sup>

Time charter rates (6-12 months) at 30 April 2021: <sup>11</sup>

- 1,000 TEU grd: USD 15,500 (+182% YoY)
- 1,700 TEU grd: USD 23,500 (+270% YoY)
- 2,750 TEU: USD 29,250 (+255% YoY)
- 3,500 TEU: USD 33,250 (+303% YoY)

Idle numbers decreased significantly since June 2020. As of 12 April 2021, only 56 vessels have been idle across all size segments (205,000 TEU and 0.8% of the total fleet). The feeder idle statistics decreased by around 88% to only 24 idle vessels (1,000 to 3,000 TEU segment). The idle number for vessels between 3,000 and 5,100 TEU decreased from 106 in June 2020 to 8 in April 2021 (-92%).<sup>12</sup>

With the upswing in the charter market, also the charter duration and the min/max redelivery spread became more favourable for vessel owners. The average charter period for smaller vessels (1,000 to 5,100 TEU) increased from 4.2 months in June 2020 to 20 months in March 2021. The redelivery spread decreased from 3.4 months in June 2020 to 1.5 months in March 2021.<sup>13</sup>

### Asset Prices

With the improvement of the container vessel market momentum, also the second hand market and the new build market gained activity.

Q4 2020 saw 92 container vessel sales (387,500 TEU capacity). 133 vessels changed its owner in Q1 2021 (459,200 TEU capacity). Second hand prices increased from USD 4 million for a 15 year old 1,800 TEU vessel in June 2020 to USD 11 million in April 2021 (+175%). For a 15 year old 2,750 TEU vessel, the price increased from USD 5.5 million in June 2020 to USD 18.5 million in April 2021 (+236%) and from USD 6 million to USD 20 million for a 15 year old 3,400 TEU vessel (+233%).<sup>14</sup>

With a lag of one to three months, new-building prices started to increase only recently. For a 3,500 to 4,000 TEU vessel, the new-building price increased from USD 40 million in November 2020 to currently USD 46 (as of 30 April 2021) (+15%). For a 2,800 TEU vessel, the new building price increased from USD 30 million to USD 35.5 million (+18%). And for a 1,700 TEU vessel from USD 23 million to USD 24,75m (+8%).<sup>15</sup>

As new building orders and second hand sales are currently mushrooming, we expect that prices will continue to increase. In this regard, it is interesting to compare the time-charter rate development with the development of second hand prices and new building prices in a historic time series. While the time-charter rate for a 2,800 TEU vessel in March was 63% above its 20-year average, second-hand prices are also increasing strongly, but lagging behind the charter rate development with a mark-up of 14% above its 20-year average. Newbuilding prices are again lagging behind and did not reach the level of the 10-year average until now (mark-up of -8%). This illuminates the upward pressure for second-hand prices and new building prices as well.

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<sup>10</sup> Harper Petersen, May 2021.

<sup>11</sup> Clarksons Research, Shipping Intelligence Network, May 2021.

<sup>12</sup> Alphaliner, Weekly Newsletter, April 2021.

<sup>13</sup> Clarksons Research, Shipping Intelligence Network, May 2021.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

## 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. 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 policies, the industry saw an unexpected boom in H2 2020 that also continued in Q1 2021. The further increase in Covid-19 infections and the current wave of worldwide lockdown do not appear to be impacting the current market momentum significantly.

The current market surge combined with proper industry fundamentals provide an encouraging picture for the coming two to three years. Order books are still at low levels, freight rates and charter rates at record high levels and the idle statistic negligible. Investors have already jumped on board and second hand activities and prices have moved upwards. Scrapping nearly came to a halt and new orders entered the books. However, as it takes time for container vessels to be built, 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. The availability of vessels will thus be scarce for the near future and the risk exposure consequently minimal.

The current market is characterized by a chronic shortage of vessels. To change the current direction, the demand side would need to slow down noticeably, but this is far from appearing realistic in the coming months. Consequently, as long as there are requirements for vessels coming in, the negotiation power will be on the ship owners side, rates will continue to rise and charter periods to lengthen.

The situation may change in 2023. Until 2023, scrapping will be low due to the current market momentum. Fleet growth is also manageable. With the current ordering boom, a large number of ships will enter the market in 2023, and as those ships are mainly larger ones (13-16k TEU), the TEU capacity that will be added to the existing fleet may reach a record high number in 2023. Scrapping is assumed to increase significantly in 2023, due to an aging fleet and also due to environmental requirements. There are still plenty of uncertainties to sort out what will happen in 2023, but one might expect that the deliveries of larger tonnage may move into North-South trades and replace 7,000 to 12,000 TEU vessels. Cascading will also reach smaller tonnage, but there are still logistic and technical boundaries for larger vessels to expand widely into intra-regional trades. In addition, intra-regional trade growth forecasts are very good, also beyond 2023.

## 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.



# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

in USD thousands	Notes	Q1 2021 (unaudited)	Q4 2020 (unaudited)	Q1 2020 (unaudited)
Operating revenues	5	54,877	45,573	46,036
Commissions		-2,134	-1,782	-1,578
Vessel voyage expenditures		-1,302	-5,750	-6,875
Vessel operation expenditures		-27,946	-28,323	-25,728
Ship management fees		-2,158	-2,210	-2,319
Share of profit or loss from joint venture	6	1,627	363	-107
<b>Gross profit</b>		<b>22,964</b>	<b>7,871</b>	<b>9,430</b>
Administrative expenses		-2,453	-2,007	-1,991
Other expenses		-458	-2,019	-341
Other income		2,205	683	426
<b>EBITDA</b>		<b>22,257</b>	<b>4,529</b>	<b>7,524</b>
Depreciation	7	-13,139	-12,798	-11,935
Impairment	7	0	-4,764	-1,000
<b>Operating result (EBIT)</b>		<b>9,118</b>	<b>-13,033</b>	<b>-5,411</b>
Finance income		15	172	141
Finance costs	8	-5,607	-5,510	-5,421
<b>Profit/Loss before income tax (EBT)</b>		<b>3,526</b>	<b>-18,371</b>	<b>-10,692</b>
Income tax expenses		-39	-10	-56
<b>Profit/Loss for the period</b>		<b>3,487</b>	<b>-18,381</b>	<b>-10,747</b>
Attributable to:				
Equity holders of the Company		3,484	-18,374	-10,744
Minority interest		3	-8	-3
<b>Basic earnings per share – in USD</b>		<b>0.01</b>	<b>-0.14</b>	<b>-0.05</b>
<b>Diluted earnings per share – in USD</b>		<b>0.01</b>	<b>-0.14</b>	<b>-0.05</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in USD thousands	Notes	Q1 2021 (unaudited)	Q4 2020 (unaudited)	Q1 2020 (unaudited)
Profit/loss for the period		3,487	-18,381	-10,747
<b>Items that may be subsequently transferred to profit or loss</b>		<b>417</b>	<b>761</b>	<b>-6,174</b>
Foreign currency effects, net of taxes		-168	216	-113
Change in hedging reserves, net of taxes		584	545	-6,061
<b>Items that will not be subsequently transferred to profit or loss</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive profit/loss</b>		<b>3,904</b>	<b>-17,620</b>	<b>-16,922</b>
Attributable to:				
Equity holders of the Company		3,900	-17,612	-16,920
Non-controlling interest		3	-8	-3

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in USD thousands	Notes	At 31 March 2021 (unaudited)	At 31 December 2020 (audited)
<b>Assets</b>		<b>688,428</b>	<b>678,138</b>
Non-current Assets		615,128	617,179
Vessels	7	585,139	587,816
Prepayments on vessels	7	0	1,000
Investment in joint venture	6	29,989	28,362
Current Assets		73,300	60,959
Vessel held for sale	7	3,900	3,900
Inventories		3,874	3,373
Trade and other receivables		17,404	14,432
Cash and cash equivalents		48,122	39,254
Unrestricted cash		32,387	27,717
Restricted cash		15,735	11,537
<b>Equity and Liabilities</b>		<b>688,428</b>	<b>678,138</b>
Equity		386,937	383,032
Share capital	10	43,047	43,047
Share premium		456,764	456,764
Treasury shares		-1,143	-1,143
Retained losses		-104,029	-108,413
Other reserves		-8,459	-8,877
Non-controlling interest		758	1,655
Non-current Liabilities		274,823	274,484
Interest bearing loans	8	274,823	274,484
Current Liabilities		26,668	20,623
Interest bearing loans and borrowings	8	8,432	2,436
Trade and other payables		11,659	13,275
Payables to affiliated companies		255	20
Other liabilities		6,322	4,891

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In USD thousands	Share capital (unaudited)	Share premium (unaudited)	Treasury shares (unaudited)	Retained losses (unaudited)	Other reserves (unaudited)	Non-controlling interest (unaudited)	Total equity (unaudited)
Equity as at 1 Jan. 2021	43,047	456,764	-1,143	-108,413	-8,877	1,655	383,032
Change in non-controlling interest	0	0	0	900	0	-900	0
Result of the period	0	0	0	3,484	0	3	3,487
Foreign currency effects	0	0	0	0	-168	0	-168
Hedging reserves	0	0	0	0	584	0	584
<b>Equity as at 31 March 2021</b>	<b>43,047</b>	<b>456,764</b>	<b>-1,143</b>	<b>-104,029</b>	<b>-8,459</b>	<b>758</b>	<b>386,937</b>

In USD thousands	Share capital (audited)	Share premium (audited)	Treasury shares (audited)	Retained losses (audited)	Other reserves (audited)	Non-controlling interest (audited)	Total equity (audited)
Equity as at 1 Jan. 2020	101,121	356,566	-1,143	-43,948	-3,819	1,681	410,457
Change in nominal value	-97,236	97,236	0	0	0	0	0
Capital increase	39,162	2,962	0	0	0	0	42,124
Result of the period	0	0	0	-64,465	0	-26	-64,491
Foreign currency effects	0	0	0	0	257	0	257
Hedging reserves	0	0	0	0	-5,316	0	-5,316
<b>Equity as at 31 December 2020</b>	<b>43,047</b>	<b>456,764</b>	<b>-1,143</b>	<b>-108,413</b>	<b>-8,877</b>	<b>1,655</b>	<b>383,032</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

in USD thousands	Notes	Q1 2021 (unaudited)	Q4 2020 (unaudited)	Q1 2020 (unaudited)
Profit/Loss before income tax		3,526	-18,371	-10,692
Income tax expenses paid		0	0	0
Net change in current assets		-3,684	5,384	1,576
Net change in current liabilities (ex. current interest bearing loans and borrowings)		45	-8,606	4,456
Fair value change in derivatives		584	544	-818
Depreciation		13,139	12,798	11,935
Finance costs (net)		5,592	5,338	5,281
Share of profit or loss from joint venture		-1,627	-363	107
Impairment		0	4,764	1,000
<b>Cash flow from operating activities</b>		<b>17,576</b>	<b>1,488</b>	<b>12,845</b>
Proceeds from disposal of vessels		4,606	3,922	0
Scrubbers, dry docks and other upgrades on vessels		-5,068	-13,465	-12,129
Purchase of new vessel		-9,000	0	0
Interest received		4	3	51
<b>Cash flow from investing activities</b>		<b>-9,458</b>	<b>-9,540</b>	<b>-12,078</b>
Proceeds from share issuance		0	0	11,936
Share issuance costs		0	-28	-265
Proceeds from debt financing		6,000	0	0
Repayment of debt		-1,103	0	-1,223
Interest paid		-3,451	-1,759	-4,908
Debt issuance costs		-118	-473	-222
Other interest paid		-579	-587	0
Repayment of hedging instrument		0	0	-5,243
<b>Cash flow from financing activities</b>		<b>750</b>	<b>-2,847</b>	<b>75</b>
Net change in cash and cash equivalents		8,868	-10,899	840
Net foreign exchange differences		0	0	0
Cash and cash equivalents at beginning of period		39,254	50,153	40,205
<b>Cash and cash equivalents at the end of period<sup>16</sup></b>		<b>48,122</b>	<b>39,254</b>	<b>41,045</b>

<sup>16</sup> Restricted cash as at 31 March 2021 is USD 15.7 million compared to USD 11.5 million at 31 December 2020.

## 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 45 A, 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".

### Note 2 - Basis of preparation

The unaudited interim financial statements for the period ended 31 March 2021 are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union ("EU"). The statements have not been subject to audit. The statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2020. The consolidated financial statements are presented in USD thousands unless otherwise indicated.

Only standards and interpretations that are applicable to the Group have been included and the Group reviews the impact of these changes in its financial statements. The Group will adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

### Note 3 - Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial reporting are consistent with those applied in the preparation of the Group's consolidated financial statements for the period ended 31 December 2020. There are no new standards effective as at 1 January 2021 with a significant impact on the Group.

### Note 4 - 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.

### Note 5 - Revenue

in USD thousands	Q1 2021 (unaudited)	Q1 2020 (unaudited)
Time charter revenue	42,219	33,905
Pool charter revenue	11,225	8,896
Other revenue	1,433	3,235
<b>Total operating revenue</b>	<b>54,877</b>	<b>46,036</b>

The Group's time charter contracts are separated into a lease element and a 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 the lease standard. 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	Q1 2021 (unaudited)	Q1 2020 (unaudited)
Service element	27,665	21,414
Other revenue	1,433	3,235
<b>Total revenue from customer contracts</b>	<b>29,097</b>	<b>24,649</b>
Lease element	25,780	21,387
<b>Total operating revenue</b>	<b>54,877</b>	<b>46,036</b>

## Note 6 - Interest in joint ventures

in USD thousands	Q1 2021 (unaudited)	Q1 2020 (unaudited)
Operating revenue	9,648	6,997
Operating costs	-4,898	-5,858
Depreciation	-1,307	-1,096
Net financial income/expense	-167	-247
Income tax	-22	-9
<b>Profit after tax for the period</b>	<b>3,254</b>	<b>-213</b>
<b>Total comprehensive income for the period</b>	<b>3,254</b>	<b>-213</b>
<b>Group's share of profit for the period</b>	<b>1,627</b>	<b>-107</b>

The Group has a 50% interest in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG, Hamburg (Germany), a company owning eight container vessels through respective wholly-owned subsidiaries. In view of the shared control structure in the joint venture, the Group's interest in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG is accounted for using the equity method.

In view of the shared control structure in the joint venture, the Group's interest in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG is accounted for using the equity method.

## Note 7 - Vessels and prepayments

in USD thousands	At 31 March 2021 (unaudited)	At 31 December 2020 (audited)
<b>Acquisition cost at 1 January</b>	<b>707,924</b>	<b>697,533</b>
Acquisition of vessels	10,000	0
Prepayments	-1,000	1,000
Capitalized dry-docking and other expenses	5,068	42,569
Disposals of vessels	-9,236	-25,025
Vessel held for sale	0	-8,153
<b>Acquisition cost</b>	<b>712,756</b>	<b>707,924</b>
Accumulated depreciations and impairment 1 January	-119,107	-75,672
Depreciation for the year-to-date	-13,139	-49,653
Impairment	0	-8,996
Disposal of vessels	4,630	10,961
Vessel held for sale	0	4,253
<b>Accumulated depreciations and impairment at end of period</b>	<b>-127,617</b>	<b>-119,107</b>
<b>Closing balance at end of period</b>	<b>585,139</b>	<b>588,816</b>
<i>Depreciation method</i>	<i>Straight-line</i>	<i>Straight-line</i>
<i>Useful life (vessels)</i>	<i>25 years</i>	<i>25 years</i>
<i>Useful life (dry docks)</i>	<i>5 years</i>	<i>5 years</i>
<i>Useful life (scrubbers)</i>	<i>Remaining useful life vessel</i>	<i>Remaining useful life vessel</i>

The 3,500 TEU vessel AS Nadia, in which the Group entered into a Memorandum of Agreements on 7 December 2020, was taken over by the Group on 19 January 2021.

On 10 December 2020, the Group entered into a Memorandum of Agreement for the sale of AS Laguna with the expected delivery to the new owners in the first half of 2021. As the vessel has not been delivered to its new owners as at 31 March 2021, the vessel is classified as held for sale. The vessel AS Frida was delivered to its new owners on 12 March 2021.

At each reporting date, the Group evaluate whether there is an indication that an asset may be impaired. An assessment of the recoverable amount is made when an impairment indicator exists. At 31 March 2021, no such indicators are identified hence no impairment assessment is performed.

#### Note 8 Interest-bearing debt

in USD thousands	Ticker	Currency	Facility amount	Interest	Maturity	As at 31 March 2021 (unaudited)	As at 31 December 2020 (audited)
Nominal value of issued bonds	MPCBV	USD	204,056	Floating + 4.75%	Sep 2022	204,056	204,056
Non-recourse senior secured term loan	N/A	USD	59,150	Floating + 4.75%	May 2023	48,492	49,595
Term loan	N/A	USD	29,000	Floating + 3.5%	Apr 2022	29,000	29,000
Term loan AS Nadia financing	N/A	USD	6,000	Floating + 4.5%	Dec 2021	6,000	0
Other long-term debt incl. accrued interest						229	229
<b>Total outstanding</b>						<b>287,777</b>	<b>282,880</b>
Debt issuance costs						-4,522	-5,960
<b>Total interest bearing debt outstanding</b>						<b>283,255</b>	<b>276,920</b>

The Group has entered 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. In relation to the USD 29 million term loan, the Group has entered into fixed interest-rate swap agreements for a notional of USD 15 million.

The term loan of USD 6.0 million related to the acquisition of AS Nadia is scheduled to be repaid during 2021.

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 is reintroduced at 20% for the period commencing on 31 March 2021 and reinstated at 40% at 31 December 2021 and for any period thereafter.

Accordingly, the following main financial covenants are applicable as at 31 March 2021 in accordance with the terms for the bond loan:

- The Group, shall maintain a minimum equity ratio of 20%
- MPC Container Ships Invest B.V., together with its subsidiaries, shall maintain a minimum liquidity of USD 7.5 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.

The following main financial covenants are applicable as at 31 March under the terms of the USD 29 million 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 March 2021.

#### Note 9 - Related party disclosure

The following table provides the total amount of service transactions that have been entered into with related parties in Q1 2021:

in USD thousands - Q1 2021	Type of services	Group	2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG
Wilhelmsen Ahrenkiel Ship Man. GmbH & Co. KG / B.V.	Technical	2,312	241
Contchart GmbH & Co. KG / Harper Petersen B.V	Commercial	696	115
MPC Münchmeyer Petersen Capital AG	Corporate	184	0
<b>Total</b>		<b>3,192</b>	<b>356</b>

All related party transactions are carried out at market terms. Please see Note 19 in the Company's 2020 Annual Report for additional description.

#### Note 10 - Share capital

The share capital of the Company consists of 394,256,127 shares as at 31 March 2021. The nominal value per share is NOK 1. All issued shares in the table below are of equal rights and are fully paid up.

	Number of shares	Share capital (USD thousands)
<b>31 March 2021</b>	<b>394,256,127</b>	<b>43,047</b>

As at 31 March 2021 the Company holds 351,098 treasury shares.

#### Note 11 - Subsequent events

There are no subsequent events identified which are relevant for the Group.

# 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

in USD thousands	Q1 2021 (unaudited)	Q4 2020 (unaudited)	Q1 2020 (unaudited)
Operating result (EBIT)	9,118	(13,033)	(5,411)
Depreciation	13,139	12,798	11,935
Impairment	-	4,764	1,000
<b>EBITDA</b>	<b>22,257</b>	<b>4,529</b>	<b>7,524</b>

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 of vessels to the operating result ("EBIT").

## 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 assets.



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