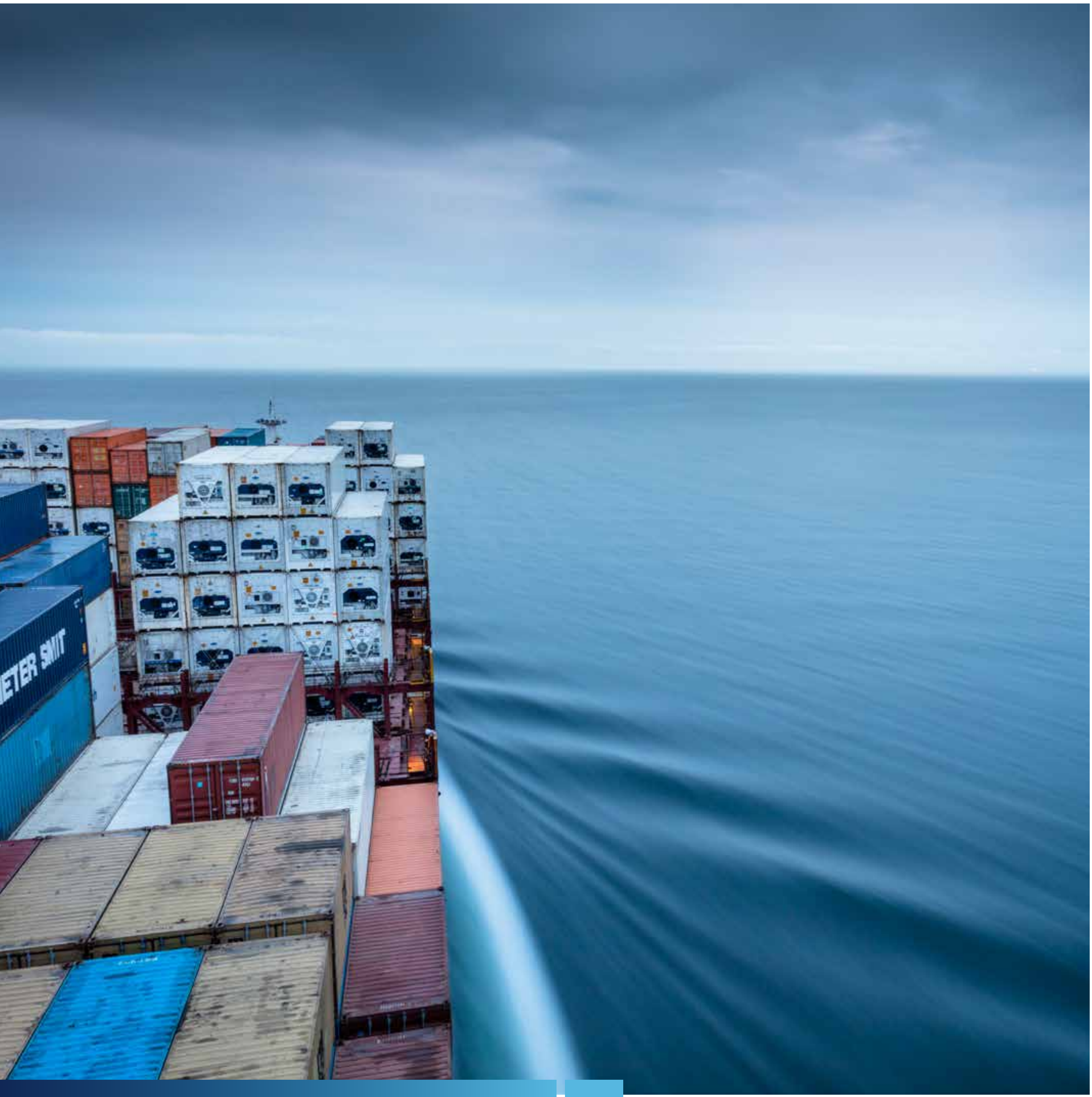
MPC CONTAINER SHIPS



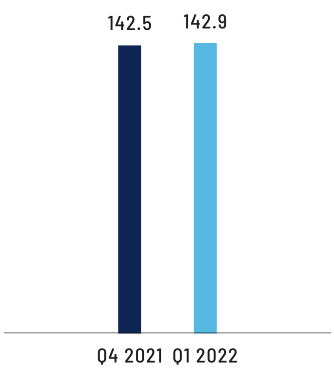
FINANCIAL REPORT
Q1 2022

MPC CONTAINER SHIPS ASA

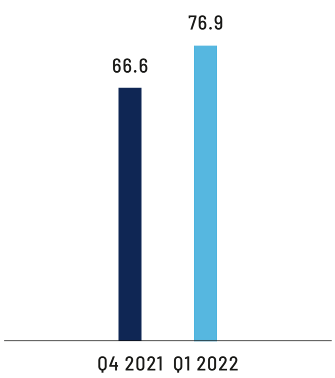
First quarter 2022 highlights

- Total operating revenues for Q1 2022 were USD 142.9 million compared with USD 142.5 million for Q4 2021
- EBITDA was USD 137.7 million in Q1 2022 (Q4 2021: USD 162.7 million, Q1 2021: USD 22.3 million)
- Operating cash flow for Q1 2022 was USD 87.3 million (Q4 2021: USD 98.6 million)
- Net profit for the period was USD 116.8 million (Q4 2021: USD 127.9 million, Q1 2021: USD 3.5 million)
- Adjusted net profit[1] in Q1 2022 was USD 76.9 million compared to adjusted net profit in Q4 2021 of USD 66.6 million and adjusted net profit in Q1 2021 of USD 1.4 million
- Earnings per share (EPS) for the period was USD 0.26 (Q4 2021: USD 0.29 per share)
- Adjusted EPS in Q1 2022 was USD 0.18 compared to adjusted EPS in Q4 2021 of USD 0.15. EPS in Q1 2021 was USD 0.01 (adjusted EPS Q1 2021: USD 0.00)
- Based on the MPCC distribution policy, dividends per share (DPS) for the first period in FY 2022 amount to USD 0.13, totalling to a recurring distribution of USD 57.7 million (to be paid to shareholders by end of June 2022. An additional event driven distribution based on proceeds from sale of AS Patricia as dividend of USD 0.03 per share to be paid alongside the recurring dividend.
- Total ownership days for wholly owned vessels came to 5,410 (Q4 2021: 5,904) and total trading days came to 5,307 (Q4 2021: 5,507). Utilisation in Q1 2022 was 98.8%[2] (Q4 2021: 97.6%)
- Average time charter equivalent ("TCE") was USD 24,845 per day (Q4 2021: USD 23,103 per day)
- Average operating expenses ("OPEX") were USD 6,287 per day (Q4 2021: USD 5,548 per day) including several extra-ordinary and seasonal effects
- On 31 March 2022 the Group announced that it will invest in two 5,500 TEU wide beam eco-design vessels with delivery in 2024
- Equity ratio as at 31 March 2022 was 70.2% (31 December 2021: 70.4%) and the leverage ratio was 22.9% (31 December 2021: 22.4%)

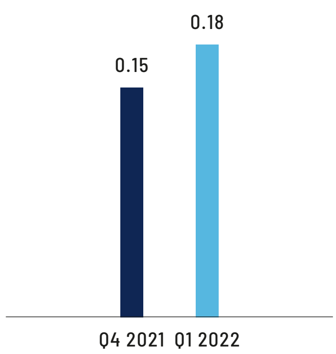
Operating revenues in USD m



Adjusted net profit in USD m



Adjusted EPS in USD



[1] Normalised figures are in Q1 2022 adjusted for vessels sales of USD 39.9 million (Q4 2021: USD 70.3 million as well as OPEX/G&A of USD 9.0m).

[2] Percentage utilization represents total trading days including off-hire days related to dry-docks divided by the total number of ownership days during the period.

CONTENTS

Fleet changes

- On 10 January 2022, the Group delivered the vessel AS Palatia to its new owners. The agreement to sell the vessel for USD 35.8 million was entered into on 22 November 2021. This resulted in a gain of USD 21.5 million in the Group in Q1 2022.
- On 13 January 2022, the Group's joint venture, Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG, delivered the vessel AS Petulia to its new owners. The joint venture entered into an agreement for the sale of the vessel for USD 35.8 million on 17 November 2021 resulting in a gain of USD 18.8 million in the joint venture in 2022.
- Further, on 31 March 2022 the vessel AS Patricia was delivered to its new owners. The agreed sales price of USD 34.3 million resulted in a gain of USD 19.5 million. These vessel sales affected the Group's share of profit from the joint venture with USD 20.1 million in Q1 2022.
- On 31 March 2022 the Group announced that it signed a newbuild contract with a Korean yard for two 5,500 TEU wide beam eco-design vessels (total investment of approx. USD 150 million). The vessels will be delivered into a 7-year charter with a Tier 1 counterparty in early CY 2024.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CEO COMMENT

Constantin Baack
CEO

Dear readers,
We are pleased to report another strong quarter for MPC Container Ships, in which we have been able to sustainably grow our earnings and profits. Consequently, the Company announces a recurring dividend for the first quarter 2022 which is 18% higher than in the previous quarter.

For Q1 2022 the board has declared a dividend of total USD 71 million, or USD 0.16 per share which includes an event driven dividend of USD 0.03 per share. Year to date, MPCC has declared a total of USD 271 million in dividends, of which USD 200 million have already been paid during the first quarter, emphasizing our commitment to return capital to our shareholders.

On the back of high chartering activity throughout the first quarter we have been able to secure 23 additional, predominantly multi-year charters, including numerous strategic forward fixtures, with coverage into 2026. As a result, our revenue and projected EBITDA backlog has increased to USD 1.7 billion and USD 1.4 billion, respectively.

Following our approach of rational capital allocation and taking a strategic long-term view, we have executed a unique opportunity by ordering two 5,550 TEU wide beam eco-design newbuildings, which are ready to be converted to operate on green methanol once such fuel is widely available. These vessels come with highly attractive charters attached, demonstrating our ability to develop and execute transactions that are both accretive in terms of earnings and environmental footprint in line with upcoming decarbonization regulation. Moreover, it supports our long-term earnings visibility, without compromising on our short- and mid-term dividend capacity.

While the global economy currently faces uncertainties like geopolitical tensions, inflation and China's zero Covid-19 policy, we are also concerned about our seafarers and their families being innocent third party in the tragic situation in the Ukraine, and we are doing our utmost to take care of both Ukrainian and Russian seafarers and their families.

The container charter market continues to be strong with the availability of vessels remaining tight. Yet, due to the uncertainties, freight rates and time-charter rates took a little breather in Q1 but are still at significantly elevated levels. Charter periods are prolonged and most fixtures are concluded months in advance. Congestions and supply chain disruptions continue to be severe and are likely to continue in the foreseeable future. We do not expect that supply chains will be back to normal within this year.

Despite the fact that the industry will face a number of new-build deliveries in 2023 and 2024, especially in the larger size classes, supply-demand outlook for regional trades, and thus smaller vessels, is continuously promising due to a modest orderbook and relative robust demand growth. In addition, the industry must adopt new environmental regulations as of 2023 that are expected to induce speed and thus capacity reductions, especially in regional niche trades.

Amid the current macro-uncertainty, MPCC is excellent positioned to continue to execute our strategy and follow our approach of rational capital allocation, combined with proven execution capabilities. We will continue to apply our investment principles that aim at generating double-digit full cycle returns on assets while minimizing residual value risk.

Based on our strong earnings prospects and secured cash flows, MPCC has the potential to pay out significant dividends, and at the same time operate with an industry low financial leverage, providing the financial flexibility to capture attractive growth opportunities as they arise.

FIRST QUARTER RESULTS

Financial performance

Profit & Loss

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 142.9 million (Q4 2021: USD 142.5 million). Gross profit from vessel operations was USD 122.7 million (Q4 2021: USD 117.0 million). The increase in operating revenues and gross profit compared with the previous quarter was driven by the strong charter market and container demand, leading to improved charter rates for the Group's fleet compared with earlier quarters, also affected by the vessel sales in the joint venture investment resulting in a profit of USD 23.5 million in the period. Accordingly, the Q1 2022 TCE (per trading day) increased from USD 23,103 in Q4 2021 to USD 24,845.

The Group reports a net profit of USD 116.8 million for Q1 2022 (Q4 2021: USD 127.9 million).

Financial position

The Group's total assets amounted to USD 915.5 million as at 31 March 2022 (USD 1,034.6 million as at 31 December 2021). Non-current assets of USD 804.8 million (USD 803.0 million as at 31 December 2021) reflected the carrying amounts of the vessels operated by the Group including the equity investments into a joint venture covering eight additional vessels. The slight increase in vessels in Q1 2022 is mainly reflected by the sale of the vessel AS Palatia in addition to regular CAPEX and other vessel upgrades. The increase in the joint venture investment during 2022 is reflected by USD 23.5 million in the share of profit from the joint venture partly offset by received distributions of USD 15.0 million.

Total equity was USD 642.3 million as at 31 March 2022 (USD 727.6 million as at 31 December 2021) including a non-controlling interest of USD 1.0 million. The change in equity during the quarter is mainly due to the dividend payment of USD 200.1 million, which was resolved by the Board of Directors on 2 February 2022, in addition to net profit for the period of USD 116.8 million and the settlement of warrants of USD 2.2 million.

At 31 March 2022, the Group had total interest-bearing debt in the amount of USD 209.9 million (USD 231.8 million as at 31 December 2021). See note 8 for further information on the Group's interest bearing debts.

Cash flow

In Q1 2022, the Group generated a positive cash flow from operating activities of USD 87.3 million (Q4 2021: USD 98.6 million). Cash flow from investing activities was positive USD 38.4 million (Q4 2021: positive USD 140.1 million) resulting from proceeds from sold vessels of USD 35.0 million, the dividend from joint venture investments of USD 15.0 million partly offset by CAPEX and other vessel upgrades of USD 10.9 million. The Group had a negative cash flow from financing activities of USD 224.5 million in Q1 2022 (Q4 2021: negative USD 134.9 million) which mainly reflected the payment of a dividend of USD 200.1 million and the repayment of loan of USD 22.5 million.

Cash and cash equivalents as at 31 March 2022 came to USD 81.5 million. Total restricted cash at 31 March 2022 was USD 14.0 million compared with USD 23.6 million as at 31 December 2021.

Container market update

Introduction: Macroeconomic uncertainties but charter market remains tight

The current container market momentum is driven by developments that started in H2 2020, with the recovery of the global economy from the effect of the Covid-19 pandemic. While recovering, US imports increased significantly as consumers shifted spending from local services to tradeable goods. Hence, Transpacific TEU volumes soared and resulted in port and hinterland congestions at the US West Coast.

On the supply side, the global shortage of container vessel capacity and container equipment resulted in a historic container vessel market surge with sky-rocking freight and time-charter rates in the short term, surging second-hand and new build asset prices as follow-up effects, and record liner and non-operating owner earnings. The buoyant container market peaked in March and is still at very elevated levels. Time-charter market participants are facing a completely new market structure. Fundamentals changed from spot business with low rates, short charter periods and wide redelivery windows to a forward market with prolonged periods, negligible redelivery windows and record high rates.

While the supply of capacity continues to be tight, the market is currently confronted with uncertainties around the Russia-Ukraine conflict and the Covid-19 situation with lockdowns especially in China. The Russia-Ukraine conflict pushed commodity, energy, and raw material prices upwards and thus caused additional inflationary pressure. Inflation had already started to become an issue with the monetary and fiscal Covid-19 rescue packages. The Russia-Ukraine conflict exacerbated the situation and added to the momentum. Over the past months, inflation reached decade all-time highs in the U.S. and the Euro Area. While the current price increases are mainly driven by temporary developments, mid- to longer-term inflation expectations are currently around 2%.

China's persistent zero-COVID-19 policy, associated with recent lockdowns in Shanghai, is causing economic as well as container market impacts. Chinese manufacturing activity slowed down and logistics and supply chains were further disrupted. As a consequence, delays and bottlenecks occurred at the world's biggest container port of Shanghai. Some liners already reacted with blank sailings, which can be expected to prevent freight rates from softening further.

These current factors may delay the container vessel market normalization which analysts originally expected to materialize in late 2022. Even if the market starts to normalize anytime soon, the question remains as to how long the normalization may take and how the new normal could potentially look. Thus, it may well be expected that TEU supply will remain tight in near future, keeping charter rates at rather elevated levels as well.

Macroeconomics: Russia-Ukraine conflict, inflation and Covid-19 lockdowns as the major current threats

Due to geopolitical uncertainties with regard to the Russia-Ukraine conflict, political and economic uncertainties in relation to China's zero-Covid-19 policy, and inflationary pressures strengthening, the global economic growth outlook and international trade figures have been revised downwards. Nonetheless, global real GDP is expected to grow by a solid 3.6% in 2022 and 2023 which is similar to growth figures of pre-Covid-19 years. [1]

Inflationary pressure was already high due to the Covid-19 governmental and central bank economic rescue packages. The Russia-Ukraine conflict is adding to the momentum. Inflation increased to numbers between 8% in Europe and 9% in the U.S. Some central banks, including the U.S. Fed and the Bank of England, have already reacted by raising interest rates further. Others such as the ECB are expected to hike interest rates in the months to come.

Managers' sentiment is at a very high level in advanced economies. PMIs softened slightly in recent months with the slowing of the market momentum, but are still at around 59 points in the U.S. and 56 points in the European Union. In China, the manufacturing PMI eased in March and April and fell below the 50 point benchmark. Consumer confidence is decelerating, especially in the U.S. and the Euro Area.

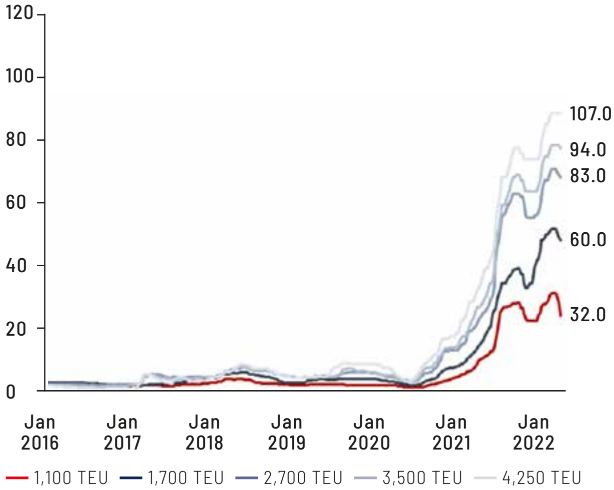
The sharp increase in U.S. imports drove the U.S. trade deficit to a record high. Imports increased additionally as U.S. companies are replenishing inventories in advance amidst worries about potential future shortages and disruptions. [2]

[1] International Monetary Fund, World Economic Outlook, April 2022.
[2] Reuters, April 27, 2022.

Time-charter market: Structural changes towards longer-term contracts at elevated rates

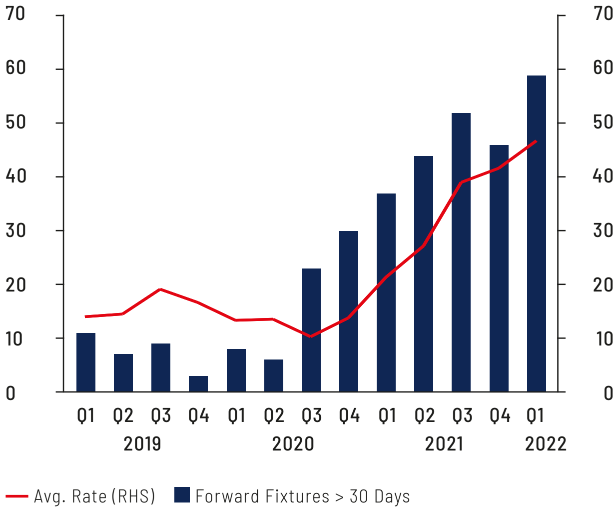
Capacity in the time-charter market remains tight and the market momentum positive. Charterers are currently taking a wait-and-see approach due to uncertainties, geopolitical pressures, and lockdowns in China. Recent fixtures show slightly shorter charter periods but still at elevated rates. Currently, spot time-charter rates (6-12 months) are at around 60k USD / day for a 1.7k TEU vessel, 83k USD / day for a 2.7k TEU vessel and 107k USD for a 4.3k TEU vessel. [3] At the end of April, only 0.9% of the total container fleet was commercially idle. [4] Port congestion is still high in the U.S., Europe, and Asia and vessel supply remains tight. Currently, analysts expect congestion to worsen before it gets better.

Fig. 1: HARPEX
(time-charter rate development, 6-12 months)



With the surging charter market, market characteristics changed remarkably. Charter periods are significantly longer than periods reported in the pre-Covid-19 years. While a vessel was fixed between six and nine months on average in the years before the pandemic, the current average period on the time-charter market is 28 months. Redelivery windows are tight: While they were on average five months before the pandemic, they are currently around one month. [5] In addition, today's time-charter market is characterized by a shift from a spot market to a forward market with charter contracts being concluded well in advance. The average share of fixtures that were concluded a minimum of 30 days prior to vessel delivery increased from below ten percent before the Covid-19 pandemic to around 60 percent in Q1 2022. [6]

FIG. 2: Increase in forward fixtures



[3] Harper Petersen, HARPEX, April 2022.
[4] Alphaliner, Weekly Newsletter, April 2022.
[5] Data source: Clarksons Research, Shipping Intelligence Network, April 2022.
[6] ibid.

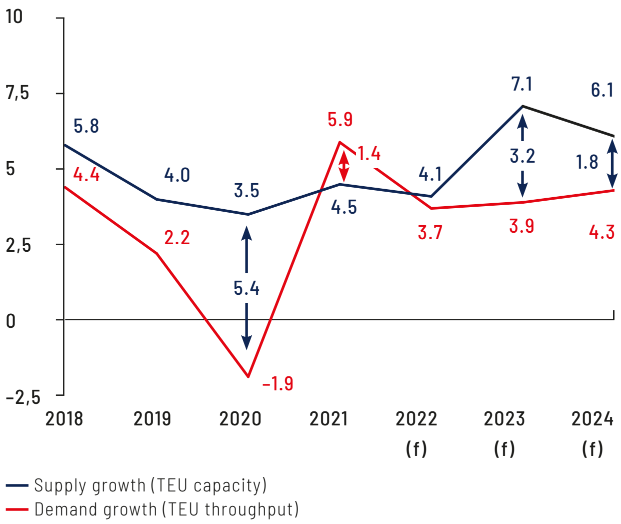
Fundamentals: Significant excess demand expected for smaller tonnage

Container vessel market fundamentals for smaller segments look promising for the years to come. In the aggregated market, a total TEU demand growth of 3.7% is expected in 2022. By contrast, supply (the total container vessel fleet) is expected to grow by 4.1%.[7] For the coming two years, supply growth is expected to outperform total demand growth. The outperformance is mainly due to the increase in newbuild ordering for vessels larger than 12k TEU. 2021 saw 4.3m TEU of new container vessel orders. The order book increased to 6m TEU at the end of 2021 (24% of the total container fleet).[8] Contracting and ordering are biased towards larger segments. The supply growth forecast is less strong for smaller segments. Vessels smaller than 5.2k TEU are expected to grow by a moderate 2.9% in 2022.[9]

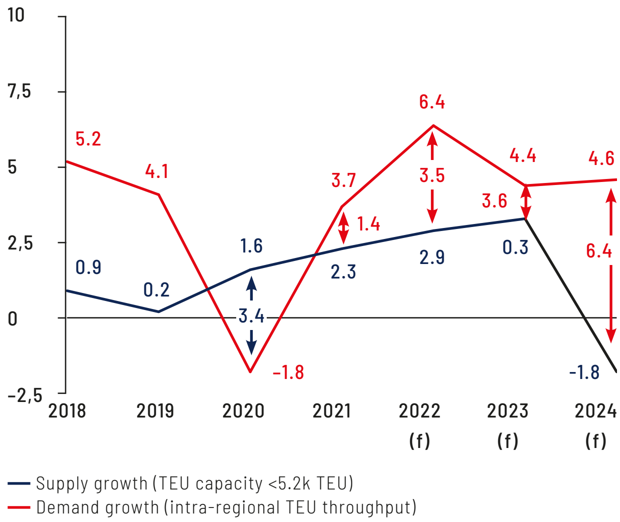
Consequently, the supply/demand balance is much more promising for smaller vessel sizes that are typically operated in intra-regional markets. Analysts expect that the excess demand situation will persist at least until 2026 on intra-regional markets.[10] Fleet growth for smaller vessels will thus be manageable. Combined with a relatively old fleet, that might encourage scrapping and hence lead to negative fleet growth as of 2024. A significant increase in scrapping, also driven by environmental regulation that comes in force in 2023, is expected for 2024. With a high number of larger vessels entering the market in 2023, cascading effects need to be monitored closely.

Fig. 3: Supply / demand growth for the total and intra regional market

A) Total



B) Intra-Regional



On the asset side, surging second-hand and new build prices were the follow-up effects of a soaring container market. S&P activity increased significantly in 2021 and thus also prices for second-hand tonnage. As of April 2022, USD 20 million needs to be paid for a 15-year-old 1k TEU vessel (+167% YoY), USD 31 million for a similar aged 1.7k TEU vessel (+182% YoY), USD 52 million for a 2.8k TEU vessel (+181% YoY) and USD 83 million for a 4.5k TEU vessel (+160% YoY). The newbuild market also recorded price increases, albeit not as strong as on the second-hand market. Newbuild prices are currently around USD 25 million for 1k TEU vessels (+17% YoY), USD 42 million for 2.8k TEU vessels (+18% YoY) and USD 73 million for 5.3k TEU vessels (+12% YoY).[11]

[7] Maritime Strategies International, Horizon, April 2022.
[8] Clarksons Research, Shipping Intelligence Network, April 2022.
[9] Maritime Strategy International, Horizon, April 2022.
[10] ibid.
[11] Clarksons Research, Shipping Intelligence Network, April 2022.

Outlook

The main driving forces of the continuing positive container market sentiment are port and hinterland congestions, supply chain disruptions, and associated capacity bottlenecks. The market is not driven by outstanding macroeconomic indicators. Bottleneck problems have not disappeared over the last quarters, but rather increased. Especially in the Far East and China, port congestion increased sharply over the course of the last two months. [12] Over the last months, congestion eased slightly at the ports on the West Coast of North America, but upcoming ILWU labor negotiations might put supply chains under pressure and extend delays even further. As soon as manufacturing activity and port operations resume in Shanghai, congestion might pick up again at the U.S. destination ports of the transpacific trade. It is not possible to solve issues like port capacity, lack of infrastructure including a lack of truck drivers, train and warehouse capacity overnight.

Despite a brief respite on the container market and the current wait-and-see approach, time-charter rates are still very high. Spot freight rates are also significantly elevated. [13]Liners again have presented record high earnings for the first months of 2022 and are expecting profits for FY 2022 that will even surpass the record profits generated in FY 2021. The market outlook for 2022 thus remains very positive.

Geopolitical and macroeconomic uncertainties regarding China's persistent zero-COVID-19 policy as well as developments surrounding the Russia-Ukraine conflict remain. Chinese manufacturing activity slowed down and ports, logistics and supply chains are disrupted. Knock-on congestion effects caused by the Russia-Ukraine conflict are showing their impact globally. Indirect macroeconomic effects are already becoming visible since prices on energy, commodity and foods markets increased sharply and are thus contributing significantly to temporary inflationary pressures. For smaller vessels, the inflow of newbuild deliveries of larger segments and the resulting cascading flows will pose a future threat from 2023 onward. On top of that, environmental regulations will become an issue from the beginning of 2023, raising questions concerning the compliance of certain vessel types and size clusters. Environmental regulations are expected to have a significant impact on specific trades, including regional trades. Operators may be forced to reduce speed or change the rotation and vessel deployment of several services. This will further reduce the available capacity, which is already reduced significantly due to the shift towards long-term contracts and forward fixtures on the charter market.

[12] Ibid.
[13] Harper Petersen, April 2022; Clarksons Research, Shipping Intelligence Network, April 2022.

Forward-looking statements

Forward-looking statements presented in this report are based on various assumptions. These assumptions are subject to uncertainties and contingencies which 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 2022 (unaudited)	Q4 2021 (unaudited)	Q1 2021 (unaudited)
Operating revenues	5	142,942	142,548	54,877
Commissions		-4,067	-3,903	-2,134
Vessel voyage expenditures		-2,864	-4,135	-1,302
Vessel operation expenditures		-34,598	-33,469	-27,946
Ship management fees		-2,254	-2,672	-2,158
Share of profit or loss from joint venture	6	23,537	18,600	1,627
Gross profit		**122,696**	**116,969**	**22,964**
Administrative expenses		-3,959	-8,967	-2,453
Other expenses		15	-1,629	-458
Other income		18,969	56,317	2,205
EBITDA		**137,720**	**162,690**	**22,258**
Depreciation	7	-18,440	-18,138	-13,139
Operating result (EBIT)		**119,280**	**144,552**	**9,119**
Finance income		40	51	15
Finance costs	8	-2,458	-16,195	-5,607
Profit/loss before income tax (EBT)		**116,862**	**128,408**	**3,525**
Income tax expenses		-77	-480	-39
Profit/loss for the period		**116,785**	**127,928**	**3,487**
Attributable to:				
Equity holders of the Company		116,676	127,846	3,484
Minority interest		109	83	3
Basic earnings per share – in USD		**0.26**	**0.29**	**0.01**
Diluted earnings per share – in USD		**0.26**	**0.29**	**0.01**

Consolidated statement of comprehensive income

in USD thousands	Notes	Q1 2022 (unaudited)	Q4 2021 (unaudited)	Q1 2021 (unaudited)
Profit/loss for the period		116,785	127,928	3,487
Items which may subsequently be transferred to profit or loss		**281**	**-6,350**	**416**
Foreign currency effects, net of taxes		0	-100	-168
Change in hedging reserves, net of taxes		281	-6,250	584
Items which will not subsequently be transferred to profit or loss		**0**	**0**	**0**
Other comprehensive profit/loss, net of taxes		0	0	0
Other comprehensive profit/loss from joint ventures and affiliates		0	0	0
Total comprehensive profit/loss		**117,066**	**121,578**	**3,904**
Attributable to:				
Equity holders of the Company		116,957	121,495	3,900
Non-controlling interest		108	83	3

Consolidated statement of financial position

in USD thousands	Notes	At 31 March 2022 (unaudited)	At 31 December 2021 (audited)
ASSETS		**915,475**	**1,034,612**
Non-current assets		**804,828**	**803,018**
Vessels	7	766,807	774,362
Investment in joint venture	6	38,021	28,656
Current assets		**110,647**	**231,594**
Vessel held for sale	7	0	16,303
Inventories		5,635	4,820
Trade and other receivables		23,503	30,141
Cash and cash equivalents		81,509	180,329
Unrestricted cash		67,549	156,767
Restricted cash		13,960	23,562
EQUITY AND LIABILITIES		**915,474**	**1,034,612**
Equity		**642,315**	**727,588**
Share capital	10	48,630	48,630
Share premium		394,740	597,079
Treasury shares		-1,143	-1,143
Retained losses		198,887	82,212
Other reserves		173	-109
Non-controlling interest		1,028	919
Non-current liabilities		**131,034**	**151,811**
Interest-bearing loans	8	128,741	148,083
Acquired TC contracts, non-current		2,293	3,728
Current liabilities		**142,126**	**155,213**
Interest-bearing loans and borrowings	8	81,173	83,743
Acquired TC contracts, current		9,947	18,083
Trade and other payables		9,432	17,628
Other liabilitie		41,574	35,759

Consolidated statement of changes in equity

In USD thousands (2022/2021: unaudited/audited)	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total equity attributable to the equity holders of the Company	Non-controlling interest	Total equity
Equity as at 1 Jan. 2022	48,630	597,079	-1,143	82,212	-109	726,669	919	727,587
Result of the period	-	-	-	116,676	-	116,676	109	116,785
Other comprehensive income	-	-	-	-	282	282		282
Total comprehensive income	**-**	**-**	**-**	**116,676**	**282**	**116,958**	**109**	**117,067**
Paid dividend	-	-200,120	-	-	-	-200,120	-	-200,120
Capital increase	-	-	-	-	-	-	-	-
Settlement of warrants		-2,219		0		-2,219		-2,219
Equity as at 31 March 2022	**48,630**	**394,740**	**-1,143**	**198,887**	**173**	**61,287**	**1,028**	**642,315**
Equity as at 1 Jan. 2021	43,047	456,764	-1,143	-108,413	-8,877	381,377	1,655	383,032
Result of the period	-	-	-	189,725	-	189,725	129	189,854
Other comprehensive income	-	-	-	-	8,768	8,768		8,768
Total comprehensive income	**-**	**-**	**-**	**189,725**	**8,768**	**198,493**	**129**	**198,622**
Change in non-controlling interest	-	-	-	900	-	900	-865	35
Capital increase	5,583	143,870	-	-	-	149,452	-	149,452
Settlement of warrants		-3,554				-3,554		-3,554
Equity as at 31 December 2021	**48,630**	**597,079**	**-1,143**	**82,212**	**-109**	**726,669**	**919**	**727,587**

Consolidated statement of cash flow

in USD thousands	Notes	Q1 2022 (unaudited)	Q4 2021 (unaudited)	Q1 2021 (unaudited)
Profit/loss before income tax		116,785	128,408	3,525
Income tax expenses paid		0	0	0
Fair value change in derivatives		0	-554	586
Net change in inventory and trade and other receivables		6,104	9,686	-3,684
Net change in other current and trade and other payables		-6,035	13,043	45
Depreciation		18,440	18,138	13,139
Finance costs (net)		2,418	16,144	5,592
Share of profit or loss from joint venture		-23,537	-18,600	-1,627
Gain on sale of vessels		-18,733	-54,774	0
Amortization of TC contracts		-8,136	-12,851	0
Cash flow from operating activities		**87,307**	**98,640**	**17,576**
Proceeds from disposal of vessels		35,036	132,938	4,606
Scrubbers, dry-dockings and other vessel upgrades		-10,885	-15,395	-5,068
Purchase of new vessel		0	0	-9,000
Interest received		91	27	3
Dividend received from joint venture investment		15,000	22,500	0
Investments in associates		-826	0	0
Cash flow from investing activities		**38,416**	**140,070**	**-9,459**
Dividend paid		-200,120	0	0
Proceeds from debt financing		0	180,047	6,000
Repayment of debt		-22,500	-307,228	-1,103
Interest paid		-1,921	-3,540	-3,451
Debt issuance costs		0	-2,699	-118
Other finance paid		-1	1,896	-579
Repayment of hedging instrument		0	-3,353	0
Cash flow from financing activities		**-224,542**	**-134,877**	**750**
Net change in cash and cash equivalents		-98,819	103,833	8,868
Cash and cash equivalents at the beginning of the period		180,328	76,495	39,254
Cash and cash equivalents at the end of the period [14]		**81,509**	**180,328**	**48,122**

[14] Restricted cash as at 31 March 2022 was USD 14.0 million compared to USD 23.6 million as at 31 December 2021

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 its registered address at Munkedamsveien 45 A, 0250 Oslo, Norway and Norwegian registered 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 on the Oslo Stock Exchange under the ticker "MPCC".

Note 2 – Basis of preparation

The unaudited interim financial statements for the period ended 31 March 2022 have been 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 the 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 2021. The consolidated financial statements are presented in USD thousands unless otherwise stated.

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 preparing 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 2021. No new standards were effective as at 1 January 2022 with a significant impact on the Group.

Note 4 – Segment information

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

Note 5 – Revenue

in USD thousands	Q1 2022 (unaudited)	Q1 2021 (unaudited)
Time charter revenue	117,286	42,219
Amortization of time charter contracts	8,135	0
Pool charter revenue	14,585	11,225
Other revenue	2,936	1,433
Total operating revenue	**142,942**	**54,877**

The Group's time charter contracts are divided 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 is 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 with IFRS 15. The Group's performance obligation is to provide time charter services to its charterers.

in USD thousands	Q1 2022 (unaudited)	Q1 2021 (unaudited)
Service element	101,437	27,665
Other revenue	2,936	1,433
Total revenue from customer contracts	**104,373**	**29,098**
Lease element	30,413	25,779
Amortization of time charter contracts	8,135	0
Total operating revenue	**142,942**	**54,877**

Other revenue relates to reimbursements of bunkers and other services, including amortization of the acquired value of time charter contracts. In Q1 2022, the amortization of acquired time charter contracts amounted to USD 8.1 million (Q4 2021: USD 12.9 million).

Note 6 – Interest in joint ventures

In USD thousands	Q1 2022 (unaudited)	Q1 2021 (unaudited)
Operating revenue	14,142	9,648
Operating costs	-6,301	-4,898
Other income	40,331	0
Depreciation	-978	-1,307
Net financial income/expense	-116	-167
Income tax	-6	-22
Profit after tax for the period	**47,073**	**3,254**
Total comprehensive income for the period	**47,073**	**3,254**
Group's share of profit for the period	**23,537**	**1,627**

The Group has a 50% interest in 2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG, Hamburg (Germany), a company which owns eight container vessels through respective wholly-owned subsidiaries. The interest in 2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG is considered to be an investment in a joint venture, and is accounted for using the equity method. Included in other income is the gain from the sale of AS Petulia and AS Patricia which resulted in a total gain of USD 40.3 million in the joint venture.

Note 7 – Vessels and prepayments

in USD thousands	At 31 March 2022 (unaudited)	At 31 December 2021 (audited)
Acquisition cost at 1 January	**937,841**	**707,924**
Acquisition of vessels	0	10,000
Acquisition of Songa Container Group	0	296,584
Prepayments	0	-1,000
Capitalized dry-docking and other expenses	10,885	41,084
Disposals of vessels	-20,914	-95,836
Vessel held for sale	20,914	-20,914
Acquisition cost	**948,726**	**937,841**
Accumulated depreciations and impairment 1 January	-163,480	-119,107
Depreciation for the year-to-date	-18,440	-62,049
Impairment	0	0
Disposal of vessels	4,611	13,066
Vessel held for sale	-4,611	4,611
Accumulated depreciations and impairment at end of period	**-181,920**	**-163,480**
Closing balance at end of period	**766,807**	**774,363**

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

In the Q1 2022, the vessel AS Palatia was sold for total gross proceeds of USD 35.8 million resulting in a gain of USD 18.8 million which is included in other income in the consolidated income statement.

At each reporting date, the Group evaluates whether there is an indication that an asset may be impaired. An assessment of the recoverable amount performed when an impairment indicator exists. At 31 March 2022, no such indicators were identified by management and no impairment test was therefore performed.

Note 8 – Interest-bearing debt

in USD thousands	Ticker	Currency	Nominal amount	Interest	Maturity	As at 31 March 2022 (unaudited)	As at 31 December 2021 (audited)
Loan & credit facility	N/A	USD	180,000	1 month LIBOR + 3.35%	November 2026	157,500	180,000
Senior secured credit facility USD 70 million	N/A	USD	55,000	Floating + 3.25%	June 2024	55,000	55,000
Non-recourse senior secured term loan	N/A	USD	59,150	Floating + 4.75%	May 2023	0	0
Term loan	N/A	USD	29,000	Floating + 3.5%	April 2022	0	0
Other short-term debt incl. accrued interest						420	271
Total outstanding						**212,920**	**235,271**
Debt issuance costs						-3,006	-3,446
Total interest bearing debt outstanding						**209,914**	**231,826**

On 29 July 2021, the Group entered into a USD 70 million three-year revolving credit facility agreement with CIT Group, where MPCC Second Financing GmbH & Co. KG, a subsidiary of the Company, is the borrower. The initial drawdown of USD 55 million was made to refinance the existing debt. The credit line's maturity date is in June 2024.

On 20 October 2021, the Group entered into an agreement for a USD 180 million five-year senior secured credit facility with Hamburg Commercial Bank ("HCOB"). The credit facility consists of a USD 130 million term loan and a revolving credit facility of USD 50 million. The loan and credit line matures in November 2026.

Note 9 – Related party disclosure

The following table shows the total amount of service transactions which have been entered into with related parties in Q1 2022:

in USD thousands / Q1 2022	Type of services	Group	2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG
Wilhelmsen Ahrenkiel Ship Man. GmbH & Co. KG / B.V.	Technical	2,051	30
Harper Petersen & Co. GmbH	Commercial	1,685	157
MPC Münchmeyer Petersen Capital AG	Corporate	193	0
Total		**3,929**	**187**

All related party transactions are carried out at market terms. Please see the Company's 2021 Annual Report for additional details.

On 21 January 2022, the Company entered into an agreement with the warrant holders MPC Capital Beteiligungsgesellschaft mbH & Co. KG to settle the remaining 1,870,302 warrants already vested for a cash consideration of USD 2.2 million. The settlement was recognised in Q1 2022 as a reduction in other paid in equity. Following this settlement agreement, there are no longer any outstanding warrants relating to MPCC-shares.

Note 10 – Share capital

The share capital of the Company consisted of 444,051,377 shares as at 31 March 2022. The nominal value per share is NOK 1.00. All issued shares in the table below carry equal rights and are fully paid up.

in USD thousands	Number of shares	Share capital (USD thousands)
31 December 2021	444,051,377	48,630
31 March 2022	444,051,377	48,630

At 31 March 2022 the Company held 351,098 treasury shares.

Note 11 – Subsequent events

On 29 April 2022, 2. Bluewater Holding Schiff. GmbH & Co. KG in the Group's joint venture investment, repaid its remaining interest bearing loan of USD 10.9 million.

In May 2022, the Group entered into an interest rate cap with a notional amount of USD 45.0 million effective for the period 1 January 2024 to 31 December 2026. The derivative provides a cap of 4% on the risk-free US interest (SOFR) for the period.

On 18 May 2022, the share capital reduction was registered with the Norwegian Register of Business Enterprises with reference to the extraordinary general meeting of the Company on 28 January 2022. Following the share capital reduction, the Company's share capital is NOK 443,700,279, divided into 443,700,279 shares, each with a nominal value of NOK 1.

ALTERNATIVE PERFORMANCE MEASURES

The Group's financial information is prepared in accordance with the International Financial Reporting Standards ("IFRS"). In addition, it is the management's intention to provide alternative performance measures which are regularly reviewed by management to enhance the understanding of the Group's performance, but are not intended as a replacement of the financial statements prepared in accordance with the IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. 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 2022 (unaudited)	Q4 2021 (unaudited)	Q1 2021 (unaudited)
Operating result (EBIT)	118,096	144,552	9,119
Depreciation	18,440	18,138	13,139
EBITDA	**136,537**	**162,690**	**22,258**

Earnings before interest, tax, depreciations and amortisations ("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. It 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 docking 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 for consolidated vessels during the reporting period.

Utilisation

Utilisation in percentage is a commonly used KPI in the shipping industry. It represents total trading days including off-hire days related to dry dockings 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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