



**MPC CONTAINER SHIPS INVEST B.V.**

# **FINANCIAL REPORT**

**Q3 2019**

# MPC CONTAINER SHIPS INVEST B.V.

## THIRD QUARTER AND YEAR-TO-DATE 2019 HIGHLIGHTS

- Total revenues in Q3 2019 were USD 28.8 million (Q2 2019: USD 29.2 million). For year-to-date (“YTD”) Q3 2019, total revenues were USD 86.7 million.
- Net loss for Q3 2019 was USD 7.0 million (Q2 2019: net loss of USD 4.4 million). For YTD Q3 2019, total net loss was USD 16.5 million.

## BUSINESS OVERVIEW AND CORPORATE DEVELOPMENT

MPC Container Ships Invest B.V. (the “Company”, together with its subsidiaries the “Group”) is a private limited liability company incorporated and domiciled in the Netherlands, with registered address at Strawinskyiaan 835, World Trade Center, Tower B, 8<sup>th</sup> floor, Amsterdam 1077 NL, the Netherlands and Dutch enterprise number 69545103. The Company was incorporated on 6 September 2017 and operating activity commenced in September 2017. These consolidated financial statements comprise the Company and its subsidiaries. The principal activity of the Group is the investment in as well as operating and financing container vessels.

The Company is controlled by the MPC Container Ships ASA (the “Parent”), a public limited liability company incorporated and domiciled in Norway, with registered address at Dronning Mauds gate 3, 0250 Oslo, Norway and Norwegian enterprise number 918 494 316. The Group is included in the consolidated financial statements of the Parent. The shares of the Parent are listed on the Oslo Stock Exchange under the ticker “MPCC”.

As at 30 September 2019, the Company’s share capital is EUR 1 comprised by 1 share, with a nominal value of EUR 1. As at the same date, the Group is the owner of a fleet of total 39 container vessels between 966 TEU and 2,846 TEU after AS Fortuna was declared as a total constructive loss during the first half of 2019 and in June 2019 sold and delivered to its new owners.

## THIRD QUARTER AND YEAR-TO-DATE 2019 RESULTS

### Financial performance

The Group’s vessels are chartered out on time charter contracts to global and regional liner shipping companies. Time charter revenues were USD 28.8 million (Q2 2019: USD 29.2 million). The gross profit from vessel operations was USD 3.6 million (Q2 2019: USD 5.5 million).

The net loss for the period was USD 7.0 million (Q2 2019: net loss of USD 4.4 million).

### Financial position

The Group’s total assets amounted to USD 412.6 million as at 30 September 2019 (USD 414.0 million as at 31 December 2018). Non-current assets in the amount of USD 386.3 million comprise of vessels taken over, prepayments on vessels and restricted cash.

Total equity was USD 203.1 million as at 30 September 2019 (USD 208.3 million as at 31 December 2018) with minority interest of USD 0.7 million. As at 30 September 2019, the Group had interest-bearing financial loans in the amount of USD 194.6 million (USD 193.9 million as at 31 December 2018), the increase relates to amortization of capitalized loan fees.

## **Cash flow**

In the third quarter of 2019, the Group generated a negative cash flow from operating activities of USD 1.1 million (Q2 2019: positive cash flow of USD 3.9 million). The cash flow from investing activities was negative by USD 13.8 million (Q2 2019: negative by USD 5.5 million). The group had a cash flow from financing activities of USD 4.7 million after proceeds from shareholders compared to a cash flow in Q2 2019 of USD 10.8 million.

The total net change in cash and cash equivalents from 31 December 2018 to 30 September 2019 was USD -0.7 million.

Cash and cash equivalents including restricted cash as at 30 September 2019 were USD 18.6 million, compared to USD 19.3 million as at 31 December 2018.

## **CONTAINER MARKET UPDATE**

### **Global Economy**

The International Monetary Fund ("IMF") in its October 2019 World Economic Outlook expects global growth of 3.0% in 2019 and 3.4% in 2020. Emerging market economies are foreseen to be the main drivers of this recovery. For a group of systemic relevant economies (US, EU, China and Japan), economic growth is expected to remain at low levels in 2020. In the same forecast, the IMF forecasts global trade growth of 1.1% in 2019 with a slight recovery to 3.2% in 2020. For subsequent years, trade growth is estimated at 3.8%, supported by the anticipated recovery of the global economy in 2020 and increased demand for investments in both emerging markets and developing economies.

### **Container Demand**

2019 world seaborne container trade growth is estimated as moderate, with Clarkson Research forecasts indicating 2.2%. Except for 2015, where world container trade grew by 2.1%, 2019 is set to endure the lowest growth rate in decades. For 2020, as the global economy is assumed to regain speed, container trade growth is estimated to be 3.2%.

The US-China trade conflict has had a significant impact on Transpacific trade volumes, assumed to decrease with 1.7% in 2019. For 2020, a slight decrease of 0.8% is expected. Transatlantic, Far East-Europe and Intra-Asia trades growth rates are, by contrast, expected to be relatively robust with 3.8%, 3.9% and 3.4%, respectively. For 2020, analysts expect 3.2% for Transatlantic trades, 2.6% for Far East-Europe trades and 4.0% for Intra-Asia trades.

Intra-regional trades (i.e. Intra-Asia, Intra- Europe, Intra-Caribbean, ME/ISC-South and South-South trades) is expected to contribute with the strongest growth rates both for 2019 and 2020, with 5.4% and 5.2%, respectively.

### **Fleet Development**

As per October 2019, global container fleet comprised 5,357 vessels with a total capacity of 22.8 million TEU. The feeder segment fleet (1,000 to 3,000 TEU) amounted to 1,920 vessels with a total capacity of 3.5 million TEU.

For the total container fleet, 690,704 TEU worth of capacity has been delivered YTD 2019, the lowest number in years. New capacity has been modest also in the feeder segment, with a total of 80,814 TEU delivered YTD 2019. Seeing as the order book is showing historical low numbers (in total 9.6% of the current container fleet as per October 2019), one may assume that deliveries will remain modest also during upcoming quarters.

Demolition is at relative low levels as well, with 120,724 TEU demolished YTD 2019. For the feeder segment, YTD 2019 total recycled tonnage amounts to 63,803 TEU. Due to the IMO's ballast water management system code enforced from October 2019, increased demolition particularly in the feeder segment (where the sailing fleet is relatively high) is expected.

In accordance with above-mentioned market data, the container shipping market should be characterised by a slight oversupply both in 2019 and 2020. Due to vessels entering dry-dock for scrubber retrofitting and other IMO 2020 preparatory works, container capacity supply is expected to be reduced by a further 1.2% in 2019 and 1.1% in 2020,

with “net growth” of 2.4% in 2019 and 2020, respectively. For 2020, demand is expected to strengthen yet again with 3.2%, supporting an excess demand of 0.8%. Supply-side impacts from IMO 2020 are assumed to persist until mid-2020.

### **Asset Prices**

Newbuilding prices for larger feeder vessels (2,750 TEU gls) have decreased by 9% since the start of 2019, from USD 35 million to USD 32 million . Nevertheless, these prices are still 1% above the 10-year average. For a 1,700 TEU grd container vessel, the acquisition price of a newbuild was quoted at USD 26.25 million in October 2019. The assumed price for a 1,000 TEU grd vessel was USD 19.25 million. Prices are unchanged compared to January 2019 and slightly below their latest 10-year averages (-1% for 1,700 TEU grd vessels and -2% for the 1,000 TEU grd vessels).

Second-hand container vessel prices are currently witnessing large fluctuations. A 10-year old 2,750 TEU gls vessel was estimated at USD 9.5 million in October 2019 (-24% compared with price as per January 2019). As per the same date, second-hand prices for a 10-year old 1,700 TEU gls and a 10-year old 1,000 TEU grd vessel were estimated at USD 7.75 million and USD 5.75 million (down by 18% and 15% compared to January 2019), respectively.

### **Charter Market**

As vessels are temporarily decommissioned for scrubber retrofittings, especially the larger vessel segments enjoyed significant charter rate increases during 2019. However, since January 2019, a gap between the rate developments for larger feeders (>1,700 TEU) and smaller feeders (<1,700 TEU) has been observed. Within the >1,700 TEU category, earnings for larger sizes increased significantly during 2019 (2,500 TEU and 2,800 TEU vessels earning above USD 10,000 per day) while rates in the smaller feeder segments saw larger fluctuations but only modest growth.

The number of available vessels decreased during H1 2019 following a slight market consolidation. Since July, however, idle numbers have risen within all TEU segments. A significant part of the idle capacity, being 45% of the total idle fleet and 14% of the feeder fleet, is currently in dry-dock for scrubber retrofiting.

Time charter rates (6-12 months) in September 2019:

- 1,000 TEU: USD 6,200 (down 2% year-to-date)
- 1,700 TEU: USD 8,800 (up 18% year-to-date)
- 2,750 TEU: USD 10,400 (up 9% year-to-date)
- 4,300 TEU: USD 14,600 (up 62% year-to-date)

### **Market Outlook**

On a macroeconomic level, the outlook for Q4 2019 and 2020 will remain influenced by issues relating to IMO 2020, the current slowdown of the global economy and geopolitical tensions.

The container shipping charter rate environment has stabilised in recent months. Larger vessels have lead the way in terms of rate increases with smaller-size vessels slowly following suit, albeit with a more hesitant growth trajectory to date.

As part of IMO 2020 preparations, some 44 vessels totalling 375,000 TEU are currently in dry-dock for scrubber installations. Of these, 11 vessels (total capacity of 24,000 TEU) are within the feeder segment. The retrofiting installation process has increased significantly throughout 2019. It is expected that scrubber retrofits will continue to hamper the supply of container vessels until mid- 2020 at the earliest.

Demand for container vessels will remain sensitive to macroeconomic uncertainty. Intra-regional trade demand is, however, benefitting from stronger growth. As for the supply side, an aging feeder fleet and advancements in the regulatory environment are deemed to intensify the focus on ship recycling, thereby curbing supply growth.

Despite 2019 turning out to be more volatile than many had hoped, container market fundamentals are still intact and should make for attractive opportunities and charter rate recovery potential in 2020 and onwards.

## **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 Invest B.V. cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

| in USD thousands                           | Notes | Q3 2019<br>(unaudited) | Q2 2019<br>(unaudited) | Q3 2018<br>(unaudited) | Q3 2019 YTD<br>(unaudited) | Q3 2018 YTD<br>(unaudited) |
|--|-------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Operating revenues                         | 3     | 28,771                 | 29,237                 | 36,779                 | 86,737                     | 89,333                     |
| Commissions                                |       | -1,009                 | -1,095                 | -1,416                 | -3,098                     | -3,501                     |
| Vessel voyage expenditures                 |       | -4,574                 | -2,635                 | -3,412                 | -10,636                    | -6,638                     |
| Vessel operation expenditures              |       | -18,122                | -18,440                | -18,886                | -56,591                    | -48,934                    |
| Ship management fees                       |       | -1,501                 | -1,531                 | -1,556                 | -4,566                     | -4,091                     |
| <b>Gross profit</b>                        |       | <b>3,564</b>           | <b>5,536</b>           | <b>11,509</b>          | <b>11,846</b>              | <b>26,170</b>              |
| Administrative expenses                    |       | -616                   | -669                   | -498                   | -1,892                     | -1,253                     |
| Depreciation and impairment                | 4     | -6,037                 | -5,668                 | -4,724                 | -17,482                    | -12,806                    |
| Other expenses                             |       | 86                     | -332                   | 30                     | -495                       | -432                       |
| Gain/loss sale of vessels                  | 4     | 0                      | 460                    | 0                      | 3,129                      | 0                          |
| Other income                               |       | 135                    | 120                    | 13                     | 324                        | 509                        |
| <b>Operating result (EBIT)</b>             |       | <b>-2,868</b>          | <b>-553</b>            | <b>6,330</b>           | <b>-4,569</b>              | <b>12,188</b>              |
| Other finance income                       |       | 70                     | 99                     | 44                     | 292                        | 209                        |
| Finance costs                              | 6     | -4,101                 | -3,909                 | -4,327                 | -12,104                    | -10,906                    |
| <b>Profit/Loss before income tax (EBT)</b> |       | <b>-6,899</b>          | <b>-4,364</b>          | <b>2,047</b>           | <b>-16,382</b>             | <b>1,491</b>               |
| Income tax expenses                        |       | -56                    | -80                    | 0                      | -136                       | 0                          |
| <b>Profit/Loss for the period</b>          |       | <b>-6,955</b>          | <b>-4,444</b>          | <b>2,047</b>           | <b>-16,518</b>             | <b>1,491</b>               |
| Attributable to:                           |       |                        |                        |                        |                            |                            |
| Equity holders of the Company              |       | -6,952                 | -4,443                 | 2,039                  | -16,514                    | 1,478                      |
| Minority interest                          |       | -3                     | 0                      | 8                      | -4                         | 13                         |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| in USD thousands   | Notes | Q3 2019<br>(unaudited) | Q2 2019<br>(unaudited) | Q3 2018<br>(unaudited) | Q3 2019 YTD<br>(unaudited) | Q3 2018 YTD<br>(unaudited) |
|--|-------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Profit/Loss for the period   |       | -6,955                 | -4,444                 | 2,046                  | -16,518                    | 1,491                      |
| <b>Items that may be subsequently transferred to profit or loss</b>      |       | <b>-510</b>            | <b>-2,353</b>          | <b>468</b>             | <b>-4,493</b>              | <b>2,235</b>               |
| Cash flow hedge reserve  |       | -510                   | -2,353                 | 468                    | -4,493                     | 2,235                      |
| <b>Items that will not be subsequently transferred to profit or loss</b> |       | <b>0</b>               | <b>0</b>               | <b>0</b>               | <b>0</b>                   | <b>0</b>                   |
| <b>Total comprehensive profit/loss</b>                                   |       | <b>-7,465</b>          | <b>-6,797</b>          | <b>2,514</b>           | <b>-21,011</b>             | <b>3,726</b>               |
| Attributable to:   |       |                        |                        |                        |                            |                            |
| Equity holders of the Company  |       | -7,462                 | -6,796                 | 2,507                  | -21,007                    | 3,713                      |
| Non-controlling interest   |       | -3                     | 0                      | 8                      | -4                         | 13                         |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| in USD thousands                 | Notes | 30 September 2019<br>(unaudited) | 31 December 2018<br>(audited) |
|----------------------------------|-------|----------------------------------|-------------------------------|
| <b>Assets</b>                    |       | <b>412,561</b>                   | <b>414,040</b>                |
| Non-current Assets               |       | 386,273                          | 388,003                       |
| Vessels                          | 4     | 372,887                          | 376,507                       |
| Prepayment on vessels            |       | 3,386                            | 0                             |
| Long-term restricted cash        |       | 10,000                           | 10,000                        |
| Other assets                     |       | 0                                | 1,496                         |
| Current assets                   |       | 26,288                           | 26,038                        |
| Inventories                      |       | 3,550                            | 3,545                         |
| Trade and other receivables      |       | 14,143                           | 13,241                        |
| Cash and cash equivalents        |       | 8,595                            | 9,252                         |
| Unrestricted cash                |       | 8,595                            | 9,252                         |
| Restricted cash                  |       | 0                                | 0                             |
| <b>Equity and liabilities</b>    |       | <b>412,561</b>                   | <b>414,040</b>                |
| Equity                           |       | 203,056                          | 208,306                       |
| Ordinary shares                  | 5     | 228,461                          | 213,091                       |
| Share capital                    |       | 0                                | 0                             |
| Capital reserves                 |       | 228,461                          | 213,091                       |
| Retained losses                  |       | -22,618                          | -6,104                        |
| Other comprehensive income       |       | -3,475                           | 1,018                         |
| Minority interest in equity      |       | 688                              | 302                           |
| Non-current Liabilities          |       | 194,566                          | 193,963                       |
| Interest bearing long-term debt  | 6     | 194,566                          | 193,963                       |
| Current Liabilities              |       | 14,939                           | 11,771                        |
| Trade and other payables         |       | 8,459                            | 6,419                         |
| Payables to affiliated companies |       | 4,921                            | 2,789                         |
| Other liabilities                |       | 1,559                            | 2,562                         |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| in USD thousands                               | Share capital | Share premium  | Retained losses | OCI           | Total equity attributable to the equity holders of the Company | Minority interest | Total equity   |
|--|---------------|----------------|-----------------|---------------|--|-------------------|----------------|
| Equity as at 1 Jan. 2018                       | 0             | 126,150        | -2,951          | 139           | 123,338  | 152               | 123,490        |
| Contribution in kind                           | 0             | 86,940         | 0               | 0             | 86,940   | 0                 | 86,940         |
| Capital increase from non-controlling interest | 0             | 0              | 0               | 0             | 0  | 136               | 136            |
| Result of the period                           | 0             | 0              | -3,153          | 0             | -3,153   | 13                | -3,140         |
| Cash flow hedge reserve                        | 0             | 0              | 0               | 865           | 865  | 0                 | 865            |
| Foreign currency translation                   | 0             | 0              | 0               | 14            | 14   | 0                 | 14             |
| <b>Equity as at 31 Dec. 2018</b>               | <b>0</b>      | <b>213,090</b> | <b>-6,104</b>   | <b>1,018</b>  | <b>208,004</b>   | <b>302</b>        | <b>208,306</b> |
| Equity as at 1 Jan. 2019                       | 0             | 213,090        | -6,104          | 1,018         | 208,004  | 302               | 208,306        |
| Contribution in kind                           | 0             | 15,370         | 0               | 0             | 15,370   | 0                 | 15,370         |
| Capital increase from non-controlling interest | 0             | 0              | 0               | 0             | 0  | 390               | 390            |
| Result of the period                           | 0             | 0              | -16,514         | 0             | -16,514  | -4                | -16,518        |
| Cash flow hedge reserve                        | 0             | 0              | 0               | -4,493        | -4,493   | 0                 | -4,493         |
| Foreign currency translation                   | 0             | 0              | 0               | 0             | 0  | 0                 | 0              |
| <b>Equity as at 30 September 2019</b>          | <b>0</b>      | <b>228,461</b> | <b>-22,618</b>  | <b>-3,475</b> | <b>202,368</b>   | <b>688</b>        | <b>203,056</b> |

## CONSOLIDATED STATEMENT OF CASH FLOW

| in USD thousands  | Notes | Q3 2019<br>(unaudited) | Q2 2019<br>(unaudited) | Q3 2018<br>(unaudited) | Q3 2019 YTD<br>(unaudited) | Q3 2018 YTD<br>(unaudited) |
|---|-------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Profit/Loss before taxes  |       | -6,899                 | -4,364                 | 2,046                  | -16,382                    | 1,491                      |
| Income tax paid   |       | 0                      | 0                      | 0                      | 0                          | 0                          |
| Finance expenses, net   |       | 4,031                  | 3,811                  | 4,283                  | 11,813                     | 10,697                     |
| Interest paid   |       | -3,705                 | -3,842                 | -3,918                 | -11,134                    | -9,933                     |
| Interest received   |       | 70                     | 99                     | 44                     | 291                        | 209                        |
| Net change in current assets                                      |       | -4,266                 | 6,799                  | -8,931                 | -1,299                     | -14,024                    |
| Net change in current liabilities                                 |       | 3,611                  | -2,080                 | 2,461                  | 2,971                      | 5,869                      |
| Cash upfront payment for hedge instruments                        |       | -24                    | -1,700                 | 469                    | -2,824                     | 469                        |
| Depreciation  |       | 6,037                  | 5,668                  | 4,724                  | 17,482                     | 12,806                     |
| Gain from disposal of vessels                                     |       | 0                      | -460                   | 0                      | -3,129                     | 0                          |
| <b>Cash flow from operating activities</b>                        |       | <b>-1,144</b>          | <b>3,931</b>           | <b>1,178</b>           | <b>-2,210</b>              | <b>7,584</b>               |
| Proceeds from disposal of vessels                                 |       | 0                      | 1,709                  | 0                      | 10,739                     | 0                          |
| Purchase of vessels   |       | 0                      | 0                      | 0                      | 0                          | -205,071                   |
| Dry-docking and other investments                                 |       | -10,414                | -7,193                 | -3,788                 | -21,311                    | -23,375                    |
| Prepayment on vessels   |       | -3,386                 | 0                      | 0                      | -3,386                     | 0                          |
| <b>Cash flow from investing activities</b>                        |       | <b>-13,801</b>         | <b>-5,484</b>          | <b>-3,788</b>          | <b>-13,959</b>             | <b>-228,446</b>            |
| Proceeds from shareholder's contribution                          |       | 4,950                  | 10,810                 | 0                      | 15,760                     | 86,889                     |
| Gross proceeds debt financing                                     |       | 0                      | 0                      | 0                      | 0                          | 100,000                    |
| Bond issuing costs  |       | -250                   | 0                      | -380                   | -250                       | -3,555                     |
| <b>Cash flow from financing activities</b>                        |       | <b>4,700</b>           | <b>10,810</b>          | <b>-380</b>            | <b>15,510</b>              | <b>183,334</b>             |
| Net change in cash and cash equivalents                           |       | -10,245                | 9,258                  | -2,990                 | -657                       | -37,528                    |
| Net foreign exchange differences                                  |       | 0                      | 0                      | -2                     | 0                          | 0                          |
| Cash and cash equivalents at beginning of period                  |       | 28,840                 | 19,582                 | 25,013                 | 19,252                     | 59,559                     |
| <b>Cash and cash equivalents at the end of period<sup>1</sup></b> |       | <b>18,595</b>          | <b>28,840</b>          | <b>22,021</b>          | <b>18,595</b>              | <b>22,021</b>              |

<sup>1</sup> Whereof USD 10 million is restricted as at 30 September 2019 and as at 31 December 2018



## NOTES

### Note 1 - General information

MPC Container Ships Invest B.V. (the “Company”, together with its subsidiaries the “Group”) is a private limited liability company incorporated and domiciled in the Netherlands, with registered address at Strawinskylaan 835, World Trade Center, Tower B, 8<sup>th</sup> floor, Amsterdam 1077 NL, the Netherlands and Dutch enterprise number 69545103. The Company was incorporated on 6 September 2017 and operating activity commenced in September 2017. This consolidated financial report comprises the Company and its subsidiaries. The principal activity of the Group is the investment in as well as operating and financing of container vessels.

The Company is controlled by MPC Container Ships ASA (the “Parent”), a public limited liability company incorporated and domiciled in Norway, with registered address at Dronning Mauds gate 3, 0250 Oslo, Norway and Norwegian enterprise number 918 494 316. The Group is included in the consolidated financial statements of the Parent. The shares of the Parent 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 30 September 2019 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 2018. 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.

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 2018 except for the new standards effective as at 1 January 2019.

The Company implemented IFRS 16 starting 1 January 2019. The new standard is replacing IAS 17 Leases. The Company has implemented the new standard using the modified retrospective approach for the implementation of IFRS 16 where comparative figures are not restated. The Company has used the practical expedients when applying the new standard to leases previously classified as operating leases under IAS 17. As the Group do not charter in any vessels and do not have any other lease agreements exceeding 12 months, there has been no material impacts from the implementation of the new standard.

### Note 3 - Revenue

| in USD thousands                | Q3 2019 (unaudited) | Q3 2018 (unaudited) |
|---------------------------------|---------------------|---------------------|
| Time charter revenue            | 16,158              | 22,276              |
| Pool charter revenue            | 9,334               | 11,421              |
| Other revenue                   | 3,278               | 3,081               |
| <b>Total operating revenues</b> | <b>28,771</b>       | <b>36,778</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                             | Q3 2019 (unaudited) | Q3 2018 (unaudited) |
|--|---------------------|---------------------|
| Service element                              | 10,340              | 6,295               |
| Other revenue                                | 3,278               | 3,081               |
| <b>Total revenue from customer contracts</b> | <b>13,618</b>       | <b>19,376</b>       |
| Lease revenue                                | 15,153              | 17,423              |
| <b>Total operating revenue</b>               | <b>28,771</b>       | <b>36,799</b>       |

#### Note 4 - Vessels and prepayments

| in USD thousands  | At 30 September 2019<br>(unaudited) | 31 December 2018<br>(audited) |
|---|-------------------------------------|-------------------------------|
| <b>Acquisition cost at 1 January</b>                      | <b>396,851</b>                      | <b>150,032</b>                |
| Contributions of fixed assets and capitalized investments | 0                                   | 86,940                        |
| Disposals of vessels                                      | -7,361                              | 0                             |
| Acquired vessels and capitalized investments              | 24,610                              | 159,879                       |
| <b>Acquisition cost at end of period</b>                  | <b>414,099</b>                      | <b>396,851</b>                |
| Accumulated depreciation 1 January                        | -20,344                             | -1,646                        |
| Depreciation for the year                                 | -17,482                             | -18,698                       |
| <b>Accumulated depreciation at end of period</b>          | <b>-37,826</b>                      | <b>-20,344</b>                |
| <b>Closing balance at end of period</b>                   | <b>376,273</b>                      | <b>376,507</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>                |

The disposal of vessel relates to the declaration of AS Fortuna as a total loss after her grounding in September 2018 and the subsequent sale of the vessel in June 2019. These events lead to a gain on disposals in H1 2019 of USD 3.1 million.

#### Note 5 - Share capital

|                              | Number of shares | Share capital (USD) | Share premium<br>(USD thousands) |
|------------------------------|------------------|---------------------|----------------------------------|
| <b>1 January 2019</b>        | <b>1</b>         | <b>1</b>            | <b>213,090</b>                   |
| Equity injections in H1 2019 | 0                | 0                   | 15,370                           |
| <b>30 September 2019</b>     | <b>1</b>         | <b>1</b>            | <b>228,460</b>                   |

As at 30 September 2019, the share capital of the Company consists of 1 share with nominal value per share of EUR 1, paid on 13 October 2017. Share premium represents the additional contributions made by the Parent (substantially through vessels and cash).

## Note 6 - Interest-bearing loans

The Company has in 2017 and 2018 issued a senior secured bond with a total outstanding as at 30 September 2019 of USD 200 million. The bond is listed at Oslo Stock Exchange with ticker code "MPCBV". The Group has entered into fixed interest-rate swap agreements for USD 50 million of the bond loan. For the remaining bond loan of USD 150 million, the Group has entered into interest cap and collar agreements.

| in USD thousands              | At 30 September 2019<br>(unaudited) | 31 December 2018<br>(audited) |
|-------------------------------|-------------------------------------|-------------------------------|
| Nominal value of issued bonds | 200,000                             | 200,000                       |
| Issuance costs                | -5,434                              | -6,037                        |
| <b>Interest-bearing debt</b>  | <b>194,566</b>                      | <b>193,963</b>                |

In addition to customary protection rights for the benefit of the bond holders, the following financial covenants, as defined in the bond terms, are applicable at the level of the Parent's consolidated figures:

- The consolidated book-equity ratio of the Parent shall at all times be higher than 40%.

The following financial covenant, as defined in the bond terms, is applicable at the level of the Company's consolidated figures:

- The Group shall maintain a minimum liquidity of 5% of the consolidated financial indebtedness; and
- Vessel loan to value ratio of the Company and its subsidiaries shall not exceed 75%.

The Group is in compliance with all covenants as at 30 September 2019.

The bond is guaranteed by the Parent and all subsidiaries of the Company.

The bond terms contain voluntary call options to early redeem the bonds, which is currently not expected. In addition, there is also a mandatory put option upon change in controlling shareholder.

## Note 7 - Group companies

The Group's consolidated financial statements include the financial reports of the Company and its subsidiaries listed in the table below:

| Name                        | Principal activity | Country of incorporation | Equity interest | Initial consolidation |
|-----------------------------|--------------------|--------------------------|-----------------|-----------------------|
| "AS LAETITIA" ShipCo C.V.   | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS LAGUNA" ShipCo C.V.     | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS PAULINA" ShipCo C.V.    | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS PETRONIA" ShipCo C.V.   | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS CLARA" ShipCo C.V.      | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS ANGELINA" ShipCo C.V.   | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS FATIMA" ShipCo C.V.     | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS FLORETTA" ShipCo C.V.   | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS FAUSTINA" ShipCo C.V.   | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS FABRIZIA" ShipCo C.V.   | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS FIORELLA" ShipCo C.V.   | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS COLUMBIA" ShipCo C.V.   | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS CLARITA" ShipCo C.V.    | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS FRIDA" ShipCo C.V.      | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS CALIFORNIA" ShipCo C.V. | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |
| "AS FIONA" ShipCo C.V.      | Ship-owning entity | Netherlands              | 99.9%           | 2017                  |

|                              |                        |             |        |      |
|------------------------------|------------------------|-------------|--------|------|
| "AS CONSTANTINA" ShipCo C.V. | Ship-owning entity     | Netherlands | 99.9%  | 2017 |
| "AS FORTUNA" ShipCo C.V.     | Ship-owning entity     | Netherlands | 99.9%  | 2017 |
| "AS LAURETTA" ShipCo C.V.    | Ship-owning entity     | Netherlands | 99.9%  | 2017 |
| "AS SAVANNA" ShipCo C.V.     | Ship-owning entity     | Netherlands | 99.9%  | 2017 |
| "AS FILIPPA" ShipCo C.V.     | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS SOPHIA" ShipCo C.V.      | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS SERENA" ShipCo C.V.      | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS CLEMENTINA" ShipCo C.V.  | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS SICILIA" ShipCo C.V.     | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS SEVILLIA" ShipCo C.V.    | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS PATRIA" ShipCo C.V.      | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS PALATIA" ShipCo C.V.     | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS CYPRIA" ShipCo C.V.      | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS CARELIA" ShipCo C.V.     | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS FABIANA" ShipCo C.V.     | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS FEDERICA" ShipCo C.V.    | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS FLORIANA" ShipCo C.V.    | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS RICCARDA" ShipCo C.V.    | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS RICCARDA" ShipCo C.V.    | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS RAGNA" ShipCo C.V.       | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS ROMINA" ShipCo C.V.      | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS ROSALIA" ShipCo C.V.     | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS SARA" ShipCo C.V.        | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS FLORA" ShipCo C.V.       | Ship-owning entity     | Netherlands | 99.9%  | 2018 |
| "AS LAETITIA" OpCo B.V.      | General partner entity | Netherlands | 100.0% | 2017 |
| "AS LAGUNA" OpCo B.V.        | General partner entity | Netherlands | 100.0% | 2017 |
| "AS PAULINA" OpCo B.V.       | General partner entity | Netherlands | 100.0% | 2017 |
| "AS PETRONIA" OpCo B.V.      | General partner entity | Netherlands | 100.0% | 2017 |
| "AS CLARA" OpCo B.V.         | General partner entity | Netherlands | 100.0% | 2017 |
| "AS ANGELINA" OpCo B.V.      | General partner entity | Netherlands | 100.0% | 2017 |
| "AS FATIMA" OpCo B.V.        | General partner entity | Netherlands | 100.0% | 2017 |
| "AS FLORETTA" OpCo B.V.      | General partner entity | Netherlands | 100.0% | 2017 |
| "AS FAUSTINA" OpCo B.V.      | General partner entity | Netherlands | 100.0% | 2017 |
| "AS FABRIZIA" OpCo B.V.      | General partner entity | Netherlands | 100.0% | 2017 |
| "AS FIORELLA" OpCo B.V.      | General partner entity | Netherlands | 100.0% | 2017 |
| "AS COLUMBIA" OpCo B.V.      | General partner entity | Netherlands | 100.0% | 2017 |
| "AS CLARITA" OpCo B.V.       | General partner entity | Netherlands | 100.0% | 2017 |
| "AS FRIDA" OpCo B.V.         | General partner entity | Netherlands | 100.0% | 2017 |
| "AS CALIFORNIA" OpCo B.V.    | General partner entity | Netherlands | 100.0% | 2017 |
| "AS FIONA" OpCo B.V.         | General partner entity | Netherlands | 100.0% | 2017 |
| "AS CONSTANTINA" OpCo B.V.   | General partner entity | Netherlands | 100.0% | 2017 |
| "AS FORTUNA" OpCo B.V.       | General partner entity | Netherlands | 100.0% | 2017 |
| "AS LAURETTA" OpCo B.V.      | General partner entity | Netherlands | 100.0% | 2017 |
| "AS SAVANNA" OpCo B.V.       | General partner entity | Netherlands | 100.0% | 2017 |

|                           |                        |             |        |      |
|---------------------------|------------------------|-------------|--------|------|
| "AS FILIPPA" OpCo B.V.    | General partner entity | Netherlands | 100.0% | 2018 |
| "AS SOPHIA" OpCo B.V.     | General partner entity | Netherlands | 100.0% | 2018 |
| "AS SERENA" OpCo B.V.     | General partner entity | Netherlands | 100.0% | 2018 |
| "AS CLEMENTINA" OpCo B.V. | General partner entity | Netherlands | 100.0% | 2018 |
| "AS SICILIA" OpCo B.V.    | General partner entity | Netherlands | 100.0% | 2018 |
| "AS SEVILLIA" OpCo B.V.   | General partner entity | Netherlands | 100.0% | 2018 |
| "AS PATRIA" OpCo B.V.     | General partner entity | Netherlands | 100.0% | 2018 |
| "AS PALATIA" OpCo B.V.    | General partner entity | Netherlands | 100.0% | 2018 |
| "AS CYPRIA" OpCo B.V.     | General partner entity | Netherlands | 100.0% | 2018 |
| "AS CARELIA" OpCo B.V.    | General partner entity | Netherlands | 100.0% | 2018 |
| "AS FABIANA" OpCo B.V.    | General partner entity | Netherlands | 100.0% | 2018 |
| "AS FEDERICA" OpCo B.V.   | General partner entity | Netherlands | 100.0% | 2018 |
| "AS FLORIANA" OpCo B.V.   | General partner entity | Netherlands | 100.0% | 2018 |
| "AS RICCARDA" OpCo B.V.   | General partner entity | Netherlands | 100.0% | 2018 |
| "AS RICCARDA" OpCo B.V.   | General partner entity | Netherlands | 100.0% | 2018 |
| "AS RAGNA" OpCo B.V.      | General partner entity | Netherlands | 100.0% | 2018 |
| "AS ROMINA" OpCo B.V.     | General partner entity | Netherlands | 100.0% | 2018 |
| "AS ROSALIA" OpCo B.V.    | General partner entity | Netherlands | 100.0% | 2018 |
| "AS SARA" OpCo B.V.       | General partner entity | Netherlands | 100.0% | 2018 |
| "AS FLORA" OpCo B.V.      | General partner entity | Netherlands | 100.0% | 2018 |

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Ownership rights equal voting rights in all subsidiaries.

**Note 8 - Subsequent events**

None.