



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

# **FINANCIAL REPORT**

**Q4 2020**

# MPC CONTAINER SHIPS INVEST B.V.

## FOURTH QUARTER AND FULL-YEAR 2020 HIGHLIGHTS

- Total revenues in Q4 2020 were USD 29.4 million (Q3 2020: USD 26.1 million).
- Net loss for Q4 2020 was USD 14.4 million (Q3 2020: net loss of USD 12.3 million).
- In Q4 2020, the Group entered into a Memorandum of Agreement for the sale of AS Laguna. The TEU 1,000 vessel will be delivered to its new owner during the first half of 2021.

## COMMENT FROM THE MANAGEMENT BOARD

The year 2020 proved unexpectedly volatile, but the v-shaped recovery during the latter half boded very well for the container shipping industry in particular. Tonnage providers such as MPC Container Ships Invest B.V. (the “Company”, together with its subsidiaries the “Group”) are greatly benefitting from the sharp upturn in charter rates, albeit with a certain time lag as our customers exhausted their pre-recovery charterparties to their fullest.

By now, the strong market momentum has pushed charter rates to 10-year highs whilst extending achievable charter periods. In the midst of these ideal market dynamics, the Group has re-chartered out the majority of its fleet and will see more vessels coming open during the next months. As such, the Group is accumulating a sizeable charter backlog and secured earnings.

The world has witnessed more than one demand disruption during the past few years, and one should not discard similar occurrences going forward. That being mentioned, we view the current market momentum and fundamentals as very compelling, and look forward to 2021.

## FOURTH QUARTER 2020 AND FULL-YEAR 2020 RESULTS

### Financial performance

The Group’s vessels are chartered out on time charter contracts to global and regional liner shipping companies. Operating revenues were in Q4 USD 29.4 million (Q3 2020: USD 26.1 million). The gross profit from vessel operations was USD 4.3 million (Q3 2020: USD 2.5 million). The increase in operating revenues and gross profit compared to the previous quarter is driven by the recovery in the charter market and container demand, in turn leading to reduced idle time and increased utilization for the Group’s fleet. Q4 2020 has seen an increase in operating revenues compared to Q3 2020 as impacts from the currently strong charter market are more visible in the Group’s operating revenues. However, the financials for the fourth quarter are still affected by the fixed contracts concluded in the depressed market during spring and summer months.

The Group reports a loss of USD 14.4 million in Q4 2020 (Q3 2020: loss of USD 12.3 million) after the impairment of USD 4.8 million (Q3 2020: USD 1.7 million) related to the sale of two smaller vessels between TEU 1,000 and TEU 1,200, which are to be delivered to its new owners in 2021.

For the full year 2020, the Group reported operating revenues of USD 109.3 million (2019: 113.2 million) and gross profit of USD 13.2 million (2019: USD 15.7 million). The decrease in gross profit compared to the previous year is mainly due to the implications on the charter market caused by the COVID-19 pandemic. The Group reported a net loss of USD 45.4 million (2019: Net loss of USD 25.9 million).

## Financial position

The Group's total assets amounted to USD 390.6 million as at 31 December 2020 (USD 412.9 million as at 31 December 2019). Non-current assets in the amount of USD 367.5 million comprise of vessels, vessels held for sale and restricted cash. Total equity was USD 177.7 million as at 31 December 2020 (USD 198.2 million as at 31 December 2019) with minority interest of USD 0.7 million. As at 31 December 2020, the Group had interest-bearing loans in the amount of USD 200.3 million (USD 195.1 million as at 31 December 2019), the increase relates to amortization of capitalized loan fees and settlement of the 2/3 of the third and fourth quarter interest payments as payment in kind ("PIK") by way of issuing additional bonds in accordance with the amended bond terms.

## Cash flow

In the fourth quarter of 2020, the Group generated a negative cash flow from operating activities of USD 4.6 million (Q3 2020: negative cash flow of USD 1.7 million). The cash flow from investing activities was negative by USD 2.7 million (Q3 2020: positive by USD 0.4 million) due to investments into dry-dockings and other upgrades partly offset by the proceeds from the sale of AS Fiona. The group had a net cash flow from financing activities of USD -0.2 million resulting from bond issuing costs compared to a cash flow in Q3 2020 of USD 18.3 million.

The total net change in cash and cash equivalents from 30 September to 31 December 2020 was negative by USD 7.6 million.

For the full-year 2020, the Group reports an operating cash flow of negative USD 5.6 million (2019: positive by USD 4.5 million), where the decrease is caused mainly by the implications on the charter market caused by the COVID-19 pandemic. The Group had a negative cash flow from investing activities by USD 15.9 million (2019: negative by USD 27.4 million) due to dry docking and other investments on the vessels. The cash flows from financing activities was positive by USD 27.1 million (2019: positive by USD 19.5 million) due to the proceeds from the shareholders exceeding the bond issuing costs.

Cash and cash equivalents including restricted cash as at 31 December 2020 were USD 21.4 million, compared to USD 15.8 million as at 31 December 2019.

## CONTAINER MARKET UPDATE

### COVID-19

In 2020, the Covid-19 pandemic put the container vessel market on a roller coaster ride. Due to lockdowns in major western economies in H1 2020 and a resulting drop in demand, World trade in 2020 declined -10.4%. End of April 2020, container trade growth for full year 2020 was forecasted with -11% and analysts expected 2020 to be one of the worst years for container trade ever. With the ease of lockdowns in May 2020, markets started to recover. While macroeconomic numbers recovered only slightly and stepwise, the container vessel market saw an unexpected fast and strong bounce back, outperforming every expectation.

Following a V-shaped recovery, container volumes jumped back on track and full year demand forecasts got continuously revised upwards. Finally, 2020 will experience a slight decline of seaborne container trade of -1.1%. With the tremendous bounce back in trade volumes, freight rates increased to record high numbers, time-charter rates followed in tandem and the idle statistics decreased to record low levels. Second hand transactions and new-build orders increased as well, whereas scrapping came nearly to a halt at the end of 2020.

Therefore, the container vessel market started into 2021 with strong momentum, historical proper fundamentals and excess demand expectations for two to three years at least. Neither the continuously growing numbers of new Covid-19 infections nor the second wave of lockdowns around the globe seem to lower container vessel market expectations. The reason lies within an interplay of trade volumes, equipment shortage, a shift in consumer behavior from non-tradable local services to consumption goods, a change in global sourcing patterns (more diversified

sourcing strategies) and corporate inventory levels (to cushion risks of a future demand dip) and a wise capacity management of a consolidated liner industry.

### **Container Demand**

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

Currently, container demand growth is forecasted with 5.7% for 2021. As it is still early in the year, this forecast is still exposed to the impact of the second wave of lockdowns on retail trade and, thus, also container demand. Full year demand expectations are even stronger for intra-regional trades with 7.6%.

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% until the end of 2025. Numbers are even more favorable for smaller and intermediate vessels as demand growth on intra-regional trades (the main deployment of vessels smaller than 6k TEU) is relatively strong with an average annual growth rate of 5.4% until 2025. A possible rethinking of global production patterns towards more regional diversification can be expected to have additional positive implications on intra-regional trades (especially in Asia) and to increase the demand for small and flexible container vessels.

### **Fleet Development**

Regarding the supply side of the container vessel market, the global container fleet comprised 5,431 vessels with a total capacity of 23.6 million TEU as per January 2021. The feeder fleet (1,000 to 3,000 TEU) amounted to 1,973 vessels with a total capacity of 3.2 million TEU.

The COVID-19 induced lockdowns made vessel handovers impossible for a while so that deliveries and scrapping came nearly to a halt in Q1 2020. With the ease of lockdowns, demolition peaked in June and July. As soon as vessel owners got aware of the increased market momentum and respective earnings possibilities, scrapping came again nearly to a halt in H2 2020. In full year 2020, 80 vessels with a capacity of 189 thousand TEU have been scrapped (compared to 93 vessels with a capacity of 183 thousand TEU in 2019). In the feeder segment (1-3 thousand TEU), 45 vessels with 67 thousand TEU have been deleted, compared to 61 vessels and 93 thousand TEU in 2019. In the Classic Panmax segment (3-6 thousand TEU), 16 vessels with 79 thousand TEU have been scrapped in 2020, compared to 17 vessels and 81 thousand TEU in 2019.

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

With 10.5% of the total fleet (2.5 million TEU capacity), the order book is currently at very low levels. The lowest order book was observed in October 2020 with 8% and 1.9 million TEU. Due to the current market momentum, also new-build orders increased. In Q4 2020, vessels with a total capacity of 654 thousand TEU have been ordered. Also feeder orders (1-3 thousand TEU) are at very low levels with 301 thousand TEU capacity in the books (8.4% of the feeder fleet). Compared with the total fleet, feeder orders did increase only marginal in Q4 2020. Only 15 Classic Panmax vessels (3-6 thousand TEU) are currently on order (56 thousand TEU, 0.9% of the respective fleet). Planned delivery of feeder vessels is slightly higher in H1 2021 than afterwards. As of August 2021, monthly new-build deliveries will be at a low level, at least until the end of 2022. Difficulties to decide about the right propulsion technology are expected to put restrictions on new orders, especially in the feeder segment.

## Supply / Demand Balance

Accordingly, an excess demand situation is expected for the coming years. The expected demand growth in 2021 of 5.7% will most likely outperform supply growth, currently forecasted with 3.8%. An even stronger excess demand is expected for smaller vessel sizes, as demand growth on intra-regional trades is forecasted with 7.6% in 2021 and vessels smaller than 5,200 TEU are expected to grow by only 0.2% in 2021.

Current forecasts for 2022 are even better. The total fleet is expected to grow by only 1.5% and the size cluster below 5.200 TEU are expected to shrink by 0.6%. Container demand growth for 2022 is forecasted with 3.6% and intra-regional trade demand even with 6.3%.

## Charter Market

With the recovery of traded TEU volumes, also the charter market improved to levels not seen in the last ten 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 pushed freight rates to historical high numbers. The SCFI Comprehensive increased from 1,050 in July 2020 to 2,900 in January 2021. The increase of freight rates started on Transpacific trades and followed on North-South trades and meanwhile Asia – Europe trades as well. Shippers from Asia to Europe have already been asked to pay in excess of USD 10k / 40ft container.

Lagging by one to two months, time-charter rates have also increased to record high numbers. The Clarksons Time-Charter Rate Index increased from 44 points in July 2020 to 96 points in January 2021.

Time charter rates (6-12 months) at 22 January 2021:

- 1,000 TEU grd: USD 9,500 (+83% since June 2020)
- 1,700 TEU grd: USD 13,300 (+131% since June 2020)
- 2,750 TEU: USD 19,500 (+167% since June 2020)
- 3,500 TEU: USD 22,000 (+219% since June 2020)
- 4,400 TEU: USD 26,000 (+282% since June 2020)

Idle numbers decreased significantly since June. As of 1 February 2021, only 66 vessels have been idle across all size segments (251 thousand TEU and 1% of the total fleet). The feeder idle statistics decreased by around 80% to only 30 idle vessels. The idle number for vessels between 3.000-5.100 TEU decreased from 106 in June 2020 to 9 in February 2021 (-85%).

With the upswing in the charter market, the charter duration and other contract details have become more favourable for vessel owners. The average charter period for smaller vessels (1.000-5.100 thousand TEU) increased from 4.2 months in June 2020 to 11.9 months in December 2020. The min-max redelivery spread decreased from 3.4 months in June 2020 to 1.5 months in December 2021.

## Asset Prices

With the improvement of the market momentum, also second hand sales activity and prices increased. Q4 2020 saw 65 container vessel sales. Prices increased from USD 3.75 million for a ten year old 1k TEU vessel in June 2020 to USD 5 million in January 2021. For a ten year old 1.7k TEU vessel, the price increased from USD 6 million in June 2020 to USD 9 million in January 2021 and from 8m USD to USD 13 million for a 10 year old 2.8k TEU vessel.

There is not yet such increasing tendency for new-building prices visible. New building prices are currently (as of 22nd January 2021) at USD 40.25 million for a 3.5 to 4k TEU vessel, at USD 30 million for a 2.8k TEU vessel, at USD 23.5 million for a 1.7k TEU vessel and at USD 18.75 million for a 1k TEU vessel. It is important to note, however, that the observation of prices are based on vessels with traditional forms of propulsion. Consequently, price reductions may have only limited effects on attracting new orders as propulsion uncertainties add additional market entry barriers.

## Market Outlook

With increasing trade volumes, a shift in consumption patterns, capacity management of liners and a shift in production and sourcing strategies, all accompanied by expansive fiscal and monetary policy, the industry saw an unexpected boom in H2 2020, leading to the best market fundamentals not seen in the past ten years. The further increase in Covid-19 infections and the second wave of lockdown do not seem to be impacted by the current market momentum significantly.

The proper market fundamentals provide an encouraging picture for the coming two to three years. Order books are at record low levels, freight rates and charter rates at record high levels and the idle statistic negligible. Investors already jumped on board and second hand activities and prices went upwards. Scrapping nearly came to a halt and new orders entered the books. Trade forecasts are encouraging as well, especially for Intra-regional trades. Supply growth, on the other hand, will be manageable. As it takes time for a container vessel to be built, analysts expect an excess demand situation for at least the coming two years. The uncertainty surrounding future propulsion technology is an additional boundary for investors to place new-build orders and the age structure of the current operating feeder fleet points towards an increase in scrapping when the market movements get back to a more normal situation. Beyond the supply side, also trade forecasts are encouraging, especially for Intra-regional trades.

The implications of Covid-19 are also expected to induce a long-term shift in regional trade flows towards a more regionally diversified sourcing pattern. This will most likely lead to additional growth for regional trades, which can be assumed to increase the demand for smaller and more flexible container tonnage. This tendency can already be observed on intra-regional trades. While very large container vessels entered intra-regional trades in 2018, and were able to expand their share up to 3% in 2019, they left those trades during 2020. It has to be monitored closely, if this is a structural shift in deployment patterns or temporary.

## 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	Q4 2020 (unaudited)	Q3 2020 (unaudited)	Q4 2019 (unaudited)	FY 2020 (unaudited)	FY 2019 (audited)
Operating revenues	3	29,377	26,139	26,508	109,305	113,246
Commissions		-1,158	-961	-1,050	-4,010	-4,147
Vessel voyage expenditures		-3,947	-3,034	-3,309	-15,597	-13,945
Vessel operation expenditures		-18,428	-18,058	-16,858	-70,222	-73,450
Ship management fees		-1,537	-1,598	-1,414	-6,265	-5,980
<b>Gross profit</b>		<b>4,307</b>	<b>2,489</b>	<b>3,877</b>	<b>13,211</b>	<b>15,724</b>
Administrative expenses		-1,178	-633	-1,128	-2,983	-3,020
Depreciation	4	-8,269	-7,823	-6,588	-31,341	-24,070
Impairment	4	-4,764	-1,732	-1,469	-7,996	-1,469
Other expenses		-256	-115	-228	-575	-723
Gain(loss) sale of vessels		0	0	0	0	3,129
Other income		-166	89	119	362	444
<b>Operating result (EBIT)</b>		<b>-10,326</b>	<b>-7,726</b>	<b>-5,417</b>	<b>-29,321</b>	<b>-9,986</b>
Finance income		2	1	-1	-3	290
Finance costs	6	-4,045	-4,574	-3,983	-16,055	-16,087
<b>Profit/Loss before income tax (EBT)</b>		<b>-14,369</b>	<b>-12,300</b>	<b>-9,401</b>	<b>-45,379</b>	<b>-25,783</b>
Income tax expenses		-3	0	28	0	-108
<b>Profit/Loss for the period</b>		<b>-14,372</b>	<b>-12,300</b>	<b>-9,374</b>	<b>-45,379</b>	<b>-25,892</b>
Attributable to:						
Equity holders of the Company		-14,364	-12,292	-9,368	-45,353	-25,883
Minority interest		-8	-7	-5	-26	-9

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in USD thousands	Notes	Q4 2020 (unaudited)	Q3 2020 (unaudited)	Q4 2019 (unaudited)	FY 2020 (unaudited)	FY 2019 (audited)
Profit/Loss for the period		-14,372	-12,300	-9,374	-45,379	-25,892
<b>Items that may be subsequently transferred to profit or loss</b>		<b>208</b>	<b>212</b>	<b>726</b>	<b>-4,212</b>	<b>-3,767</b>
Cash flow hedge reserve		213	211	726	-4,206	-3,767
Foreign currency		-5	1	0	-5	0
<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>-14,164</b>	<b>-12,087</b>	<b>-8,648</b>	<b>-49,591</b>	<b>-29,658</b>
Attributable to:						
Equity holders of the Company		-14,157	-12,080	-8,642	-49,565	-29,650
Non-controlling interest		-8	-7	-5	-26	-9

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in USD thousands	Notes	31 December 2020 (unaudited)	31 December 2019 (audited)
<b>Assets</b>		<b>390,552</b>	<b>412,911</b>
Non-current Assets		367,519	391,458
Vessels	4	354,159	381,458
Vessels held for sale	4	3,900	0
Long-term restricted cash		9,460	10,000
Current assets		23,033	21,453
Inventories		2,047	2,501
Trade and other receivables		9,068	13,142
Cash and cash equivalents		11,918	5,810
<b>Equity and liabilities</b>		<b>390,552</b>	<b>412,911</b>
Equity		177,652	198,221
Share capital	5	0	0
Capital reserves		261,295	232,273
Retained losses		-77,340	-31,987
Legal reserve		-6,961	-2,749
Minority interest		657	683
Non-current Liabilities		200,318	195,339
Interest bearing loans	6	200,318	195,094
Other liabilities		0	245
Current Liabilities		12,582	19,351
Trade payables		8,604	14,036
Payables to affiliated companies		1,941	4,135
Other current liabilities		2,037	1,180

## 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. 2020	0	232,273	-31,987	-2,749	197,538	683	198,220
Contribution in kind	0	29,022	0	0	29,022	0	29,022
Capital increase from non-controlling interest	0	0	0	0	0	0	0
Result of the period	0	0	-45,353	0	-45,353	-26	-45,379
Cash flow hedge reserve	0	0	0	-4,206	-4,206	0	-4,206
Foreign currency translation	0	0	0	-5	-5	0	-5
<b>Equity as at 31 December 2020</b>	<b>0</b>	<b>261,295</b>	<b>-77,340</b>	<b>-6,961</b>	<b>176,994</b>	<b>657</b>	<b>177,652</b>
Equity as at 1 Jan. 2019	0	213,090	-6,104	1,018	208,004	302	208,306
Contribution in kind	0	19,183	0	0	19,183	0	19,183
Capital increase from non-controlling interest	0	0	0	0	0	390	390
Result of the period	0	0	-25,883	0	-25,883	-9	-25,892
Cash flow hedge reserve	0	0	0	-3,767	-3,767	0	-3,767
Foreign currency translation	0	0	0	0	0	0	0
<b>Equity as at 31 December 2019</b>	<b>0</b>	<b>232,273</b>	<b>-31,987</b>	<b>-2,749</b>	<b>197,538</b>	<b>683</b>	<b>198,221</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

in USD thousands	Notes	Q4 2020 (unaudited)	Q3 2020 (unaudited)	Q4 2019 (unaudited)	FY 2020 (unaudited)	FY 2019 (audited)
Profit/Loss before taxes		-14,369	-12,300	-9,401	-45,380	-25,783
Income tax paid		0	0	0	0	-31
Finance expenses, net		4,043	4,574	3,984	16,059	15,798
Interest paid		-847	-861	-3,603	-8,091	-14,737
Net other Interest received		-272	-208	0	-940	291
Net change in current assets		5,468	-2,716	2,050	5,592	1,142
Net change in current liabilities		-11,891	34	5,972	-7,662	7,423
Cash upfront payment for hedge instruments		230	210	-750	760	-2,026
Repayment of MTM value		0	0	0	-5,243	0
Depreciation and impairment		13,032	9,556	8,057	39,337	25,539
Gain/loss from disposal of vessels		0	0	0	0	-3,129
<b>Cash flow from operating activities</b>		<b>-4,606</b>	<b>-1,711</b>	<b>6,309</b>	<b>-5,567</b>	<b>4,487</b>
Proceeds from disposals of vessels		3,923	5,000	0	8,923	10,739
Purchase of vessels		0	0	0	0	0
Dry-docking and other investments		-6,654	-4,610	-15,615	-24,860	-37,314
Prepayment on vessels		0	0	2,531	0	-856
<b>Cash flow from investing activities</b>		<b>-2,731</b>	<b>390</b>	<b>-13,084</b>	<b>-15,937</b>	<b>-27,431</b>
Proceeds from shareholder's contribution		0	20,000	3,813	29,022	19,573
Gross proceeds debt financing		0	0	0	0	0
Bond issuing costs		-247	-1,703	178	-1,950	-72
<b>Cash flow from financing activities</b>		<b>-247</b>	<b>18,297</b>	<b>3,991</b>	<b>27,072</b>	<b>19,502</b>
Net change in cash and cash equivalents		-7,585	16,976	-2,784	5,568	-3,443
Net foreign exchange differences		0	0	0	0	0
Cash and cash equivalents at beginning of period		28,963	11,989	18,595	15,810	19,252
<b>Cash and cash equivalents at the end of period<sup>1</sup></b>		<b>21,378</b>	<b>28,965</b>	<b>15,811</b>	<b>21,378</b>	<b>15,810</b>

<sup>1</sup> Whereof USD 9.5 million is restricted as at 31 December 2020 and USD 10.0 million as at 31 December 2019.

## 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 Oever 5, 3161 GR Rhoon 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 Munkedamsveien 45 A, 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 31 December 2020 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 2019. 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 2019. There are no new standards effective as at 1 January 2020 with a significant impact on the Group.

### Note 3 - Revenue

in USD thousands	Q4 2020 (unaudited)	Q4 2019 (unaudited)
Time charter revenue	17,636	16,712
Pool charter revenue	8,576	8,252
Other revenue	3,164	1,544
<b>Total operating revenue</b>	<b>29,377</b>	<b>26,508</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	Q4 2020 (unaudited)	Q4 2019 (unaudited)
Service element	8,925	10,451
Other revenue	3,164	1,544
<b>Total revenue from customer contracts</b>	<b>12,089</b>	<b>11,995</b>
Lease revenue	17,288	14,514
<b>Total operating revenue</b>	<b>29,377</b>	<b>26,508</b>

#### Note 4 - Vessels and vessels held for sale

in USD thousands	31 December 2020 (unaudited)	31 December 2019 (audited)
<b>Acquisition cost at 1 January</b>	<b>426,748</b>	<b>396,851</b>
Contributions of fixed assets and capitalized investments	0	0
Disposals of vessels	-16,593	-7,954
Acquired vessels and capitalized investments	24,860	37,852
<b>Acquisition cost at end of period</b>	<b>435,015</b>	<b>426,748</b>
Accumulated depreciation 1 January	-45,291	-20,344
Disposal of vessels	7,671	593
Depreciation for the year	-31,341	-24,070
Impairment for the year	-7,996	-1,469
<b>Accumulated depreciation at end of period</b>	<b>-76,956</b>	<b>-45,291</b>
<b>Closing balance at end of period</b>	<b>358,059</b>	<b>381,458</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>

At 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 December 2020, the vessel is classified as held for sale. Subsequent to the balance sheet date the Group entered into a Memorandum of Agreement for the sale of AS Frida. As the net sales prices for these vessels are below the carrying amounts, an impairment of USD 4.8 million has been recognized in Q4 2020.

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. As the Parent's market capitalization has continued to be below the carrying amount of the Parent's equity, management has performed impairment tests for all vessels in the Group as at 31 December 2020.

The impairment test as at 31 December 2020, has been performed by updating the key assumptions, in accordance with the Group's methodology as set out in the Group's annual financial statement as at 31 December 2019. The key assumptions has been updated also considering the current market including secured time charter contracts which will commence in 2021 and the Group's updated long-term assumptions, including using multiple scenarios in the analysis. As the recoverable amounts exceeds the carrying amounts for all the remaining vessels, no additional impairment charges have been included in the financial results for the fourth quarter of 2020.

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

## Note 5 - Share capital

	Number of shares	Share capital (USD)	Share premium (USD)
<b>31 December 2019</b>	<b>1</b>	<b>1</b>	<b>232,273</b>
Equity injections in Q1 2020	0	0	6,022
Equity injections in Q2 2020	0	0	3,000
Equity injections in Q3 2020	0	0	20,000
Equity injections in Q4 2020	0	0	0
<b>31 December 2020</b>	<b>1</b>	<b>1</b>	<b>261,295</b>

As at 31 December 2020, 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 31 December 2020 of USD 204.1 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	31 December 2020 (unaudited)	31 December 2019 (audited)
Nominal value of issued bonds	204,056	200,000
Issuance costs	-3,738	-4,906
<b>Interest-bearing debt</b>	<b>200,318</b>	<b>195,094</b>

On 3 July 2020, the Company 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 Parent Group at a minimum of 40% are suspended to (but excluding) 31 March 2021.

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

- The Group, shall maintain a minimum liquidity of USD 7.5 million

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

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

## 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.	Empty shelf company	Netherlands	99.9%	2017
"AS CONSTANTINA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS FORTUNA" ShipCo C.V.	Empty shelf company	Netherlands	99.9%	2017
"AS LAURETTA" ShipCo C.V.	Empty shelf company	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

Ownership rights equal voting rights in all subsidiaries.

#### **Note 8 - Subsequent events**

On 27 January 2021, the Group entered into a sale agreement for vessel AS Frida. The vessel is scheduled to be delivered to new owner during H1 2021.