



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

# **FINANCIAL REPORT**

**Q1 2021**

# MPC CONTAINER SHIPS INVEST B.V.

## FIRST QUARTER 2021 HIGHLIGHTS

- Total revenues in Q1 2021 were USD 31.8 million (Q4 2020: USD 29.4 million).
- Net loss for Q1 2021 was USD 1.0 million (Q4 2020: net loss of USD 14.4 million).
- In Q1 2021, the Group, consisting of MPC Container Ships Invest B.V. and its subsidiaries, delivered AS Frida to its new owners on 12 March 2021.

## COMMENT FROM THE MANAGEMENT BOARD

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

Charter rates are at historically high levels whilst charter periods are getting longer and longer thus increasing cash flow visibility on our fleet.

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

We firmly believe, it is the combination of the strong cash generation, whilst having an extremely low residual value risk and our prudent capital allocation strategy which makes up MPC Container Ships' attractiveness as an unique investment in these exciting times in container shipping.

## FIRST QUARTER 2021 RESULTS

### Financial performance

The Group's vessels are chartered out on time charter contracts to global and regional liner shipping companies. Operating revenues were in Q1 USD 31.8 million (Q4 2020: USD 29.4 million). The gross profit from vessel operations was USD 10.8 million (Q4 2020: USD 4.3 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 charter rates and utilization for the Group's fleet. Q1 2021 has seen an increase in operating revenues compared to Q4 2020 as impacts from the currently strong charter market are more visible in the Group's operating revenues. However, the financials for the first 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 1.0 million in Q1 2021 compared to a loss of USD 14.4 million in Q4 2020.

## Financial position

The Group's total assets amounted to USD 390.6 million as at 31 March 2021 (USD 390.6 million as at 31 December 2020). Non-current assets in the amount of USD 344.7 million comprises of vessels. Total equity was USD 176.9 million as at 31 March 2021 compared to USD 177.7 million as at 31 December 2020, with minority interest of USD 0.7 million. As at 31 March 2021, the Group had interest-bearing loans in the amount of USD 201.5 million (USD 200.3 million as at 31 December 2020), the increase relates to amortization of capitalized loan fees.

## Cash flow

In the first quarter of 2021, the Group generated a positive cash flow from operating activities of USD 6.9 million (Q4 2020: negative cash flow of USD 4.6 million). The cash flow from investing activities was positive by USD 1.4 million (Q4 2020: negative by USD 2.7 million) due to disposal of AS Frida of USD 4.6 million, partly offset by dry-dockings and other upgrades of USD 3.2 million. The group had a net negative cash flow from financing activities of USD 0.1 million resulting from bond issuing costs compared to a negative cash flow in Q4 2020 of USD 0.2 million.

The total net change in cash and cash equivalents from 31 December to 31 March 2021 was positive by USD 8.2 million.

Cash and cash equivalents including restricted cash as at 31 March 2021 were USD 29.6 million, compared to USD 21.4 million as at 31 December 2020.

## CONTAINER MARKET UPDATE

### COVID-19

In the aftermath of the significant Covid-19-induced drop in international trade in H1 2020, the container vessel market recovered fast and strong, outperforming every expectation. Container volumes jumped back on track in July 2020 and full year demand forecasts were continuously revised upwards. Finally, 2020 experienced a slight decline of seaborne container trade of -1.8%.<sup>1</sup> With the tremendous bounce back in trade volumes and equipment shortage occurring at key trading hubs, freight rates increased to record high numbers. Time-charter rates followed in tandem with a one-to-three months' time lag depending on the specific vessel size segment and the commercial idle statistics decreased to record low levels. The strong market momentum encouraged investors. US-listed shipping stocks started the first week of 2021 with a roar (+12.8% on average) and have since then outperformed other indices. Secondhand transactions and new-build orders increased and so did secondhand prices and meanwhile also newbuilding prices. Also driven by the strong market momentum, scrapping came nearly to a halt at the end of 2020 and has thus far only seen negligible records in 2021.

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

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<sup>1</sup> Maritime Strategies International, Horizon, May 2021.

## Container Demand

Despite the fast and significant bounce back of trade volumes and a booming H2 2020, 2020 full year numbers still highlight one of the worst years for container trade ever (-1.8% TEU demand). The main downturn occurred in H1 2020. Following the ease of lockdowns in May 2020, container demand recovered significantly and unexpectedly fast. For 2021, container demand growth is currently forecasted with 6.9%. Full year demand expectations are even stronger for intra-regional trades with 7.8%<sup>2</sup>. Those strong numbers are based on a good performance of the global economy. In light of good vaccination progress and strong commodity goods demand, the IMF revised its global GDP growth forecasts for 2021 upwards to 6%.<sup>3</sup>

Mid-term demand forecasts for the Container Vessel Market are encouraging as well. Demand growth is currently estimated with an average annual growth rate of 5.1% until the end of 2024. Numbers are even more favorable for smaller and intermediate vessels as demand growth on intra-regional trades (the main deployment of vessels smaller 5,200 TEU) is relatively strong with an average annual growth rate of 5.7%.<sup>4</sup> The rethinking of global sourcing patterns towards more regional diversification can be expected to have additional positive implications on intra-regional trades (especially in Asia) and to increase the need for small and flexible container vessels.

## Fleet Development

Regarding the supply side of the container vessel market, the global container fleet comprises currently 5,462 vessels with a total capacity of 23.9 million TEU. The feeder fleet (1,000 to 3,000 TEU) amounted to 1,996 vessels with a total capacity of 3.7 million TEU.<sup>5</sup>

The COVID-19-induced lockdowns made vessel handovers more complicated for a while so that deliveries and scrapping came nearly to a halt in Q2 2020. With the ease of lockdowns, demolition peaked in June and July. As soon as vessel owners became aware of the increased market momentum and respective earnings possibilities, scrapping came again nearly to a halt in H4 2020. In full year 2020, 80 vessels with a capacity of 214,000 TEU have been scrapped (compared to 93 vessels with a capacity of 267,000 TEU in 2019). In the feeder segment (1,000 to 3,000 TEU), 45 vessels with 67,000 TEU have been scrapped, compared to 61 vessels and 93,000 TEU in 2019. In the Classic Panamax segment (3,000 to 6,000 TEU), 16 vessels with 79,000 TEU have been scrapped in 2020, compared to 17 vessels with 81,000 TEU in 2019. 2021 year-to-date saw only 8,000 TEU removed from the market (4,000 TEU in the size segment <1,000 TEU vessels and 3,000 TEU in the feeder segment 1,000 to 3,000 TEU). As 52% of the vessels (in terms of TEU) are older than 15 years with a strong bias towards smaller tonnage, a significant increase in scrapping numbers is expected when the current market surge eases, presumably in 2023.<sup>6</sup>

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

A historical low container vessel order-book was observed in October 2020 with 8% of the total fleet and only 1.9 million TEU capacity on order. Due to the extraordinary strong market momentum since then, new building orders increased significantly. In Q1 2021 isolated, 138 container vessel orders have been placed with 1.4 million TEU capacity. The total orderbook-to-fleet ratio thus increased to 15.4% with 3.7 million TEU capacity on order. As the

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<sup>2</sup> Ibid.

<sup>3</sup> International Monetary Fund, World Economic Outlook, April 2021.

<sup>4</sup> Maritime Strategies International, Horizon, May 2021.

<sup>5</sup> Clarkson Research, Shipping Intelligence Network, May 2021.

<sup>6</sup> Ibid.

recent increase in new orders has been biased strongly towards larger tonnage, the Feeder Orderbook (1,000 to 3,000 TEU) is still at very low levels with 316,000 TEU on order (9% of the feeder fleet).

Compared with the total fleet, feeder orders increased only marginally in Q1 2021. We observed 25 vessel orders with a capacity of 48,300 TEU. In the Classic Panamax segment (3,000 to 6,000 TEU), 32 vessels have been ordered in Q1 2021 (133,500 TEU), what is quite a number especially as new build orders have been negligible since 2014. Despite the surge in new orders, the order book-to-fleet ratio in this segment is still very low at around 4% and the average age of the sailing fleet is relatively high with 41% of vessels older than 15 years.<sup>7</sup>

### Supply / Demand Balance

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

### Charter Market

With the recovery of traded TEU volumes, also the charter market improved significantly to levels not seen in 15 years. A wise capacity management of the liners, equipment shortage on main shipping hubs, increased trade flows and a shift in consumer behaviour from non-tradable local services to consumption goods which pushed freight rates to historical high numbers. The SCFI Comprehensive increased from 1,050 in July 2020 to 2,980 in April 2021. The increase of freight rates started on Transpacific trades and followed on North-South trades and meanwhile Asia – Europe trades as well.<sup>8</sup>

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

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

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

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

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

<sup>7</sup> Ibid.

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

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

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

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

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

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

### **Asset Prices**

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

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

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

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

### **Market Outlook**

Covid-19 and the imposed lockdowns led to a severe global recession in 2020, affecting all major economies and a wide range of industries. After the ease of lockdowns in May 2020, the markets started to recover stepwise. The container vessel industry and the charter market saw an unexpected strong and fast rebound. First, the market recovered for larger sized vessels. With a lag of 2 months, the recovery started for smaller vessel sizes as well. With increasing trade volumes, a shift in consumption patterns, capacity management of liners and a shift in production and sourcing strategies, accompanied by expansive fiscal and monetary policies, the industry saw an unexpected boom in H2 2020 that also continued in Q1 2021. The further increase in Covid-19 infections and the current wave of worldwide lockdown do not seem to harm the current market momentum significantly.

The current market surge combined with proper industry fundamentals provide an encouraging picture for the coming two to three years. Order books are still at low levels, freight rates and charter rates at record high levels and the idle statistic negligible. Investors have already jumped on board and second hand activities and prices went upwards. Scrapping nearly came to a halt and new orders entered the books. However, as it takes time for a container vessel to be build, the new orders will not be delivered until H2 2022 and we thus do expect an excess demand situation for at least the coming two years. In addition, the charter market surge also increased the average charter duration significantly and decreased the redelivery window. The availability of vessels will thus be scarce for the near future and the risk exposure consequently minim.

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

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

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

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

## FORWARD-LOOKING STATEMENTS

Forward-looking statements presented in this report are based on various assumptions. The assumptions are subject to uncertainties and contingencies that are difficult or impossible to predict. MPC Container Ships 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	Q1 2021 (unaudited)	Q4 2020 (unaudited)	Q1 2020 (unaudited)
Operating revenues	3	31,787	29,377	28,809
Commissions		-1,331	-1,158	-1,051
Vessel voyage expenditures		-568	-3,947	-4,926
Vessel operation expenditures		-17,620	-18,428	-16,558
Ship management fees		-1,475	-1,537	-1,592
<b>Gross profit</b>		<b>10,793</b>	<b>4,307</b>	<b>4,682</b>
Administrative expenses		-808	-1,178	-556
Depreciation	4	-8,060	-8,269	-7,327
Impairment	4	0	-4,764	0
Other expenses		-192	-256	-1
Other income		1,369	-166	106
<b>Operating result (EBIT)</b>		<b>3,102</b>	<b>-10,326</b>	<b>-3,096</b>
Finance income		2	2	-19
Finance costs	6	-4,068	-4,045	-3,796
<b>Profit/Loss before income tax (EBT)</b>		<b>-963</b>	<b>-14,369</b>	<b>-6,911</b>
Income tax expenses		-29	-3	-1
<b>Profit/Loss for the period</b>		<b>-993</b>	<b>-14,372</b>	<b>-6,912</b>
Attributable to:				
Equity holders of the Company		-996	-14,364	-6,910
Minority interest		3	-8	-3

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in USD thousands	Notes	Q1 2021 (unaudited)	Q4 2020 (unaudited)	Q1 2020 (unaudited)
Profit/Loss for the period		-993	-14,372	-6,912
<b>Items that may be subsequently transferred to profit or loss</b>		<b>281</b>	<b>208</b>	<b>-4,609</b>
Cash flow hedge reserve		278	213	-4,609
Foreign currency		2	-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>Total comprehensive profit/loss</b>		<b>-712</b>	<b>-14,164</b>	<b>-11,521</b>
Attributable to:				
Equity holders of the Company		-715	-14,157	-11,519
Non-controlling interest		3	-8	-3



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in USD thousands	Notes	31 March 2021 (unaudited)	31 December 2020 (audited)
<b>Assets</b>		<b>390,560</b>	<b>390,552</b>
Non-current Assets		344,735	354,159
Vessels	4	344,735	354,159
Assets held for sale		3,900	3,900
Vessels held for sale		3,900	3,900
Current assets		41,925	32,493
Inventories		2,307	2,047
Trade and other receivables		10,050	9,068
Restricted cash		14,082	9,206
Cash and cash equivalents		15,486	12,172
<b>Equity and liabilities</b>		<b>390,560</b>	<b>390,552</b>
Equity		176,940	177,652
Share capital	5	0	0
Share premium		261,295	261,295
Retained losses		-78,336	-77,340
Other comprehensive income		-6,680	-6,961
Minority interest in equity		660	657
Non-current Liabilities		201,454	200,318
Interest bearing long-term debt	6	201,454	200,318
Current Liabilities		12,166	12,582
Trade and other payables		7,599	8,604
Payables to affiliated companies		1,823	1,941
Other liabilities		2,744	2,037

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in USD thousands (unaudited)	Share capital	Share premium	Retained losses	Foreign currency effects	Hedging reserves	Total equity attributable to the equity holders of the Company	Minority interest	Total equity
Equity as at 1 Jan. 2021	0	261,295	-77,340	-10	-6,951	176,994	657	177,652
Result of the period	0	0	-996	0	0	-996	3	-993
Cash flow hedge reserve	0	0	0	0	278	278	0	278
Foreign currency translation	0	0	0	2	0	2	0	2
<b>Equity as at 31 March 2021</b>	<b>0</b>	<b>261,295</b>	<b>-78,336</b>	<b>-8</b>	<b>-6,672</b>	<b>176,279</b>	<b>660</b>	<b>176,940</b>

in USD thousands (audited)	Share capital	Share premium	Retained losses	Foreign currency effects	Hedging reserves	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	-4	-2,745	197,538	683	198,220
Contribution in kind	0	29,022	0	0	0	29,022	0	29,022
Result of the period	0	0	-45,353	0	0	-45,353	-26	-45,379
Cash flow hedge reserve	0	0	0	0	-4,206	-4,206	0	-4,206
Foreign currency translation	0	0	0	-6	0	-5	0	-5
<b>Equity as at 31 December 2020</b>	<b>0</b>	<b>261,295</b>	<b>-77,340</b>	<b>-10</b>	<b>-6,951</b>	<b>176,994</b>	<b>657</b>	<b>177,652</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

in USD thousands	Notes	Q1 2021 (unaudited)	Q4 2020 (unaudited)	Q1 2020 (unaudited)
Profit/Loss before taxes		-963	-14,369	-6,911
Income tax paid		0	0	0
Finance expenses, net		4,065	4,043	3,815
Interest paid		-2,544	-847	-3,394
Net other Interest paid		-267	-269	10
Net change in current assets		-1,243	5,468	532
Net change in current liabilities		-443	-11,894	3,615
Cash upfront payment for hedge instruments		278	230	380
Repayment of MTM value		0	0	-5,243
Depreciation and impairment		8,060	13,032	7,327
<b>Cash flow from operating activities</b>		<b>6,942</b>	<b>-4,606</b>	<b>131</b>
Proceeds from disposals of vessels		4,606	3,923	0
Dry-docking and other investments		-3,241	-6,654	-8,985
<b>Cash flow from investing activities</b>		<b>1,365</b>	<b>-2,731</b>	<b>-8,985</b>
Proceeds from shareholder's contribution		0	0	6,022
Bond issuing costs		-118	-247	-222
<b>Cash flow from financing activities</b>		<b>-118</b>	<b>-247</b>	<b>5,800</b>
Net change in cash and cash equivalents		8,190	-7,585	-3,055
Cash and cash equivalents at beginning of period		21,378	28,963	15,810
<b>Cash and cash equivalents at the end of period</b>		<b>29,568</b>	<b>21,378</b>	<b>12,755</b>

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

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

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

### Note 3 - Revenue

in USD thousands	Q1 2021 (unaudited)	Q1 2020 (unaudited)
Time charter revenue	20,540	18,066
Pool charter revenue	10,568	8,287
Other revenue	679	2,456
<b>Total operating revenue</b>	<b>31,787</b>	<b>28,809</b>

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

in USD thousands	Q1 2021 (unaudited)	Q1 2020 (unaudited)
Service element	14,685	10,451
Other revenue	679	1,544
<b>Total revenue from customer contracts</b>	<b>15,364</b>	<b>11,995</b>
Lease revenue	16,423	14,514
<b>Total operating revenue</b>	<b>31,787</b>	<b>26,509</b>

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

in USD thousands	31 March 2021 (unaudited)	31 December 2020 (audited)
<b>Acquisition cost at 1 January</b>	<b>426,862</b>	<b>426,748</b>
Disposals of vessels	-9,236	-16,593
Capitalized dry-docking, scrubbers and other investments	3,241	24,860
Vessel held for sale	0	-8,153
<b>Acquisition cost at end of period</b>	<b>420,867</b>	<b>426,862</b>
Accumulated depreciation 1 January	-72,703	-45,291
Disposal of vessels	4,630	7,671
Depreciation for the year	-8,060	-31,341
Impairment for the year	0	-7,996
Vessel held for sale	0	4,253
<b>Accumulated depreciation at end of period</b>	<b>-76,133</b>	<b>-72,703</b>
<b>Closing balance at end of period</b>	<b>344,735</b>	<b>354,159</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>

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

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

#### Note 5 - Share capital

	Number of shares	Share capital (USD)	Share premium (USD)
<b>31 December 2020</b>	<b>1</b>	<b>1</b>	<b>261,295</b>
Equity injections in Q1 2021	0	0	0
<b>31 March 2021</b>	<b>1</b>	<b>1</b>	<b>261,295</b>

As at 31 March 2021, 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 March 2021 of USD 201.5 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 March 2021 (unaudited)	31 December 2020 (audited)
Nominal value of issued bonds	204,059	204,059
Issuance costs	-2,605	-3,738
<b>Interest-bearing debt</b>	<b>201,454</b>	<b>200,318</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 is reinstated at 20% for the period commencing on 31 March 2021 to December 2021 and reinstated at 40% for any period thereafter.

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

- The Group, shall maintain a minimum liquidity of USD 7.5 million
- The Parent Group shall maintain a minimum equity ratio of 20%

In March 2021, the Company is in accordance with the new terms under bond agreement. Outstanding bonds as at 31 March 2021 are USD 204 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.	Empty shelf company	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 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**

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