



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

**FINANCIAL REPORT**

**Q4 2019**

# MPC CONTAINER SHIPS INVEST B.V.

## FOURTH QUARTER AND FULL-YEAR 2019 HIGHLIGHTS

- Total revenues in Q4 2019 were USD 26.5 million (Q3 2019: USD 28.8 million). In 2019, total revenues were USD 113.2 million.
- Net loss for Q4 2019 was USD 9.4 million (Q3 2019: net loss of USD 7.0 million). In 2019, total net loss was USD 25.9 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 Oever 5, 3161 GR Rhooon, 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 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”.

As at 31 December 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 was sold and delivered to its new owners.

## FOURTH QUARTER AND FULL-YEAR 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 in Q4 USD 26.5 million (Q3 2019: USD 28.8 million). The gross profit from vessel operations was USD 3.9 million (Q3 2019: USD 3.6 million).

The net loss for the period was USD 9.4 million (Q3 2019: net loss of USD 7.0 million).

### Financial position

The Group’s total assets amounted to USD 412.9 million as at 31 December 2019 (USD 414.0 million as at 31 December 2018). Non-current assets in the amount of USD 391.5 million comprise of vessels taken over, prepayments on vessels and restricted cash.

Total equity was USD 198.2 million as at 31 December 2019 (USD 208.3 million as at 31 December 2018) with minority interest of USD 0.7 million. As at 31 December 2019, the Group had interest-bearing financial loans in the amount of USD 195.0 million (USD 193.9 million as at 31 December 2018), the increase relates to amortization of capitalized loan fees.

## Cash flow

In Q4 2019, the Group generated a positive cash flow from operating activities of USD 6.3 million (Q3 2019: negative cash flow of USD 1.1 million). The cash flow from investing activities was negative by USD 13.1 million (Q3 2019: negative by USD 13.8 million). The group had a cash flow from financing activities of USD 4.0 million after proceeds from shareholders compared to a cash flow in Q3 2019 of USD 4.7 million.

The total net change in cash and cash equivalents from 31 December 2018 to 31 December 2019 was USD -3.4 million.

Cash and cash equivalents including restricted cash as at 31 December 2019 were USD 15.8 million, compared to USD 19.3 million as at 31 December 2018.

## CONTAINER MARKET UPDATE

### Global Economy

In January 2020, The International Monetary Fund (“IMF”) downward-revised its October 2019 World Economic Outlook growth forecasts. Currently, the IMF expects a global economic growth of 3.3% for 2020 (downward revision of 0.1 percentage points) and 3.4% for 2021 (downward revision of 0.2 percentage points). The revisions accounted for surprises to the economic performance of India and increased social unrest, they did not reflect implications of the COVID-19 coronavirus. As such, we expect further downward revisions within the coming months.

In December 2019, COVID-19 spread from a farmers market in Wuhan (China). By end-of January 2020, the virus was declared a global public health emergency by the World Health Organization (“WHO”). While short-term impacts are severe, the extent of long-term implications from COVID-19 are still uncertain. Potential downside risks for economic growth in China are forecasted with -2 percentage points in Q1 2020 and -0.5 percentage points for the full year. Global growth could be reduced by approximately 0.2 percentage points in 2020. However, global economic activity is expected to recover during 2020 so as to regain momentum.

### Container Demand

The slow-down of economic growth, the US-China trade war and geopolitical tensions put downward pressure on seaborne container demand in 2019. Full-year container trade growth was 1.8%, the lowest growth rate observed since the financial crises twelve years ago. Thus far in 2020, COVID-19 has placed a firm dampening on economic recovery. Clarkson research foresee a container demand growth of 2.8% in 2020 and 3.3% in 2021, but has yet to account for the implications of the COVID-19 virus and hence is expected to be revised downwards. On a positive note, the signing of the “Phase 1 Deal” between the US and China and the customs reduction announced by the Chinese government is believed to weigh in on improved container demand.

Intra-regional trades (i.e. Intra-Asia, Intra-Europe and Intra-Caribbean trades) are expected to contribute with the strongest growth rates in the coming years. Until 2024, intra-regional container trade is forecasted to grow by 4.3% p.a., albeit not yet considering the on-going COVID-19 turmoil and its implications. To that end, Intra-Asian trade growth disruptions should be expected in H1 2020.

### Fleet Development

As per January 2020, the global container fleet comprised 5,369 vessels with a total capacity of 23.0 million TEU. The feeder segment fleet (1,000 to 3,000 TEU) amounted to 1,926 vessels with a total capacity of 3.5 million TEU.

For the total container fleet, only 1,060,745 TEU worth of capacity has been delivered in 2019. New capacity has been modest also in the feeder segment, with a total of 146,289 TEU delivered in 2019. While the order book is at historically low levels (10.6% for the total fleet), the number of feeder orders is slightly larger compared to other segments (431,000 TEU; 12.4% of the feeder fleet). Of these, 312,000 TEU (72%) is scheduled for delivery in 2020.

Thereafter, delivery of new tonnage is expected to drop sharply. A modest 95,858 TEU of feeder capacity was ordered in 2019 (-63% down from 261,974 TEU feeder orders in 2018), and no new feeder tonnage has been contracted thus far in 2020.

On the supply side, COVID-19 is creating significant market disruptions on the account of e.g. Chinese ship yards, where reduced activity is resulting in delays both in delivery of newbuild tonnage and scrubber retrofit programmes.

Vessel demolition is at relative low levels, totalling 182,556 TEU throughout 2019. For the feeder segment, recycled tonnage amounted to 93,063 TEU in 2019. Due to the IMO's Ballast Water Management Systems Code, enforced from October 2019, increased demolition activity is expected particularly in the feeder segment, where average fleet age is relatively old.

In accordance with above-mentioned market data, the expected 3.1% supply growth in 2020 should outperform the 2.8% growth in container demand. While IMO 2020 effects will contribute in reducing net supply growth in 2020, COVID-19 implications will put downward pressure on demand. 2020 container supply growth is forecasted as reduced by 1.9 percentage points due to scrubber retrofitting and other IMO 2020 preparatory works, resulting in a full-year "net supply growth" of 1.2%. On the demand side, Alphaliner has offered a first set of COVID-19 impact calculations, estimating a 0.7 percentage point reduction and hence a "net demand growth" of 2.1% for 2020.

### **Asset Prices**

Newbuilding prices for larger feeder vessels (2,750 TEU gls) have decreased by 10% since the start of 2019, from USD 35 million to USD 31.5 million. Nevertheless, these prices are still 3% above the 10-year average. For a 1,700 TEU grd container vessel, the newbuild acquisition price was quoted at USD 26.0 million in January 2020, while the assumed price for a 1,000 TEU grd vessel was USD 18.8 million. Prices decreased slightly compared to January 2019 (-4% for a 1,000 TEU grd vessel and -1% for a 1,700 TEU grd vessel) and are on par with or slightly above their latest 10-year averages (0% for 1,700 TEU grd vessels and 2% for the 1,000 TEU grd vessels). It is important to note, however, that these price indices are based on traditional forms of propulsion. Consequently, price reductions may have only limited effects on attracting new orders as propulsion uncertainties add additional market entry barriers.

Second-hand container vessel prices are currently witnessing large fluctuations. The price for a 10-year old 2,750 TEU gls vessel was estimated at USD 9.0 million in February 2020 (-28% compared with 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 4.75 million, respectively (down by 18% and 5% compared to January 2019).

### **Charter Market**

Thus far in 2020, COVID-19 and its implications on trade, transportation and production has heavily impacted the container charter market. Due to restrictions and reduced container trade in and around China, open vessels in Asia across all size segments are facing difficulties finding new employment. Moreover, a prolonged Chinese New Year holiday and on-going transportation restrictions is effectively extending the usually calm start of the year. However, once regional container transportation and logistics resume normal operations, available feeder vessels should again be in high demand.

Scrubber retrofits affected the market in Q4 2019 and are assumed to continue reducing supply in 2020. While larger vessel segments enjoyed significant charter rate increases during 2019, the rate development in the feeder segment during the same period was a story of two tales. Earnings increased for >1,700 TEU vessels but saw larger fluctuations and only modest growth in the smaller feeder segments.

The number of available vessels decreased during H1 2019 following a slight market consolidation. Since July 2019, however, idle numbers have risen within all TEU segments. A significant part of the idle capacity, being 63% of the total idle fleet and 14% of the idle feeder fleet, is currently in dry-dock for scrubber retrofiting.

Time charter rates (6-12 months) in January 2020 (Source: Clarksons Research):

- 1,000 TEU: USD 6,200 (up 3% since January 2019)
- 1,700 TEU: USD 8,300 (up 19% since January 2019)
- 2,750 TEU: USD 10,600 (up 19% since January 2019)
- 4,300 TEU: USD 13,300 (up 55% since January 2019)

### Market Outlook

After a 2019 with modest growth, the world economy in January 2020 saw encouraging signs of recovery. First, the US and China signed a much-anticipated “Phase 1 Deal”, thereby lessening uncertainties surrounding the two countries’ trade conflict. Second, the UK left the EU with an agreed-upon 11-month Transition Period wherein the former effectively remains in the latter’s customs union and single market while negotiating a trade deal.

At the same time as above-mentioned milestones contributed in easing market uncertainties, news broke about the spreading COVID-19. During February, the virus outbreak caused severe short-term effects and has effectively deterred further global economic recovery. While the long-term implications are still uncertain and much remains to be done to respond and recover, current base case scenarios indicate Q2 2020 as a turning point in recorded new cases. Once container logistics return to normal, economic activity will rebound and resume its growth trajectory.

With regards to the container vessel market in particular, containerized seaborne trade is expected to grow by 2.8% in 2020 and by 3.3% in 2021, respectively. 2020 net demand growth is currently projected at 2.1% on account of the COVID-19 virus. On the supply side, forecasts point to a container fleet capacity growth of 3.1% in 2020 and 2.8% in 2021, respectively. Due to vessels entering dry-dock for scrubber retrofiting, a net supply growth of only 1.2% is expected for 2020. A total of 104 vessels with 835,000 TEU carrying capacity are currently in dry-dock for scrubber installations. Of these, 18 ships totalling 41,000 TEU are feeder vessels. As COVID-19 is significantly reducing yard and dock activity, retrofit projects are already delayed. Moreover, while 312,000 TEU of new feeder tonnage (representing 72% of the total feeder order book) is scheduled for delivery in 2020, no new feeder orders have been recorded thus far in 2020 and analysts expect the feeder order book-to-fleet ratio to decrease to 6% until 2024.

Lastly, while the effects of COVID-19 will put near-term pressure on shipping logistics and transportation, feeder container market fundamentals remain intact and should provide for attractive opportunities going forward.

## 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	Note	Q4 2019 (unaudited)	Q3 2019 (unaudited)	Q4 2018 (unaudited)	FY 2019 (unaudited)	FY 2018 (unaudited)
Operating revenues	3	26,508	28,771	33,397	113,246	122,730
Commissions		-1,050	-1,009	-1,207	-4,147	-4,708
Vessel voyage expenditures		-3,309	-4,574	-6,100	-13,945	-12,738
Vessel operation expenditures		-16,858	-18,122	-18,191	-73,450	-67,125
Ship management fees		-1,414	-1,501	-1,514	-5,980	-5,605
<b>Gross profit</b>		<b>3,877</b>	<b>3,564</b>	<b>6,385</b>	<b>15,724</b>	<b>32,556</b>
Administrative expenses		-1,128	-616	-1,057	-3,020	-2,310
Depreciation and impairment	4	-8,057	-6,037	-5,892	-25,539	-18,698
Other expenses		-228	86	-21	-723	-452
Gain/loss sale of vessels	4	0	0	0	3,129	0
Other income		119	135	204	444	713
<b>Operating result (EBIT)</b>		<b>-5,417</b>	<b>-2,868</b>	<b>-381</b>	<b>-9,986</b>	<b>11,808</b>
Other finance income		-1	70	41	290	251
Finance costs	6	-3,983	-4,101	-4,047	-16,087	-14,954
<b>Profit/Loss before income tax (EBT)</b>		<b>-9,401</b>	<b>-6,899</b>	<b>-4,387</b>	<b>-25,783</b>	<b>-2,895</b>
Income tax expenses		28	-56	-245	-108	-245
<b>Profit/Loss for the period</b>		<b>-9,374</b>	<b>-6,955</b>	<b>-4,632</b>	<b>-25,892</b>	<b>-3,140</b>
Attributable to:						
Equity holders of the Company		-9,369	-6,952	-4,632	-25,883	-3,153
Minority interest		-5	-3	8	-9	13

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in USD thousands	Notes	Q4 2019 (unaudited)	Q3 2019 (unaudited)	Q4 2018 (unaudited)	FY 2019 (unaudited)	FY 2018 (unaudited)
Profit/Loss for the period		-9,374	-6,955	-4,632	-25,892	-3,140
<b>Items that may be subsequently transferred to profit or loss</b>		<b>726</b>	<b>-510</b>	<b>-1,305</b>	<b>-3,767</b>	<b>879</b>
Cash flow hedge reserve		726	-510	-1,370	-3,767	865
Foreign currency		0	0	65	0	14
<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>-8,648</b>	<b>-7,465</b>	<b>-5,936</b>	<b>-29,658</b>	<b>-2,261</b>
Attributable to:						
Equity holders of the Company		-8,648	-7,462	-5,936	-29,650	-2,274
Non-controlling interest		-5	-3	0	-9	13

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in USD thousands	Note	31 December 2019 (unaudited)	31 December 2018 (audited)
<b>Assets</b>		<b>412,911</b>	<b>414,040</b>
Non-current Assets		391,458	388,003
Vessels	4	380,603	376,507
Prepayment on vessels	4	855	0
Long-term restricted cash		10,000	10,000
Other assets		0	1,496
Current assets		21,453	26,037
Inventories		2,501	3,545
Trade and other receivables		13,142	13,240
Cash and cash equivalents		5,810	9,252
<b>Equity and liabilities</b>		<b>412,911</b>	<b>414,040</b>
Equity		198,221	208,306
Ordinary shares	5	232,274	213,091
Share capital		0	0
Capital reserves		232,273	213,091
Retained losses		-31,987	-6,104
Other comprehensive income		-2,749	1,018
Minority interest in equity		683	302
Non-current Liabilities		195,339	193,963
Interest bearing long-term debt	6	195,094	193,963
Other liabilities		245	0
Current Liabilities		19,352	11,771
Trade and other payables		14,037	6,419
Payables to affiliated companies		4,135	2,789
Other liabilities		1,180	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	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 Dec. 2019</b>	<b>0</b>	<b>232,273</b>	<b>-31,987</b>	<b>-2,749</b>	<b>197,537</b>	<b>683</b>	<b>198,221</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

In USD thousands	Notes	Q4 2019 (unaudited)	Q3 2019 (unaudited)	Q4 2018 (unaudited)	FY 2019 (unaudited)	FY 2018 (unaudited)
Profit/Loss before taxes		-9,401	-6,899	-4,386	-25,783	-2,895
Income tax paid		0	0	0	0	0
Finance expenses, net		3,984	4,031	4,006	15,798	14,705
Interest paid		-3,603	-3,705	-3,717	-14,737	-13,651
Interest received		0	70	41	291	250
Net change in current assets		2,050	-4,266	1,827	751	-14,525
Net change in current liabilities		5,972	3,611	-313	8,943	5,556
Cash upfront payment for hedge instruments		-750	-24	-1,370	-3,574	865
Depreciation and impairment		8,057	6,037	5,893	25,539	18,698
Gain/loss from disposal of vessels		0	0	0	-3,129	0
<b>Cash flow from operating activities</b>		<b>6,308</b>	<b>-1,144</b>	<b>1,981</b>	<b>4,099</b>	<b>9,003</b>
Proceeds from disposal of vessels		0	0	0	10,739	0
Purchase of vessels		0	0	0	0	-204,403
Dry-docking and other investments		-15,615	-10,414	-4,858	-36,926	-28,414
Prepayment on vessels		2,531	-3,386	0	-856	0
<b>Cash flow from investing activities</b>		<b>-13,084</b>	<b>-13,801</b>	<b>-4,858</b>	<b>-27,043</b>	<b>-232,817</b>
Proceeds from shareholder's contribution		3,813	4,950	102	19,573	87,076
Gross proceeds debt financing		0	0	0	0	100,000
Bond issuing costs		178	-250	0	-72	-3,175
<b>Cash flow from financing activities</b>		<b>3,991</b>	<b>4,700</b>	<b>102</b>	<b>19,502</b>	<b>183,901</b>
Net change in cash and cash equivalents		-2,785	-10,245	-2,775	-3,442	-39,913
Net foreign exchange differences		0	0	6	0	-3
Cash and cash equivalents at beginning of period		18,595	28,840	22,021	19,252	59,548
<b>Cash and cash equivalents at the end of period<sup>1</sup></b>		<b>15,810</b>	<b>18,595</b>	<b>19,252</b>	<b>15,810</b>	<b>19,252</b>

<sup>1</sup> Whereof USD 10.0 million is restricted as at 31 December 2019, at 30 September 2019 and 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 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 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	Q4 2019 (unaudited)	Q4 2018 (unaudited)
Time charter revenue	16,712	20,813
Pool charter revenue	8,252	10,071
Other revenue	1,544	2,514
<b>Total operating revenue</b>	<b>26,508</b>	<b>33,397</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 2019 (unaudited)	Q4 2018 (unaudited)
Service element	10,451	15,186
Other revenue	1,544	2,514
<b>Total revenue from customer contracts</b>	<b>11,995</b>	<b>17,700</b>
Lease revenue	14,514	15,697
<b>Total operating revenue</b>	<b>26,508</b>	<b>33,397</b>

#### Note 4 - Vessels and prepayments

in USD thousands	At 31 December 2019 (unaudited)	31 December 2018 (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	37,852	159,879
<b>Acquisition cost at end of period</b>	<b>427,341</b>	<b>396,851</b>
Accumulated depreciation 1 January	-20,344	-1,646
Depreciation for the year	-24,070	-18,698
Impairment for the year	-1,469	0
<b>Accumulated depreciation at end of period</b>	<b>-45,883</b>	<b>-20,344</b>
<b>Closing balance at end of period</b>	<b>381,458</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 scrubber installations are depreciated over the remaining useful life of the vessels. 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. Subsequent to the balance sheet date, the Group entered into sales agreement for AS Laurretta (see Note 8), resulting in an impairment of USD 1.5 million recognized in Q4 2019 seeing as the estimated net sales price was below the carrying amount.

For the remaining fleet, the Group has performed an impairment test as impairment indicators existed as at 31 December 2019. As the recoverable amounts exceeded the carrying amounts for all remaining vessels, no additional impairment is recorded as at 31 December 2019.

## Note 5 - Share capital

	Number of shares	Share capital (USD)	Share premium (USD thousands)
1 January 2019	1	1	213,090
Equity injections in 2019	0	0	19,183
31 December 2019	1	1	232,273

As at 31 December 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 31 December 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	31 December 2019 (unaudited)	31 December 2018 (unaudited)
Nominal value of issued bonds	200,000	200,000
Issuance costs	-4,906	-6,037
<b>Interest-bearing debt</b>	<b>195,094</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 31 December 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

Name	Principal activity	Country of incorporation	Equity interest	Initial consolidation
"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

Name	Principal activity	Country of incorporation	Equity interest	Initial consolidation
"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 5 February 2020, a subsidiary of the Group entered into agreements for the sale of AS Lauretta, a 1,000 TEU vessel. The total sales price is agreed to USD 6.5 million and the vessel will be delivered to her new owner during H1 2020.