



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 918 494 316
Organisasjonsform: Allmennaksjeselskap
Foretaksnavn: MPC CONTAINER SHIPS ASA
Forretningsadresse: Ruseløkkveien 34
0251 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Joachim Bleika
Dato for fastsettelse av årsregnskapet: 27.04.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 16.06.2023



Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2,3	14 780 000	16 465 000
Sum inntekter		14 780 000	16 465 000
Kostnader			
Lønnskostnad	4	7 181 000	1 152 000
Annen driftskostnad	5	17 025 000	19 141 000
Sum kostnader		24 206 000	20 293 000
Driftsresultat		-9 426 000	-3 828 000
Finansinntekter og finanskostnader			
Annen finansinntekt	5	24 674 000	681 000
Sum finansinntekter		24 674 000	681 000
Annen finanskostnad	5	2 628 000	433 000
Sum finanskostnader		2 628 000	433 000
Netto finans		22 046 000	248 000
Ordinært resultat før skattekostnad		12 620 000	-3 580 000
Skattekostnad på ordinært resultat	6	-46 000	41 000
Ordinært resultat etter skattekostnad		12 666 000	-3 621 000
Årsresultat	7	12 666 000	-3 621 000



Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	8	489 855 000	456 063 000
Investering i annet foretak i samme konsern	8	27 068 000	27 068 000
Andre fordringer		3 000	40 000
Sum finansielle anleggsmidler		516 926 000	483 171 000
Sum anleggsmidler		516 926 000	483 171 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	3	80 192 000	2 909 000
Andre fordringer		561 000	2 247 000
Sum fordringer		80 753 000	5 156 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	9	101 834 000	3 126 000
Sum bankinnskudd, kontanter og lignende		101 834 000	3 126 000
Sum omløpsmidler		182 587 000	8 282 000
SUM EIENDELER		699 513 000	491 453 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	7,10	48 629 000	43 046 000
Beholdning av egne aksjer	7	-1 143 000	-1 143 000
Overkurs	7,10	396 316 000	456 764 000



Balanse

Beløp i: USD	Note	2021	2020
Sum innskutt egenkapital		443 802 000	498 667 000
Opptjent egenkapital			
Annen egenkapital	7	4 005 000	
Udekket tap	7		8 662 000
Sum opptjent egenkapital		4 005 000	-8 662 000
Sum egenkapital		447 807 000	490 005 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		846 000	688 000
Skyldige offentlige avgifter		151 000	111 000
Utbytte	10	200 764 000	
Kortsiktig konserngjeld		40 278 000	0
Annen kortsiktig gjeld		9 667 000	649 000
Sum kortsiktig gjeld		251 706 000	1 448 000
Sum gjeld		251 706 000	1 448 000
SUM EGENKAPITAL OG GJELD		699 513 000	491 453 000

**Konsernets resultatregnskap**

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5,6	384 710 000	171 898 000
Annen driftsinntekt	11	58 974 000	1 812 000
Annen driftsinntekt	12	2 312 000	
Sum inntekter		445 996 000	173 710 000
Kostnader			
Commissions		11 741 000	6 166 000
Driftskostnader skip	7,8	133 754 000	131 893 000
Ship management fee		9 262 000	9 064 000
Administrative expenses	10	19 513 000	7 874 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11	62 049 000	49 653 000
Impairment	11		8 996 000
Annen driftskostnad		3 773 000	3 485 000
Sum kostnader		240 092 000	217 131 000
Driftsresultat		205 904 000	-43 421 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	9	24 794 000	936 000
Annen finansinntekt	13	156 000	733 000
Sum finansinntekter		24 950 000	1 669 000
Annen finanskostnad	13,14	40 325 000	22 665 000
Sum finanskostnader		40 325 000	22 665 000
Netto finans		-15 375 000	-20 996 000
Ordinært resultat før skattekostnad		190 529 000	-64 417 000
Skattekostnad på ordinært resultat	15	675 000	74 000
Ordinært resultat etter skattekostnad		189 854 000	-64 491 000
Årsresultat		189 854 000	-64 491 000
Minoritetsinteresser		129 000	-26 000



Konsernets resultatregnskap

Beløp i: USD	Note	2021	2020
Årsresultat etter minoritetsinteresser		189 725 000	-64 465 000
Valuta		-297 000	257 000
Hedging instruments		9 066 000	-5 316 000
Sum resultatkomponenter for IFRS-foretak		8 769 000	-5 059 000
Totalresultat		198 494 000	-69 524 000
Overføringer og disponeringer			
Overføring til/fra fond		-8 768 000	-5 059 000
Udekket tap		-189 854 000	-64 491 000
Sum overføringer og disponeringer		-198 622 000	-69 550 000



Konsernets balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip	11	774 362 000	587 816 000
Forskuddbetaling	11		1 000 000
Sum varige driftsmidler		774 362 000	588 816 000
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	9	28 656 000	28 362 000
Sum finansielle anleggsmidler		28 656 000	28 362 000
Sum anleggsmidler		803 018 000	617 178 000
Omløpsmidler			
Varer			
Varer		4 820 000	3 373 000
Vessel held for sale	11	16 304 000	3 900 000
Sum varer		21 124 000	7 273 000
Fordringer			
Kundefordringer	18	30 141 000	14 432 000
Sum fordringer		30 141 000	14 432 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	19	180 330 000	39 255 000
Sum bankinnskudd, kontanter og lignende		180 330 000	39 255 000
Sum omløpsmidler		231 595 000	60 960 000
SUM EIENDELER		1 034 613 000	678 138 000

BALANSE - EGENKAPITAL OG GJELD



Konsernets balanse

Beløp i: USD	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Akjskapital	16,20	48 630 000	43 047 000
Beholdning av egne aksjer		-1 143 000	-1 143 000
Overkurs	16,20	597 080 000	456 764 000
Sum innskutt egenkapital		644 567 000	498 668 000
Opptjent egenkapital			
Fond		-109 000	-8 877 000
Annen egenkapital		82 212 000	
Udekket tap			108 413 000
Sum opptjent egenkapital		82 103 000	-117 290 000
Minoritetsinteresser		919 000	1 654 000
Sum egenkapital		727 589 000	383 032 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	14,21	148 083 000	274 484 000
Øvrig langsiktig gjeld	12	3 728 000	
Sum annen langsiktig gjeld		151 811 000	274 484 000
Sum langsiktig gjeld		151 811 000	274 484 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	14,21	83 743 000	2 436 000
Gjeld til kredittinstitusjoner	12	18 083 000	
Leverandørgjeld		17 628 000	13 275 000
Kortsiktig konserngjeld	17		20 000
Annen kortsiktig gjeld	20	35 759 000	4 891 000
Sum kortsiktig gjeld		155 213 000	20 622 000
Sum gjeld		307 024 000	295 106 000
SUM EGENKAPITAL OG GJELD		1 034 613 000	678 138 000



ANNUAL REPORT 2021

We connect local ports with global trade lanes

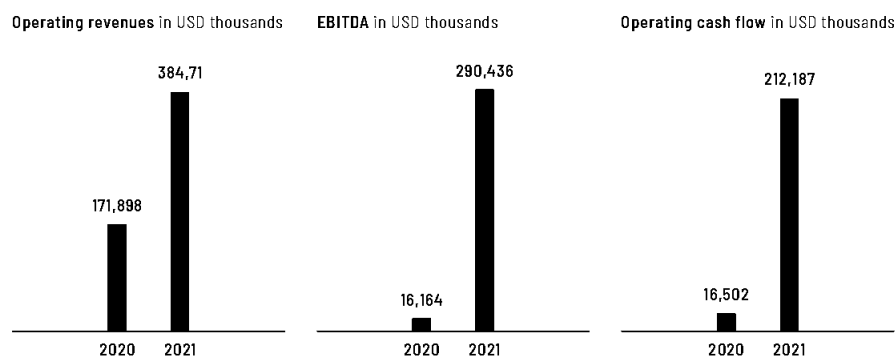


MPC CONTAINER SHIPS ASA

Operational and financial highlights FY 2021

		2021	2020	Change
Number of Container Ships ¹		61	57	+4
Transport capacity of container ship fleet	TTEU	168,072	109,240	+58,832
Utilization rate (in %)		97.9	91.6	+6.3
Operating revenues	USD thousand	384,710	171,898	+212,812
EBITDA	USD thousand	290,436	16,164	+274,272
Operating result (EBIT)	USD thousand	230,699	-42,486	+273,185
Net profit/loss for the period (adjusted)	USD thousand	189,854	-64,491	+254,345
Cash flow from operating activities	USD thousand	212,187	16,502	+195,685
Balance sheet total	USD thousand	1,034,613	678,138	+356,485
Equity	USD thousand	727,589	383,032	+344,557
Interest bearing loans and borrowings	USD thousand	231,826	276,916	-45,090
Cash and cash equivalents	USD thousand	180,329	39,254	+141,075

¹ Note: number of ships includes vessels of joint ventures





HIGHLIGHTS 2021

- + Successful business year with substantial increase in revenues and earnings driven by strong demand for our charter vessels
- + Highly accretive vessel acquisitions and attractive vessel sales realized, which facilitate refinancing and significant distributions to shareholders
- + Utilization rate of container vessel fleet improved by 6.3 ppt to 97.9%
- + Operating revenues 384.7 USD m (+171,898 USD m)
- + Average Time Charter Equivalent (TCE) more than double to 16,887 USD/day
- + Average Operating Expenses (OPEX) increase only by 9.5% to 5,379 USD/day
- + Operational yield (EBITDA per day) jumped significantly to 10,268 USD
- + EBITDA 290.4 USD m (FY 2020: 16.2 USD m) including 65.1 USD m from asset sales
- + Solid balance sheet: 70%+ equity ratio, 22% leverage, 180 USD m cash
- + Distribution to shareholders: 200 USD m (150 USD m special and 50 USD m recurring dividend)



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PROFILE

MPC Container Ships is a market-leading container ship company specialising in serving intra-regional trade lanes, owning and operating one of the largest feeder fleets globally.

MPC Container Ships focuses on the ownership and operation of smaller container vessels deployed in regional and intra-regional services due to a combination of distance, volumes and port infrastructure restrictions as well as flexibility requirements, e.g. transshipment of containers from large vessels at deep-water ports into smaller vessels serving minor ports in the regions (hub-and-spoke supply chains).

Intra-regional services support main services by connecting ports on intercontinental shipping lanes with one or more smaller ports, which are not services by the main line vessels.



Board of Directors

BOARD OF DIRECTORS

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Ulf Holländer

Chairman

Ulf Holländer commenced his career as an audit assistant and auditor at Dr. W Schlage & Co Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in Hamburg (1984-1987). Succeedingly, during 1987-2000, he work at shipping group Hamburg Süd and affiliated companies in Australia and the U.S. Positions included financial controller at Columbus Overseas Services Pty. (1990-1992), commercial director at Columbus Line USA Inc. (1992-1996) and head of Hamburg Süd's finance and accounting department (1997-2000). Mr. Holländer was CFO of MPC Münchmeyer Petersen Capital AG (2000-2015) before assuming the role as CEO in 2015. Mr. Holländer holds a commerce degree from the University of Hamburg.

Dr. Axel Schroeder

Director

Dr. Axel Schroeder has held various positions within the MPC Group since 1990, including engagements in MPC Münchmeyer Petersen Capital AG ("MPC Capital") from its infancy in 1994. He functioned as the company's CEO from 1999 to 2015, during which period MPC Capital was listed at the Frankfurt Stock Exchange (2000). Since 2015, Dr. Schroeder has chaired MPC Capital's Supervisory Board. Moreover, he is managing partner of MPC Münchmeyer Petersen & Co. GmbH, MPC Participia GmbH and CSI Beteiligungsgesellschaft mbH. Dr. Schroeder studied Economics and Social Science at the University of Hamburg (1985-1990) followed by a doctorate (1993).

Laura Carballo

Director

Laura Carballo began her career within investment banking at Merrill Lynch (1998-2000) before working at private equity firm Compass Partners International (2000-2004). In 2004, Mrs. Carballo joined UK-based private equity outfit STAR Capital Partners Ltd. and successor STAR Capital Partnership LLP, where she is currently partner and Head of Portfolio Management. Mrs. Carballo holds a B.S. in Economics from Duke University and an MBA from INSEAD.

Peter Frederiksen

Director

Peter Frederiksen completed several executive development programmes at INSEAD and Cornell Johnson Graduate School of Management after graduating from A.P. Møller Maersk Shipping. He held management and board positions at Hamburg Süd for 9 years and at Maersk Line for 25 years. He has extensive experience in the shipping industry and currently serves on the board of several shipping and maritime companies. Among others, he is a board member at Uni-Tankers A/S and Bunker Holding A/S.

Ellen Hanetho

Director

Ellen Hanetho was an analyst and senior associate at the investment bank division of Goldman Sachs International Ltd. (1997-2002) and subsequently investment manager and later partner at Credo Partners AS (2003-2012). At present, she serves as CEO of Frigaard Invest AS (part of the Frigaard Group) and board member of Kongsberg Automotive ASA, Fearnley Securities AS and Støkke Industri AS, among others. Mrs. Hanetho holds a BSBA in Business and Administration from Boston University and an MBA from Solvay Business School.





Vision & Mission

**WE DELIVER
STRONG VALUE
FOR OUR
CUSTOMERS
AND OUR
STAKEHOLDERS**





Vision & Mission

VISION & MISSION

Vision

As a world-leading tonnage provider with a focus on serving intra-regional trade lanes, MPC Container Ships shall be a preferred chartering partner and generate shareholder value through accretive operations and capital allocation.

Mission

For our shareholders: We offer an attractive investment opportunity into a pure-play company with a strategy focusing on value-accretive investment decisions and operations

- + Risk/return profile: Achieve double-digit equity return with moderate leverage
- + Offer transparent, active and stringent capital allocation
- + Pursue opportunities for value accretion within the defined strategy
- + Ensure professional asset and portfolio management

For our customers: We acknowledge our customers' individual needs and offer them a reliable partner with innovative solutions

- + Provide high-quality services
- + Add value to our customers by offering customized solutions
- + Maintain reliable, safe and efficient operation of our vessels
- + Act as a transparent and trustworthy business partner

For our service providers and suppliers: We value professional, transparent and fair business relationships

- + Clearly communicate expectations and values
- + Foster cooperative relationships
- + Act as a transparent and trustworthy business partner



Vision & Mission



For our employees: We are a professional and positive workplace with an inclusive working environment

- + Protect the health and safety of our employees
- + Offer personal development and motivation
- + Workplace free from any form of discrimination

For the environment and societies in which we conduct our business: We will ensure sound corporate responsibility

- + Conduct business with integrity and respect laws, fundamental human rights, different cultures and human dignity
- + Show consideration for the local communities in which we are a part of and the environment in which we operate
- + Contribute to learning and distribution of knowledge
- + Establish long-term working relationships and utilize the shipping sector's expertise for the further development of the industry
- + Meet stakeholders with insight, respect and understanding and in an open and appropriate manner
- + Please read our Code of Conduct and other governance documents to learn about how MPC Container Ships conduct our business.



Board of Directors Report

BOARD OF DIRECTORS REPORT

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Business overview and corporate development

MPC Container Ships ASA ("the Company" or "MPCC", together with its subsidiaries the "Group") was incorporated on 9 January 2017 as a private limited liability company under the laws of Norway, and converted to a Norwegian public limited liability company on 16 January 2018. The Group's principal business activity is to invest in and operate maritime assets in the container shipping segment. As a dedicated owner and operator of container ships, the Group has a focus on feeder vessels, mainly between 1,000 and 5,000 TEU, that are chartered out to liner shipping companies and regional carriers.

With the economic recovery from the COVID-19 pandemic that began in H2 2020, especially US imports increased significantly in absolute and relative terms and triggered a historic and unprecedented container market boom. As a result, container vessel capacity and supply of equipment became tight. Shippers started to compete for the limited number of box spots available and liner companies competed for container vessels to charter. This caused freight and time-charter rates to rise sharply in the short term, second-hand and new-build asset prices surging subsequently, resulting in record liner and non-operating owner earnings.

In light of this market boom and the new situation for liners, shippers and non-operating vessel owners, the structure of the time-charter has market changed significantly. Before the pandemic, the charter market was characterised by spot business with reduced rates, short charter periods and wide redelivery windows. Within 18 months, the market turned into a forward market with extended periods, negligible redelivery windows and rates at record highs.

So far, analysts expected the container vessel market to normalise in late 2022. Until today, however, there are no signs of such normalisation, and when the market actually starts to normalise, the question will be what the new normal might look like. In a situation where charter rates, freight rates, asset prices, earnings and other market peculiarities have changed fundamentally, this question has no straightforward answer.

Special attention has to be drawn to the conflict between Russia and Ukraine as well as the economic and financial sanctions decided by the West to force Russia to end the conflict. The Company has made an assessment of all relevant areas, i.e. operations, contracts, charter parties etc. in order to identify risks and define specific countermeasures. Regarding the commercial risks from vessels trading in the critical area, four vessels have been stopped to call ports in Ukraine and Russia. Also, no dockings are scheduled in the region. With regard to the risk exposure of the charterparties, the Company assessed relevant contractual clauses, which are standard in most of today's executed charterparties. Besides these existent risk factors, our risk assessment concludes that there is no immediate holistic impact on MPCC expected, yet in a market struck by sanctions effects and other potential war-induced fall-outs, MPCC might not remain completely unaffected. Nevertheless, we remain confident that there should not be a complete disruption of the global supply chain. Furthermore, any stress or war scenario would not make the current scarcity of tonnage disappear.

Financing

The year 2021 was characterized by various measures to optimize the balance sheet structure and to decrease the Group's debt.

On 29 July 2021, the Group entered into a USD 70 million three-year revolving credit facility agreement with CIT Bank N.A. (now under the name First-Citizens Bank & Trust Co.), under the terms of which MPCC Second Financing GmbH & Co. KG, a subsidiary of the Company, is the borrower. The credit facility matures mid 2024. The initial drawdown of USD 55 million was made to refinance existing debt. As a consequence a term loan of USD 29 million and a non-recourse senior secured term loan of USD 59.2 million were repaid in full.

On 20 October 2021, the Group entered into an agreement for a USD 180 million five-year senior secured credit facility with Hamburg Commercial Bank ("HCOB"). The credit facility consists of a USD 130 million term loan and a revolving credit facility of USD 50 million. The loan and credit line matures in November 2026. The HCOB Facility was partly used to prepay the remaining balance under a USD 127.5 million acquisition finance facility that had been granted under a bridge facility agreement dated 27 July 2021 by DNB Bank to MPCC Third Financing AS in connection with the acquisition of Songa Container AS (see details on the Songa Transaction below). The DNB Bridge facility was discharged in full in Q4 2021 (USD 30 million in Q3 and USD 97.5 million in Q4).

The HCOB facility was further partly used to prepay the USD 204 million bond by MPC Container Ships Invest B.V. in full in Q4 2021. The related interest rate swap utilized to hedge the bond loan was similarly terminated in December 2021. There remain three derivatives in place, whose current market value is zero, which will terminate in September 2022. Due to the construction of the hedging instruments (interest rate CAP), there is no risk occurring from negative market values.



Board of Directors Report

Fleet changes

On the operational side, in 2021 and in light of substantially increased second hand prices, the Group divested a number of vessels, taking chance of accretive portfolio management opportunities.

The vessels AS Laguna (sold per 10 December 2020) and AS Frida were delivered to their new owners in the first half of 2021.

On 18 August 2021, a subsidiary of 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG, where the Group has a 50% interest, entered into an agreement for the sale of AS Cordelia for USD 39.0 million. The vessel was delivered to its new owner in October 2021 and the estimated gain of approximately USD 16 million, which represents the Group's 50% share, was recognised in Q4 2021.

In Q4 2021, six vessels with an average size of 1,200 TEU were sold for total gross proceeds of USD 135 million. The disposed vessels were AS Anne Sibum, AS Stefan Sibum, AS Grete Sibum, AS Federica, AS Faustina and AS Riccarda with a total book value of USD 82.8 million. The total gain recognised from these vessel sales was USD 54.7 million and is included in other income in the consolidated income statement.

Furthermore, on 17 November 2021, the Group entered into an agreement for the sale of the 50% owned vessel AS Petulia for USD 35.8 million and the fully owned vessel AS Palatia for USD 35.8 million.

At 31 December 2021, the Group has classified the vessel AS Palatia as held for sale since it had entered into an agreement for the delivery of this vessel after the balance sheet date (see subsequent events) and the sale being considered as highly probable as at that date. The vessel sale proceeds of USD 35.8 million is expected to result in a gain for the Group of USD 21.5 million which is expected to be recognized in Q1 2022. The vessel AS Palatia was successfully handed over to its new owners on 10 January 2022. On 13 January 2022, also the vessel AS Petulia was handed over to its new owners.

On 17 December 2021, a further agreement for the sale of the joint-venture owned vessel AS Patricia was entered into for USD 34.3 million which is expected to result in a gain of USD 23.1 million. Handover of AS Patricia is expected to take place either still in Q1 2022 or in Q2 2022.

Relevant corporate changes and subsequent events

On 22 June 2021, the Group entered into a share purchase agreement to acquire Songa Container AS ("Songa") for an aggregate acquisition price of USD 210.25 million. The Transaction, covering 100% of the shares in Songa, including a minority interest in certain Songa subsidiaries, was completed on 9 August 2021. The consideration was paid partly in cash and partly in new shares, and a total of 49,795,250 new shares were issued under the Transaction. The acquisition of Songa Containers AS has marked an important strategic milestone in the history of the Company and supports the Company to sustain its position as the largest tonnage provider in intra-regional trades.

Furthermore, the Company entered into an agreement with the warrant holders MPC Capital Beteiligungsgesellschaft mbH & Co. KG on 3 September 2021, to settle the 3,740,604 warrants already vested for at a cash consideration of USD 3.5 million. On 21 January 2022, the Company entered into an agreement with the warrant holders MPC Capital Beteiligungsgesellschaft mbH & Co. KG, to settle the remaining 1,870,302 warrants already vested for a cash consideration of USD 2.2 million. Following this settlement agreement, there are no longer any outstanding warrants relating to the Company's shares.

Moreover, on 24 January 2022, Darren Maupin resigned from his position as member of the board of MPC Container Ships ASA. On 25 February 2022, Peter Frederiksen was elected as a new board member by an extraordinary general meeting of the Company.

An extraordinary general meeting of the Company was held on 28 January 2022. The general meeting passed the resolution to reduce the Company's share capital from NOK 444,051,377 to NOK 443,700,279 by cancelling the Company's treasury shares of in total 351,098 shares. The amount of the share capital reduction of NOK 351,098 will be transferred to other equity. This resolution entails no payments to be made by the Company. The Board of Directors resolved to cancel the treasury shares on 17 March 2022.

A further important step in the Company's development took place on 2 February 2022, when MPC Container Ships ASA announced that its Board of Directors had resolved to distribute a dividend of NOK 3.00 per share, in total NOK 1.33 billion (about USD 150 million), based on the Company's approved annual accounts for the financial year 2020. The decision was based on an authority granted by the Company's extraordinary general meeting on 28 January 2022. The ex-dividend date of the shares was 7 February 2022. On 24 February 2022 the board of directors resolved to distribute a further dividend of USD 0.11 per share, amounting to USD 48.8 million, based on the financial results of Q4 2021. Payment to shares registered with Euronext VPS will be distributed in NOK. The distribution will be made from previously paid in share premium transferred from the Company's share premium account. The dividend is scheduled to be paid out on or about 30 March 2022.

Key performance indicators 2021

- + Total ownership days of the fully owned vessels were 21,942 (2020: 21,616)
- + Total trading days of fully owned vessels were 20,909 (2020: 19,377)
- + The utilisation¹ in 2021 was 95.3% (2020: 91.6%)
- + Average time charter equivalent ("TCE") was USD 16,887 per day in 2021 (2020: USD 8,102 per day)

¹ Utilization in percentage represents the total trading days including off-hire days related to dry docks divided by the total number of ownership days during the period.



+ Average operating expenses ("OPEX") were USD 5,379 per day in 2021 (2020: USD 4,918 per day)

+ Equity ratio as at 31 December 2021 was 70.4%, the leverage ratio was 22.4%

Consolidated financial statements

Income statement

Following the recovery in the container shipping market in 2021 after the outbreak of COVID-19 in 2020, the Group experienced significantly increased charter rates and utilisation of the fleet due to the historically good market conditions in the container shipping industry as a result of tight global vessel capacity. Due to these improvements in the charter market, the Group's revenues and earnings increased in 2021 compared to 2020, as set out below. Additionally, the net profit for the year increased accordingly with no impairment charges in 2021 compared to USD 9.0 million in 2020 despite also higher depreciations, mainly as a result of the acquisition of Songa Container and other regulatory capex.

The Group's vessels are chartered out on time charter contracts to global and regional liner shipping companies. Operating revenues in 2021 amounted to USD 384.7 million (2020: USD 171.9 million). Vessel-related expenses were USD 154.8 million (2020: USD 147.1 million), resulting in a gross profit from vessel operations of USD 254.7 million including share of profit from joint venture (2020: USD 25.7 million).

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") was USD 290.4 million compared to USD 16.2 million in 2020.

Profit before tax was USD 190.5 million (2020: loss of USD 64.4 million) and income tax expenses amounted to USD 0.7 million (2020: USD 0.1 million), resulting in a profit for the period of USD 189.9 million (2020: loss of USD 64.5 million).

The Board of Directors proposes to allocate USD 190.5 million to retained earnings for 2021.

Earnings per share

Basic and diluted earnings per share for the year were USD 0.46 (2020: negative USD 0.27) and USD 0.46 (2020: negative USD 0.27), respectively.

Financial position

The Group's total assets amounted to USD 1,034.6 million as at 31 December 2021 (USD 678.1 million as at 31 December 2020). Non-current assets in the amount of USD 803.0 million reflect the carrying amounts of the vessels operated by the Group including the equity investments in a joint venture which holds eight additional vessels.

Total equity was USD 727.6 million as at 31 December 2021 (USD 383.0 million as at 31 December 2020) with non-controlling interest of USD 0.9 million. The change in equity in 2021 mainly relates to the net profit for the period of USD 189.9 million included the capital increase of USD 149.5 million net of share issuance costs which took place on 9 August 2021, partly offset by settlements of warrants of USD 3.6 million. As at 31 December 2021, the Group had interest-bearing debt in the amount of USD 231.8 million (USD 276.9 million as at 31 December 2020). The decrease in long-term debt is due to repayments of debt also affected by new debt proceeds during the year.

Cash flow

The Group reports an operating cash flow of USD 212.2 million (2020: USD 16.5 million) for the year 2021. The increase is mainly due to improvements in the charter market (among others) caused by the COVID-19 pandemic and the implied effects on the supply chain combined with strong demand-supply fundamentals, as described above. The cash flow from investing activities was positive by USD 43.2 million (2020 negative USD 29.4 million), mainly due to disposals of vessels totalling USD 141.4 million and dividends received from joint venture investments of USD 24.5 million, partly offset by regular capex investments and upgrades on the vessels of USD 41.1 million and cash consideration related to the acquisitions of Songa Container of USD 72.7 million. The cash flow from financing activities was negative by USD 114.3 million (2020: positive USD 12.0 million), mainly affected by the repayment of long-term debt in the amount of USD 455.9 million, paid interest of USD 14.1 million and proceeds from the issuance of long-term debt of USD 368.5 million.

Cash and cash equivalents as at 31 December 2021 were USD 180.3 million (31 December 2020: USD 39.3 million).



Board of Directors Report

Parent financial statements

Income statement

Revenues during 2021 were USD 14.8 million (2020: USD 16.5 million). Payroll and other operating expenses were USD 24.2 million (2020: USD 20.3 million), resulting in a negative operating result of USD 9.4 million (2020: negative by USD 3.8 million). Net financial income/expense was positive USD 22.0 million (2020: positive USD 0.2 million).

Profit before tax was USD 12.6 million (2020: loss of USD 3.6 million), resulting in a net profit for the period of USD 12.7 million (2020: loss of USD 3.6 million). The Board of Directors has proposed that the net profit for the period is allocated to retained losses.

Financial position

The Company's total assets amounted to USD 699.5 million as at 31 December 2021 (USD 491.5 million as at 31 December 2020). Non-current assets in the amount of USD 516.9 million (2020: USD 483.2 million) comprise mainly equity investments in affiliated companies.

Total equity was USD 447.8 million as at 31 December 2021 (2020: USD 490.0 million). Total liabilities were USD 251.8 million as at 31 December 2021 (2020: USD 1.4 million). The increase is mainly explained by proposed dividends.

Cash flow

During 2021, the Company generated a negative cash flow from operating activities of USD 0.7 million (2020: negative USD 3.0 million). The cash flow from investing activities into vessels and joint venture investments was positive USD 127.8 million (2020: negative USD 39.2 million), reflected by proceeds from loans from subsidiaries and dividends from both subsidiaries and joint venture investments. The negative cash flow from financing activities of USD 28.4 million (2020: positive USD 42.2 million) is mainly due to repayment of debt of USD 25.7 million and repayment of hedging instruments of USD 1.9 million.

The total net change in cash and cash equivalents in 2021 was USD 98.8 million (2020: negative USD 1.0 million).

Cash and cash equivalents as at 31 December 2021 were USD 101.8 million (31 December 2020: USD 3.1 million).

Dividend considerations

The Company's intention is to pay regular dividends in support of its objective of returning capital to shareholders. The timing and amount of dividends is at the discretion of the Board of Directors. Any future dividends proposed will depend upon the Group's financial position, earnings, debt covenants, distribution restrictions, capital requirements, investment opportunities and other factors.

Going concern

In accordance with the Norwegian Accounting Act § 3-3a, the Board of Directors confirm that the going concern assumption on which the financial statements have been prepared, is appropriate. This assumption is based on the current market perception, contracted charter backlog as well as respective budgeted future cash flows for 2022 and 2023.

Work environment and equal opportunities

As at 31 December 2021, the Group employed 24 people, 19 men and 5 women. The Group strives for diversity on a broad basis, including gender, age, ethnicity, personal beliefs, background, education, sexual orientation and nationality. The ESG report includes key metrics related to diversity and information regarding the Group's efforts to promote diversity. Offshore personnel operating the Group's vessels are not employed by the Group, but we have high focus on health and safety on board on our vessels.

The working environment onshore is considered to be good, and efforts for improvements are made on an ongoing basis through, among others, employee development review and feedback sessions with the individual persons. No leave of absence, incidences or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year.

The Norwegian Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights and prevent discrimination due to ethnicity, national origin, descent, language, religion and faith. The Group is working in an active, determined and systematic way to encourage the act's purpose within our business, and aims to be a workplace with equal opportunities. This is reflected in the Company's Code of Conduct, applicable to all entities controlled by the Company and all employees, directors, officers and agents.



Board of Directors Report

As at 31 December 2021, the Board of Directors consists of two women and three men. The executive management consists of two men.

Internal controls and risk management

In accordance with the principles underlying value-based management, the Board of Directors places great importance on systematic risk management. This is done not only to satisfy the requirements set out by law, but also to ensure the Company's governance in a highly dynamic market environment by identifying existing and potential risk exposures.

Through (i) quarterly reviews of the Company's most prominent areas of risk exposure and its internal control arrangements, (ii) management guidelines and (iii) the appointment of a dedicated risk management unit to perform risk monitoring and provide regular risk management updates to the Risk & Audit Committee, the Board of Directors aims to ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities.

As at 1 July 2021 the Company contracted an experienced lawyer as External Compliance Officer to support the Chief Compliance Officer in defining and setting-up a comprehensive Compliance Management System (CMS) and heading the daily operative routines.

As at 30 August 2021 the Company contracted Mrs. Sunniva Nising Sandvold of the Norwegian law firm CMS Kluge Advokatfirma AS as External Data Protection Officer.

Corporate governance and corporate social responsibility

Good corporate governance is a prerequisite for cooperation based on trust between the owners, the Board of Directors and the management of the Group, with a view of achieving long-term growth. Of equal importance is the Company's corporate social responsibility, which shall be reflected in our core values, the quality of our work and services and in our entire range of activities. The Company shall:

- + operate our business with integrity and respect laws, different cultures and human dignity;
- + not tolerate active corruption (attempts to bribe others) or passive corruption (allowing oneself to be bribed) including our agents and representatives;

- + operate our business in accordance with fundamental human rights as defined in the International Bill of Rights and the UN Guiding Principles on Business and Human Rights and follow the standards of the International Labour Organization, which are guiding principles encouraged and implemented by the European Union;
- + show consideration for the local communities in which we operate and emphasise spin-off effects of the Company's activities;
- + create an inclusive working environment and ensure that our employees are offered personal development, guidance and encouragement;
- + operate our business in a manner designed to protect the health and safety of our employees, seafarers, customers, public and the environment with due regard to safety requirements;
- + establish long-term working relationships and utilise the shipping sector's expertise for the further development of the industry;
- + be knowledgeable, respectful and understanding in its dealings with public authorities and customers and communicate with them in an open and appropriate manner and treat suppliers impartially and fairly; and
- + carry out all recycling of vessels in accordance with applicable laws and regulations and prioritise the safeguarding of the environment and human health and safety when recycling vessels.

The Board of Directors actively adheres to good corporate governance standards and will ensure that the Company either complies with or explains possible deviations from the Norwegian Code of Practice for Corporate Governance ("the Code"). The Code can be found at www.nues.no.

As at 31 December 2021, there are no significant deviations between the Code and how the Company complies with the Code. The corporate governance principles of the Company are adopted by the Board of Directors.

Please see the Corporate Governance Report and our Corporate Social Responsibility Statement embedded in this Annual Report and the 2021 Sustainability Report published as a separate document on the Company's website: www.mpc-container.com. The Corporate Governance Report, Corporate Social Responsibility Statement and the Company's Code of Conduct may also be found on the Company's website: www.mpc-container.com.

Board of Directors Report

Container market update

Global economy is performing well, but lost its importance as market driver

The global economy, the macroeconomic environment and international trade numbers do not speak the language of a boom. Even though the recovery from the Covid-19-induced implications has been significant in 2021, with a global GDP growth of 5.9%, international trade numbers paint a picture of an ongoing, slightly growing globalisation, but not one of a market spike. The container market situation as an outstanding phenomenon is clearly not driven by the global economic environment.²

After a remarkable recovery, (manufacturing) PMIs³ are currently softening slightly, but still stand at around 57 points in the US and 58 points in the European Union. In China, business is not as confident, with the manufacturing PMI currently moving around the 50 point benchmark. Consumer sentiment is softening. New Covid-19 lockdowns, more supply chain disruptions and raw material shortages add to the momentum.

Regarding international trade flows, we can assume that the Asian market will grow relatively strong. The RCEP (an Asian trade pact including China, Japan, South Korea, SEA economies and others) started officially at the beginning of 2022. Forecasts for intra-Asia trade flows are robust and strong, with the interlinkages with China being of crucial importance.

A future threat for the global economy, but also for the container vessel industry, is inflation. Fiscal and monetary policies are most likely not able to continue the stimulus packages in the future. Meanwhile, inflation has risen to numbers between 5% and 7% in Europe and the US. The Bank of England already reacted and increased interest rates. The ECB states that Russia's invasion of Ukraine exacerbates uncertainties in the medium-term inflation outlook and that it would be unwise to commit prematurely to future policy steps until the effects of the current crisis become clearer.

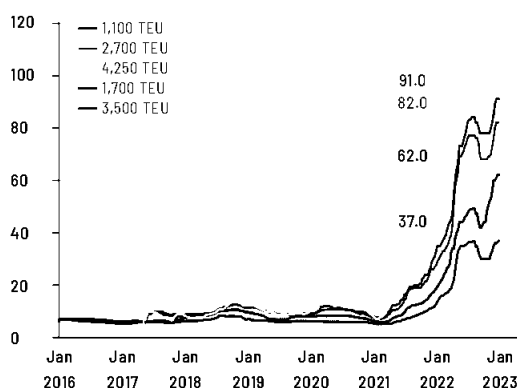
Record spot rates and structural shift in the charter market towards forward fixtures

Despite this global environment, the container market experienced a historic boom. The tight supply of charter vessels induced record time charter rates as liners were competing for tonnage to satisfy

their clients. In November 2021, the market softened slightly, what got hastily interpreted as the start of a normalisation. But this was misleading. Port congestions are still very high in the US and reached record numbers in Europe and Asia. Vessel supply continues to be tight and the commercial idle statistics are negligible. The market continued its surge in December with the upward momentum still unbroken. At the end of February 2022, spot time charter rates (6-12 months) are at around USD 62,000 per day for a 1,700 TEU vessel, USD 82,000 per day for a 2,700 TEU vessel and around USD 103,000 for a 4,300 TEU vessel.⁴

With the time charter rates, chartered periods also increased significantly. While a vessel was fixed for between six and nine months on average in the years before the pandemic, the average period on the time charter market increased to up to 30 months. Redelivery windows, by contrast, have become tight. While they have amounted to five months on average before the pandemic, they are currently around one month.⁵

FIG. 1: HARPEX (Time-Charter Rate Development, 6-12 Months)



In addition to the prolonged periods and record rates, charter contracts are now being concluded well in advance, even months before delivery of the vessel. The average share of fixtures that were concluded minimum 30 days in advance increased from below 10% to around 50 or 60%.⁶ The charter market today is thus very different compared to the market two years ago. The former spot market with low rates, short periods and a large redelivery window developed into a market with record rates, longer periods, tight redelivery windows and with fixtures concluded well in advance. The market power shifted in favour of vessel owners.

² International Monetary Fund, World Economic Outlook, January 2022 Update.

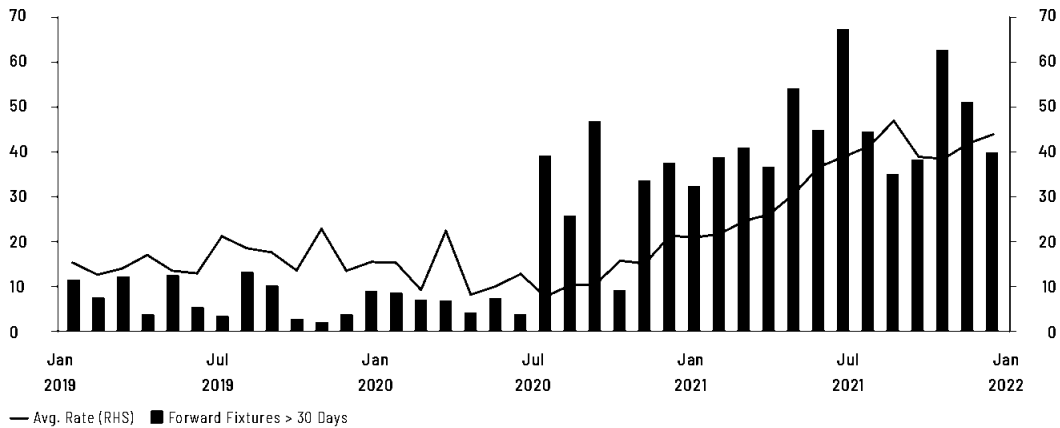
³ Purchase Manager Index.

⁴ Harper Petersen, HARPEX, February 2022.

⁵ Clarksons Research, Shipping Intelligence Network, February 2022.

⁶ ibid.

FIG. 2: Increase in forward fixtures



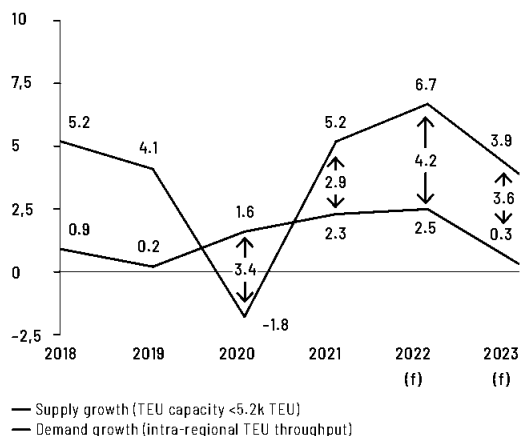
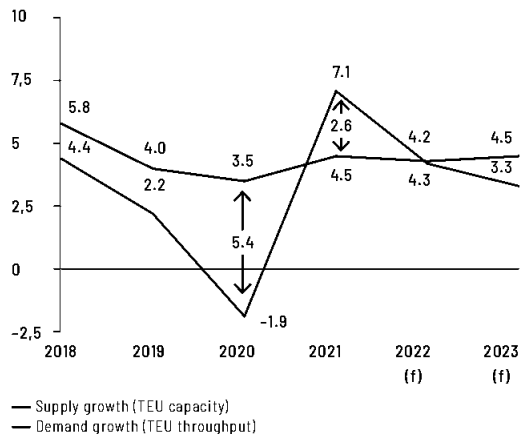
It has to be monitored closely which characteristics of the current time charter market will persist when moving to a more normal supply-demand situation in the mid-term.

Industry fundamentals are encouraging, especially for intra-regional trades and smaller vessels

Container vessel market fundamentals are in good shape, especially for smaller tonnage. For 2022, analysts expect an increase in total TEU demand of 4.2%, whereas supply (the total container vessel fleet) is expected to grow by 4.3%.⁷ Thus, the momentum switches to an excess supply situation at the aggregated market level and we can expect supply growth to outperform total demand growth also in the coming years. The reason behind that is the sharp increase in new-build orders that have been mainly placed for vessels with more than 12,000 TEU. 2021 saw 4.3 million TEU new-build contracting and the orderbook increased to 6 million TEU, that is 24% of the total container fleet. Contracting and orderbook are, however, strongly biased towards larger tonnage. While the orderbook-to-fleet ratio currently stands at 70% for vessels between 12,000 and 17,000 TEU and at 36% for vessels with more than 17,000 TEU, the feeder orderbook-to-fleet ratio (1,000-3,000 TEU vessels) is still at 15%. The orderbook-to-fleet ratio in the classic Panamax segment (3,000-6,000 TEU) is still at 8%.⁸

Consequently, the supply-demand balance is much more encouraging for smaller vessels and intra-regional trades. Demand for intra-regional trades is expected to increase in 2022 by 6.7% (relatively strong compared to total trade). Vessels smaller than 5,200 TEU (that mainly serve intra-regional markets) are expected to grow only 2.5% in 2022.⁹ Adopting a mid-term perspective, analysts expect that the excess demand situation intensifies in

Fig. 3: Supply / Demand Growth for the Total and Intra-Regional Market (A) Total, B) Intra-regional



⁷ Maritime Strategies International, Horizon, February 2022.

⁸ Clarksons Research, Shipping Intelligence Network, February 2022.

⁹ Maritime Strategy International, Horizon, February 2022.



Board of Directors Report

the coming years, at least until 2026. The manageable orderbook for smaller tonnage and the relative old age of those vessels is expected to lead to negative fleet growth in 2023 and the following years.

The orderbook spike will start to be delivered in 2023 and the market will then see an increase in new-build deliveries of larger-sized vessels. It will then become important to monitor possible cascading flows closely. As 45% of vessels (in terms of TEU) are older than 14 years with a strong bias towards smaller tonnage, a significant increase in scrapping numbers is to be expected when the current market surge eases and when environmental regulations enter into force in 2023. In 2023 and 2024, a total of 1.6 million TEU are expected to leave the fleet. In 2021, by contrast, only 12,000 TEU were scrapped.¹⁰

With the current container market boom, second-hand transactions also increased and, consequently, the price for second-hand tonnage. As at February 2022, USD 21 million need to be paid for a 15-year-old 1,000 TEU vessel (+425% yoy), USD 30 million for a similarly aged 1,700 TEU vessel (+275% yoy), USD 52 million for a 2,800 TEU vessel (+373% yoy) and USD 83 million for a 4,500 TEU vessel (+349% yoy). New building prices increased as well, but did not see such a strong improvement. They are currently around USD 24 million for 1,000 TEU vessels (+24% yoy), USD 41 million for 2,800 TEU vessels (+34% yoy) and USD 73 million for 5,300 TEU vessels (+32% yoy).¹¹

A temporary new normal: The chaos induced by bottleneck, congestions and disruptions

The main drivers of the current container vessel market spike are port and hinterland congestions, disruptions and equipment shortages. Those disruptions have been caused by an extraordinary US import boom and a strong increase in transpacific eastbound TEU volumes and have led to very tight supply capacities, driving rates and prices up. Varying by size cluster, time charter rates are currently up around 300% on a year-on-year basis. And it is important to keep in mind that the situation one year ago was already lifted. Freight rates are also significantly elevated, still around 100% year on year.¹² Also, commercial idle numbers decreased to record low levels.¹³

Transpacific rates as well as charter rates for smaller feeder vessels saw some downward correction in November 2021; however, this was more a short correction. Record increases and record levels followed immediately. Regarding disruptions and congestions, we do not see any relief. Rather, bottleneck problems have not disappeared and port and hinterland congestion climbed to record-high numbers over the past months. Over the past weeks, they softened slightly, but are still at very high levels.¹⁴ Normalisation has not started yet.

Market momentum in 2022 and market threats

Analysts and industry specialists meanwhile argue that the surge may continue for months, well into late 2022. Network pressures will persist well into the middle of next year and perhaps beyond. Port congestion may indeed get worse before it improves. It is not possible to solve issues like port capacity and lack of infrastructure including a lack of truck drivers, train and warehouse capacity overnight. And even when the pressure and the logistic problems ease, demand remains strong. Freight rates are still at elevated levels and charter rates are expected to stay at historically high levels as demand continues to outstrip supply by far. Some analysts even argue that it is unlikely that the main problems are solved before 2023. The market outlook for 2022 thus remains very positive.

The main macroeconomic challenge is inflation. If the market starts to normalise and consumer spending shifts back to regional non-tradable services, a significant increase in prices could additionally dampen demand for consumer goods. For smaller vessels, the strong new-build deliveries in the larger segments and consequently following cascading flows will pose a future threat starting in 2023. From a geopolitical angle, the Ukraine crisis and the developments regarding currently imposed and discussed sanctions are one main threat. Direct effects on the container vessel market may be low, but indirect macroeconomic effects like additional price increases, especially in the energy and fuel sector, could induce severe follow-up effects.

¹⁰ Maritime Strategies International, Horizon, February 2022; Clarksons Research, Shipping Intelligence Network, February 2022.

¹¹ Clarksons Research, Shipping Intelligence Network, February 2022.

¹² Harper Petersen, February 2022; Clarksons Research, Shipping Intelligence Network, February 2022.

¹³ Alphaliner, Weekly Newsletter, February 2022.

¹⁴ Clarksons Research, Shipping Intelligence Network, February 2022.



Outlook and strategy Risk factors

In view of the very compelling current market momentum and fundamentals, the outlook for 2022 is very positive for the Group. As at mid-March, the Group has fixed 94% of the total trading days in 2022, reflecting an approximate USD 543 million on contracted charter revenue. Also, for the year of 2023, the Group has already fixed about 75% of the total trading days and approximate USD 485 million on contracted charter revenue. Forward fixing activity with very limited discounts is expected to continue during the next months. As such, the Group is accumulating a sizeable charter backlog with an increased duration and high earnings visibility going forward. The year 2021 has been characterised by strong market momentum, providing MPCC with various opportunities for prudent capital allocation decisions that contributed very positively to the corporate development of the Company.

With the above mentioned positive market dynamics, the Group also takes pre-emptive measures by maintaining a low and sensible cash break-even, prudent leverage profile and stringent capital allocation to ensure manoeuvrability under current conditions and to benefit from the sustained positive charter market. During 2021, MPCC has captured market opportunities by leveraging the difference between asset prices and charter values (e.g. buying the Songa fleet and immediately generating value by chartering the vessels out at better rates and/or sale of certain Songa vessels). As this previous gap between asset values and charter values of assets had been closed, MPCC decided to place an emphasis on returning capital to investors through a significant dividend component going forward (possibly complemented by additional dividends and/or SBB). For MPCC, it is inevitable that growth should always follow the investment principles to achieve double-digit full-cycle returns on assets and limit residual value risk. Furthermore, potential growth opportunities will be carefully selected if they meet these basic investment criteria.

Future opportunities may arise from opportunistic second-hand transactions when a value dislocation may be observed (i.e. such as the Songa Container acquisition), but going forward also from opportunities arising in the context of the ongoing energy transition. We firmly believe that the flexible vessel sizes and regional trades are particularly interesting due to the predictability of trade routes reducing the risk of unavailability of new fuels at ports, round trips allowing for limited port infrastructure investments (dedicated new fuel tanks), the highest potential of cost pass-through to consumers and increasing demand.

The Board of Directors aims to ensure that the Company has sound internal controls and systems for risk management that are appropriate in relation to the extent and nature of the Company's objectives and activities. Together with the management, the Board of Directors has identified approximately 57 risk factors divided into eight categories.

The Risk Inventory is quantified and monitored taking a probability-impact approach. Each risk is assigned a Risk Owner within the Company's organisation and a defined set of countermeasures and control frequencies.

A summary of the Company's risk categories is outlined below. Descriptions are not exhaustive, and the sequence of risk categories is not set out according to importance or priority.

Market and industry risks

As a supplier of ocean-going container vessels to the international sea trade, the Company is exposed to changes in trade patterns and the supply/demand for (imports/exports of) containerised goods caused for example by macroeconomic and geopolitical events, as evidenced by the trade tensions between the US and China in 2018/19 and the outbreak of the COVID-19 pandemic in 2020. This in turn necessitates risk surveillance and mitigation procedures related to the charter market, fluctuation in vessel values and competitors, among others. The Company strives to maintain a dynamic chartering strategy, a reliable fleet and a close dialogue with the shipping market intelligence community so as to proactively adjust operations according to prevailing and future market environments.

The conflict between Russia and Ukraine as well as the economic and financial sanctions decided by the West to force Russia to end the conflict receives special attention by the Company. The very conflict and the ensuing international response, have generated the most significant disruption to geo-political norms for decades. The Company has made an assessment of all relevant areas, i.e. operation, contracts, charter parties etc. in order to identify risks and define specific countermeasures. Regarding the commercial risks from vessel trading in the critical area, four vessels have been stopped to call ports in Ukraine and Russia. Also, no dockings are scheduled in the region. Operational risks might arise on the crewing side, as MPCC's crew manager is hiring Ukrainian and Russian seafarers. The Company is taking direct countermeasures with its crewing manager to mitigate potential crewing scarcities.

Besides these existent risk factors, our risk assessment concludes that there is no immediate holistic impact on MPCC expected. We remain confident that if there is no complete disruption of the global supply chain, MPCC's business and operations should be able to continue. Furthermore, any stress or war scenario would not make the current scarcity of tonnage disappear.



Board of Directors Report

Environmental, social and governance risks

Risks related to e.g. climate change impacts, mitigation and adaptation, environmental management practices and duty of care, working and safety conditions, respect for human rights, gender diversity, anti-bribery and corruption practices and compliance with relevant laws, regulations and best practices. Responsible business operations should also consider the impacts of megatrends (e.g. climate change), emerging regulations, voluntary guidelines as well as the transparency requirements of wider stakeholders.

Sustainability-related topics are gaining foothold amongst stakeholders not due to specific laws or regulations mandating a new level of disclosure but as the result of a broader understanding of the reputational and financial impact of poorly handling such issues. While developments in the ESG ("Environmental, Social and Governance") reporting and regulatory environment are outside the control of the Company, our attentiveness and adherence to ESG initiatives, reporting standards, etc. is of strategic relevance within the Company's scope of business.

Performance risks

The Company's performance depends heavily on technical, operational, environmental and reputational factors that carry both risks and opportunities. The Company addresses these risk and opportunities by assigning responsibilities, monitoring and reporting routines to dedicated teams within its organisation (e.g. asset management, treasury and owner controlling), utilising and continuously developing portfolio management tools and by engaging subject matter consultants to conduct routine compliance and quality management assessments.

The Company's vessels have insurance covering (where applicable) P&I, hull and machinery, loss of hire and crew negligence. However, risks remain as to whether the vessels are covered under all conditions. Vessels carry loss prevention, safety and quality manuals to ensure sound HSE routines. Third party contracting related to the Company's performance shall comply with applicable laws and regulations, for instance, and where applicable, with the International Maritime Organization's ISM Code and the SOLAS, STCW and Maritime Labour conventions.

Legal risks

The Company is exposed to changes in legal, tax and regulatory regimes within relevant jurisdictions as well as potential private litigation and public prosecution. The Company seeks to mitigate legal risks by maintaining a well-functioning risk management system, management guidelines and dedicated compliance and legal functions.

Especially in the current geopolitical situation with e.g. newly introduced and further strengthened sanction regimes, legal risk exposure is elevated. The Company mitigates this situation by a)

even closer monitoring current business activities and all involved parties, b) the introduction of a comprehensive Sanctions Compliance Policy and c) seeking advice from seasoned sanction experts.

Personnel risks

The continued progress of the Company depends heavily on the knowledge and network of key personnel as well as on access to new talent. Personnel risk mitigation procedures include pre- and post-hire preparations, regular employee development reviews, jour fixes and a methodical expansion of internal resources on business-critical processes.

IT risks

IT and cyber risks make up an increasing share of a company's risk universe. The Company purchases IT services from third parties that offer comprehensive security strategies which closely match the Company's business objectives.

Financial risks

The Company seeks to actively manage its financial risk exposures through the use of dedicated finance, treasury and owner controlling teams within its organisation. Liquidity and covenant risks are monitored on an ongoing basis, also considering latest macroeconomic events such as the COVID-19 pandemic and its implications for container shipping. Currency and interest rate risks are mitigated via financial instruments where deemed appropriate. The compliance with certain debt covenants, including covenants in relation to the market value of the Group's fleet, may be beyond the control of the Group. Outstanding interest-bearing debt on the balance sheet as at 31 December 2020 was USD 276.9 million, net of debt issuance costs, which will be repaid through the cash flow generated from the vessels or through refinancing. As at 31 December 2020, the Group had no outstanding off-balance sheet capital commitments in relation to the scrubber contracts. This compared to USD 39.3 million in available liquidity as cash and cash equivalents.

Climate risks

The Company divided climate-related risks into two major categories: {1} risks related to the transition to a lower-carbon economy and {2} risks related to the physical impacts of climate change.

Transitioning to a lower-carbon economy implies extensive changes in the political, legal, technological and market environment. It is the goal of the MPCC Risk Management to identify the specific risks for our business model and to address mitigation and adaptation requirements related to climate change. Depending on the speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to our organisation.



Physical risks resulting from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for the company, such as direct damage to assets and indirect impacts from disruptive operations.

ESG report

The Company's ESG report for 2021 can be found on the Company's website: www.mpc-container.com.

Other risks

From time to time, the Company will be required to consider major business initiatives which – if implemented – entail a considerable amount of costs and resources. Moreover, if executed without due care and planning, such strategic initiatives may have a material adverse impact on the Company. The need to consider major initiatives may arise from strategic considerations, from shifts in market dynamics or from regulatory changes outside the Company's control. The Company will seek to mitigate risks arising from such initiatives, as well as all other risks not assorted into the above-mentioned six risk categories, on a case-by-case basis by implementing e.g. project steering committees comprising relevant stakeholders/expertise, be it internal or external.

Members of the Board of Directors, the CEO and the management team are covered by insurance policies (D&O) against potential liability towards the Company and third parties.

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 ASA cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

Oslo, 24 March 2022

The Board of Directors of
MPC Container Ships ASA

Ulf Holländer (Chairman)

Dr. Axel Schroeder

Laura Carballo

Peter Frederiksen

Ellen Hanetho



Corporate social responsibility

CORPORATE SOCIAL RESPONSIBILITY

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Corporate social responsibility

In order to achieve the Company's objectives, it is essential that we are trusted by society. As a corporation, we must be able to efficiently manage the challenges and requirements society imposes on our activities.

The Company is engaged in the global marine transportation of containerised goods. The business activity of the Company is to invest in maritime assets with a particular focus on feeder container vessels, chartering out the vessels per time charter agreements, operate and sell them.

This report constitutes the Company's reporting according to the requirements of the Norwegian Accounting Act §§ 3-3c on social responsibility reporting.

Corporate responsibility and our principles

Corporate responsibility shall be reflected in our core values, in the quality of our work and services and in our entire range of activities. There must be coherence between what we say and what we do. The Company shall:

- + operate our business with integrity and respect laws, different cultures and human dignity;
- + not tolerate active corruption (attempts to bribe others) or passive corruption (allowing oneself to be bribed) including our agents and representatives;
- + operate our business in accordance with fundamental human rights as defined in the International Bill of Rights and the UN Guiding Principles on Business and Human Rights and follow the standards of the International Labour Organization, which are guiding principles encouraged and implemented by the European Union;
- + show consideration for the local communities in which we operate and emphasise spin-off effects of the Company's activities;

- + create an inclusive working environment and ensure that our employees are offered personal development, guidance and encouragement;
- + operate our business in a manner designed to protect the health and safety of our employees, seafarers, customers, public and the environment with due regard to safety requirements;
- + establish long-term working relationships and utilise the shipping sector's expertise for the further development of the industry;
- + be knowledgeable, respectful and understanding in its dealings with public authorities and customers and communicate with them in an open and appropriate manner and treat suppliers impartially and fairly; and
- + carry out all recycling of vessels in accordance with applicable laws and regulations and prioritise the safeguarding of the environment and human health and safety when recycling vessels.

Ethics

The Company adheres to a Code of Conduct which requires our employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Employees must apply fair behaviour, honesty and integrity in every aspect when dealing with other employees, business relations and customers, the public, the business community, shareholders, suppliers, competitors and government authorities.

When acting on behalf of the Company, employees shall not take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or other unfair dealing practices.

The Company's Code of Conduct prohibits unlawful discrimination against our employees, shareholders, directors, customers and suppliers on account of ethnic or national origin, age, sex or religion. Respect for the individual is the cornerstone of the Company's policy. All persons shall be treated with dignity and respect and they shall not be unreasonably interfered with in the conduct of their duties and responsibilities.

No employee should be misguided by loyalty to the Company or a desire for the Company's profitability to disobey any applicable law or Company policy.



Corporate social responsibility

Environmental impact

The international shipping industry is of great economic importance, with a majority of worldwide goods transports being carried out by ocean-going ships. Such economic impact also comes with an environmental footprint – particularly carbon and sulphur dioxides. This poses both risks and opportunities for the shipping industry due to its significance and potential role in optimising global supply chains for its customers. As in other industries, green strategies are about seizing opportunities and creating value for customers, shareholders and other stakeholders.

The industry is governed by a global and uniform regulatory framework created by the IMO. The framework has significantly contributed to lessening the industry's impact on the environment by enforcing the adoption of certain technical and operational measures to reduce the industry's impact on the environment. One of the basic frameworks of the IMO has been the International Convention for the Prevention of Pollution from Ships ("MARPOL"). Since its ratification in 1973, MARPOL has undergone numerous amendments, continuously expanding its framework to require increasing compliance from the shipping industry.

Environmental regulation affects the ownership and operation of our vessels in a significant manner. The Company is subject to international conventions and national, state and local laws and regulations applicable to international waters and/or territorial waters of the countries in which our vessels may operate or are registered.

The environmental impact of our operations relates mainly to (i) emissions from container vessel fuel consumption, (ii) the risk of major environmental accidents, (iii) waste management including ballast water and spills and (iv) the disposal of vessels at the end of their useful life.

Our vessels run on ordinary heavy fuel oil or gasoil. The potential for major environmental accidents relates to the risk of a vessel accidentally running aground or suffering a breach, with a subsequent leak of bunker oil into the environment. Another potential impact is waste produced by the vessels, discharge of untreated ballast water and potential spills of chemicals, bilge water and sludge, etc. into the environment. Discharge of untreated ballast water may potentially introduce non-native organisms into marine environments worldwide.

The Company is continuously working on optimising fleet operations in terms of e.g. speed/fuel consumption.

The Company has retrofitted selected vessels with exhaust gas cleaning systems ("scrubbers") as one alternative measure to comply with the IMO's January 2020 sulphur emission cap regulation. Remaining vessels will operate on compliant low-sulphur fuel oils. Through participation in maritime environmental organisations such as the Clean Shipping Alliance 2020 and the Trident Alliance, MPCC aims to align our company with networks of like-minded industry peers and support efforts for sustainable shipping.

All of our vessels have ballast water treatment systems in place according to the IMO's Ballast Water Management Convention so as to prevent the spread of potentially harmful aquatic organisms and pathogens in the ships' ballast water.

The ship recycling industry supports the economy of many developing countries and functions as an important contributor to global sustainability by recycling metals and other components, hence extending the useful life of these resources. MPCC is committed to sustainable and socially responsible recycling of ships, thereby safeguarding the environment, human health and safety. Any recycling of owned vessels will be conducted in accordance with applicable laws and regulations, specifically in compliance with the requirements of the 2009 Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships and, with regard to human rights, the Basel Convention on the Control of the Transboundary Movements of Hazardous Wastes and their Disposal and, where applicable, the EU Ship Recycling Regulation.

The Company subcontracts performance of technical ship management services to firms that have environmental policies and procedures in place. Our aim is to conduct operations with the utmost regard for the safety of employees, the public and the environment and to meet or exceed the industry's and customers' requirements. Third party managers are certified according to e.g. ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (Environmental Management System) and are required to comply with applicable regulations, codes, guidelines and standards such as the IMO's ISM Code.



Quality, health and safety

The Company's policy is to operate our business in a manner designed to protect the health and safety of our employees, customers, the public and the environment, and in accordance with all applicable environmental and safety laws and regulations so as to ensure the protection of the environment, our personnel and property.

Our employees should conduct themselves in a manner that is consistent with this policy. Any departure or suspected departure from this policy must be reported promptly.

The Company shall be a professional and positive workplace with an inclusive working environment. All employees shall help to create a work environment free from any discrimination due to e.g. religion, skin colour, gender, sexual orientation, age, nationality, race and disability. We do not tolerate behaviour that can be perceived as degrading or threatening.

Seafarer crewing is subcontracted to third party ship managers who comply with e.g. the IMO's ISM Code, the Safety of Life at Sea ("SOLAS") Convention, the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers as well as the ILO Maritime Labour Convention. Masters, officers and ratings must be qualified, certified and experienced in their duties. This qualification level has to be maintained by regular training and education. Accidents, incidents, near-miss incidents and non-conforming processes are investigated and deficiencies are identified, analysed and evaluated.

Anti-corruption

Value creation at the Company must be achieved in compliance with our Code of Conduct and applicable legislation. The Company's overarching goal is to develop a corporate culture characterised by good judgement and the ability to deal with difficult situations. The Company has zero tolerance for corruption, price-fixing agreements, market sharing or other practices that hamper free competition.

Our Code of Conduct describes the Company's standards and guidelines relating to key integrity issues. The management is responsible for communicating the Company's Code of Conduct to every employee and making all employees who may be exposed to risk aware of the requirements in the anti-corruption and competition law manuals.

As part of the Company's due diligence procedures in connection with acquisitions and major investments, we assess the risk of becoming involved in breaches of anti-corruption and competition law. The Company will take necessary risk-mitigating actions to prevent independent business partners, including customers and joint venture partners, from participating in corruption or other illegal or unethical activities in connection with their business dealings with the Company. The Company's anti-corruption policy includes the following principles:

We do not tolerate active corruption (attempts to bribe others by e.g. offering or giving anything of value) or passive corruption (allowing oneself to be bribed by way of demanding, soliciting, receiving, accepting, etc. an offer of an improper advantage).

- + Gifts must be made openly. They must not be made in the form of cash, must have a clear, legitimate basis in local business relationships and must have a minimal cash value.
- + Expenses relating to travel, meals and events paid for customers or other persons must be clearly justified by business considerations, must be reasonable and well documented and must be paid openly.
- + We do not tolerate acts of corruption carried out by our agents or representatives. Agents and other representatives acting on behalf of the Company must comply with the same anti-corruption standards as the Company.
- + The Company must not make financial contributions to political campaigns or the like.

Furthermore, additional policies on Governance and other ESG matters can also be found on the Company's website www.mpc-container.com/sustainability/esg-at-mpcc/esg-policies.



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FY 2021 CORPORATE GOVERNANCE REPORT

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Good corporate governance is a prerequisite for cooperation based on trust between the owners, the Board of Directors ("the Board") and the management of MPC Container Ships ASA ("the Company", together with its subsidiaries "the Group"), with a view to achieving long-term growth.

The Board actively adheres to good corporate governance standards and will ensure that the Company either complies with or explains possible deviations from the Norwegian Code of Practice for Corporate Governance ("the Code"). The Code can be found at www.nues.no.

As at 31 December 2021, there are no significant deviations between the Code and how the Company complies with the Code. Two minor deviations under Section 5 on general meetings and one deviation under Section 6 on the nomination committee have been justified and disclosed.

- + Adopting a long-term perspective in our business strategy and decision making, that is taking economic and ecological aspects equally into account

The Company is listed on the Oslo Stock Exchange under the ticker symbol "MPCC".

As set out in the risk factors section in the Board of Director's report in the Annual Report 2021, the Board has defined clear objectives, strategies and risk profiles for the Company's business activities to ensure shareholder value creation. The Board will evaluate these objectives, strategies and risk profiles on a regular basis, and routinely monitors risk exposure vis-à-vis its business objectives.

Deviations from the Code: none

Business

The business activity of the Company is set out in article 3 of its articles of association: "The Company's business activity is to (i) invest in maritime assets (vessels, shares in ship-owning companies, loans secured by vessels and/or shares in ship-owning companies) with a main focus on small-size container ships between 5,000 and 5,000 TEU, (ii) chartering-out the vessels per time charter agreements, operate and sell them as well as (iii) working-out the acquired maritime loans in order to take over the securing assets."

As a globally active shipping company, MPC Container Ships considers the creation of share- and stakeholder value as the core purpose of our business activities. Yet, we believe that the ability to create long-term sustainable value lies in linking economic and financial advancements with environmental, social and governance propositions and thus following the principles of Corporate Social Responsibility.

Adapting to the future and changing environment of our business and the general market as well as preparing for the challenges that those developments imply, is the key element of our long-term business strategy. Our mission is to future-proof our business and create stakeholder value through:

- + Being a professional and positive workplace with an inclusive working environment. Health and safety of our employees are always the main priority.
- + Supporting collective climate ambitions and leverage industry networks to accelerate change.
- + Valuing professional, transparent, and fair business relationships by acting as a transparent and trustworthy business partner.

Equity and dividends

Share capital

All shares issued in the Company are equal in all respects. The Company has one class of shares, each carrying one vote and an equal right to dividend. All shares are validly issued and fully paid. The shares are issued in accordance with the laws of Norway and registered in the Norwegian Central Securities Depository (VPS) with ISIN N00010791353. As at 31 December 2021, the Company's share capital is NOK 444,051,377 divided into 444,051,377 shares, each with a nominal value of NOK 1.00.

Any increase of the Company's share capital must be mandated by the general meeting. If a mandate is to be granted to the Board to increase the Company's share capital, such mandate will be restricted to a defined purpose. If the general meeting is to consider mandates to the Board for the issuance of shares for different purposes, each mandate will be considered separately by the general meeting.

MPC Münchmeyer Petersen Capital AG ("MPC Capital"), through its subsidiary MPC Capital Beteiligungs-gesellschaft mbH & Co. KG has been granted warrants to subscribe for additional shares in the Company. Please refer to note 24 in the Company's consolidated financial statements 2021 for additional information.

On the Company's annual general meeting held 28 April 2021, the Board was authorised to increase the Company's share capital by up to NOK 98,564,031. Subject to this aggregate amount limitation, the Board's authority may be used on more than one occasion and for such purposes as the Board finds to be in the interest of the Company. On 9 August 2021 the Group completed the acquisition of Songa Container AS. In connection with the acquisition of Songa Container AS, a total of 49,795,250 new shares were issued as part of the consideration paid. As at 31 December 2021, the remaining Board authority comprised a further share capital increase of up to NOK 48,768,781.



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The Board's authority shall remain in force until the annual general meeting in 2022, but not later than 30 June 2022. Pre-emptive rights of existing shareholders may be set aside. The authority covers (i) capital increases against contributions in cash and non-cash, (ii) the right to incur special obligations for the Company, (iii) resolutions on mergers and (iv) takeover situations.

On the Company's annual general meeting held 28 April 2021, the Board was authorised to carry out a reverse share split in a ratio of 10:1 so that ten shares in the Company, each with a nominal value of NOK 1.00, are consolidated to one share with a nominal value of NOK 10.00. In carrying out a reverse share split, the total number of issued shares in the Company would be reduced accordingly. The Board is authorised to determine the date and further process for carrying out the reverse share split. As at 31 December 2021, the Board has made no plans to effectuate the aforementioned reverse share split.

Capital structure

The Board regards its capital structure and equity ratio as appropriate considering the Group's objectives, strategy and risk profile.

Dividend policy

In support of its objective of maximizing returns to shareholders, MPC Container Ships' intention is to pay regular dividends by way of distributing 75% of net profit after considering CAPEX and working capital requirements, including liquidity reserves and one-off effects. Dividends will be declared or proposed by the Board at the sole discretion of the Board and will depend on the financial position, earnings, debt covenants, distribution restrictions, capital requirements and other factors related to MPC Container Ships and its subsidiaries. The Company cannot guarantee that its Board will declare or propose dividends in the future. Furthermore, the Company may make event-driven distributions based on non-recurring proceeds, such as vessel sales, by way of extraordinary dividends or share buybacks, to be applied according to the Board's discretion.

Purchase of own shares

As at 31 December 2021, the Company owned 351,098 treasury shares. On the annual general meeting held 28 April 2021, the Board was granted authorisation to acquire shares in the Company on behalf of the Company with an aggregate nominal value of up to NOK 39,425,612 and with a consideration per share of no less than NOK 1.00 and no more than NOK 200.00. The Board's authority shall remain in force until the annual general meeting in 2022, but not later than 30 June 2022.

Deviations from the Code: none

Equal treatment of shareholders

Equal treatment

Equal treatment of all shareholders is a core governance principle of the Company. The Company has one class of shares, and each share confers one vote at the general meeting. The articles of association contain no restrictions on voting rights and all shares have equal rights.

Transactions in own shares

The Company's transactions in own shares are carried out over the stock exchange or by other means at market price. Should there be an increase in capital which involves a waiver of the existing shareholders' pre-emptive rights, and the Board resolves to carry out such an increase on the basis of a mandate granted by the general meeting, the Board will explain the justification for waiving the pre-emptive rights in the stock exchange announcement.

Deviations from the Code: none

Shares And Negotiability

The Company's shares are listed on the Oslo Stock Exchange and are freely negotiable. The Company has one class of shares, each carrying one vote at the general meeting. The shares have no trading restrictions in the form of Board consent or ownership limitation, and the Company does not limit any party's ability to own, trade or vote for shares in the Company.

Deviations from the Code: none

General meetings

The general meeting of shareholders is the Company's supreme corporate body. It serves as a democratic and effective forum for interaction between the Company's shareholders, Board and management.



According to the Company's articles of association, the annual general meeting shall be held once a year before the end of June. Furthermore, extraordinary general meetings may be convened either by the Board, the auditor or shareholders representing at least 5% of the Company's share capital.

Notice of meeting

Notice of the general meeting is sent at the latest two weeks before the meeting. All shareholders registered in the Norwegian Central Securities Depository (VPS) will receive a notice of meeting and are entitled to submit proposals and vote directly or via proxy. Agenda papers will also be published on the Company's website.

Pursuant to the Company's articles of association, when documents concerning matters to be discussed at general meetings have been made available to the shareholders on the Company's website, the Board may decide that the documents shall not be sent to the shareholders. If so, a shareholder may request that documents concerning matters to be discussed at the general meeting be sent to him or her. The Company will not charge any form of compensation for sending the documents to the shareholders.

The agenda papers must contain all necessary information so that the shareholders can decide on the issues to be addressed. The registration deadline for the general meeting will be as close to the general meeting as practically possible but no sooner than five days prior to the meeting, cf. the Company's articles of association.

Registration and proxy

Registration should be made in writing, either via mail or e-mail. The Board will ensure so that as many shareholders as possible are able to participate. Shareholders who are unable to attend in person, are encouraged to appoint a proxy. A special proxy form is available which facilitates separate voting instructions for each issue to be considered by the general meeting and for each of the candidates nominated for election. The Company will nominate one or more persons to vote as proxy for shareholders. Representatives from the Board, management and/or the auditor will participate in the general meeting.

If shares are registered by a nominee in the Norwegian Central Securities Depository (VPS) and the beneficial shareholder wants to vote for their shares, the beneficial shareholder must re-register the shares in a separate VPS account in their own name prior to the general meeting. If the holder can prove that such steps have been taken and that the holder has a de facto shareholder interest in the Company, the shareholder will be allowed to vote for the shares. Decisions regarding voting rights for shareholders and proxy holders are made by the person opening the meeting, whose decisions may be reversed by the general meeting by simple majority vote.

Minutes

The minutes of the general meetings are made available on the Company's website immediately after the meeting.

Deviations from the Code: The Board might not make arrangements for an independent chairperson for general meetings as the Company believes that the Chairman of the Board can act independently and in the interests of shareholders. Similarly, the Board may not deem it appropriate for all Board members and the auditor to participate in all general meetings.

Nomination committee

Considering the scope of the Company's operations, the Board considers it reasonable and appropriate that the Company should have two Board sub-committees: the Risk & Audit Committee and the Remuneration Committee. The Risk & Audit Committee is made up of Ulf Holländer (Chairman), Laura Carballo and Ellen Hanetho. The Remuneration Committee is made up of Ulf Holländer (Chairman), Ellen Hanetho and Paul Gough, with Ellen Hanetho replacing Darren Maupin.

Deviations from the Code: Contrary to the recommendations of the Code, the Company presently does not have a dedicated Nomination Committee due to the above considerations. Regardless, the Company shall account for the interests of the shareholders when considering the composition of the Board. This is done by (i) seeking a diverse and highly qualified pool of Board candidates with relevant competence and industry expertise and (ii) ensuring that shareholder input on Board member nomination, election and evaluation are properly addressed. The Board must take appropriate measures to avoid self-perpetuation.

Board of directors: composition and independence

Pursuant to the Company's articles of association, the Board shall consist of between three to seven members who are elected by the general meeting for up to four years at a time. MPC Capital has the right to elect 40% of the members of the Board (rounded down). If the aggregate share ownership of MPC Capital and affiliates falls below 20% of the total number of shares in the Company, MPC Capital shall only have the right to elect one board member. If neither MPC Capital nor any affiliates own any shares in the Company, MPC Capital shall not have the right to elect a board member.



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Board appointments are communicated through the notice of general meetings and the members are elected by majority vote.

The Board considers its composition to be diverse and competent with respect to the expertise, capacity and diversity appropriate to attend to the Company's objectives, main risks and challenges, and the common interest of all shareholders. The Board composition adheres to the requirement regarding gender equality and representation of both sexes on the board of directors of Norwegian public entities, as set forth in the Norwegian Public Limited Liability Companies Act Section 6-11a. Further, the Board deems its composition to be made up of individuals who are willing and able to work as a team, resulting in the Board working effectively as a collegiate body. The Board does not include executive personnel of the Company.

As at 31 December 2021 the Board comprises the following members:

Ulf Holländer (Chairman)

Term of office: Re-elected on 28 April 2021 for a period of two years.

Experience: Commerce degree from the University of Hamburg. Audit assistant and auditor at Dr. W Schlage & Co Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in Hamburg (1984-1987). Various positions at shipping group Hamburg Süd and affiliated companies in Australia and the U.S. (1987-2000) such as financial controller at Columbus Overseas Services Pty. (1990-1992), commercial director at Columbus Line USA Inc. (1992-1996) and head of Hamburg Süd's finance and accounting department (1997-2000). CFO of MPC Capital (2000-2015). CEO of MPC Capital from 2015.

Other matters: in 2021, Ulf Holländer participated in 19 board meetings.

Dr. Axel Schroeder

Term of office: Re-elected on 28 April 2021 for a period of two years.

Experience: Economics and Social Science studies at the University of Hamburg (1985-1990) followed by a doctorate (1993). Various positions within the MPC Group since 1990, including engagements at MPC Capital from its beginnings in 1994. CEO of MPC Capital (1999-2015), during which period the company was listed at the Frankfurt Stock Exchange (2000). Chairman of the Supervisory Board of MPC Capital since 2015. Managing partner of MPC Münchmeyer Petersen & Co. GmbH, MPC Participia GmbH and CSI Beteiligungsgesellschaft mbH.

Other matters: in 2021, Dr. Axel Schroeder participated in 19 board meetings.

Laura Carballo

Term of office: Re-elected on 28 April 2021 for a period of two years.

Experience: B.S. in Economics from Duke University. MBA from INSEAD. Merrill Lynch (1998-2000), Compass Partners International (2000-2002), STAR Capital Partners Ltd. and successor STAR Capital Partnership LLP from 2004.

Other matters: in 2021, Laura Carballo participated in 19 board meetings.

Ellen Hanetho

Term of office: Re-elected on 28 April 2021 for a period of two years.

Experience: MBA from Solvay Business School. BSBA in Business and Administration from Boston University. Analyst and senior associate at the investment bank division of Goldman Sachs International Ltd. (1997-2002). Investment manager and later partner at Credo Partners AS (2003-2012). CEO of Frigaard Invest AS (2013-2019). Founder and Chairwoman of the board at Cercis as well as board member of Kongsberg Automotive ASA, Fearnley Securities AS, Stokke Industri AS and Stor-Oslo Eiendom AS, among others.

Other matters: in 2021, Ellen Hanetho participated in 18 board meetings.

Darren Maupin

Term of office: Re-elected on 28 April 2021 for a period of two years.

Experience: BA in Economics and Finance from Boston College. Further studies at the London School of Economics and Beijing Language and Culture University. Analyst and fund manager at Fidelity Investments in Boston, London, and Hong Kong (1998-2007). Founder and a director of the Pilgrim Global ICAV, its predecessors, and associated value-oriented investment funds since 2009. Founder and executive director of Anglo International Shipping Co. Ltd. and non-executive director of both private and publicly listed companies in a variety of industries.

Other matters:

- in 2021, Darren Maupin participated in 19 board meetings.

- as a subsequent event, Darren Maupin resigned from his position as member of the board effective by 23 January 2022



Peter Frederiksen (elected 28 February 2022 as new board member)

Term of office: Elected 25 February 2022 as a new board member until the ordinary general meeting in 2022.

Experience: Peter Frederiksen, who has served as a member of the Sounding Board of the Company since 2019, has extensive background in the shipping sector and currently serves on the board for several shipping and maritime companies. Frederiksen was born in 1963 and after completion of the A.P. Møller Maersk Shipping Education attended several Executive Development Programmes at INSEAD and Cornell Johnson Graduate School of Management. He resides in Copenhagen, Denmark, and holds no shares in the Company. He has previously held management and board positions at Hamburg Süd for 9 years and at Maersk Line for 25 years.

Other Matters: In 2021, Peter Frederiksen did not participate in any board meetings.

Ellen Hanetho and Peter Frederiksen are considered independent of the Company's day-to-day management, majority shareholders and major business connections.

Deviations from the Code: none

The work of the board of directors

The duties of the Board

The Board has overall responsibility for the management of the Company and for supervising the day-to-day management and the Company's operations. This involves defining the Company's objectives, strategies and risk profiles to ensure value creation for its shareholders. The Board is also responsible for following-up on the implementation of objectives and strategies, as well as for control functions to ensure that the Company has proper operations as well as asset and risk management.

Instructions for the Board

Pursuant to the provisions of the Norwegian Public Limited Liability Companies Act, the Board has established rules of procedure that provide detailed regulations and guidelines for the Board's work and administrative procedures and define the functions and duties of the CEO towards the Board.

Agreements with related parties

The Board and the management are committed to promoting equal treatment of all shareholders.

In relation to its ordinary business, the Group may enter into transactions with certain entities in which the Group has ownership interests or with entities otherwise deemed related parties of the Group, its shareholders, Board or executive personnel. Such transactions are carried out on an arm's length basis and disclosed in Note 23 of the Company's Annual Report 2021.

Guidelines regulating loyalty, ethics, impartiality and conflict of interests are stipulated in the Company's Code of Conduct, applicable to all entities controlled by the Company and all employees, directors, officers and agents.

The Code of Conduct is made available on the Company's website.

Deviations from the Code: none



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Conflicts of interest and disqualification

Members of the Board and executive management cannot consider matters in which they may hold a special interest. In order to ensure that items brought to the Board's attention can be considered in an unbiased and satisfactory way, Board members and executive management have a duty to inform the Board of any potential special interest in Board matters, and the Board must account for the individual's interest in its consideration of the item.

Instructions for the CEO

A clear division of responsibilities and tasks has been established between the Board and executive management. The CEO, appointed by the Board, has a particular responsibility to ensure that the Board receives accurate, relevant and timely information that is sufficient to allow the Board to carry out its duties.

Financial reporting

The Board receives periodic reports with comments on the Company's financial status. In terms of the annual accounts which the Board is asked to adopt, the Board may ask the executive management to confirm that accounts have been prepared in accordance with EU IFRS (Group level) and Norwegian GAAP (parent level), that all the information included is in accordance with the actual situation of the Company and that nothing of material importance has been omitted.

Chairman of the Board

The principal duty of the Chairman is to ensure that the Board operates well and carries out its duties. In addition, the Chairman has certain specific duties in respect of the general meetings. Matters to be considered by the Board are prepared by the CEO in collaboration with the Chairman, who chairs the board meetings.

In order to ensure an independent approach by the Board, another member should take the chair when the Board considers matters of a material nature in which the Chairman has, or has had, an active involvement.

Meeting structure

The Board intends to meet at least five times each year and routinely receives reports on the Company's operational and financial performance, market updates, etc. Furthermore, the Board is consulted on or informed about matters of special importance.

Risk & Audit Committee

The Risk & Audit Committee shall act as a preparatory and advisory body for the Board and support the Board in the exercise of its responsibility for financial reporting, internal control and risk management. Furthermore, the Risk & Audit Committee shall review and discuss with the Company's management and statutory auditor the Company's annual and quarterly financial statements, and assess and monitor the independence of the statutory auditor.

The Risk & Audit Committee shall meet at least four times a year and at such other times as the Chairman of the committee deems appropriate.

A Risk & Audit Committee consisting of three members, one of them independent of the Company's business activities and main shareholders, was established in January 2018.

Remuneration Committee

The Remuneration Committee shall act as a preparatory and advisory body for the Board and shall assist the Board in its work in relation to the Company's remuneration policies and terms of employment for the CEO.

A Remuneration Committee consisting of three members, one of them independent of the Company's business activities and main shareholders, was established in March 2018.

The Board's self-evaluation

The Board conducts an annual evaluation of its performance, way of working and expertise.

Deviations from the Code: none



Risk management and internal control

in accordance with the principles underlying value-based management, the Board places great importance on systematic risk management. This is done not only to satisfy the requirements set out by law, but also to ensure the Company's governance in a highly dynamic market environment by identifying existing and potential risk exposures.

Through (i) quarterly reviews of the Company's most prominent areas of risk exposure and its internal control arrangements, (ii) management guidelines and (iii) the appointment of a dedicated risk management unit to perform risk monitoring and provide regular risk management updates to the Risk & Audit Committee, the Board aims to ensure that the Company has sound internal controls and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities.

In view of the extent and nature of the Company's activities, the Board considers the Company's internal control and risk management to be sound and appropriate. It is composed of the majority shareholder's governing elements, such as the code of conduct, business standards, whistleblowing system and other relevant policies and procedures.

The Board reviews the Company's risk matrix regularly, as well as the internal control arrangements at least annually.

MPC Container Ships ASA reports to the financial market on a quarterly basis. The Board performs an internal financial audit review prior to the release of quarterly results, and when otherwise required.

Deviations from the Code: none

Remuneration of the board of directors

For financial year 2021, each Board member will receive NOK 200,000 in remuneration, covering work related to both Board representation and committee participation, as approved by the annual general meeting on 28 April 2021.

The remuneration of the Board is not linked to Company performance. Board members have no options to buy shares in the Company, nor do they receive compensation other than the Board remuneration. Board remuneration is considered to be on market terms.

Deviations from the Code: none

Remuneration of executive personnel

Pursuant to the Norwegian Public Limited Liability Companies Act, the Board prepares guidelines for the remuneration of the Company's CEO and other executive personnel. The guidelines set out the main principles applied in determining the salary and other remuneration of the executive personnel considered to reflect market conditions and help to ensure convergence of the financial interests of the executive personnel and shareholders.

The Board's statement on executive personnel remuneration is communicated to the annual general meeting in a separate appendix, highlighting which guidelines are advisory and which, if any, are binding.

Any performance-related remuneration such as incentive programmes, share option schemes or similar shall be linked to value creation for shareholders and results delivered in the Group over time. Such arrangements aim to drive performance and be based on financial, operational and other quantifiable measures over which the employee in question can impact. Performance-related remuneration is subject to limits.

For information about remuneration of the Company's CEO and other executive personnel, see the Remuneration report and note 23 in the Company's FY 2021 Annual Report.

Deviations from the Code: None



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Information and communications

The Company seeks to treat all participants in the securities market equally through publishing interim reports, annual reports, press releases and all relevant information for the market in a timely, efficient and non-discriminating manner. All reports will be available on the Company's website www.mpc-container.com and through regulatory and non-regulatory disseminations at the Oslo Stock Exchange.

The Board has adapted an Investor Relations Policy to ensure that the Company's investor relations are carried out in compliance with applicable rules, regulations and recommended practises. The policy shall also ensure awareness of investor relations amongst the management and the Board.

The Company's current financial calendar with dates of important events including the annual general meeting, publishing of quarterly reports and its presentations, etc. is publicly accessible on the Company's website www.mpc-container.com and through regulatory and non-regulatory disseminations at the Oslo Stock Exchange.

Deviations from the Code: none

Takeovers

The Company has implemented guidelines on how to act in the event of a takeover bid.

In the event of a takeover bid being made for the Company, the Board will follow the overriding principle of equal treatment for all shareholders and will seek to ensure that the Company's business activities are not disrupted unnecessarily. The Board will strive to ensure that shareholders are given sufficient information and time to evaluate an offer the Board considers attractive for the shareholders.

The Board will not seek to prevent any takeover bid unless it believes that the interests of the Company and the shareholders justify such actions.

If a takeover bid is made, the Board will issue a statement with a recommendation on whether such bid should be accepted or not by the shareholders. Such statement shall, inter alia, include information on whether the assessment of the bid is unanimous and, if not, on which basis individual Board members have made reservations regarding the Board's statement.

In the event of a takeover bid, the Board will consider obtaining a valuation from independent experts. If a major shareholder, any member of the Board or executive management, related parties or close associates of such individuals or anyone who has recently

held such a position is either the bidder or has a particular personal interest in a takeover bid, the Board will arrange for an independent valuation.

Deviations from the Code: none

Auditor

Under Norwegian law the auditor of the Company is elected by the general meeting. Ernst & Young AS (org. no. 976 389 387) was elected as the Company's auditor on 18 May 2017.

The auditor participates in meetings of the Risk & Audit Committee that cover interim, quarterly and annual financial reporting, board meetings that deal with the annual accounts as well as the annual general meeting. At these meetings, the auditor reviews any deviations in the accounting principles applied and comments on key aspects of the audit, material accounting estimates and issues of special interest to the auditor, including possible disagreements between the auditor and the management.

At least once a year the auditor and the Board meet without the members of the executive management present.

The auditor presents and discusses annually with the Risk & Audit Committee the main features of their plan for the audit of the Company as well as a review of the Company's internal control procedures.

The auditor shall annually submit a written confirmation that the auditor continues to satisfy the requirements for independence and a summary of all services in addition to audit work that has been undertaken for the Company.

Deviations from the Code: none



REMUNERATION REPORT

Report on salaries and other remuneration to leading personnel in MPC Container Ships ASA for 2021

This report on salaries and other remuneration to leading personnel ("the Report") of MPC Container Ships ASA ("the Company") is based on the guidelines for the determination of salaries and other remuneration of leading personnel in the Company which were approved by the Company's general meeting on 28 April 2021 ("Guidelines"). The statement regarding remuneration for executive management was passed by 98.5% of the shares represented at the shareholders' meeting.

The report is based on the requirements set out in the Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (the "Companies Act") section 6-16 a and 6-16 b, as well as Regulation on guidelines and report on remuneration for leading personnel of 11 December 2021 No. 2730 (the "Regulation"). The report is formulated in line with the European Commission's template for remuneration reports.¹⁵

Information required by the Norwegian Act relating to Annual Accounts of 17 July 1998 no. 56 ("Accounting Act") section 7-31 b is included in the Company's annual report for 2021 in note 23.

Remuneration to board members is not covered by this Report. Any remuneration to board members is determined by the general meeting in accordance with the Companies Act section § 6-10 and is available in note 23 in the annual report for 2021.

Key figures for the financial year 2021

The Group in 2021

2021 was a remarkable year for the Group and the container shipping industry with historically good market conditions, where we continued to execute our chartering strategy by concluding 54 multi-year charter contracts at strong charter rates. Furthermore, the Group executed twelve highly accretive vessel acquisitions and successfully completed twelve highly profitable exits, in order to facilitate a refinancing in preparation of our distribution plan.

Recent forward fixtures concluded during the initial weeks of 2022 illustrate the continuous strength in the container charter market. Looking ahead, the Group has a significant number of highly

profitable charters with contracted revenues of USD 1.4 billion and a projected EBITDA backlog of around USD 1.1 billion. This earnings visibility will not only protect a strong distribution capacity for the years ahead, but will also enable us to continue to significantly de-leverage the Group. As such, the Company will not only be perfectly positioned for substantial distributions to shareholders, but will at the same time maintain a very high balance sheet flexibility, allowing the Company to selectively execute growth opportunities as they arise.

The various steps taken underlines the Company's commitment to rational decision making and capital allocation. Going forward we will continue to place a strong emphasis on creating shareholder value by focusing on transactions that are accretive on a per share basis. With such a compelling risk-reward profile, we look forward to the Company's value strategy continuing for years to come."

Please also see the CEO statement in the Q4 report on page 5.

The guidelines for remuneration that the Company has adopted in 2021

The overall objective of the management remuneration policy of the Company is to attract, retain and motivate employees with the skills, qualifications and experience needed to maximize value creation for the Company and its shareholders. The Company shall offer competitive terms to executive management. Subject to this, the remuneration of the Company's executive management shall as far as possible be in line with the market level for remuneration of executive management in comparable companies.

The remuneration of executive management shall not be of a size or nature which is liable to harm the Company's reputation.

The remuneration of the Company's executive management may in addition to a fixed salary include customary benefits in kind such as car allowance or Company car, coverage of telephony and broadband costs, newspaper subscriptions etc. The remuneration may also include pension and insurance schemes as well as severance pay entitlements. The Board may establish bonus schemes for executive management. The purpose of any such variable bonus scheme shall be to give management an incentive to contribute to value creation in the Company and its subsidiaries.

There is currently no remuneration related to the share or developments in the share price.

The remuneration policy for executive management during 2021 has been in accordance with the principles described above. Information on remuneration to executive management during 2021 is included in note 19 to the annual accounts.

¹⁵ https://ec.europa.eu/info/sites/info/files/rrg_draft_21012019.pdf



FY 2021 corporate governance report

The Group's performance

For the full year 2021, the Group reported operating revenues of USD 384.7 million (2020: 171.9 million) and gross profit of USD 254.8 million (2020: USD 25.7 million). The increase in the gross profit compared to the previous year is mainly due to the improvements in the charter market following the recovery of the COVID-19 pandemic. The Group reported a net profit of USD 189.9 million (2020: Net loss of USD 64.5 million).

The Group's total assets amounted to USD 1,034.6 million as at 31 December 2021 (USD 678.1 million as at 31 December 2020). Non-current assets of USD 803.0 million (USD 617.2 million as at 31 December 2020) reflected the carrying amounts of the vessels operated by the Group including the equity investments into a joint venture covering eight additional vessels. The growth in vessels in 2021 is mainly reflected by the acquisition of Songa Container AS which increased the total fleet by 11 vessels with a fair value of USD 296.5 million in addition to regular CAPEX and other vessel upgrades, partly offset by disposed vessels, depreciations and the reclassification of one vessels as held for sale per year-end. The increase in the joint venture investment during 2021 is reflected by USD 24.8 million in the share of profit from the joint venture partly offset by received distributions of USD 24.5 million.

Total equity was USD 727.6 million as at 31 December 2021 (USD 383.0 million as at 31 December 2020) with a non-controlling interest of USD 0.9 million. The change in equity in 2021 mainly reflects the capital increase of USD 149.5 million related to the acquisition of Songa Container (see note 11) and the net profit for the period of USD 189.7 million.

At 31 December 2021, the Group had total interest-bearing debt in the amount of USD 231.8 million (USD 276.9 million as at 31 December 2020).

Remuneration to leading personnel

Leading personnel currently hold contract within the MPC Container Ships ASA as well as in the German entity, MPC Container Ships GmbH & Co. KG. The tables below show total remuneration in USD to the Company's leading persons which have been earned or paid by the Company for the last 5 years since inception of the Company¹⁶.

¹⁶ The salaries are paid in EUR from MPC Container Ships ASA and MPC Container Ships GmbH & Co. KG

Name of Director (start/end)	Financial year	Remuneration from MPC Container Ships ASA					Total remuneration	Proportion of fixed and variable remuneration	
		Fixed remuneration		Variable remuneration		Extra-ordinary items			Pension expense
		Base salary	Other benefits	One-year variable	Multi-year variable				
Constantin Baack (CEO)	2021	170,585		768,562	4,711,598 ¹⁷		5,650,745	Fixed/variable: 3%/97%	
	2020	179,773		158,244			338,018	Fixed/variable: 43%/57%	
	2019	173,307		148,501			321,808	Fixed/variable: 56%/44%	
	2018	297,554		148,777			446,332	Fixed/variable: 0%/100%	
Dr. Benjamin Pfeifer (CFO from 1 January 2021)	2021	106,100		90,598			196,698	Fixed/variable: 54%/46%	
Harald Wilke (CFO until 30 June 2020)	2020	118,959		119,648			238,607	Fixed/variable: 49%/51%	
	2019	107,742		17,820			125,563	Fixed/variable: 86%/14%	
	2018	36,398		3,915			40,313	Fixed/variable: 90%/10%	

¹⁷ Multi-year variable for the CEO based on a multi-year LTIP (Long-Term Incentive Plan) contract, agreed with the Compensation Committee and signed in 2018 between the Company and the CEO. The basic driver (KPI) for the variable compensation is (among others) the equity per share development within a respective timeframe. The original intention of the LTIP was for the CEO to receive performance rights shares or equivalent in the Company. Beginning of FY 2022, the Compensation Committee and CEO negotiated a cash settlement of the contract, as the LTIP plan terms have never been fully finalized. The cash payment was contractually fixed in February 2022.



FY 2021 corporate governance report

Remuneration from MPC Container Ships GmbH & Co. KG									
Name of Director (start/end)	Financial year	Fixed remuneration		Variable remuneration		Extra-ordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
		Base salary	Other benefits	One-year variable	Multi-year variable				
Constantin Baack (CEO)	2021	144,754	17,126					161,879	Fixed/variable: 100%/0%
	2020	150,186	17,126					167,312	Fixed/variable: 100%/0%
	2019	152,931	17,126					170,056	Fixed/variable: 100%/0%
Dr. Benjamin Pfeifer (CFO from 1 January 2021)	2021	171,255	12,666	22,834				206,755	Fixed/variable: 83%/17%
Harald Wilke (CFO until 30 June 2020)	2020	128,441	10,275					138,717	Fixed/variable: 100%/0%
	2019	171,255	10,275					181,530	Fixed/variable: 100%/0%
	2018	63,290						63,290	Fixed/variable: 100%/0%

Remuneration paid in relation to the Guidelines. See our guidelines in the section above.

Total remuneration paid compared to the Guidelines

A prerequisite for a successful implementation of the Company's business strategy and securing the Company's long-term interests, including sustainability, is that the Company is able to recruit and retain qualified personnel. To achieve this, it is necessary for the Company to offer competitive remuneration.

The Company's remuneration guidelines enable the Company to offer leading personnel a competitive total remuneration. Total remuneration to leading personnel during 2021 has complied with the Company's guidelines for remuneration.



Responsibility statement

RESPONSIBILITY STATEMENT



Responsibility statement

We confirm that, to the best of our knowledge, the consolidated financial statements presented in this report have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole.

We also confirm that, to the best of our knowledge, the Board of Directors' report includes a fair review of the development and performance of the business and the position of the Group and a description of risks and uncertainties.

Ulf Holländer (Chairman)

Dr. Axel Schroeder

Laura Carballo

Peter Frederiksen

Ellen Hanetho

Constantin Baack (CEO)



Consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated financial statements

Consolidated Income Statement ¹⁸

in USD thousands	Notes	2021	2020
Operating revenues	5, 6	384,710	171,898
Commissions		-11,741	-6,166
Vessel voyage expenditures	7	-11,982	-22,978
Vessel operation expenditures	8	-121,772	-108,915
Ship management fees		-9,262	-9,065
Share of profit or loss from joint venture	9	24,794	935
Gross profit		254,747	25,710
Administrative expenses	10	-19,513	-7,874
Other expenses		-3,773	-3,485
Other income	11	58,974	1,813
EBITDA		290,438	18,184
Depreciation	11	-62,049	-49,653
Impairment	11	0	-8,997
Bargain gain business combination	12	2,312	0
Operating result (EBIT)		230,899	-42,488
Finance income	13	156	733
Finance costs	13, 14	-40,325	-22,665
Profit/Loss before income tax (EBT)		190,530	-64,418
Income tax expenses	15	-676	-73
Profit/Loss for the period		189,854	-64,491
Attributable to:			
Equity holders of the Company		189,725	-64,456
Non-controlling interest		129	-35
Basic earnings per share - In USD	16	0.48	-0.27
Diluted earnings per share - In USD	16	0.48	-0.27

¹⁸ See separate section on Alternative Performance Measures ("APM") for a description of the APM's applied in this Annual Report



Consolidated financial statements

Consolidated statement of comprehensive income

in USD thousands	Notes	2021	2020
Profit/loss for the period		189,854	-64,491
Items that may be subsequently transferred to profit or loss		8,789	-5,058
Foreign currency effects, net of taxes		-297	257
Change in hedging reserves, net of taxes	17	9,066	-5,316
Items that will not be subsequently transferred to profit or loss		0	0
Total comprehensive profit/loss		198,822	-69,549
Attributable to:			
Equity holders of the Company		198,494	-69,523
Non-controlling interest		129	-26



Consolidated financial statements


Consolidated statement of financial position

in USD thousands	Notes	2021	2020
ASSETS		1,034,613	678,138
Non-current Assets		803,018	617,179
Vessels	11	774,362	587,816
Prepayments on vessels	11	0	1,000
Investment in joint venture	9	28,656	28,362
Current assets		231,595	60,959
Vessel held for sale	11	16,304	3,900
Inventories		4,820	3,373
Trade and other receivables	18	30,141	14,432
Cash and cash equivalents	19	180,329	39,254
Unrestricted cash		156,767	27,717
Restricted cash		23,562	11,537
EQUITY AND LIABILITIES		1,034,613	678,138
Equity		727,589	383,032
Share capital	16, 20	48,630	43,047
Share premium	16, 20	597,080	456,764
Treasury shares		-1,143	-1,143
Retained earnings		82,212	-108,413
Other reserves		-109	-8,877
Non-controlling interest		919	1,655
Non-current liabilities		151,811	274,484
Interest bearing loans and borrowings	14, 21	148,083	274,484
Acquired TC contracts	12	3,728	0
Current liabilities		155,213	20,822
Interest bearing loans and borrowings	14, 21	83,743	2,432
Acquired TC contracts	12	18,083	0
Trade and other payables		17,628	13,275
Payables to affiliated companies	17	0	20
Deferred revenues		15,146	1,175
Other liabilities	22	20,613	3,720

Oslo, 24 March 2022

The Board of Directors and CEO of
MPC Container Ships ASA



Ulf Holländer (Chairman)


Dr. Axel Schroeder


Laura Carballo


Peter Frederiksen


Ellen Hanetho


Constantin Baack (CEO)



Consolidated financial statements

Consolidated statement of changes in equity

In USD thousands	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total equity attributable to the equity holders of the Company	Non-controlling interest	Total equity
Equity as at 1 Jan. 2021	43,047	456,764	-1,143	-108,413	-8,877	381,378	1,655	383,032
Result of the period	0	0	0	189,725	0	189,725	129	189,854
Other comprehensive income	0	0	0	0	8,769	8,769	0	8,769
Total comprehensive income	0	0	0	189,725	8,769	198,494	129	198,622
Change in non-controlling interest	0	0	0	900	0	900	-865	35
Capital increase	5,583	143,870	0	0	0	149,453	0	149,453
Settlement of warrants	0	-3,554	0	0	0	-3,554	0	-3,554
Equity as at 31 December 2021	48,630	597,080	-1,143	82,212	-109	728,670	919	727,589
Equity as at 1 Jan. 2020	101,121	356,566	-1,143	-43,948	-3,819	408,776	1,681	410,457
Result of the period	0	0	0	-64,465	0	-64,465	-26	-64,491
Other comprehensive income	0	0	0	0	-5,058	-5,058	0	-5,058
Total comprehensive income	0	0	0	-64,465	-5,058	-69,523	-26	-69,549
Change in nominal value	-97,236	97,236	0	0	0	0	0	0
Capital increase	39,162	2,962	0	0	0	42,124	0	42,124
Equity as at 31 December 2020	43,047	458,784	-1,143	-108,413	-8,877	381,378	1,655	383,032



Consolidated financial statements

Consolidated statement of cash flow

in USD thousands	Notes	2021	2020
Profit/Loss before income tax		190,530	-64,418
Fair value change in derivatives		0	-73
Net change inventory and trade and other receivables		-3,588	8,961
Net change other current and trade and other payables		26,569	-7,615
Depreciation	11	62,049	49,654
Finance costs (net)		40,169	21,933
Share of profit or loss from joint venture		-24,794	-936
Impairment	11	0	8,997
Bargain gain business combination	11, 12	-2,312	0
Gain on sale of vessels	11	-54,774	0
Amortization of TC contracts	12	-21,662	0
Cash flow from operating activities		212,187	16,502
Proceeds from disposal of vessels	11	141,444	14,525
Scrubbers, dry dockings and other vessel upgrades	11	-41,084	-44,029
Purchase of new vessel	11	-9,000	0
Interest received		65	82
Dividend received from joint venture investment	9	24,500	0
Cash from entities acquired	12	11,918	0
Cash consideration acquisition	12	-84,611	0
Cash flow from investing activities		43,233	-29,422
Proceeds from share issuance	16, 12	0	43,354
Share issuance costs	16	-190	-1,220
Proceeds from debt financing	14	368,547	0
Repayment of debt	14	-421,823	-8,326
Repayment of acquired debt	14	-34,071	0
Interest paid	14	-14,082	-12,732
Debt issuance costs	14	-7,939	-2,638
Other finance paid		-1,437	-1,226
Repayment of hedging instrument	17	-3,351	-5,243
Cash flow from financing activities		-114,348	11,989
Net change in cash and cash equivalents		141,074	-951
Cash and cash equivalents at the beginning of the period		39,254	40,205
Cash and cash equivalents at the end of the period		180,329	39,254



Notes

Notes

Note 1 – General information

MPC Container Ships ASA ("the Company") is a public limited liability company (Norwegian: allmennaksjeselskap) incorporated and domiciled in Norway, with registered address at Munkedamsveien 45A, 0250 Oslo, Norway, and Norwegian enterprise number 918 494 316. The Company was incorporated on 9 January 2017 and commenced operations in April 2017, when the first vessels were acquired. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as "the Group"). The principal activity of the Group is to invest in and to operate maritime assets in the container shipping segment.

The shares of the Company are listed at the Oslo Stock Exchange under the ticker symbol MPCC. MPC Container Ships ASA is the parent company in the Group.

The financial statements were approved by the Company's Board of Directors on 24 March 2022.

Note 2 – Basis of preparation

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Going concern assumption

The financial statements are prepared based on the going concern assumption.

Financial statement classification

The Group presents assets and liabilities in the statement of financial position based on the current/non-current classification.

Current assets are assets that are:

- + expected to be realised in the entity's normal operating cycle;
- + held primarily for the purpose of trading;
- + expected to be realised within twelve months after the reporting period; or
- + cash and cash equivalents (unless restricted).

The current share of long-term assets or liabilities will be classified as current. All other assets are non-current.

Current liabilities are those that are:

- + expected to be settled within the entity's normal operating cycle;
- + held for purpose of trading; or
- + due to be settled within twelve months; or
- + for which the entity does not have an unconditional right to defer settlement beyond twelve months.

All other liabilities are non-current. If a liability has become payable given a breach of an undertaking under a long-term loan agreement, the liability is classified as current.

The income statement of the Group is presented using the cost of sales method.

The cash flow statement of the Group is prepared using the indirect method.



Basis of measurement

The consolidated financial statements were prepared on the basis of historical cost, except for assets and liabilities measured at fair value from derivative instruments.

The Group's financial year corresponds to the calendar year.

Basis of consolidation

The consolidated financial statements comprise the financial statements of MPC Container Ship ASA and its subsidiaries as at 31 December 2021. The assets and liabilities, expenditure and income may only be included in the consolidated financial statements for subsidiaries over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In general, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- + the contractual arrangement with the other vote holders of the investee;
- + rights arising from other contractual arrangements; and
- + the Group's voting rights and potential voting rights.

The consolidation of subsidiaries is carried out from the date on which the Group obtains the control over such companies and subsidiaries continue to be consolidated until the date that such control ceases. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity while any resulting gain is recognised in profit or loss. Any investment retained is recognised at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany balances, income and expenses, unrealised gains and losses as well as cash flows resulting from intercompany transactions are eliminated in full.

Non-controlling interests represent the portion of comprehensive income and net assets that is not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity.

The Group has included the subsidiaries listed in Note 26 in the consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in US Dollar ("USD"), which is the functional currency of the parent company of the Group. All financial information presented in USD has been rounded to the nearest thousand USD, except otherwise indicated.

New and amended standards and interpretations

The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

No new standards or interpretations implemented in 2021 had a material impact on the consolidated financial statements.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 3 – The IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are effective for annual periods beginning on or after 1 January 2022. They add an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists as at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.



Notes

Amendments to IAS 37 – In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Definition of Accounting Estimates – Amendments to IAS 8. In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

IFRS 9 Financial Instruments – Fees in the “10%” test for derecognition of financial liabilities. As part of its 2018–2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Note 3 – Significant accounting policies

Foreign currency translation

In accordance with IAS 21, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction.

For those subsidiaries with functional currencies other than USD, financial position items are translated at the rate of exchange at the balance sheet date, and income statements are translated at the exchange rate prevailing at the date of the transaction. Exchange differences arising on the translation are recognised in other comprehensive income as foreign currency differences.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Vessels and other property, plant and equipment

Fixed assets are stated at historical cost, less subsequent depreciation and impairment. For vessels purchased, these costs include capitalisable expenditures that are directly attributable to the acquisition of the vessels. Upon acquisition, each component of the vessels, with a cost significant to the total acquisition costs, is separately identified and depreciated over that component’s useful life on a straight-line basis.

Depreciation is calculated on a straight-line basis over the useful life of the assets, taking residual values into consideration, and adjusted for impairment charges, if any. Residual values of the vessels are estimated as the lightweight tonnage of each vessel multiplied by scrap value per ton. Expected useful lives of assets and residual values are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation calculations are altered accordingly.



Notes

Ordinary repairs and maintenance expenses are charged to the income statement as incurred. Costs related to dry-docking or other major overhauls are recognised in the carrying amount of the vessels. The recognition is made when the dry-docking has been performed and is depreciated based on estimated time to the next class renewal. The remaining costs that do not meet the recognition criteria are expensed as repairs and maintenance.

The scrubber installations are recognised in the carrying amount of the vessels, and depreciated over the remaining useful life of the vessels.

Vessels and other property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

Impairment of vessels

Vessels and other fixed assets are assessed for impairment indicators each reporting period. If impairment indicators are identified, the recoverable amount is estimated; and if the carrying amount exceeds its recoverable amount an impairment loss is recognised, i.e. the asset is written down to its recoverable amount. An asset's recoverable amount is calculated as the higher of the fair value less cost of sale and its value in use. The net realisable value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of sale, and the value in use is the present value of estimated future cash flows expected from the continued use of an asset.

Assets are grouped at the lowest level where there are separately identifiable independent cash flows.

The following assumptions have been made when calculating the value in use for container vessels:

- + Each vessel is considered to be a separate cash-generating unit.
- + Future cash flows are based on an assessment of expected development in charter rates and estimated level of administrative and operating expenses (including maintenance and repair) and dry-docking over the remaining useful life of the vessel plus any residual value.
- + The net present value of future estimated cash flows of each cash-generating unit is based on a discount rate according to a pre-tax weighted average cost of capital (see Note 14 – Vessels). The weighted average cost of capital is calculated based on the expected long-term borrowing rate and risk-free USD LIBOR rate plus an equity risk premium.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are accounted for using the equity method. The investment in a joint venture is initially recognised at cost and thereafter adjusted for the Group's share of post-acquisition profits or losses, movements in other comprehensive income or dividends received. The financial statements of the joint venture are prepared for the same reporting period as the Group.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised through profit and loss net of any reimbursement.

Trade and other payables

Trade and other payables represent non-interest-bearing liabilities for goods and services provided to the Group prior to the reporting date. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other receivables

Trade receivables and other short-term receivables are measured at transaction price upon initial recognition and subsequently measured at amortised cost less expected credit losses.



Notes

Inventories

The Group values its inventories, which comprise mainly of lube oils and bunkers on board the vessels, at the lower of cost and net realisable value. They are accounted for on a first-in/first-out basis.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks, on hand and short-term deposits with a maturity of three months or less. Cash equivalents represent short-term, liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.

Cash and cash equivalents are recorded at their nominal values. Liquid funds denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Cash not available for general use by the Group due to minimum liquidity requirements in the loan agreements are classified as restricted cash.

Share issuance

Costs related to share issuances are recognised directly in equity.

Warrants

The warrants issued by the Company are classified as equity instruments in accordance with IAS 32. Accordingly, the subscription rights are not recognised in the Group's financial statements at the time they are granted. At the time of the execution, the Company issues shares and receives a cash contribution. The cash contribution is accounted for in share capital and capital reserves (in the amount a premium or discount to the shares' par value).

Financial liabilities

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs and have not been designated as at fair value through profit or loss. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Derivative financial instruments and hedging

The Group may use certain hedging instruments, such as forward contracts or options, to manage foreign exchange or interest rate risk, for instance. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally documents the relationship between the hedge instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship.

The Group makes an assessment at inception and on an ongoing basis according to IFRS 9, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- + fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- + cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable transactions.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income ("OCI") in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.



Notes

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, using assumptions that market participants would use when pricing the asset or liability.

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- + Level 1: Quoted market prices in active markets for identical assets or liabilities.
- + Level 2: Inputs other than quoted market prices included in Level 1 are directly or indirectly observable.
- + Level 3: Inputs are unobservable.

Additional explanations of fair values can be found in Note 18 – Financial instruments.

Leases as lessor

The determination of whether an arrangement contains a lease element is based on the substance of the arrangement at the inception of the lease. Leases are classified as finance leases if the terms of the lease agreement transfer substantially all the risks and benefits related to ownership of the leased item. All other leases are classified as operating leases.

The Group leases its assets to liner shipping companies through time charter contracts. Payments made under operating leases are charged to the profit and loss on a straight-line basis over the period of the time charter contract.

Revenue recognition

The Group's time charter contract revenues are separated into a lease element accounted for in accordance with IFRS 16 Leases (see above under leases as lessor) and a service element which is accounted for in accordance with IFRS 15 Revenue from Contracts with Customers.

Time charter, pool revenue and other revenue from contracts with customers is recognised when control of goods or services are transferred to the customer and when each separate performance obligation in the customer contract is fulfilled following the "over-time principle". It is recognised at an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services. Revenues are presented net of indirect sales taxes.

The Group acts as a participant in the pool arrangements. The performance obligation under the pool arrangements are equal as set under the time charter contracts. Revenues for the vessels employed in the pool are based on average revenues across the pool the vessels are employed in, i.e. the vessels earn the average charter rate of the pool for the respective month.

The service element from the Group's time charter contracts are recognised over time, as the performance obligation is satisfied over time. This since the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue from bunkers and other goods and services from customers are recognised in the period the goods or services are transferred to the customer, following the "point in time principle".

Operating expenses

Operating expenses are accounted for on an accruals basis. Expenses are charged to the income statement, except for those incurred in the acquisition of an investment, which are capitalised as part of the cost of the investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

Operating expenses of the Group are expenses related to the operation of vessels, such as (but not limited to) crewing expenses, expenses for maintenance and repair, insurance and lube oil.

Interest income

Interest income is recognised as accrued and is presented in financial income in the statement of comprehensive income.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per share are calculated by dividing the profit for the reporting period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.



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Diluted earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant taxation authorities.

The Company is subject to tax on its income in accordance with the general tax rules pertaining to companies that are tax resident in Norway.

The Company's vessel-owning subsidiaries are subject to the Norwegian, German or Dutch tonnage tax regime, i.e. taxable income is calculated as a lump sum depending on the net tonnage of the respective vessels, independent of the realised earnings. Income not derived from the operation of the vessels in international waters, such as financial income, is usually taxed according to the ordinary taxation rules applicable in the resident country of each respective company. Tonnage taxes are classified as "vessel operating expenditures".

Deferred tax liabilities are classified as non-current liabilities and are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers in the Group. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors of the Company. The Group has identified one operating segment as it employs one type of vessels: "Container vessels".

Note 4 – Significant judgements, estimates and assumptions

The preparation of consolidated financial statements conforming to IFRS requires management to make judgments, estimates and assumptions that may affect assets, liabilities, revenues, expenses and information in notes to these financial statements. Estimates are management's best assessment based on information available at the date the financial statements are authorized for issue. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an on-going basis.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have significant effect on the amounts recognized in the consolidated financial statements:

- + Joint arrangements: The Group holds a 50% ownership interest in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG; the Group has determined that it has joint control over the investee based on terms and conditions in the shareholder agreement and the ownership is shared with the joint venture partner.

Assumptions and estimation uncertainties

The following assumptions and estimation uncertainties can have a significant risk of resulting in a material adjustment to the carrying amounts of assets:

- + Climate risk: Future climate change measures may affect the shipping industry regarding fuel regulation, port fees and the scrap values of the vessels. Potential future fuel taxes or development of new more climate friendly fuel may increase the future operating expenses of the Group that may be only partly offset by higher time charter rates. Technological developments enabling more climate friendly container vessels may affect the ability to obtain new charters in the future, the potential useful life of the vessels and the scrap values of the vessels. The fair value of the vessels exceed their carrying amounts by a significant amount, so climate change risks does not currently lead to a risk for impairment in the foreseeable future.
- + Depreciation of vessels (including scrubbers): Depreciation is based on estimates of the vessels' useful lives, residual values less scrapping costs and the depreciation method, which are reviewed by management at each balance sheet date. Any changes in estimated useful lives and/or residual values impact the depreciation of the vessels prospectively.
- + Impairment of vessels: Indicators of impairment of assets are assessed at each reporting date. In 2020 the Group identified impairment indicators (see Note 14 for further description). The impairment assessments demand a considerable degree of estimation. Changes in circumstances and assumptions may significantly affect the estimated recoverable amounts. The Group's



Notes

impairment test for operating vessels is based on the value in use as assessed by performing discounted cash flow calculations. Value in use calculations involve a high degree of estimation and a number of critical assumptions such as time charter rates, operational expenses, residual values and discount rates.

- + Allocation of acquisition costs in business combinations: valuation of vessels requires key input from management, such as future time charter rates, operating costs, useful life of vessels, use of external broker valuations etc. which are subject to significant estimate and judgement. The value of such assets may be influenced by changes in market conditions, such as time charter rates in the container shipping market.

Note 5 – Segment information

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

The chief operating decision makers measure the financial performance based on the consolidated results for the Group's vessels. Further, the assets and liabilities are reviewed at a consolidated basis in a consistent manner with the statement of financial position.

The Group has only one customer in 2021 where the total revenues represent more than 10% of the total revenues, respectively USD 40.1 million which equals 11.1% of the total revenues in the income statement.

The following customers of the Group represent more than 10% of the Group's total charter revenue in 2021: CMA CGM S.A., France, Hapag-Lloyd, Germany, and Maersk Line, Denmark.

The Group's vessels trade globally and are suitable to be deployed in various global trading patterns. Therefore, there is no particular focus on a geographic region. The Company provides geographical data for revenue only, as the Group's revenue predominantly stems from vessels that may be employed globally. Gross revenue specific foreign countries which contribute significantly to total revenue are disclosed below.

in USD thousands	2021	2020
Intra-Asia	129,910	43,603
South America	87,787	52,654
Europe	29,190	10,873
Middle East	47,915	17,992
Africa	20,946	8,706
Other geographical locations (worldwide trades)	37,179	23,162
Total time charter and pool revenue	352,927	156,890

Note 6 – Revenue

in USD thousands	2021	2020
Time charter revenue	308,516	123,471
Pool charter revenues	44,410	33,520
Total charter revenues	352,927	156,890
Amortisation of time charter contracts	21,663	0
Other revenues	10,121	14,908
Total operating revenue	384,710	171,898



Notes

The Group's time charter contracts and pool charter revenues are separated into a lease element and service element. The lease element of the vessel represents the use of the vessel without any associated performance obligations and is accounted for in accordance with IFRS 16 Leases. Revenues from time charter services (service element) and other revenue (e.g. bunkers and other services) are accounted for in accordance IFRS 15. In accordance with IFRS 15, for each contract with a customer, the Group identifies the performance obligations, determines the transaction price, allocates the transaction price to performance obligations to the extent that the contract covers more than one performance obligation, determines whether revenue should be recognised over time or at a point in time and recognises revenue when or as performance obligations are fulfilled. The Groups' voyage charters and TC contracts qualify for recognition over time. Revenue from shipping activities is recognised over time as the performance obligation is satisfied, including a share of revenue from incomplete voyages at the balance sheet date. Invoiced revenue related to an estimated proportion of remaining voyage time and activities at the destination port is deferred. Number of days of a voyage, as a percentage of the total number of days a voyage is estimated to last, is considered as a close approximation of percentage of completion.

in USD thousands	2021	2020
Service element	115,833	63,548
Other revenue	10,121	14,908
Total revenue from customer contracts	125,953	78,458
Lease element	237,094	93,443
Amortization of time charter contracts	21,663	0
Total operating revenue	384,710	171,898

Reference to Note 5 for disaggregation of time charter and pool revenues on geographical regions.

Contracted revenues based on fixed time charter contracts as at 31 December 2021 are set out below, based on minimum contract periods of vessels held in subsidiaries:

in USD thousands	< 6 months	6 - 12 months	>12 months	Total
Time charter revenue	223,562	190,857	438,564	852,983

Contracted revenues based on fixed time charter contracts as at 31 December 2020 are set out below, based on minimum contract periods of vessels held in subsidiaries:

in USD thousands	< 6 months	6 - 12 months	>12 months	Total
Time charter revenue	25,451	29,164	24,774	79,389

Note 7 - Vessel voyage expenditures

in USD thousands	2021	2020
Bunker consumption	-9,968	-20,131
Other voyage expenses	-2,014	-2,847
Total voyage expenses	-11,982	-22,978

Bunker expenses relate to periods where the vessels have been idle, repositioning or under maintenance and repair. Bunker expenses are partially compensated by income from sale of bunkers upon delivery into a time charter (see Note 6 where revenue from bunker reimbursements are shown under other revenue). When the vessels are on time charter contracts bunker consumption is for the charterer's expense.



Notes

Note 8 – Vessel operation expenditures

in USD thousands	2021	2020
Crew	-63,597	-58,418
Lube oil	-6,593	-5,487
Maintenance and repair	-28,000	-24,872
Insurances	-12,998	-12,273
General operating expenditures	-10,583	-7,865
Total operating expenses	-121,772	-108,916

Vessel operating expenditures are partially compensated by income from reimbursements from the charterer (see Note 6 where revenue from reimbursements are shown under other revenue). General operating expenses are costs related to navigation and communication, power supply, cargo handling and other consumables.

Note 9 – Interest in joint ventures

The Group has a 50% interest in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG, Hamburg (Germany), a company owning seven container vessels between 2,500 – 2,800 TEU through respective fully owned subsidiaries.

In view of the shared control structure in the joint venture, the Group's interest in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG is accounted for using the equity method. Summarized financial information of the joint venture, based on its IFRS financial statements, is set out below:

The joint venture had no contingent liabilities or capital commitments. 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG cannot distribute its profits without the consent from the two partners.

in USD thousands	31 December 2021	31 December 2020
Non-current assets	60,961	67,864
Cash and cash equivalents	11,358	5,038
Other current assets	1,526	2,166
Non-current liabilities	13,631	15,816
Current liabilities	2,947	2,538
Equity	57,267	56,725
Group's carrying amount of the investment	28,858	28,362



Notes

in USD thousands	2021	2020
Revenue	44,361	27,505
Cost of sales	-19,511	-19,127
Administrative expenses	-777	-789
Other income	31,746	319
Other expenses	-406	-478
Depreciation	-5,166	-4,682
Interest income	3	1
Interest expenses	-628	-831
Income tax	-34	-45
Profit after tax for the period	49,587	1,872
Total comprehensive income for the period	49,587	1,872
Group's share of profit for the period	24,794	936
Dividends received	24,500	0

The net change in the book value of the investment in joint venture in 2021 of USD 0.3 million is reflected by the Group's share of the profit of USD 24.8 million offset by received dividends of USD 24.5 million.

Note 10 – Administrative expenses

in USD thousands	2021	2020
Legal and advisory services	-5,211	-1,160
Auditor services	-1,018	-847
Salary and employee expenses	-9,710	-3,193
Other administrative expenses	-3,574	-2,674
Total administrative expenses	-19,513	-7,874

Other administrative expenses includes remuneration to the Board of Directors and executive management, and fees paid for corporate management services from MPC Maritime Investments GmbH and MPC Münchmeyer Petersen Capital AG see Note 19 for further description. The Group employs 24 people as at 31 December 2021. The Group has defined contributions plan for all employees in line with established market practices and regulations.

Total lease expenses under short-term leases were USD 0.3 million in 2021.

The following table details the administrative expenses incurred in relation to audit and related services.

in USD thousands	2021	2020
Audit fee (EY)	-701	-795
Attestation services	-44	-10
Tax services	0	-52
Other non-audit services	0	0
Total auditor services	-745	-857



Notes

Note 11 – Vessels and prepayments

in USD thousands	2021	2020
Acquisition cost at 1 January	707,924	697,533
Acquisition of vessels	10,000	0
Acquisition of vessel from the take-over of MPCC Box AS (formerly Songa Container AS)	296,584	0
Prepayments reclassified to vessels	-1,000	1,000
Capitalized dry-docking, scrubbers and other expenses	41,084	42,569
Disposals of vessels	-95,836	-25,025
Transfer to vessel held for sale	-20,914	-8,153
Acquisition cost	937,841	707,924
Accumulated depreciations 1 January	-119,107	-75,672
Depreciation for the year	-62,049	-49,653
Impairment	0	-8,996
Disposal of vessels	13,066	10,961
Transfer to vessel held for sale	4,611	4,253
Accumulated depreciations 31 December	-183,481	-119,107
Closing balance	774,362	588,816

Depreciation method	Straight-line	Straight-line
Useful life (vessels)	25 years	25 years
Useful life (dry docks)	5 years	5 years
Useful life (scrubbers)	Remaining useful life vessels	Remaining useful life vessels

As at 31 December 2021, the Group operated 61 vessels in subsidiaries (2020: 57 vessels) and 7 vessels through a joint venture arrangement (2020: 8 vessels). During 2021 the Group entered into agreements for the sale of AS Faustina, AS Federica, AS Riccarda, Stefan Sibum, Grete Sibum and Anne Sibum where the vessels were all delivered to its new owner during the year and the sales resulted in a total gain of USD 56.6 million recognised in other income in 2021. AS Palatia was classified as held for sale as at 31 December 2021 after entering into a sales agreement on 22 November 2021 where delivery of the vessel to its new owners took place on 10 January 2022. Additionally, on 22 June 2021 the Group announced that it had entered into a share purchase agreement to acquire MPCC Box AS (formerly Songa Container AS). The transaction comprised of 11 vessels with an average size of 2,250 TEU and an average age of 11.9 years. See note 11 for further description. The Transaction was completed on 9 August 2021 and resulted in an increase in the non-current assets of USD 296.6 million.

Vessels with a carrying amount of USD 442 million has been pledged as security for the Group's two long-term loans. See note 14.

Impairment

Given several considerations of the current time charter market, the management has not performed impairment tests on vessels in the Group on 31 December 2021 since no impairment indicators have been identified. Throughout 2021 the container shipping industry has faced historically good market conditions and charter rates including high utilization of the vessels. Time charter rates has continued to rise throughout 2021 and remains historically high into the beginning of 2022. MPCC vessel sales corroborate the corresponding increase in the fair value of the ships driven by the increase in time charter rates. Demand for container ships continues to outpace the supply of available vessels as shown by the time charter rates achieved on recent long-term contracts entered into by the Group. In addition, the Company's market capitalization has been significantly higher than the carrying value of the Company's equity.

The Group has obtained fair value estimates on a number of vessels in connection with a new loan and credit facility obtained in November 2021. The fair value estimates of the vessels were significantly in excess of their carrying amounts. Also, the Group completed sales of six vessels in the 4th quarter realizing a gain of USD 56.6 million, thus confirming the fair values of the Group's vessels are well in excess of their carrying amounts.



Notes

Note 12 – Business combination

On 22 June 2021, the Group entered into a share purchase agreement to acquire Songa Container AS (“Songa”) for an aggregate purchase price of USD 210.25 million (“the Transaction”). The Transaction, covering 100% of the shares in Songa, including a minority interest in a Songa subsidiary, was completed on 9 August 2021 (“the Transaction date”). The consideration was paid partly in cash and partly in new shares, and a total of 49,795,250 new shares were issued under the Transaction.

With the acquisition of Songa and its 11 container vessels which have an average size of 2,250 TEU, the Group aims to reinforce its position as the leading intra-regional container tonnage-provider with a combined fleet of 75 ships (including eight joint-venture vessels) and a total capacity of about 158,000 TEU. The Transaction will add significant scale and operating leverage to the MPCC platform in a persistently strong container market, with rates, charter durations and asset values strengthening on a continuous basis. The acquired Songa SPVs are subject to Norwegian tonnage taxes.

It was agreed that USD 84.6 million of the purchase price would be settled in cash based on the preliminary cash and working capital of Songa. This amount includes the repayment of the outstanding bond in Songa. The remaining share issuance totalling 49,795,250 new shares in the Company was based on a financial effective date of the Transaction of 31 May 2021 when a mutual understanding of the main terms of the Transaction was reached between the parties the Company’s closing share price was NOK 17.34.

The preliminary purchase price paid at closing on 9 August 2021 for the shares in Songa was USD 236.4 million. Out of the preliminary purchase price, a total of USD 84.6 million was paid in cash at the transaction date based on the preliminary cash and working capital of Songa. The remaining portion was settled through issuing 49,795,250 consideration shares in the Company and the fair value of the subscription price was set at USD 3.01 (NOK 26.80) per share based on the closing price of the share of the Company at the transaction date and a USD/NOK exchange rate of 8.918. The preliminary purchase price and the cash consideration were subject to customary post-closing adjustments. Based on the preliminary purchase price, the fair value of Songa’s net assets and liabilities for the Group was as follows:

in USD thousands

Total fair value of net identifiable assets	238,588
Estimated fair value of share consideration	149,643
Cash consideration	84,612
Bargain purchase gain	2,312

During the negotiations between the buyer and the seller, an assumed fair value of the consideration shares was set at NOK 17.34 per share equal to the opening share price at 31 May 2021. Under the IFRS 3 – Business Combinations, the fair value was set at the share price at the transaction date of NOK 26.80 per share, which was significantly above the agreed price. The main reason for the variance is assumed to be the continued positive developments in charter rates and asset prices from the financial effective date until the transaction date as described above.

The bargain purchase gain of USD 2.3 million is considered as a forecast effect of the continued positive developments in assets prices and charter rates on the fair value of the net identifiable assets acquired. These were expected to exceed the impacts on the total consideration since only a portion of the total consideration was taken the form of consideration shares.

Estimated total transaction costs related to the acquisition and the acquisition facility are USD 5.9 million, whereof the majority of the cost is related to fees for the new (acquisition) financing.

The 11 vessels were valued using the discounted cash flow model and was also benchmarked against independent broker appraisals (charter free). The discounted cash flow model used the contracted fixed charter rates under existing time charter contracts when estimating future revenues while market forward rates are used for the period after the expiration of the contracts of the respective vessels.

The ongoing time charter contracts at the time of the acquisition expires from October 2021 to July 2024, were entered into when the container shipping market had lower time charter rates than at the time of the acquisition. The Group has allocated part of the acquisition price to contract liabilities as shown in the table below. The contract liabilities are amortized to revenues over the life of the contracts.

The Group amortized USD 21.8 million of the contract liabilities to revenues in 2021. As at 31 December 2021, the remaining carrying amount of contract liabilities was USD 21.8 million.



Notes

The following tables summarise the assumed fair value of the asset and liabilities acquired at the date of the acquisition:

In USD thousands	Book value Songa at 9 August 2021	Adjustments	PPA Songa at 9 August 2021
ASSETS	141,438	178,738	318,174
Non-current Assets	119,848	178,738	298,584
Vessels	119,846	178,738	298,584
Current Assets	21,590	0	21,590
Inventories	1,066	0	1,066
Trade and other receivables	8,605	0	8,605
Cash and cash equivalents	11,919	0	11,919
EQUITY AND LIABILITIES	141,437	-59,828	81,608
Equity	103,301	-103,301	0
Share capital	8,925	-8,925	0
Share premium	66,065	-66,065	0
Retained earnings	27,303	-27,303	0
Non-controlling interest	1,008	-1,008	0
Non-current Liabilities	34,071	7,417	41,488
Interest bearing loans	34,071	0	34,071
Contract liabilities, non-current	0	7,417	7,417
Current Liabilities	4,063	36,056	40,120
Contract liabilities, non-current	0	36,056	36,056
Trade and other payables	2,362	0	2,362
Other liabilities	1,701	0	1,701
Total net identifiable assets acquired	0	238,588	238,588

The preliminary purchase price allocation was estimated based on facts and circumstances that were known about the acquisition at the date of this report. Should any new information be obtained within one year from the transaction date, the accounting for the acquisition will be revised.

From 9 August 2021 to 31 December 2021, the acquisition of Songa contributed revenues of USD 51.2 million and a net profit of USD 39.9 million. This is reflected in the consolidated income statement of the Group. Had the acquisition been completed as of 1 January 2021, management estimates that the consolidated revenues for the 12 months would have been USD 436.8 million and the consolidated net profit before tax for the same period would have been USD 215.2 million. These amounts have been determined by applying the accounting principles of the Group and assuming that the fair values arising on the date of the acquisition would have been the same had the acquisition been completed on 1 January 2021.

In relation to the cash consideration DNB Bank ASA committed to providing a USD 127.5 million acquisition facility with a two-year year tenor and an effective interest rate of 500 bps plus Libor, which was drawn down on the transaction date of 9 August 2021. This credit facility was repaid in full in December 2021.



Notes

Note 13 – Finance income and expenses

in USD thousands	2021	2020
Interest income	22	56
Other financial income	134	677
Total financial income	155	733
Interest expenses	-24,810	-22,444
Bank fees on early repayment of debt	-5,396	0
Loss on derivative contracts reclassified from equity	-9,066	0
Other	-1,053	-222
Total financial expenses	-40,325	-22,865

Note 14 – Interest-bearing debt

in USD thousands	Ticker	Currency	Nominal amount	Interest	Maturity	As at 31 December 2021	As at 31 December 2020
Loan & credit facility	N/A	USD	180,000	3 month LIBOR + 3.35%	November 2026	180,000	0
Nominal value of issued bonds	MPCBV	USD	0	Floating + 4.75%	September 2022	0	204,056
Senior secured credit facility	N/A	USD	55,000	Floating + 3.25%	July 2024	55,000	0
Non-recourse senior secured term loan	N/A	USD	59,150	Floating + 4.75%	May 2023	0	49,595
Recourse term loan	N/A	USD	29,000	Floating + 3.5%	April 2022	0	29,000
Other long-term debt incl accrued interest						271	229
Total outstanding						235,271	282,880
Debt issuance costs						-3,446	-5,960
Total interest bearing debt outstanding						231,826	276,920

On 29 July 2021, the Group entered into a USD 70 million three-year revolving credit facility agreement with CIT Group, where MPCC Second Financing GmbH & Co. KG, a subsidiary of the Company, is the borrower. The initial drawdown of USD 55 million was made to refinance the existing debt. The credit facility is secured by 9 vessels with a carrying amount of USD 116 million as at 31 December 2021. The credit line's maturity date is in June 2024.

The following main financial covenants are defined in the terms of the revolving credit facility agreement with CIT:

- + The consolidated liquidity in the Group shall equal the greater of 5% of the total interest-bearing debt or USD 250.000 per consolidated vessel
- + Total debt in the Group shall not exceed 60% of the total book capitalization
- + Vessel loan-to-value ratio shall not exceed:
 - 65% after within the 12 first months
 - 62.5% after 12 months until 24 months
 - 60% after 24 months



Notes

On 20 October 2021, the Group entered into an agreement for a USD 180 million five-year senior secured loan and revolving credit facility with Hamburg Commercial Bank ("HCOB"). It consists of a USD 130 million term loan and a revolving credit facility of USD 50 million. The loan and credit facility is secured by 17 vessels with a carrying amount of USD 325.9 million as at 31 December 2021. The loan and credit facility matures in November 2026.

The following main financial covenants are defined in the terms of the credit facility agreement with HCOB:

- + The Parent company (MPC Container Ships ASA) shall maintain a minimum equity ratio of 40%
- + Each secured vessel shall maintain a minimum liquidity of USD 125.000

The Group is in compliance with all loan and credit facility covenants as at 31 December 2021.

The bridge financing provided by DNB Bank of a USD 127.5 million acquisition facility in connection with the acquisition of Songa in Q3 21 was repaid in full in Q4 21.

The bond loan of USD 204 million (issued by MPC Container Invest BV) was repaid at 102% of the outstanding notional amount in Q4 21. The related derivatives utilized to hedge the loan were similarly terminated in the December 2022.

The non-recourse senior secured term loan with a notional amount of USD 49.6 million outstanding at 31 December 2020 as settled early in July of 2021. The Group paid an early settlement fee of USD 1.2 million.

The table below shows the reconciliation of movements in the current and non-current interest-bearing debt to cash flows from financing activities, including non-cash movements and reconciliation to total interest-bearing debt at 31 December 2021 and at 31 December 2020.

(in USD thousands)	1 Jan 2021	Cash flows	Additions from business combination	(Gains)/losses	Non-cash amortization of interest	31 Dec 2021
Interest-bearing debt - current and non-current	276,916	(95,286)	34,071	5,396	10,728	231,826
Derivatives	3,823	(3,350)	-	(473)	-	-
Total	280,739	-98,836	34,071	4,923	10,728	231,826

(in USD thousands)	1 Jan 2020	Cash flows	Additions from business combination	(Gains)/losses	Non-cash amortization of interest	31 Dec 2020
Interest-bearing debt - current and non-current	279,616	(10,964)	-	4,017	4,251	276,920
Derivatives	3,750	(6,739)	-	6,812	-	3,823
Total	283,366	-17,703	0	10,829	4,251	280,743

Note 15 - Income tax

The Company's subsidiaries in which the vessels are held are subject to German, Dutch or Norwegian tonnage tax, as applicable. Companies subject to tonnage tax are exempt from ordinary tax on income derived from operations in international waters. The subsidiaries within the tonnage tax system pay a tonnage tax based on the size of the vessels. The fee is recognised as an operating expense.

The parent company (MPC Container Ships ASA) is under ordinary taxation rules in Norway. The ordinary rate of corporation tax in Norway is 22% for 2021 (2020: 22%). The parent company is a holding company with negative taxable income as per 31 December 2021. Deferred tax assets are only recognised to the extent that the future utilization within the Group can be justified as at 31 December 2021. As a consequence, a tax position of USD 47.7 million has not been recognised in the balance sheet.

Other corporate tax of USD 0.3 million consists of corporate income tax in Netherland and Germany.



Notes

in USD thousands	2021	2020
<i>Basis for ordinary corporation tax expense</i>		
Profit/(loss) before taxes	190,529	-64,418
Income from shipping activity, tonnage tax system	-230,698	42,486
Change in temporary differences and tax losses carried forward not recognised	40,169	21,932
Exchange rate differences/Other permanent differences applicable for corporate tax	1,758	0
Corporate tax payable in the balance sheet	-387	0
Other corporate tax on foreign controlled entities	-289	-73
Total tax expense in income statement	-676	-73
Effective tax rate	0.4%	-0.1%
Tonnage tax (included in operating profit)	-332	-207
Tonnage tax payable in the balance sheet	-332	-207

Note 16 – Earnings per share

in USD thousands	2021	2020
Profit/(loss) for year attributable to ordinary equity holders – in USD thousands	189,725	-64,465
Weighted average number of shares outstanding, basic	414,653,050	238,286,799
Weighted average number of shares outstanding, diluted	419,017,088	240,407,845
Basic earnings per share – in USD	0.46	-0.27
Diluted earnings per share – in USD	0.46	-0.27

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. In the event of a loss, no dilution effect is calculated.



Notes

Note 17 – Financial instruments

Set out below is a comparison by category for carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements. The estimated fair value amounts of the financial instruments have been determined using appropriate market information and valuation techniques.

in USD thousands	31 December 2021	31 December 2020
Debt Instruments at amortized cost		
Trade and other receivables	30,141	14,432
Cash and cash equivalents	180,329	39,254
Total financial assets	210,471	53,686
Derivatives designed as hedging instruments		
Interest rate swaps including caps and collars	0	3,823
Financial liabilities at amortized cost		
Interest bearing debt	231,826	276,920
Trade and other payables	17,628	13,275
Total financial liabilities	249,454	294,019

Fair value of trade receivables, cash and cash equivalents and trade payables approximate their carrying amounts measured at amortized cost due to the short-term maturities of these instruments.

The fair value of interest-bearing debt is estimated by discounting future cash flows using rates for debt on similar terms, credit risk and remaining maturities. Fair value of interest-bearing debt approximates the carrying amounts as there have been no significant changes in the market rates for similar debt financing between the date of securing the debt financing and the reporting date.

Fair value hierarchy

The Group uses a hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques. The table below shows the fair value measurements for both the Group's assets and liabilities as at 31 December 2021 and 2020.

in USD thousands	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value, but for which fair value is disclosed				
Bonds	0	0	0	0
Debt	0	-231,826	0	-231,826
Total liabilities 31 December 2021	0	-231,826	0	-231,826

in USD thousands	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value, but for which fair value is disclosed				
Bonds	-200,318	0	0	-200,318
Debt	0	-76,602	0	-76,602
Derivatives used for hedging				
Derivatives in effective cash flow hedge	0	0	-3,823	-3,823
Total liabilities 31 December 2020	-200,318	-76,602	-3,823	-280,744



Notes

Cash Flow Hedges

As at 31 December 2021 the Group had not entered into any new hedge agreements. The details of new hedge activities entered into by the Group and hedges with significant changes in value during the year ended 31 December 2021 are described below. For a description of the Group's hedging strategy, see Note 3 under cash flow hedges and Note 24 for further information regarding risk.

The Group uses interest rate swaps, caps and collars as hedges of its exposure to interest rate fluctuations in connection with its debt and bond financing.

in USD thousands	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap	0	0	-	1,749
Interest rate caps	0	0	-	2,075
Total	0	0	-	3,823

The derivatives are presented net against prepayments related to the instruments, under current liabilities. The net position as of 31 December 2021 is USD 0.0 million (31 December 2020: USD 0.3 million).

In connection with repayment of the bond on 17 December 2021 the Group also terminated the related interest rate swap (see note 14 Interesting-bearing debt). Furthermore, USD 5.2 million of realized loss on a hedging instrument terminated in 2020 was reclassified to the income statement since the related hedged item was repaid in the 4th quarter 2021.

There remain three (CAP) derivatives in place, whose current value is zero, which will terminate in September 2022.

Note 18 – Trade and other receivables

in USD thousands	31 December 2021	31 December 2020
Trade receivables	10,377	6,656
Receivables to affiliated companies	345	348
Claims related to insurance cases	4,737	1,862
Other receivables and prepayments	14,682	5,566
Total trade and other receivables	30,141	14,432

Trade receivables relate to receivables against the charterers for the Group's time charter contracts. Insurance claims are the Group's claims covered by insurance agreements where the virtually certain threshold are met.

The Group had outstanding receivables per year end amounting to USD 10.4 million. Historically, the Group have not had any credit losses of significance. A significant part of the outstanding receivables are against larger liner companies, of which the Group have had a long business relationship with, which reduces the risk further. The Group applies the simplified approach to provide for lifetime Expected Credit Losses in accordance with IFRS 9. The invoiced amount is considered to be approximately equal to the value which would be derived under the amortized cost method. In 2021, the Group recognized USD 1.1 million as impairment losses, compared to USD 0.5 million in 2020. See Note 25 – Financial risk management regarding management of credit risk.



Notes

Note 19 – Cash and cash equivalents

in USD thousands	31 December 2021	31 December 2020
Bank deposits denominated in USD	178,108	37,342
Bank deposits denominated in EUR	1,893	1,542
Bank deposits denominated in NOK	328	370
Total cash and cash equivalents	180,329	39,254

The fair value of cash and cash equivalents at 31 December 2020 is USD 180.3 million (USD 39.2 million at 31 December 2020). USD 1.0 million under the senior secured credit facility is restricted cash for the sole use for required class-related maintenance on the vessels, compared to USD 11.5 million at 31 December 2020. Restricted cash as at 31 December 2021 was USD 23.6 million.

Bank deposits earn interest at floating rates based on applicable bank deposit rates. Short-term deposits are made for varying periods, depending on the cash requirements of the Group.

Note 20 – Share capital

2021	Number of shares	Share capital (USD thousands)	Share premium (USD thousands)
1 January 2021	394,256,127	43,047	456,764
Capital increase from equity private placement announced 9 August 2021	49,795,250	5,584	143,870
31 December 2021	444,051,377	48,630	600,634

On 9 August 2021 the Group completed the acquisition of Songa Container AS, with a total of 49,795,250 new shares were issued as part of the consideration paid. See note 12 for further details regarding the acquisition.

2020	Number of shares	Share capital (USD thousands)	Share premium (USD thousands)
1 January 2020	84,253,000	101,121	356,566
14 February 2020	7,250,000	6,920	4,751
9 July 2020	0	-97,236	97,236
13 July 2020	266,353,127	28,197	-1,644
20 August 2020	36,400,000	4,045	-156
31 December 2020	394,256,127	43,047	456,764

The share capital of the Company consists of 444,051,377 shares as at 31 December 2021, with nominal value per share of NOK 1. All issued shares are of equal rights and are fully paid up.

As at 31 December 2021 the Company holds 351,098 treasury shares.

The non-controlling interests as of 31 December 2021 consists of the 0.1% shares the ship managers hold in the ship-owning entities under the MPC Container Ships Invest B.V. Group including the minority interest's share of result within these ship-owning entities, see Note 27 – Group Companies.



Notes

The table below summarizes the changes in components in other reserves in 2021.

	Cash flow hedging	Currency translation adjustment	Change in Other comprehensive income
As at 1 January 2021	-9,065	188	-8,877
Change during year	445	-297	148
Reclassified to profit and loss	8,620		8,620
As at 31 January 2021	0	-109	-109

	Cash flow hedging	Currency translation adjustment	Change in Other comprehensive income
As at 1 January 2020	-3,749	-89	-3,819
Change during year	-5,316	257	-5,059
As at 31 January 2020	-9,065	188	-8,877

Overview of the 20 largest shareholders as at 31 December 2021:

Shareholder	Number of shares	in %	Type
Star Spike Limited	71,814,143	16.2%	Ordinary
CSI BETEILIGUNGSGESELLSCHAFT MBH	67,552,796	15.2%	Ordinary
Brown Brothers Harriman & Co.	18,919,341	4.3%	Nominee
SONGA CAPITAL AS	17,826,890	4.0%	Ordinary
SPIRALEN HOLDING AS	10,447,569	2.4%	Ordinary
CANOMARO SHIPPING AS	9,497,541	2.1%	Ordinary
UBS Europe SE	9,038,406	2.0%	Ordinary
State Street Bank and Trust Comp	8,606,449	1.9%	Ordinary
CLEARSTREAM BANKING S.A.	6,521,030	1.5%	Nominee
The Bank of New York Mellon SA/NV	5,798,479	1.3%	Nominee
J.P. MORGAN BANK LUXEMBOURG S.A.	5,681,599	1.3%	Nominee
JPMorgan Chase Bank	5,566,761	1.3%	Ordinary
NORDNET LIVSFORSIKRING AS	4,306,566	1.0%	Ordinary
Euroclear Bank S.A./N.V.	4,139,360	0.9%	Nominee
KLAVENESS INVEST AS	3,953,814	0.9%	Ordinary
Deutsche Bank Aktiengesellschaft	3,610,726	0.8%	Nominee
SONGA INVESTMENTS AS	3,370,037	0.8%	Ordinary
State Street Bank and Trust Comp	2,791,122	0.6%	Ordinary
Citibank	2,693,170	0.6%	Ordinary
Nordnet Bank AB	2,536,529	0.6%	Nominee
Total	284,672,328	59.6%	

Dr. Axel Schroeder and Ulf Holländer hold indirect ownership interest in the Company through an indirect minority interest in CSI Beteiligungsgesellschaft mbH. Laura Carballo holds indirect ownership interest in the Company through a fund managed by STAR Capital Partnership LLP. Darren Maupin holds both direct and indirect ownership interest in the Company through a minority ownership in Pilgrim Global ICAV (via a Nominee account). Peter Frederiksen, appointed as the new member of the Company's board of directors at 25 February 2022, held no shares in the Company as at 31 December 2021.



Note 21 – Commitments

There are no off-balance sheet commitments for the Group as at 31 December 2021, compared to nil as at 31 December 2020.

Note 22 – Other liabilities

The following table shows the components of other liabilities as at 31 December.

in USD thousands	31 December 2021	31 December 2020
Accrued expenses	12,655	2,710
Taxes payable	574	0
Accrued salaries	6,007	576
VAT, social security, etc	492	119
Other short-term liabilities	885	311
Total Other liabilities	20,613	3,720

The Group has recognised a provision of USD 0.3 million related to a legal dispute in connection with a sale of a vessel included in other short-term liabilities.

Note 23 – Related party disclosure

The Group has entered into a corporate service agreement to purchase administrative and corporate services from MPC Münchmeyer Petersen Capital AG and its subsidiaries.

The Company is responsible for the technical ship management of the vessels owned by the Group. Performance of technical ship management services is sub-contracted to Wilhelmshen Ahrenkiel Ship Management GmbH & Co. KG and Wilhelmshen Ahrenkiel Ship Management B.V., joint ventures of MPC Münchmeyer Petersen Capital AG, for 54 of the 66 vessels owned by the Group and joint venture entities at 31 December 2021.

Commercial ship management of the vessels owned by the Group and associated joint ventures is contracted to Contchart GmbH & Co. KG and Harper Petersen B.V., which are joint ventures of MPC Münchmeyer Petersen Capital AG.

The following table provides the total amount of service transactions that have been entered into with related parties for the relevant period:

in USD thousands / 2021	Group	2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG
Wilhelmshen Ahrenkiel Ship Man. GmbH & Co. KG / B.V.	8,831	975
Contchart GmbH & Co. KG / Harper Petersen B.V. ¹⁹	5,352	541
MPC Maritime Investments GmbH	58	0
MPC Capital GmbH	76	0
MPC Münchmeyer Petersen Capital AG	775	0
Total	15,092	1,516

¹⁹ Included in the USD 5.4 million is also commission related to vessel sales in total of USD 0.8 million.



Notes

in USD thousands / 2020	Group	2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG
Ahrenkiel Ship Man. GmbH & Co. KG / B.V.	8,406	1,032
Contchart GmbH & Co. KG / Harper Petersen B.V.	2,046	317
MPC Maritime Investments GmbH	232	-
MPC Münchmeyer Petersen Capital AG	494	-
Total	11,178	1,350

Directors' and executive management's compensation and shareholding²⁰

	Shares at 31 December 2021	Warrants	2021 remuneration
Ulf Holländer (Chairman)	12,217	-	NOK 200,000
Dr. Axel Schroeder	7,294,635	-	NOK 200,000
Darren Maupin	1,129,083	-	NOK 200,000
Laura Carballo	-	-	NOK 200,000
Ellen Hanetho	60,000	-	NOK 200,000
Constantin Baack (CEO)	-	-	NOK 50,937,406
Dr. Benjamin Pfeifer (CFO)	-	-	NOK 3,464,795

	Shares at 31 December 2020	Warrants	2020 remuneration
Ulf Holländer (Chairman)	112,217	-	NOK 200,000
Dr. Axel Schroeder	6,794,635	-	NOK 200,000
Darren Maupin	508,646	-	NOK 200,000
Laura Carballo	-	-	NOK 200,000
Ellen Hanetho	60,000	-	NOK 200,000
Constantin Baack (CEO)	-	-	NOK 4,454,372
Harald Wilke (CFO)	-	-	NOK 3,240,026

in USD thousands 2021	Base salary	Variable pay	Total
Constantin Baack (CEO)	332	5,483	5,816
Dr. Benjamin Pfeifer (CFO)	281	115	396

in USD thousands 2020	Base salary	Variable pay	Total
Constantin Baack (CEO)	286	129	415
Harald Wilke (CFO) ²¹	204	98	302

On 28 April 2021, the Company's general meeting unanimously resolved that each member of the Board of Directors shall receive NOK 200,000 in remuneration for the financial year 2021. The total remuneration to the Board of Directors and executive management in 2020 was USD 6.3 million (2020: USD 1.0 million).

Guidelines for compensation to the CEO and CFO

The main purpose of the compensation to the executive management is to attract, retain and motivate employees with the skills, qualifications and experience needed to maximise value creation for the Company and its shareholders.

²⁰ Several of the board members hold further share through indirect shareholdings in the Company. Please refer to Note 20 for further details

²¹ Harald Wilke resigned the Company 31 August 2020. Accordingly the figures represents compensation for the period 1 January 2020 until 31 August 2020



Notes

The total compensation to the CEO and CFO consists of base salary, bonus and other benefits. The Company practices standard employment contracts, with standard terms and conditions regarding notice period and severance pay for the executive management. The executive management participates in a variable bonus scheme where the purpose is to provide incentive to contribute to the value creation of the Company and its shareholders.

Note 24 – Warrants

On 20 April 2017, the Company issued 1,700,000 warrants to MPC Capital Beteiligungsgesellschaft mbH & Co. KG as the founding shareholder, corresponding to 8.5% of the shares issued in the private placement in April 2017. Under the same warrant agreement, on 19 June 2017, the Company issued 421,046 additional warrants to MPC Capital Beteiligungsgesellschaft mbH & Co. KG considering the equity private placement in June 2017, also in connection with the equity private placement which took place on 9 July 2020 the Company issued additionally 3,489,860 warrants. Each warrant gives the right, but no obligation, to subscribe for one share in the Company. The warrants are valid for a period of five years from 20 April 2017.

MPC Container Ships ASA entered into an agreement on 3 September 2021 with the warrant holder to settle 3,740,604 warrants for a cash consideration of USD 3.5 million which was recognised in 2021 in other paid capital. Since the cash consideration falls due by 30 June 2022, the provision is included under current liabilities as at 31 December 2021. As at 31 December 2021 the warrant holder holds 1,870,302 which have an exercise price of USD 1.89 conditional on that the vesting criteria are met. The remaining 1,870,302 warrants held at year-end 2021 were settled for a cash consideration of USD 2.2 million on 22 January 2022. Following this settlement agreement, there are no longer any outstanding warrants relating to MPCC shares from this date on.

The warrants issued to the founding shareholder are recognized as equity instruments in accordance with IAS 32 Financial Instruments.

Note 25 – Financial risk management

This section provides additional information about the Group's policies that are considered most relevant in understanding the operations and management of the Group, in particular objectives and policies of how the Group manages its financial risks, liquidity positions and capital structure.

The Group owns and operates vessels for worldwide transportation of containerised cargo. Through its operation, the Group is exposed to market risk, credit risk, liquidity risk and other risks that may negatively influence the value of assets, liability and future cash flows. The Group is exposed to risks affected by the ongoing COVID-19 pandemic. COVID-19 could have an adverse effect on the charter market and thereby affect the market risk. Additionally COVID-19 could impact the credit risk with the Group's customers and also impact the liquidity risk of the Group.

Market risk from financial instruments is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise four types of risk: interest rate risk, foreign currency risk, credit risk and price risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates, i.e. interest payable on the bond issued and the non-recourse senior secured term loan depends on the short-term LIBOR. An increase of the short-term LIBOR rate by 50 basis points would cause the Group's annualized interest expenses to increase by USD 1.1 million or 0.6% of Profit and loss for 2021.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of most of the entities in the Group is USD, and the Group has only minor currency risk from its operations since all income and all major vessel costs are in USD. However, the Group has exposure to EUR and NOK as parts of administration and vessel operating expenses and a portion of cash and cash equivalents, other short-term assets, trade payables and provisions and accruals are denominated in EUR and NOK. Currently, no financial instruments have been entered into to mitigate this risk. An increase of the USD/EUR exchange rate by 10% would increase cause the vessel operating expenses to increase by approx. 4% of profit and loss for 2021.

The Group is subject to price risk related to the charter market for feeder container vessel which is uncertain and volatile and will depend upon, among other things, the global and regional macroeconomic developments. In addition, the future financial position of the Group depends on valuations of the vessels owned by the Group. Currently, no financial instruments have been entered into to reduce this shipping market risk. The Group will normally have limited exposure to risks associated with bunker price fluctuations as the bunkers are for the charterers account when the vessels are on time charter contracts. See Board of Directors' report for further description.



Notes

Credit risk

Credit risk refers to the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum credit risk exposure is related to the Group's trade receivables of USD 10.4 million as at 31 December 2021.

It is the aim of the Group to enter into contracts with creditworthy counterparties only. Prior to concluding a charter party, the Group evaluates the credit quality of the customer, assessing its financial position, past experience and other factors. Charter hire is paid in advance, effectively reducing the potential exposure to credit risk. Bank deposits are only deposited with internationally recognized financial institutions.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity and/or undrawn committed credit facilities at all times to meet its obligations. See Board of Directors' report for further description with respect to liquidity risk. To ensure this, the Group continuously monitors projected cash flows using a liquidity planning tool. This includes furnishing management with weekly cash reporting, monthly liquidity forecasts and furnishing management and the Board of Directors with rolling 12-24 months liquidity forecasts.

The following table summarises the contractual maturities of financial liabilities on an undiscounted basis as at 31 December 2021:

in USD thousands	< 1 year	1-3 years	4-5 years	> 5 years	Total
Interest bearing loans and borrowings	-85,000	-81,667	-41,667	-26,666	-235,000
Interest payments	-6,813	-5,871	-1,086	-851	-14,621
Trade and other payables	-17,628	0	0	0	-17,628
Other liabilities	-19,547	0	0	0	-19,547
Total	-128,988	-87,538	-42,753	-27,517	-286,796

The contractual maturities and liabilities related to interest bearing loans and borrowings are related to the senior secured bond, and do not include the amended call options under the senior secured bond, which require the bond to be paid back at 102% of the nominal amount, if settled in September 2022 or later, and at 104% of the nominal amount if settled in December 2022 or later until the maturity date in March 2023.

The following table summarises the contractual maturities of financial liabilities on an undiscounted basis as at 31 December 2020:

in USD thousands	< 1 year	1-3 years	4-5 years	> 5 years	Total
Interest bearing loans and borrowings	-12,106	-270,545	0	0	-282,651
Interest payments	-13,412	-13,084	0	0	-26,496
Trade and other payables	-13,275	0	0	0	-13,275
Other liabilities	-3,597	0	0	0	-3,597
Total	-42,390	-283,629	0	0	-326,019



Note 26 – Capital management

A key objective of the Group's capital management is to ensure that the Group maintains a capital structure in order to support its business activities and maximise the shareholder value. The Group evaluates its capital structure in light of current and projected cash flows, the state of the shipping markets, new business opportunities and the Group's financial commitments. Capital is primarily managed on Group level.

The Group monitors its capital structure using the book-equity ratio, which stands at 70.4% as at 31 December 2021. The Group is mainly subject to financial covenants under the bond loan and the non-recourse secured term loan (see Note 17 – Interest-bearing debt). The Group aims at maintaining an equity ratio with adequate headroom to the respective covenant requirements.

in USD thousands	31 December 2021	31 December 2020
Book equity	727,589	383,032
Total assets	1,034,613	678,138
Book-equity ratio	70.4%	56.5%

In support of the Group's objective of maximizing returns to shareholders, MPC Container Ships' intention is to pay regular dividends by way of distributing 75% of Net Profits after considering CAPEX and working capital requirements, including liquidity reserves and one-off effects. Dividends will be declared or proposed by the Board at the sole discretion of the Board and will depend upon the financial position, earnings, debt covenants, distribution restrictions, capital requirements and other factors related to MPC Container Ships and its subsidiaries. The Company cannot guarantee that its Board will declare or propose dividends in the future. Furthermore, the Company may make event driven distributions based on non-recurring proceeds, such as vessel sales, by way of extraordinary dividends or share buybacks, to be applied according to the Board's discretion.



Notes

Note 27 - Group companies

The Group's consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the table below. The table excludes all General partner companies and non-operating companies.

in USD thousands	Country	Principal activity	Ownership
AS SAMANTA Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS SABRINA Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS FREYA Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS FENJA Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS PAOLA Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS PAULINE Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS RAFAELA Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS PENELOPE Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
MPC Container Ships GmbH & Co. KG	Germany	Management Company	100.00 %
AS SELINA Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
Rio Teslin OpCo GmbH & Co. KG	Germany	Empty shelf company	80.00 %
Rio Thelon OpCo GmbH & Co. KG	Germany	Empty shelf company	80.00 %
MPCC Second Financing GmbH & Co. KG	Germany	Holding company	100.00 %
MPCC First Financing GmbH & Co. KG	Germany	Holding company	100.00 %
AS Camellia Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS Carlotta Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS Carolina Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS Christiana Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS Franziska Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS Leona Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS Roberta Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS Serafina Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS Susanna Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
AS Svenja Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00 %
*AS Nadia Schiffahrtsgesellschaft mbH & Co. KG	Netherlands	Empty shelf company	99.90 %
MPC Container Ships Invest B.V.	Netherlands	Holding company	100.00 %
AS Angelina ShipCo C.V.	Netherlands	Ship-owning entity	99.90 %
AS California ShipCo C.V.	Netherlands	Ship-owning entity	99.90 %
AS Carelia ShipCo C.V.	Netherlands	Ship-owning entity	99.90 %
AS Clara ShipCo C.V.	Netherlands	Ship-owning entity	99.90 %
AS Clarita ShipCo C.V.	Netherlands	Ship-owning entity	99.90 %
AS Clementina CV ShipCo C.V.	Netherlands	Ship-owning entity	99.90 %
AS Columbia ShipCo C.V.	Netherlands	Ship-owning entity	99.90 %
AS Constantina ShipCo C.V.	Netherlands	Ship-owning entity	99.90 %
AS Cypria ShipCo C.V.	Netherlands	Ship-owning entity	99.90 %
AS Fabiana ShipCo C.V.	Netherlands	Ship-owning entity	99.90 %
AS Fabrizia ShipCo C.V.	Netherlands	Ship-owning entity	99.90 %
AS Fatima ShipCo C.V.	Netherlands	Ship-owning entity	99.90 %
AS Faustina ShipCo C.V.	Netherlands	Empty shelf company	99.90 %
AS Federica ShipCo C.V.	Netherlands	Empty shelf company	99.90 %



Notes

in USD thousands	Country	Principal activity	Ownership
"AS Felicia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Filippa" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Fiona" ShipCo C.V.	Netherlands	Empty shelf company	99,90%
"AS Fiorella" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Flora" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Floretta" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Floriana" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Fortuna" ShipCo C.V.	Netherlands	Empty shelf company	99,90%
"AS Frida" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Laetitia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Laguna" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Lauretta" ShipCo C.V.	Netherlands	Empty shelf company	99,90%
"AS Palatia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Patria" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Paulina" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Petronia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Ragna" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Riccarda" ShipCo C.V.	Netherlands	Empty shelf company	99,90%
"AS Romina" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Rosalia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Sara" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Savanna" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Serena" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Sevilla" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Sicilia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
"AS Sophia" ShipCo C.V.	Netherlands	Ship-owning entity	99,90%
MPCC Third Financing AS	Norway	Holding company	100,00 %
MPCC Box AS	Norway	Holding company	100,00 %
Sibum II AS	Norway	Empty shelf company	100,00 %
Sibum I AS	Norway	Empty shelf company	100,00 %
MPCC Mipo AS	Norway	Ship-owning entity	100,00 %
MPCC City AS	Norway	Ship-owning entity	100,00 %
MPCC Nora AS	Norway	Ship-owning entity	100,00 %
MPCC Emma AS	Norway	Ship-owning entity	100,00 %
MPCC Caspria AS	Norway	Ship-owning entity	100,00 %
MPCC Alva AS	Norway	Ship-owning entity	100,00 %
Songa Haydn AS	Norway	Empty shelf company	100,00 %

Ownership rights equal voting rights in all subsidiary entities. The entities domiciled in Norway come from the acquisition of MPCC Box AS (formerly Songa Container AS) effective from 9 August 2021, with the exception of MPCC Third Financing AS which was acquired as a shelf company from Advokatfirmaet Thommessen AS in the course of the transaction.



Notes

Note 28 – Subsequent events

On 10 January 2022, the Group delivered the vessel AS Palatia to its new owners. The agreement to sell the vessel for USD 35.8 million was entered into on 22 November 2021.

On 13 January 2022, the Group's joint venture, 2. Bluewater Holding Schiffahrtsgesellschaft mbH & Co. KG, delivered the vessel AS Petulia to its new owners. The joint venture entered into an agreement for the sale of the vessel for USD 35.8 million on 17 November 2021.

MPC Container Ships ASA entered into an agreement on 21 January 2022 with the warrant holders MPC Capital Beteiligungsgesellschaft mbH & Co. KG to settle the remaining 1,870,302 warrants already vested for a cash consideration of USD 2.2 million. The settlement has been recognised in Q1 2022 as a reduction in other paid-in equity. Since the cash consideration falls due by 30 June 2022, the provision is included under current liabilities. Following this settlement agreement, there are no longer any outstanding warrants relating to MPCC shares.

On 24 January 2022, Darren Maupin resigned from his position as member of the board of MPC Container Ships ASA. On 25 February 2022, Peter Frederiksen was elected as a new board member by an extraordinary general meeting of the Company.

An extraordinary general meeting of MPC Container Ships ASA was held on 28 January 2022. The general meeting passed the resolution to reduce the Company's share capital from NOK 444,051,377 to NOK 443,700,279 by cancelling the Company's treasury shares of 351,098 shares in total. The amount of the share capital reduction of NOK 351,098 will be transferred to other equity. This resolution entails no payments to be made by the Company.

MPC Container Ships ASA announced on 2 February 2022 that its Board of Directors has resolved to distribute a dividend of NOK 3.00 per share, amounting to NOK 1.33 billion (about USD 150 million) in total, based on the Company's approved annual financial statements for financial year 2020. The decision is based on an authority granted by the Company's extraordinary general meeting on 28 January 2022. The ex-dividend date of the shares was 7 February 2022.

On 23 February 2022 the board of directors resolved to distribute a further dividend of USD 0.11 per share, amounting to an approximate total of USD 50 million, based on the financial results of Q4 FY 20221. Payment to shares registered with Euronext VPS will be distributed in NOK. The distribution will be made from previously paid in share premium transferred from the Company's share premium account. The dividend is scheduled to be paid out on or about the 30 March 2022.

Special attention has to be drawn to the conflict between Russia and Ukraine as well as the economic and financial sanctions decided by the West to force Russia to end the conflict. The Company has made an assessment of all relevant areas, i.e. operations, contracts, charter parties etc. in order to identify risks and define specific countermeasures. Regarding the commercial risks from vessels trading in the critical area, four vessels have been stopped to call ports in Ukraine and Russia. Also, no dockings are scheduled in the region. With regard to the risk exposure of the charterparties, the Company assessed relevant contractual clauses, which are standard in most of today's executed charterparties. Besides these existent risk factors, our risk assessment concludes that there is no immediate holistic impact on MPCC expected, yet in a market struck by sanctions effects and other potential war-induced fall-outs, MPCC might not remain completely unaffected. Nevertheless, we remain confident that there should not be a complete disruption of the global supply chain. Furthermore, any stress or war scenario would not make the current scarcity of tonnage disappear.



Alternative performance measures

ALTERNATIVE PERFORMANCE MEASURES

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Alternative performance measures

The Group's financial information is prepared in accordance with international financial reporting standards ("IFRS"). In addition, it is the management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of the Group's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. The Group is in the initial phase of operation and performance measures are therefore subject to change. The alternative performance measures are intended to enhance comparability of the results and to give supplemental information to the users of the Group's external reporting.

Gross profit

Gross profit is a key financial parameter for the Group and is derived directly from the income statement by deducting cost of sales (vessel voyage expenditures, ship management fees, vessel operating expenditures and commissions) from the operating revenues.

EBITDA

Earnings before interest, tax, depreciations and amortisations ("EBITDA") is a key financial parameter for the Group and is derived directly from the income statement by adding back depreciation and impairment to the operating result ("EBIT").

in USD thousands	2021	2020
Operating result (EBIT)	230,698	-42,486
Depreciation	62,049	49,653
Impairment	0	8,996
EBITDA	290,436	16,164



Alternative performance measures

Average time charter equivalent ("tce")

TCE is a commonly used Key Performance Indicator ("KPI") in the shipping industry. TCE represents time charter revenue and pool revenue divided by the number of trading days for the consolidated vessels during the reporting period. Trading days are ownership days minus days without revenue, including commercial, uninsured technical and dry dock related off-hire days.

Average operating expenses ("opex") per day

OPEX per day is a commonly used KPI in the shipping industry. OPEX per day represents operating expenses excluding tonnage taxes and operating expenses reimbursed by the charterers divided by the number of ownership days of consolidated vessels during the reporting period.

Utilization

Utilization in percentage is a commonly used KPI in the shipping industry. Utilization in percentage represents total trading days including off-hire days relates to dry docks divided by the total number of ownership days during the period.

Leverage ratio

Interest bearing long-term debt and interest bearing short-term debt divided by total assets.

Equity ratio

Total book equity divided by total asset.



Parent financial statements

PARENT FINANCIAL STATEMENTS

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Parent financial statements

Income statement

in USD thousands	Notes	2021	2020
Revenue	2,3	14,780	16,465
Revenue		14,780	16,465
Payroll	4	-7,181	-1,152
Other operating expenses	5	-17,025	-19,141
Operating result (EBIT)		-9,428	-3,828
Finance income	5	24,673	680
Finance expense	5	-2,628	-433
Profit/Loss before income tax (EBT)		12,820	-3,580
Income tax	6	46	-41
Profit/Loss for the period		12,868	-3,821
Transfer of profit to retained earnings	7	12,868	-3,821
Dividend proposed	10	200,764	0
Earnings per share	7	0.05	-0.02
Basic earnings per share – In USD	7	0.05	-0.02
Diluted earnings per share – In USD	7	0.05	-0.02



Parent financial statements

Statement of financial position

in USD thousands	Notes	31 December 2021	31 December 2020
ASSETS		899,513	491,453
Non-current assets		516,928	483,171
Investments in Subsidiaries	8	489,855	456,063
Investments in affiliated companies	8	27,068	27,068
Other non-current assets		3	40
Current assets		182,587	8,282
Short-term receivables group	3	80,192	2,909
Other short-term receivables		561	2,247
Cash and cash equivalents	9	101,833	3,126
EQUITY AND LIABILITIES		899,513	491,453
Equity		447,807	490,005
Share capital	7, 10	48,629	43,046
Share premium	7, 10	396,316	456,764
Treasury shares	7	-1,143	-1,143
Retained earnings	7	4,004	-8,662
Current liabilities		251,708	1,448
Dividend liability	10	200,764	0
Accounts payable		846	688
Accounts payable to affiliated		40,278	0
Social security, VAT, etc.		151	111
Other short-term liabilities		9,667	649



Parent financial statements

Statement of cash flow

in USD thousands	Notes	2021	2020
Profit/Loss before income tax		12,620	-3,580
Tax refund from previous year's paid corporate tax		46	0
Net change in current assets		2,530	375
Net change in current liabilities		5,662	-1,276
Depreciation and impairment		508	1,472
Finance income (net)		-22,045	0
Cash flow from operating activities		-678	-3,010
Loan proceeds from subsidiaries		60,000	0
Investment in subsidiaries		-4,168	-39,140
Purchase of other non-current assets		0	-11
Dividends received from subsidiaries		47,470	0
Dividends received from joint ventures		24,500	0
Cash flow from investing activities		127,802	-39,151
Repayment of debt	6	-25,700	0
Proceeds from share issuance		0	43,354
Other paid financial items	6	-610	0
Repayment of hedging instruments		-1,918	0
Share issuance costs		-190	-1,220
Cash flow from financing activities		-28,418	42,134
Net change in cash and cash equivalents		98,706	-27
Net foreign exchange differences		0	0
Cash and cash equivalents at beginning of period		3,126	3,153
Cash and cash equivalents at the end of period		101,833	3,126

Oslo, 24 March 2022

The Board of Directors and CEO of
MPC Container Ships ASA

Ulf Holländer (Chairman)

Dr. Axel Schroeder

Laura Carballo

Peter Frederiksen

Ellen Hanetho

Constantin Baack (CEO)



Parent financial statements

Notes

Note 1 – Significant accounting policies

MPC Container Ships ASA ("the Company") was incorporated on 9 January 2017 as a private limited liability company under the laws of Norway, and converted to a Norwegian public limited liability company (Norwegian: allmennaksjeselskap) on 16 January 2018.

The financial statements are prepared in accordance with Norwegian Standards (NGAAP) for public limited liability companies.

Current assets are assets that are expected to be realised in the Company's normal circle, held primarily for the purpose of trading and that are expected to be realised within twelve months after the reporting period. Current liabilities are liabilities that are expected to be settled within the Company's normal operating cycle. Other assets are classified as non-current assets and other liabilities are classified as non-current liabilities.

Accounts receivable are recognised at fair value after provisions for bad debts.

Long-term investments in shares in subsidiaries including affiliated companies are recognised at original cost, but are reduced to fair value if the decrease in value is not temporary.

Revenue and expenses from operations are booked in the same period as they occur.

The financial statements are presented in US Dollar (USD), which is the functional currency of the Company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction.

All financial information presented in USD has been rounded to the nearest thousand USD, except otherwise indicated. Differences from currency translations are classified as financial income.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax liabilities are classified as non-current assets and are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

Note 2 – Revenue

in USD thousands	2021	2020
Ship management fees	9,003	9,291
Corporate management fees	3,049	2,383
Reimbursements	2,728	4,791
Total revenue	14,780	16,465



Parent financial statements

Note 3 – Group transactions

In USD thousands	Receivables at 31 December 2021	Payables at 31 December 2021	Revenues in 2021	Expenses in 2021
Intercompany balances/transactions	80,192	0	14,780	-3,173

In USD thousands	Receivables at 31 December 2020	Payables at 31 December 2020	Revenues in 2020	Expenses in 2020
Intercompany balances/transactions	2,909	0	16,465	-3,070

Revenue is related to invoiced ship management fees and corporate management fees including other reimbursements.

Note 4 – Payroll expenses, Board of Directors remuneration, compensations, etc.

in USD thousands	2021	2020
Payroll	6,826	902
Social security	131	76
Other personnel expenses	67	53
Accrued Board of Directors remuneration	156	121
Total payroll expenses	7,181	1,152

In accordance with Norwegian law, the Company is required to have an occupational pension scheme. The Company's pension scheme was in compliance with Norwegian law as at 31 December 2021.

Please refer to Note 19 of the consolidated financial statements for the remuneration of the Board of Directors and key management.

in USD thousands	2021	2020
Fees related to audit services	145	121
Fees related to other services	5	102
Fees recorded towards equity	0	15
Total auditor compensation	150	238



Parent financial statements

Note 5 – Specification of P/L records

in USD thousands	2021	2020
Other operating expenses		
Fees from auditors	-208	-223
Ship management fees	-8,527	-9,004
Legal fees	-4,117	-4,714
Other fees	-3,173	-3,070
Impairment of subsidiaries	0	-1,475
Other operating expenses	-1,001	-662
Total operating expenses	-17,025	-19,147
Finance income		
Interest income	1	1
Income from exchange	90	662
Dividend from subsidiaries	0	17
Dividend from joint venture investments	24,500	0
Other financial income	82	0
Total finance income	24,673	680
Finance expense		
Interest expense	-725	-211
Expense from exchange	-199	-222
Other financial expenses	-1,704	0
Total finance expense	-2,628	-433

Note 6 – Income tax

The Company is subject to ordinary corporation tax in Norway:

in USD thousands	2021	2020
Basis for ordinary corporation tax expense		
Profit(loss) before taxes	12,620	-3,580
Non-taxable income (dividend from joint-venture)	23,765	0
Net taxable income	-11,145	-3,580
Expected income tax at statutory rate (22%)	2,452	788
Change in temporary differences and tax losses carried forward not recognised	-2,452	-788
Corporate tax payable in the balance sheet	0	0

In Norway, the Company has an estimated tax loss carried forward amounting to USD 47.7 million. The tax loss relates mainly to transaction cost on capital increase and can be carried forward indefinitely. Currently, no convincing evidence of using the tax loss exists. Accordingly, the criteria for recognition of deferred tax assets are not met.



Parent financial statements

Note 7 - Equity

in USD thousands	Share capital	Treasury shares	Share premium	Retained earnings/ losses	Total
Total equity as at 1 January 2021	43,046	-1,143	456,764	-8,662	490,005
Capital increase 9 August 2021	5,583	0	143,870	0	149,453
Settlement of warrants	0	0	-3,554	0	-3,554
Dividend proposed	0	0	-200,764	0	-200,764
Profit/loss	0	-0	0	12,666	12,666
Total equity as at 31 December 2021	48,829	-1,143	398,318	4,004	447,807

The capital increase on 9 August 2021 relates to the acquisition of MPCC Box AS (formerly Songa Container AS). Please refer to note 14 in the Group's consolidated financial statements. See also note 24 in the Group's consolidated financial statements regarding the warrants settlements.

The proposed dividend consists of the two resolved dividends by the Board of Director's on respectively 2 February 2022, where the Company distributed NOK 3.00 (USD 0.11) per share based on the Company's approved annual account for 2020 in total of NOK 1.33 billion, and on 24 February 2022 where the Company will distribute USD 0.11 per share, amounting to USD 48.8 million, based on the financial results of Q4 2021.

in USD thousands	Share capital	Treasury shares	Share premium	Retained earnings/ losses	Total
Total equity as at 1 January 2020	101,121	-1,143	356,576	-5,041	451,512
Capital increase 16 March	6,920	0	4,751	0	11,671
Change in nominal value 1 July	-97,236	0	97,236	0	0
Capital increase 10 July 2020	28,197	0	-1,644	0	26,553
Capital increase 21 August 2020	4,045	0	-156	0	3,889
Profit/loss	0	0	0	-3,621	-3,621
Total equity as at 31 December 2020	43,046	-1,143	456,764	-8,662	490,005

in USD thousands	2021	2020
Profit/(loss) for year attributable to ordinary equity holders - in USD thousands	12,666	-3,621
Weighted average number of shares outstanding, basic	414,653,050	238,286,799
Weighted average number of shares outstanding, diluted	419,017,088	240,407,845
Basic earnings per share - In USD	0.05	-0.02
Basic earnings per share - In USD	0.05	-0.02



Parent financial statements

Note 8 – Investments in Subsidiaries and affiliated companies

Investments in subsidiaries

in USD thousands	Country	Equity	Profit/loss (+/-)	Book value	Ownership
MPC Container Ships Invest B.V.	Netherlands	240,805	36,029	261,384	100.00 %
MPCC Second Financing GmbH & Co KG	Germany	136,070	22,949	52,837	100.00 %
MPCC First Financing OpCo KG	Germany	86	28	29	100.00 %
MPCC First Financing Verwaltungs GmbH	Germany	31	1	29	100.00 %
MPC Container Ships GmbH & Co. KG	Germany	164	-401	733	100.00 %
MPC Container Ships Verwaltungs GmbH	Germany	29	2	29	100.00 %
MPC Container Ships Sourcing GmbH	Germany	125	16	122	100.00 %
AS Shipping OpCo 1 GmbH	Germany	70	5	62	100.00 %
Sao Paulo Project Holding Verwaltungs GmbH	Germany	248	-	6	100.00 %
MPCC Third Financing AS	Norway	208,219	5,310	149,832	100.00 %
AS Carolina Schiff. Mbh & Co. KG	Germany	10,333	2,029	9,530	100.00 %
AS Franziska Schiff. Mbh & Co. KG	Germany	6,944	1,382	5,942	100.00 %
AS Roberta Schiff. Mbh & Co. KG	Germany	8,932	800	9,322	100.00 %
Total		612,057		488,855	

The major investment in subsidiaries of the Company are direct or indirect holding investments in container vessels where the fair values of the vessels exceed the book values. Accordingly, there is no identified need for impairment on the Company's investments in subsidiaries. Included in Other operating expenses is an impairment of MPC Container Ships Sourcing GmbH & Co. KG of USD 0.5 million.

Investments in affiliated companies

(in USD thousands)	Country	Equity	Profit/Loss	Booked value	Ownership
2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG	Germany	68,581	32,268	24,063	50.00 %
Bluewater Holding SFG	Germany	35	3	3,004	50.00 %
Total		88,616		27,068	

Note 9 – Cash and cash equivalents

in USD thousands	2021	2020
Bank deposits denominated in USD	101,521	2,542
Bank deposits denominated in EUR	161	215
Bank deposits denominated in NOK	151	370
Total cash and cash equivalents	101,833	3,128



Bank deposits in NOK consists of in total USD 28 thousand in funds held for employee taxes payable to the Norwegian government.

Note 10 – Shareholders

As at 31 December 2021, the share capital of the Company consists of 444,051,377 shares with nominal value per share of NOK 1.00. All issued shares are of equal rights and are fully paid up.

Please refer to Note 20 of the consolidated financial statements for an overview of the 20 largest shareholders of the Company as at 31 December 2021. Please also refer to Note 22 of the consolidated financial statements for information about the Group's issued warrants.

Note 11 – Guarantees

The Company has guaranteed for the recourse term loan of MPCC Second Financing GmbH & Co. KG., together with the subsidiaries of MPCC Second Financing GmbH & Co. KG. Additionally, the Company has guaranteed for the senior secured term loan and revolving credit facility of MPCC Third Financing AS, together with the subsidiaries of MPCC Third Financing AS.

Note 12 – Financial risk management

Foreign exchange

The risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Company has exposure in EUR and NOK as part of administrative and operating expenses and a portion of cash and cash equivalents and trade payables are denominated in EUR and NOK. The Company do not have financial instruments in place to mitigate this risk.

Credit risk

Credit risk relates to loans to subsidiaries and affiliated companies, guarantees to subsidiaries, deposits with external banks and receivables against related parties. Loss provisions are provided in situations of negative equity and where the companies are not expected to be able to fulfil their loan obligations from future earnings.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due and is managed through maintaining sufficient cash. Development in the Group's and thereby the Company's available liquidity, is continuously monitored through a liquidity planning tool which includes weekly cash reporting and monthly cash flow forecasts.



Auditor's report

AUDITOR'S REPORT



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of MPC Container Ships ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MPC Container Ships ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2021, the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2021, the income statement, the statement of comprehensive income, the statement of cash flow, and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders on 23 May 2017 for the accounting year 2017.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate



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opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Acquisition of Songa Container AS

Basis for the key audit matter

In August 2021, the Group acquired Songa Container AS including its subsidiaries. The transaction was partly settled with cash and partly settled with consideration shares. The fair value of the acquired assets was determined based on estimates and assumptions about the future performance of the container freight market. The most complex part of the purchase price allocation was related to the valuation of the vessels and the time-charter contracts, which was based on discounted cash flows for vessels intended for use and independent broker values for vessels intended for sale at the transaction date. Vessel values calculated from the discounted cash flow model were also supported by independent broker values. The acquisition is a key audit matter due to the significance of the transaction and due to the significant judgments and assumptions involved in the recognition and measurement of the acquired assets, assumed liabilities and the bargain gain amounting to \$2.3 million from the business combination in the consolidated income statement.

Our audit response

We read relevant agreements and gained an understanding of the transaction and its rationale through discussions with management. We assessed the identification and valuation of the acquired assets (e.g., vessels and charter portfolio) and other assets and liabilities assumed in the acquisition. The identification of fair value adjustments was assessed based on our understanding of the acquired companies and the plans of the management that supported the acquisition. We evaluated the methodology and assumptions used in the valuation of the acquired vessels and compared these valuations with the Group's methodology for valuations of similar vessels. For the charter portfolio, we compared key terms used in managements valuation against charter agreements. We considered the key assumptions in the cash flows projected by management through comparing the assumptions to data from comparative companies, independent broker valuations, and tested the mathematical accuracy of the valuation model. Furthermore, we compared the risk premiums in the weighted average cost of capital with external data, and considered management's adjustments for company specific factors. Refer to note 12 Business Combination in the consolidated financial statements.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or

Independent auditor's report - MPC Container Ships ASA 2021

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our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit



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evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of our audit of the financial statements of MPC Container Ships ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name MPC Container ESEF File 2021, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.



Auditor's responsibilities

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – “Assurance engagements other than audits or reviews of historical financial information”. The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 24 March 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

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Jon-Michael Grefsrød

Partner

On behalf of: Ernst & Young AS

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Jon-Michael Grefsrød

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On behalf of: Ernst & Young AS

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INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of MPC Container Ships ASA

Opinion

We have performed an assurance engagement to obtain reasonable assurance that MPC Container Ships ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 24 March 2022
ERNST & YOUNG AS

The auditor's assurance report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

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Jon-Michael Grefsrød

Partner

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Auditor's report



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Org.no. 918 494 316

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Norwegian Directorate of Taxes

Inquiries to
Torstein Kinden Helleland

Your date
18.09.2017

Our date
11.10.2017

Telephone
22078139

Your reference
Tobias Junge

Our reference
2017/1070798

MPC CONTAINER SHIPS AS
c/o Fearnley Business Management AS
P.O. Box 1158 Sentrum
0151 OSLO

Permission to prepare the annual accounts and directors' report in English language for MPC Container Ships AS, org.nr. 918 494 316

With reference to your letter of 5 September 2017 with respect to the above matter regarding MPC Container Ships AS.

Based on a total evaluation, the view of The Directorate of Taxes is that MPC Container Ships AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information that the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background

From your letter:

MPC Container Ships AS (the "Company", Organization number 918 494 316) is a shipping company with headquarter in Oslo. The Company owns container ships carrying containers in international waters, and is thereby operating in an industry of a strong international character. English is the principal language in use for all central partners, customers and other stakeholders in this industry, including the shareholders of the Company (see below). The Company also uses English as its working language on all management levels.

MPC Container Ships AS is listed on Merkur Market at Oslo Stock Exchange and is exempt from the Securities Trading Act section 5-13 regarding the language requirement of mandatory information. Hence, the Company is reporting all information in English. The largest shareholder, with a shareholding of 27.1 % in MPC Container Ships AS, is based in Hamburg, Germany. In addition, other foreign shareholders constitute 49.9 %, i.e. a total of 77.0 %.

Permission to make the annual accounts and the directors' report in Norway in English language

According to the Norwegian Accounting Act § 3-4, third paragraph shall "the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language".

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Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

“The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information.”

Hence, one of the main aims of the Accounting Act is to contribute to “informative accounts for different users of accounts”. The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors’ report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that the majority of shareholder are foreign. The company is listed on Merkur Market at Oslo Stock Exchange and is exempt from the Securities Trading Act section 5-13 regarding the language requirement of mandatory information. The working language is English. All key players and partners in this industry speak and use English language. Furthermore, the company is operating in an international industry.

Please state “our reference” (see above) in all written communication with The Norwegian Tax Authorities.

Best regards

Jeanette Munkvold Skovholt
Senior Adviser
Legal Department
Norwegian Directorate of Taxes

Torstein Kinden Helleland

This document has been electronically approved and contains therefore no handwritten signatures