



FINANCIAL REPORT

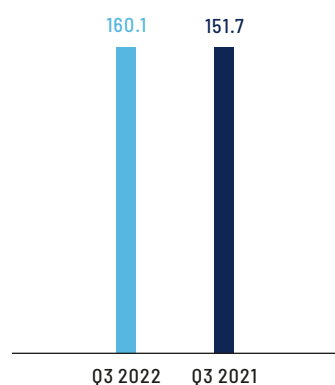
Q3 2022

MPC CONTAINER SHIPS ASA

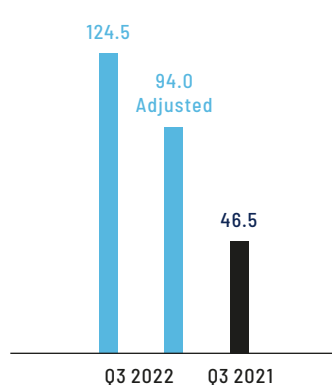
Third quarter 2022 highlights

- + Operating revenues for Q3 2022 were USD 160.1 million
- + EBITDA was USD 145.8 million in Q3 2022, or USD 115.3 million adjusted for gain from sale of vessels
- + Profit for the period was USD 124.5 million for Q3 2022, or USD 94.0 million adjusted for gain from sale of vessels
- + Earnings per share (EPS) for Q3 2022 was USD 0.28, USD 0.21 adjusted for gain from sale of vessels
- + Utilization in Q3 2022 was 96.9%
- + Average time charter equivalent for Q3 2022 was USD 30,476 per day
- + Equity ratio as at September 30, 2022, was 73.9% (December 31, 2021: 70.3%), and the leverage ratio was 18.2% (December 31, 2021: 20.4%)
- + Based on the MPCC distribution policy, recurring dividends for the Q3 2022 period are to be set at USD 0.16 per share
- + In July 2022, AS Serafina was sold to an unrelated third party for consideration of USD 34.0 million and the Group reported a gain of USD 19.9 million from the sale of the vessel
- + In September 2022, AS Laetitia was sold to an unrelated third party for consideration of USD 16.2 million and the Group recorded a gain of USD 10.6 million from the sale of the vessel. Based on the successful sale of AS Laetitia, an additional event driven distribution of USD 0.03 per share will be paid alongside the recurring dividend

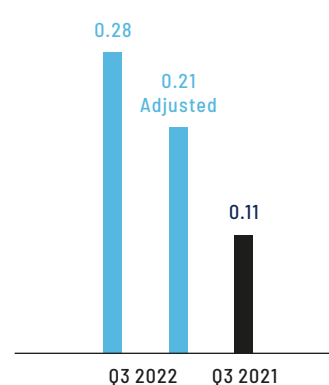
Operating revenues in USD m



Profit for the period in USD m



EPS in USD



KEY FIGURES

		Q3 2022	Q2 2022	Q3 2021	Q3 YTD 2022	Q3 YTD 2021
Operating revenues	USDm	160.1	151.7	118.5	454.7	242.2
EBITDA	USDm	145.8	111.8	73.6	395.3	127.7
Adjusted EBITDA	USDm	115.3	111.8	75.9	345.9	130.1
Profit for the period	USDm	124.5	90.1	46.5	331.4	61.9
Adjusted profit/(loss) for the period	USDm	94.0	90.1	44.1	282.1	59.6
Operating cash flow	USDm	124.2	98.9	60.4	310.4	113.5
EPS	USD	0.28	0.20	0.11	0.75	0.15
Adjusted EPS	USD	0.21	0.20	0.11	0.64	0.15
DPS	USD	0.19	0.19	-	0.99	-
Total ownership days		5,466	5,460	5,735	16,335	16,038
Total trading days		5,098	5,104	5,417	15,509	15,399
Utilization		96.9%	98.2%	97.7%	98.0%	97.9%
Average TCE	per day	30,476	28,071	19,656	26,906	14,374
Average Opex	per day	6,321	5,972	5,340	6,176	5,319

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CEO COMMENT



Constantin Baack
CEO

Dear readers,

The third quarter was another period of record earnings, supported by our robust backlog and continued high fleet utilization, which were secured during a period of high charter rates and strong demand. We further reduced our leverage and are pleased to announce another solid recurring dividend distribution for the quarter. These positive results reaffirm the value proposition of MPC Container Ships and serve as confirmation of our long-term capital allocation strategy. Year to date we have declared dividends of USD 440 million, standing by our commitment to return capital to our shareholders.

Over the past months, we have seen a softening in the container market amid global economic and geopolitical uncertainties. The market began to normalize during the quarter, but rates remain elevated compared to pre-pandemic levels. Fixing activity has been low, and most new fixtures are for short-term employment, which shows the trend towards normalization. We are cautiously optimistic with regards to market development over the forthcoming quarters despite our expectation that charter durations will be shorter than in the past year.

At MPC Container Ships, we continue to place clear emphasis on returning capital to shareholders whilst performing well operationally and commercially, and selectively executing value-accretive portfolio optimization measures. Due to our strong backlog, we have high earnings visibility for the quarters and years ahead. Furthermore, we are in a solid financial state with industry-low leverage and a high number of unencumbered vessels. As a result, we are confident in our ability to continue to create value for our shareholders going forward while utilizing our financial flexibility to act on attractive market opportunities as they arise.

THIRD QUARTER RESULTS

Financial performance

The Group's vessels are chartered out on time charter contracts to global and regional liner shipping companies. Operating revenues for the third quarter were USD 160.1 million (Q2 2022: USD 151.7 million), compared with USD 118.5 million in the same quarter of 2021. Gross profit from vessel operations was USD 118.7 million (Q2 2022: USD 114.8 million), compared with USD 79.6 million for the same quarter of 2021. The increase in operating revenues and gross profit compared with the previous quarter was driven by higher charter rates for the Group's fleet. Accordingly, the Q3 2022 TCE (per trading day) increased from USD 28,071 in Q2 2022 to USD 30,476.

The Group reports a profit for the period of USD 124.5 million for Q3 2022 (Q2 2022: USD 90.1 million, Q3 2021: USD 46.5 million).

Financial position

The Group's total assets amounted to USD 950.9 million as at September 30, 2022 (USD 1,034.6 million as at December 31, 2021). Non-current assets of USD 784.0 million (USD 803.0 million as at December 31, 2021) reflected the carrying amounts of the vessels operated by the Group, including the equity investments in a joint venture. The decrease in the carrying amounts of the vessels operated by the Group in the first three quarters of 2022 is primarily due to the sale of three vessels (AS Palatia, AS Serafina and AS Laetitia) and regular depreciation of the remaining fleet. This is offset by CAPEX and other vessel upgrades. As at September 30, 2022, an aggregate amount of USD 18.3 million instalments was paid according to the agreements entered into with the shipyards. The decrease in the investment in joint ventures during the first three quarters of 2022 is reflected by USD 33.9 million in the share of profit from the joint venture partly offset by received distributions of USD 44.0 million.

Total equity was USD 702.4 million as at September 30, 2022 (USD 727.6 million as at December 31, 2021), including a non-controlling interest of USD 2.5 million (USD 0.9 million as at December 31, 2021). The change in equity is mainly due to the dividend payment of USD 356.7 million, in addition to profit for the first nine months of USD 331.4 million and the settlement of warrants of USD 2.2 million.

As at September 30, 2022, the Group had total interest-bearing debt in the amount of USD 173.2 million (USD 231.8 million as at December 31, 2021). See Note 9 for further information on the Group's interest-bearing debts.

Cash flows

In Q3 2022, the Group generated a positive cash flow from operating activities of USD 124.2 million (Q2 2022: USD 98.9 million). Cash flow from investing activities was positive at USD 14.9 million (Q2 2022: positive USD 8.7 million), primarily as a result of USD 48.9 million proceeds from the sale of AS Serafina and AS Laetitia during the third quarter of 2022 and USD 4.0 million dividend received from the Group's joint venture investment. This is partly offset by CAPEX and other vessel upgrades of USD 19.6 million and USD 18.3 million instalments paid for the four newbuildings. The Group had a negative cash flow from financing activities of USD 100.8 million in Q3 2022 (Q2 2022: negative 102.7 million), which mainly reflected the payment of a dividend of USD 84.3 million and the repayment of a loan of USD 15.0 million.

Cash and cash equivalents as at September 30, 2022, came to USD 124.7 million compared with USD 180.3 million as at December 31, 2021. Total restricted cash at September 30, 2022, was USD 33.5 million, compared with USD 23.6 million as at December 31, 2021.

The fleet

As at September 30, 2022, the Group's fleet consisted of 63 vessels, with an aggregate capacity of approximate 137,094 TEU.

In July 2022, the Group entered into an agreement for the sale of AS Serafina to an unrelated third party for consideration of USD 34.0 million. The Group reported a gain on sale of USD 19.9 million upon the sale and delivery of the vessel in August 2022. In September 2022, the Group entered into an agreement for the sale of AS Laetitia to an unrelated third party for consideration of USD 16.2 million. The Group recorded a gain of USD 10.6 million upon the sale and delivery of the vessel in September 2022.

Newbuilding program

As at September 30, 2022, the Group's newbuilding program consisted of four vessels, of which two 5,500 TEU eco-design vessels with a contract price of USD 72.2 million per vessel are expected to be delivered into a 7-year charter with a Tier 1 counterparty in January and February 2024. The other two vessels, which are carbon-neutral 1,300 TEU vessels with 15-year time charters to North Sea Container Line AS with an aggregate price of USD 78.0 million, are expected to be delivered in July and November 2024.

As at September 30, 2022, total instalments of USD 18.3 million had been paid in connection with the Group's remaining newbuilding program. Remaining commitments amounted to USD 189.4 million, of which USD 7.7 million is expected to be paid in 2022 and USD 42.5 million is expected to be paid in 2023.

Corporate update

Pursuant to the Company's stated dividend policy, the Board of Directors has decided to pay a recurring dividend of USD 0.16 per share for the third quarter of 2022, as well as an event distribution of USD 0.03 based on successful sale of AS Laetitia. The record date for the dividend will be December 21, 2022. The ex-dividend date is expected to be December 20, 2022, and the dividend will be paid on or about December 23, 2022.

The Group had 443,700,279 ordinary shares outstanding as at September 30, 2022. The weighted average number of shares outstanding for the purpose of calculating basic and diluted earnings per share for the third quarter of 2022 was 443,700,279.

Financing update

In September 2022, the Group repaid USD 15.0 million of the USD 180 million five-year senior secured credit facility with Hamburg Commercial Bank ("HCOB"). As at September 30, 2022, the total interest-bearing loan outstanding is USD 173.2 million.

Container market update

Global recession and decades-high inflation put downward pressure on container industry

For a good part of the last two years, the container market, together with much of the global economy, was booming. Box rates, time-charter rates and asset prices skyrocketed to unseen levels, peaking in January 2022. From a macroeconomic perspective, the boom was partly financed by expansive fiscal and monetary policies worldwide in reaction to the Covid-19 recession in 2020. Consequently, this induced an increase in the medium-term inflation outlook as early as 2021.

In February 2022, the escalation of the Russia-Ukraine conflict shocked the world economy and the container vessel industry. Commodity, raw material and energy prices rose and added to the momentum of inflationary pressure. Inflation increased to a decades-high 9% in the US and 10% in the euro area. Central banks again reacted promptly, this time with increasing interest rates, which put negative pressure on investments. GDP growth forecasts were downgraded continuously.

The global economy is currently struggling with a slowdown of economic activity and decades-high inflation, increasing interest rates and a weakened demand and international trade outlook.¹ In its latest version of the World Economic Outlook (October 2022), the International Monetary Fund (IMF) downgraded its global GDP growth forecasts for the full year 2022 to 3.2% and its global international trade forecast to 4.3%.

Box rates, time-charter rates and asset prices decrease significantly but are still elevated

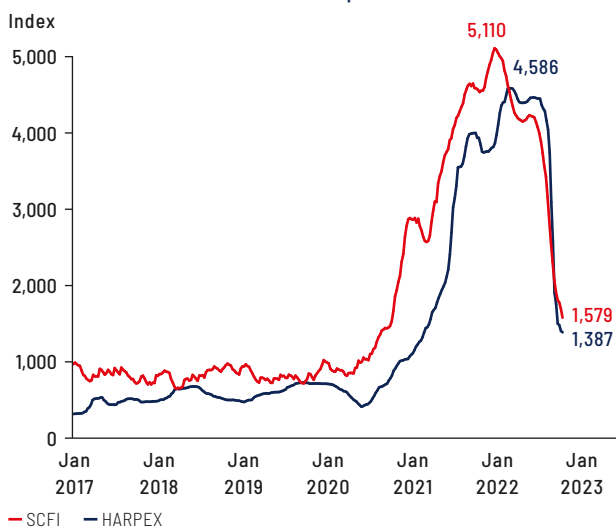
Freight rates were among the first container-industry variables that reacted to the decrease in consumer demand. As pointed out in Figure 1, the Shanghai Containerized Freight Index (SCFI) decreased from its record high of 5,110 points at the beginning of January 2022 to 1,579 points at the beginning of November 2022 (-69%). Nevertheless, this reading is still elevated compared to pre-Covid levels. From 2015 to 2020, the SCFI stayed below 1,000 points and even decreased to 400 points in 2016. Time-charter rates reacted a tick later.

The HARPEX time-charter rate index peaked in early March 2022 at 4,586 points before decreasing to 1,387 points in early November 2022 (-70%). But similar to box rates, time-charter rates are still elevated compared to pre-Covid years. The HARPEX oscillated between 300 and 600 points from 2012 to 2019. Currently (November 4, 2022), the HARPEX 6-12 month time-charter rate index indicates USD 12,500 a day for a 1.1 thousand TEU vessel, USD 15,000 a day for a 1.7 thousand TEU vessel, USD 22,000 a day for a 2.7 thousand TEU vessel and USD 26,000 a day for a 4.3 thousand TEU container vessel.²

¹ IMF, World Economic Outlook, October 2022; Tradingeconomics.com, November 2, 2022.

² Clarksons Research, Shipping Intelligence Network, November 2022; Harper Petersen, November 2022.

Fig. 1: SCFI Comprehensive and HARPEX – Time-Charter Rate Development, 6-12 Months



Asset prices have also weakened. While the second-hand price index from Clarksons Research, for example, peaked at 128.5 points in early January 2022, it later decreased to 86.3 points in October 2022 (-33%). Despite that, second-hand prices are still elevated. From 2012 to 2019, this index ranged at around 35 points. At the beginning of November 2022, second-hand prices for a 15-year-old container vessel were at USD 13.5 million for a 1 thousand TEU vessel, USD 17.5 million for a 1.7 thousand TEU vessel, USD 23 million for a 2.8 thousand TEU vessel and USD 47 million for a 4.5 thousand TEU vessel. Newbuild prices had not seen a correction until now. They are currently (November 4, 2022) around USD 29 million for a 1.8 thousand TEU vessel, USD 43 million for a 2.8 thousand TEU vessel and USD 74 million for a 5.3 thousand TEU vessel.³

Looking at the time-charter market, not only have rates decrease, but the structure of the market has also changed. The market surge in 2021 induced a shift from a spot market with relative low time-charter rates, short charter periods and large redelivery windows to a forward market, where vessels have been fixed months in advance, with narrow redelivery windows and record rates. With the softening of the market that we saw during Q3 2022, the structure reverted back to pre-Covid chartering strategies with relatively short charter periods and prompt hiring of vessels. While average charter periods for 1 thousand to 5.1 thousand TEU vessels increased from around 6 to 9 months pre-Covid to between 26 and 27 months at the market peak in January 2022, those vessels are now (November 2022) chartered out again for a period of around 6 to 10 months.

Beside the change in periods, the market boom in 2021 also turned the charter market from a spot to a forward market with vessels chartered out months before the delivery of the vessel into the charter. Pre-Covid, only 5% to 10% of charter fixtures were concluded more than 30 days in advance. In Q1 2022, 62% of the charter fixtures were concluded more than 30 days in advance, some of them up to 100 or more days before delivery of the vessel. Those

fixtures came in at record rates. With the weakening of the market, the charter strategy turned back to a spot market. Figure 2 highlights those developments.⁴

Fig. 2a: Average Charter Periods and Redelivery Window Months

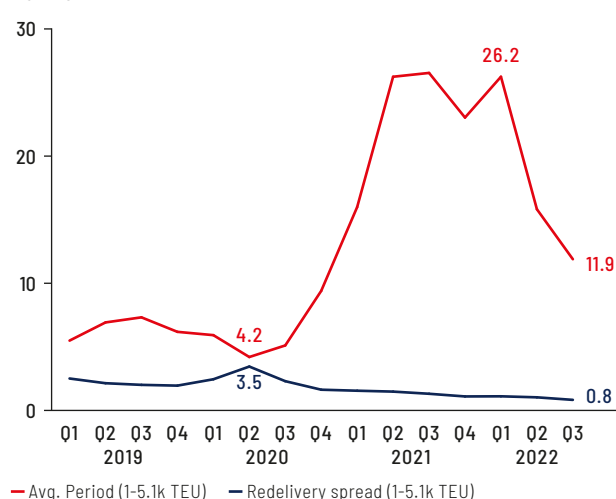
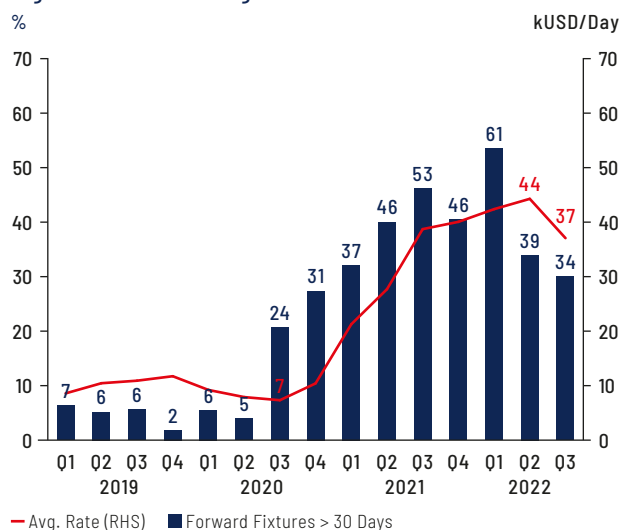


Fig. 2b: Forward Fixing and Charter Rates



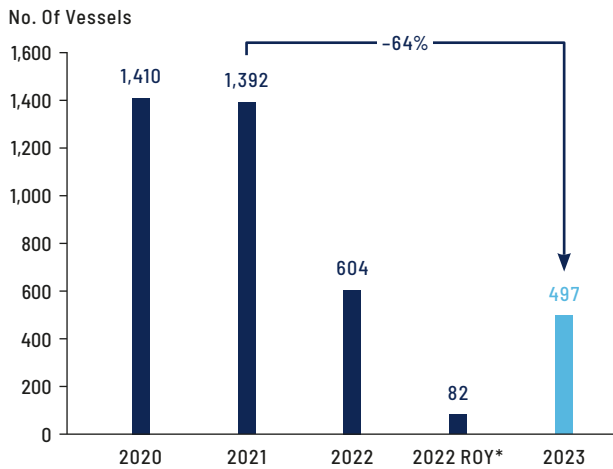
However, vessel availability remains historically low, at least for several months, as it is medium- to long-term by nature. Those vessels that have been chartered out during the market boom, with extensive charter periods of two years and more, are sailing on charter until redelivery and are thus not available for quite a while. As at November 1, 2022, including newbuild-deliveries, there were only 82 vessels left that were coming open for charter by the end of 2022. As Figure 3 highlights, when comparing the availability of charter vessels at the beginning of each year, the number of open positions has decreased by around 60% compared to the usual numbers.⁵

³ Clarksons Research, Shipping Intelligence Network, November 2022.

⁴ Harper Petersen, November 2022.

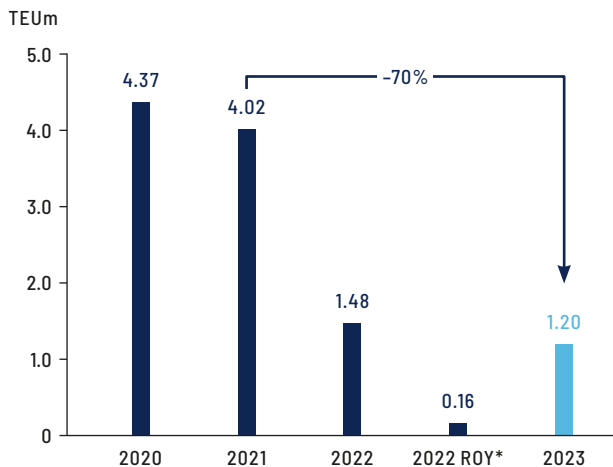
⁵ Ibid.

Fig. 3a: Start-of-the-year Charter Vessel Availability



* Availability for the remainder of 2022 as of November 1, 2022, including newbuild-deliveries

Fig. 3b: Availability in MTEU



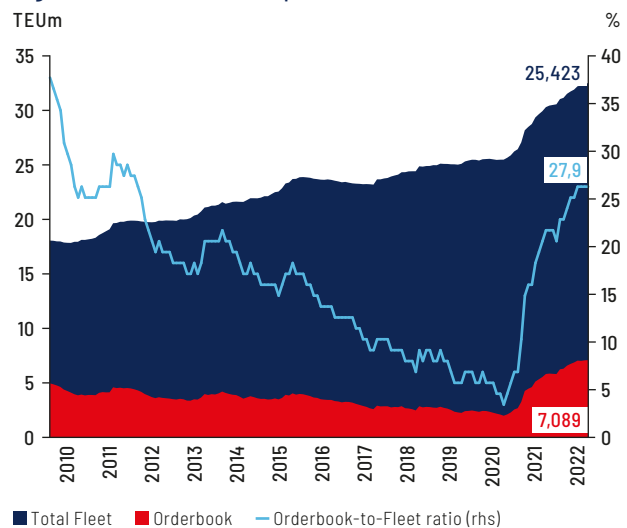
* Availability for the remainder of 2022 as of November 1, 2022

Despite the weakening of the freight and charter market, the industry is still characterized by disruptions and congestion. Congestion has eased, but is still high. The Clarksons Research total port congestion index was still at 8.8 million TEU at the end of October 2022 (pre-Covid numbers ranged from 5.9 million TEU to 7.2 million TEU). Beijing's Covid-19 policy, with shutdowns and lockdowns of important production and trade hubs like Ningbo, also remains a challenging factor for supply chains and can be expected to continue causing further disruptions.⁶

Supply-demand outlook: Intra-regional trades expected to perform relatively well

With the market surge in 2021, the container vessel orderbook also increased significantly from 8% of the fleet in October 2020 to 28% of the fleet in October 2022. In 2023 and 2024, when a significant share of the current orderbook will be delivered, total supply growth is expected to significantly outperform demand growth. As Figure 4 (right) highlights, newbuild contracting has been significantly biased towards vessels larger than 12 thousand TEU. Supply will thus grow strongest for larger size segments. While the orderbook-to-fleet ratio is currently at 71% for vessels between 12 thousand and 17 thousand TEU, the ratio is still at around 17% in the feeder segment between 1 thousand and 3 thousand TEU. In addition to fewer expected newbuild deliveries in the smaller size segments, demolition forecasts are relatively pronounced in these segments due to the relatively high fleet age. While supply is expected to grow at a rate of 6% p.a. until 2025 for the total fleet, vessels smaller than 5.2 thousand TEU are expected to grow by only 1% until 2025.⁷

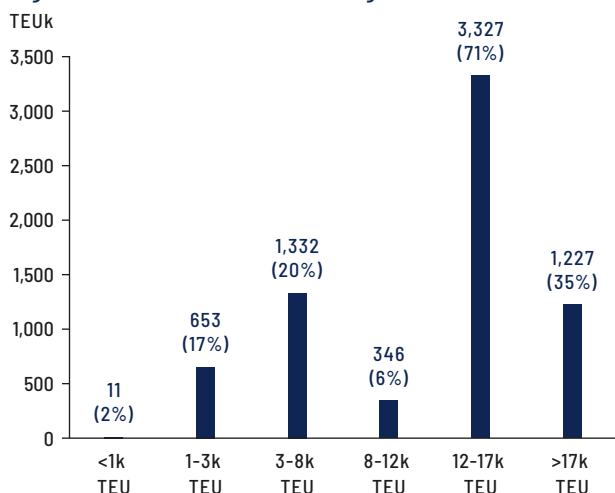
Fig. 4a: Orderbook Development



⁶ Clarksons Research, Shipping Intelligence Network, November 2022.

⁷ Clarksons Research, Shipping Intelligence Network, November 2022; Maritime Strategies International Horizon, November 2022.

Fig. 4b: Orderbook Across Size Segments



On the demand side, intra-regional trades, the main employment choice for smaller vessels, are also expected to perform relatively well. Intra-Asia is the main driver in TEU demand, not only for intra-regional trades, but also for global demand. The Regional Comprehensive Economic Partnership (RCEP) and the China plus one strategy support Intra-Asia TEU trade. While total TEU demand is expected to grow by 3% p.a. until 2025, demand in Intra-Regional trades is expected to increase by 4% p.a. until 2025.⁸

Summing up the supply-demand picture, a significant excess supply situation can be expected in 2023 and 2024 for the total market. As shown in Figure 5, the total container fleet is expected to grow by 6.7% in 2023 and 7.3% in 2024, while total TEU demand is forecasted to grow by 3% in 2023 and 6% in 2024. For smaller vessels and regional trades, the supply-demand balance looks less worrying. While vessels smaller than 5.2 thousand TEU are expected to grow by 3.2% in 2023 and to decline by 0.4% in 2024, intra-regional TEU demand growth is expected to reach 3.8% in 2023 and 6.3% in 2024. Those forecasts already include scrapping expectations. While scrapping was zero in H1 2022, container vessel demolition, especially for smaller tonnage, is expected to reach record numbers in 2023, 2024 and 2025 with around 800 thousand to 900 thousand TEU per year overall.⁹

Fig. 5a: Supply-Demand Balance – Total Market

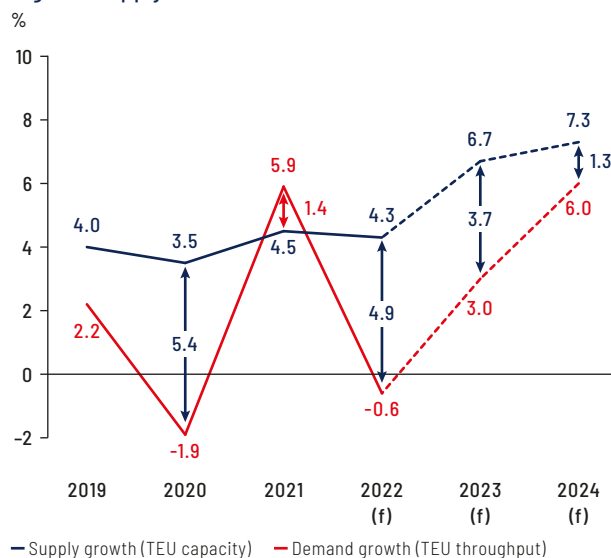
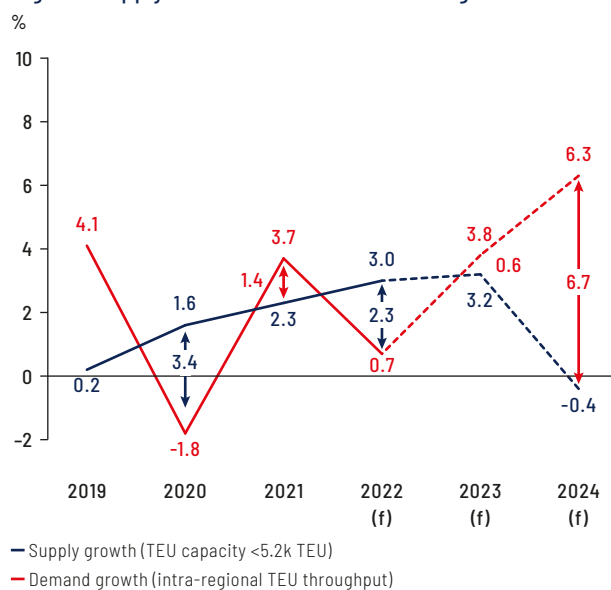


Fig. 5b: Supply-Demand Balance – Intra-Regional Trades



⁸ Maritime Strategies International, Horizon, November 2022.

⁹ Ibid.

Decarbonization is the order of the day

Decarbonization and environmental regulations are key topics in the container vessel industry, at least for the coming years. They have the potential to impact the container market significantly from the start of 2023. The new CII regulation in particular is expected to affect the supply side, depending on the size of a vessel, its technical profile and its trading pattern. Especially for niche trades, such as Intra-Caribbean services, we expect that a significant share of vessels will not receive the mandatory CII C-classification in January 2023. As a consequence, operators may be forced to reduce the speed of the vessels in service or add further vessels to the rotation in order to maintain the service. Our internal estimations show that due to speed reduction, the CII-regulation might decrease effective TEU capacity supplied in the Caribbean by around 10%.

Overall, the container vessel market is on its way to a “new” normal, with rates and prices softening. Most analysts expect rates to stay above 2019 levels. The supply-demand picture indicates a significant excess supply situation for the total industry in 2023 and 2024. Vessels in regional trades, however, are expected to perform well, as they are relatively old with strong scrapping forecasts, and as there are fewer vessels on order in those size segments. In addition, environmental regulation is expected to reduce effective capacity, particularly in regional niche trades.

Forward-looking statements

The forward-looking statements presented in this report are based on various assumptions. These 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, November 17, 2022

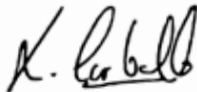
The Board of Directors and CEO
of MPC Container Ships ASA



Ulf Holländer (Chairman)



Dr. Axel Schroeder



Laura Carballo



Peter Frederiksen



Ellen Hanetho



Constantin Baack (CEO)

CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statement of profit or loss

in USD thousands (unaudited)	Notes	Q3 2022	Q2 2022	Q3 2021	Q3 YTD 2022	Q3 YTD 2021
Operating revenues	5	160,064	151,699	118,463	454,708	242,162
Commissions		-4,022	-4,219	-3,346	-12,308	-7,844
Vessel voyage expenditures		-5,432	-1,821	-3,567	-10,116	-7,847
Vessel operation expenditures		-35,186	-33,403	-31,992	-103,186	-88,336
Ship management fees		-2,287	-2,274	-2,237	-6,819	-6,584
Share of profit or loss from joint venture	6	5,536	4,793	2,313	33,865	6,194
Gross profit		118,673	114,775	79,634	356,144	137,745
Administrative expenses		-2,487	-3,005	-5,580	-9,450	-10,514
Other expenses		-2,074	-190	-781	-2,248	-2,142
Other income		1,150	195	312	1,489	2,657
Gain/loss from sale of vessels		30,529	-	-	49,354	-
EBITDA		145,791	111,776	73,584	395,289	127,747
Depreciation	7	-18,027	-18,834	-17,098	-55,302	-43,912
Impairment	7	-	-	-	-	-
Bargain gain business combination		-	-	2,312	-	2,312
Operating result (EBIT)		127,764	92,942	58,798	339,987	86,147
Finance income		2,707	1	37	2,749	104
Finance costs	9	-5,888	-2,568	-12,250	-10,914	-24,130
Profit/loss before income tax (EBT)		124,583	90,375	46,585	331,822	62,122
Income tax expenses		-89	-233	-132	-399	-196
Profit/loss for the period		124,494	90,142	46,453	331,423	61,926
Attributable to:						
Equity holders of the Company		124,448	90,106	46,420	331,230	61,880
Minority interest		46	36	33	192	46
Basic earnings per share – in USD		0.28	0.20	0.11	0.75	0.15
Diluted earnings per share – in USD		0.28	0.20	0.11	0.75	0.15

Consolidated statement of comprehensive income

in USD thousands (unaudited)	Notes	Q3 2022	Q2 2022	Q3 2021	Q3 YTD 2022	Q3 YTD 2021
Profit/loss for the period		124,494	90,143	46,453	331,422	61,926
Items which may subsequently be transferred to profit or loss		593	37	1,664	911	2,618
Foreign currency effects, net of taxes		-	-	-136	-	-197
Change in hedging reserves, net of taxes	11	593	37	1,800	911	2,816
Items which will not subsequently be transferred to profit or loss						
Other comprehensive profit/loss, net of taxes		-	-	-	-	-
Other comprehensive profit/loss from joint ventures and affiliates		-	-	-	-	-
Total comprehensive profit/loss		125,087	90,180	48,117	332,333	64,545
Attributable to:						
Equity holders of the Company		125,040	90,144	48,084	332,141	64,499
Non-controlling interest		46	36	33	192	46

Consolidated statement of financial position

in USD thousands	Notes	At September 30, 2022 (unaudited)	At December 31, 2021 (audited)	At September 30, 2021 (unaudited)	At June 30, 2022 (unaudited)
ASSETS		950,870	1,034,613	1,017,100	903,951
Non-current assets		783,979	803,018	825,964	781,605
Vessels	7	745,937	774,362	793,408	763,426
Newbuildings	8	18,330	-	-	-
Right-of-use asset		314	-	-	367
Investment in joint venture	6	19,398	28,656	32,556	17,812
Current assets		166,890	231,595	191,136	122,346
Vessel held for sale		-	16,304	78,164	-
Inventories		8,247	4,820	5,119	8,689
Trade and other receivables		32,165	30,141	31,358	26,105
Financial instruments at fair value	11	1,744	-	-	1,097
Cash and cash equivalents		124,734	180,329	76,495	86,455
Unrestricted cash		91,234	156,767	73,910	67,645
Restricted cash		33,500	23,562	2,585	18,810
EQUITY AND LIABILITIES		950,870	1,034,613	1,017,100	903,951
Equity		702,387	727,589	593,504	660,228
Share capital	12	48,589	48,630	48,630	48,589
Share premium		237,026	597,080	547,812	321,371
Treasury shares		-	-1,143	-1,143	-
Retained earnings		413,442	82,212	-45,635	288,994
Other reserves		802	-109	-6,258	210
Non-controlling interests		2,527	919	830	1,064
Non-current liabilities		90,316	151,811	303,703	110,787
Interest-bearing loans	9	88,721	148,083	298,337	108,652
Lease liabilities - long-term		116	-	-	172
Acquired TC contracts, non-current		1,480	3,728	5,366	1,963
Current liabilities		158,167	155,213	119,892	132,936
Current portion - interest-bearing debt	9	84,484	83,743	55,328	79,189
Acquired TC contracts, current		3,319	18,083	29,296	4,362
Trade and other payables		17,125	17,628	14,718	10,037
Deferred revenue		35,319	15,146	-	27,338
Other liabilities		17,920	20,613	20,550	12,010

Consolidated statement of changes in equity

In USD thousands (unaudited)	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 January 1, 2022	48,630	597,080	-1,143	82,212	-109	726,670	919	727,589
Result of the period	-	-	-	331,230	-	331,230	191	331,421
Other comprehensive income	-	-	-	-	911	911	-	911
Total comprehensive income	-	-	-	331,230	911	332,141	191	332,332
Contributions of equity, net of transaction costs	-	-	-	-	-	-	-	-
Dividends provided for or paid	-	-356,733	-	-	-	-356,733	-	-356,733
Cancellation of treasury shares	-41	-1,102	1,143.00	-	-	-	-	-
Settlement of warrants	-	-2,219	-	-	-	-2,219	-	-2,219
Addition from non-controlling interest	-	-	-	-	-	-	1,417	1,417
Equity as at September 30, 2022	48,589	237,026	-	413,442	802	699,859	2,527	702,387
Equity as at January 1, 2021	43,047	456,764	-1,143	-108,413	-8,877	381,377	1,655	383,032
Result of the period	-	-	-	61,880	-	61,880	46	61,926
Other comprehensive income	-	-	-	900	2,619	3,519	-871	2,648
Total comprehensive income	-	-	-	62,780	2,619	65,399	-825	64,574
Contributions of equity, net of transaction costs	5,583	91,048	-	-	52,822	149,452	-	149,452
Dividends provided for or paid	-	-	-	-	-	-	-	-
Cancelation of treasury shares	-	-	-	-	-	-	-	-
Settlement of warrants	-	-	-	-	-3,554	-	-	-3,554
Addition from non-controlling interest	-	-	-	-	-	-	-	-
Equity as at September 30, 2021	48,630	547,812	-1,143	-45,633	43,010	596,228	830	593,504

Consolidated statement of cash flows

in USD thousands (unaudited)	Notes	Q3 2022	Q2 2022	Q3 2021	Q3 2022 YTD	Q3 2021 YTD
Profit/loss before income tax		124,584	90,375	46,585	331,821	62,122
Income tax expenses paid		-	-	-	-	-
Net change inventory and trade and other receivables		-4,764	-5,937	-14,720	-4,597	-18,882
Net change in trade and other payables and other liabilities		20,904	5,170	7,465	19,962	13,526
Depreciation		18,027	18,835	17,098	55,302	43,912
Finance costs (net)		3,180	2,567	12,213	8,165	24,025
Fair value changes financial instruments		-	-	-462	-	554
Share of profit from joint venture	6	-5,536	-4,792	-2,313	-33,865	-6,194
Gain from sale of vessels	7	-30,621	-	-	-49,354	-
Amortization of TC contracts		-1,526	-7,350	-8,811	-17,012	-8,811
Bargain gain business combination		-	-	-2,312	-	-2,312
Other working capital changes		-	-	5,608	-	5,608
Cash flow from operating activities		124,248	98,868	60,351	310,422	113,548
Proceeds from sale of vessels	7	48,880	-	-	83,916	8,506
Scrubbers, dry dockings and other vessel upgrades		-19,599	-15,427	-10,800	-45,911	-25,688
Purchase of new vessel/new buildings	8	-18,330	-	-	-18,330	-9,000
Interest received		8	-50	25	49	38
Investment in derivatives		-	-793	-	-793	-
Dividend received from joint venture investment		3,950	25,000	-	43,950	2,000
Investment in associates		-	-	-	-826	-
Cash acquired in acquisition		-	-	11,918	-	11,918
Cash consideration acquisition		-	-	-84,610	-	-84,610
Cash flow from investing activities		14,909	8,730	-83,466	62,055	-96,836
Proceeds from share issuance		-	-	-	-	-
Share issuance costs		-	-	-190	-	-190
Dividend paid		-84,346	-72,267	-	-356,733	-
Addition of non-controlling interest		1,417	-	-	1,417	-
Proceeds from debt financing		-	-	182,500	-	188,500
Repayment of long-term debt	9	-15,000	-22,500	-84,159	-60,000	-114,595
Repayment of acquired debt		-	-	-34,071	-	-34,071
Repayment of short-term debt		-	-3,554	-	-3,554	-
Payment of principal of leases		-46	-28	-	-74	-
Repurchase of warrants		-	-2,219	-	-2,219	-
Interest paid		-2,517	-1,985	-3,661	-6,423	-10,542
Debt issuance costs		-	-	-5,074	-	-5,240
Other finance paid		-386	-99	-2,073	-486	-3,334
Cash flow from financing activities		-100,878	-102,652	53,272	-428,072	20,529
Net change in cash and cash equivalents		38,279	4,946	30,156	-55,595	37,241
Cash and cash equivalents at the beginning of the period		86,455	81,509	46,339	180,329	39,254
Cash and cash equivalents at the end of the period		124,734	86,455	76,495	124,734	76,495

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 its registered address at Ruseløkkveien 34, 0251 Oslo, Norway, and Norwegian registered enterprise number 918 494 316. The Company was incorporated on January 9, 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 on the Oslo Stock Exchange under the ticker “MPCC.”

Note 2 – Basis of preparation

The unaudited interim financial statements for the period ended September 30, 2022, have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) and as adopted by the European Union (“EU”). The statements have not been subject to audit. The statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at December 31, 2021. The consolidated financial statements are presented in USD thousands unless otherwise stated.

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

Note 3 – Significant accounting policies

The accounting policies adopted in preparing the condensed consolidated interim financial reporting are consistent with those applied in the preparation of the Group’s consolidated financial statements for the period ended December 31, 2021. No new standards were effective as at January 1, 2022, with a significant impact on the Group.

Note 4 – Segment information

All of the Group’s vessels earn revenues from seaborne container transportation globally. The vessels exhibit similar economic, trading and financial characteristics. The Group is organized into one operating segment, i.e., the container shipping segment.

Note 5 – Revenue

in USD thousands (unaudited)	Q3 2022 (unaudited)	Q3 2021 (unaudited)
Time charter revenue	155,366	88,796
Amortization of time charter contracts	1,526	-
Pool charter revenue	-	17,682
Other revenue	3,172	11,985
Total operating revenue	160,064	118,463

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

Notes

in USD thousands	Q3 2022 (unaudited)	Q3 2021 (unaudited)
Service element	33,191	80,154
Other revenue	3,172	11,984
Total revenue from customer contracts	36,363	92,138
Lease element	122,175	26,325
Amortization of time charter contracts	1,526	-
Total operating revenue	160,064	118,463

Other revenue relates to reimbursements of bunkers and other services, including amortization of the acquired value of time charter contracts. In Q3 2022, the amortization of acquired time charter contracts amounted to USD 1.5 million.

Note 6 – Share of profit or loss from joint ventures

In USD thousands	Q3 2022 (unaudited)	Q3 2021 (unaudited)
Operating revenue	15,586	11,674
Operating costs	-3,788	-5,601
Net financial income/expense	1	-152
Income tax	-6	-6
Profit after tax for the period	11,072	4,626
Total comprehensive income for the period	11,072	4,626
Group's share of profit or loss for the period	5,536	2,313
Dividends received	3,950	-

The Group has a 50% interest in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG, Hamburg (Germany), a company that owns five container vessels through respective wholly owned subsidiaries (as at the end of Q3 2022). The interest in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG is considered to be an investment in a joint venture and is accounted for using the equity method.

In January 2022, the Group's joint venture, Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG, delivered the vessel AS Petulia to an unrelated party for consideration of USD 35.8 million, resulting in a gain of USD 18.8 million in the joint venture.

In March 2022, the Group's joint venture, Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG, delivered the vessel AS Patricia to an unrelated party for consideration of USD 34.3 million, resulting in a gain of USD 19.5 million in the joint venture.

Note 7 – Vessels

in USD thousands	At September 30, 2022 (unaudited)	At December 31, 2021 (audited)
Acquisition cost at January 1	937,841	707,924
Acquisition of vessels	-	10,000
Acquisition of Songa Container Group	-	296,584
Prepayments	-	-1,000
Capitalized dry-docking and other expenses	45,911	41,084
Newbuilds	18,330	-
Reclassified to Newbuilds and other	-18,830	-
Sale of vessels	-47,846	-95,836
Vessel held for sale	20,914	-20,914
Acquisition cost	956,320	937,841
Accumulated depreciations and impairment at January 1	-163,480	-119,107
Depreciation for the year-to-date	-55,329	-62,049
Sale of vessels	13,036	13,066
Vessel held for sale	-4,611	4,611
Accumulated depreciations and impairment at end of period	-210,383	-163,480
Closing balance at end of period	745,937	774,363

In January 2022, AS Palatia was sold to an unrelated party for consideration of USD 35.8 million and resulted in a gain of USD 21.5 million.

In July 2022, AS Serafina was sold to an unrelated party for consideration of USD 34.0 million, resulting in a gain of USD 19.9 million.

In September 2022, AS Laetitia was sold to an unrelated party for consideration of USD 16.2 million, resulting in a gain of USD 10.6 million.

At each reporting date, the Group evaluates whether there is an indication that an asset may be impaired. If such indicator exists, an impairment test is performed. Management considers there are no indications of impairment as at September 30, 2022.

Note 8 – Newbuilding

in USD thousands	At September 30, 2022 (unaudited)
Acquisition cost at January 1	-
Additions, net	18,330
Balance at September 30, 2022	18,330

As at September 30, 2022, the Group's newbuilding program consisted of two 5,500 TEU eco-design vessels and two carbon-neutral 1,300 TEU vessels, which are expected to be delivered in the year 2023 and 2024. In the nine months ended September 30, 2022, total instalments of USD 18.3 million had been paid to the shipyards. Remaining commitments amounted to USD 189.4 million, of which USD 7.7 million is expected to be paid in 2022 and USD 42.5 million is expected to be paid in 2023.

Note 9 – Non-current and current interest-bearing debt

in USD thousands	Currency	Facility amount	Interest	Maturity	As at September 30, 2022	As at December 31, 2021 (audited)
Loan & credit facility	USD	180,000	1 month LIBOR + 3.35%	November 26	120,000	204,056
Senior secured credit facility USD 70 million	USD	70,000	Floating + 3.25%	June 2024	55,000	-
Term loan	USD	29,000	Floating + 3.5%	April 2022	-	29,000
Term loan	USD	6,000	Floating + 4.5%	December 2021	-	-
Other long-term debt incl. accrued interest					373	229
Total outstanding					175,373	282,880
Debt issuance costs					-2,169	-5,960
Total interest-bearing debt outstanding					173,204	276,920
Classified as:						
Non-current					88,721	274,484
Current					84,484	2,436
Total					173,204	276,920

On July 29, 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 line's maturity date is in June 2024.

On October 20, 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 mature in November 2026. In Q3 2022, the Group repaid USD 15.0 million of the facility.

Note 10 – Related party disclosure

The following table shows the total amount of service transactions that have been entered into with related parties in Q3 2022:

in USD thousands / Q3 2022	Type of services	Group	2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG
Wilhelmsen Ahrenkiel Ship Man. GmbH & Co. KG / B.V.	Technical	6,129	156
Harper Petersen & Co. GmbH	Commercial	830	194
MPC Münchmeyer Petersen Capital AG	Corporate	197	-
Total		7,156	350

Amounts due to or from related parties represent net disbursements and collections made on behalf of the vessel-owning companies by the Group during the normal course of operations for which a right of offset exists. As at December 31, 2021, and September 30, 2022, the amount due to related companies was USD 0.5 million and USD 0.7 million respectively. All related party transactions are carried out at market terms. Please see the Company's 2021 Annual Report for additional details.

Note 11 – Financial instruments

The following table represents the Group's financial assets and financial liabilities measured and recognized at fair value as at September 30, 2022 and December, 31 2021. The estimated fair value amount of the financial instruments has been determined using appropriate market information and valuation techniques.

in USD thousands	At September 30, 2022 (unaudited)		At December 31, 2021 (audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Trade and other receivables at amortized cost	32,529	32,529	30,141	30,141
Financial instruments at fair value	1,744	1,744	-	-
Cash and cash equivalents	124,734	124,734	180,329	180,329
Total financial assets	159,007	159,007	210,470	210,470
Financial liabilities at amortized cost				
Interest-bearing debt	88,721	88,721	148,083	148,083
Current portion – interest-bearing debt	84,484	84,484	83,743	83,743
Trade and other payables	17,125	17,125	17,628	17,628
Other liabilities	17,920	17,920	19,547	19,547
Total financial liabilities	208,249	208,249	269,001	269,001

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables, and other liabilities are a reasonable estimate of their fair value, due to their short maturity. The estimated value of the Group's long-term interest-bearing debt equals its carrying value as at September 30, 2022, and December, 31 2021, as it is variable-rated.

In May 2022, the Group entered into an interest rate cap with a notional amount of USD 45.0 million effective for the period January 1, 2024 to December 31, 2026. The derivative provides a cap of 4% on the risk-free US interest (SOFR) for the period. The fair value (level 2) of the Group's interest rate cap is the estimated amount that the Group would receive or pay to terminate the agreements as at the reporting date, considering, as applicable, the forward interest rate curves. The estimated amount is the present value of future cash flows. Fair value adjustment of the interest rate cap as at September 30, 2022, is recognized in the statement of other comprehensive income.

The financial instruments analyses are carried at fair value. The different levels have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (e.g., publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g., over-the-counter derivatives) is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group has no financial assets that would otherwise have been past due or impaired and renegotiated.

Note 12 – Share capital

The share capital of the Company consisted of 443,700,279 shares as at September 30, 2022, after the cancellation of 351,098 treasury shares held by the Company on May 18, 2022. The nominal value per share is NOK 1.00. All issued shares in the table below carry equal rights and are fully paid up.

	Number of shares	Share capital (USD thousands)
December 31, 2021	444,051,377	48,630
Cancellation of treasury shares	-351,098	-41
September 30, 2022	443,700,279	48,589

ALTERNATIVE PERFORMANCE MEASURES

The Group's financial information is prepared in accordance with the International Financial Reporting Standards ("IFRS"). In addition, it is the management's intention to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of the Group's performance but are not intended as a replacement of the financial statements prepared in accordance with the IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. 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

in USD thousands (unaudited)	Q3 2022	Q2 2022	Q3 2021	Q3 YTD 2022	Q3 YTD 2021
Operating result (EBIT)	127,764	92,942	58,777	389,341	88,011
Depreciation	-18,027	-18,834	-17,098	-55,302	-43,912
EBITDA	145,791	111,776	75,875	444,643	131,923

Earnings before interest, tax, depreciations and amortization ("EBITDA") are a key financial parameter for the Group and are derived directly from the condensed consolidated statement of profit or loss adding back depreciation and impairment of vessels to the operating result ("EBIT").

Adjusted EBITDA

Adjusted EBITDA is a financial metric that includes the removal of various one-time, irregular and non-recurring items from EBITDA.

in USD thousands (unaudited)	Q3 2022	Q2 2022	Q3 2021	Q3 YTD 2022	Q3 YTD 2021
Operating profit (EBIT)	127,764	92,942	58,777	389,341	88,011
Depreciation	-18,027	-18,834	-17,098	-55,302	-43,912
EBITDA	145,791	111,776	75,875	444,643	131,923
Gain/loss from disposal of vessels	30,529	-	(21)	49,354	1,864
Bargain gain business combination	-	-	2,312	-	2,312
Adjusted EBITDA	115,262	111,776	75,896	395,289	130,059

Adjusted profit/loss

Adjusted profit/loss takes profit/loss for the period and excludes any one-time, irregular and non-recurring items, such as gain/loss from the sale of vessels.

in USD thousands (unaudited)	Q3 2022	Q2 2022	Q3 2021	Q3 YTD 2022	Q3 YTD 2021
Profit/loss for the period	124,494	90,143	46,453	331,422	61,926
Gain/loss from sale of vessels	30,529	-	-21	49,354	-
Bargain gain business combination	-	-	2,312	-	2,312
Adjusted profit/loss for the period	93,965	90,143	44,162	282,068	59,614

Adjusted earnings per share ("EPS")

Adjusted EPS take EPS for the period and excludes any one-time, irregular and non-recurring items, such as gain/(loss) from the sale of vessels.

Average time charter equivalent ("TCE")

TCE is a commonly used key performance indicator ("KPI") in the shipping industry. It 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-docking-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 for consolidated vessels during the reporting period.

Utilization

Utilization in percentage is a commonly used KPI in the shipping industry. It represents total trading days including off-hire days related to dry-dockings 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 assets.

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