



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	912 482 626
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	SONGA CHEMICAL AS
Forretningsadresse:	c/o Arne Blystad AS Haakon VIIIs gate 1 0161 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Morselskap i konsern:	Nei
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Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Silje Hennie Ingebrigtsen
Dato for fastsettelse av årsregnskapet:	05.05.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 23.06.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		20 805 615	15 052 014
Sum inntekter		20 805 615	15 052 014
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	11	5 220 554	4 472 962
Nedskrivning av varige driftsmidler og immaterielle eiendeler	11	8 723 734	
Annen driftskostnad	4	10 370 623	10 074 717
Sum kostnader		24 314 911	14 547 679
Driftsresultat		-3 509 296	504 335
Finansinntekter og finanskostnader			
Annen finansinntekt		15 514	106 589
Sum finansinntekter		15 514	106 589
Annen rentekostnad		1 279 471	1 895 821
Annen finanskostnad		130 109	245 439
Sum finanskostnader		1 409 580	2 141 260
Netto finans		-1 394 066	-2 034 671
Ordinært resultat før skattekostnad		-4 903 362	-1 530 336
Ordinært resultat etter skattekostnad		-4 903 362	-1 530 336
Årsresultat		-4 903 362	-1 530 336



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	11	66 397 795	80 351 899
Sum varige driftsmidler		66 397 795	80 351 899
Sum anleggsmidler		66 397 795	80 351 899
Omløpsmidler			
Varer			
Varer	8	333 675	348 954
Sum varer		333 675	348 954
Fordringer			
Andre fordringer	7	3 572 928	3 671 197
Sum fordringer		3 572 928	3 671 197
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	6	5 189 999	2 963 929
Sum bankinnskudd, kontanter og lignende		5 189 999	2 963 929
Sum omløpsmidler		9 096 602	6 984 080
SUM EIENDELER		75 494 397	87 335 979
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	10	13 641 997	13 641 997
Overkurs		7 730 565	9 230 565
Annen innskutt egenkapital		27 972 804	27 972 804
Sum innskutt egenkapital	12	49 345 366	50 845 366



Balanse

Beløp i: USD	Note	2020	2019
Opptjent egenkapital			
Udekket tap		7 543 237	2 639 875
Sum opptjent egenkapital		-7 543 237	-2 639 875
Sum egenkapital		41 802 129	48 205 491
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	12	28 093 750	31 288 750
Sum annen langsiktig gjeld		28 093 750	31 288 750
Sum langsiktig gjeld		28 093 750	31 288 750
Kortsiktig gjeld			
Leverandørgjeld		342 391	1 521 320
Betalbar skatt	15	16 940	16 462
Annen kortsiktig gjeld	9	5 239 186	6 303 956
Sum kortsiktig gjeld		5 598 517	7 841 738
Sum gjeld		33 692 267	39 130 488
SUM EGENKAPITAL OG GJELD		75 494 396	87 335 979



Songa Chemical AS

Annual report
2020

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**SONGA CHEMICAL AS
BOARD OF DIRECTORS' REPORT 2020**

Songa Chemical AS owns and operates tanker vessels in the seaborne trade of liquid chemicals worldwide. The Company's headquarter is in Oslo, Norway.

The company was founded on 12 September 2013.

The Company's strategy is to create shareholder value by providing high quality service to its customers and focus on efficient operations and high utilisation of the fleet.

Financial results

The Company recorded revenues of USD 20 805 615 in 2020 (USD 15 052 014 in 2019). Earnings before interests, taxes, depreciation and amortization was USD 10 434 992 (USD 4 977 298). Earnings before interests and taxes was USD -3 509 296 (USD 504 336 in 2019). Impairment loss of USD 8 723 734 was recognized in 2020. Net financial expenses were USD 1 394 066 (USD 2 034 671). Net loss after tax amounts to USD 4 903 362 (net loss of USD 1 530 335 in 2019) for the financial year 2020.

The board suggests that net loss of USD 4 903 362 is transferred from retained earnings.

Net cash flow from operating activities was USD 7 026 121 in 2020 (USD 2 873 020 in 2019). Net cash flow used in investing activities amounted to USD 0 (USD -13 594 654). Net cash flow from financing activities amounted to USD -4 800 000 (USD 6 000 000). Net change in cash and cash equivalents was USD 2 226 070 (USD -4 721 633) which gives an ending cash balance at 31 December 2020 of USD 5 189 998.

The chemical tanker market

Chemical tankers carry organic and inorganic chemicals, vegetable oils and animal fats and a range of other specialist products. In broad terms, demand for commodities traded by sea is principally affected by world and regional economic conditions as well as other factors, such as changes in the location of production facilities and changes in the regional prices of raw materials and products.

Demand for seaborne transportation is a product of the physical quantity of the cargo (normally measured in the chemical sector in terms of metric tons) together with the distance the cargo is carried. Demand cycles move broadly in line with developments in the global economy, and as such demand for chemical shipping slowed significantly in the period immediately after the onset of the global economic downturn in late 2008, before recovering gradually in recent years. 2020 was influenced by the significant stop in world trade following the Covid-19 pandemic, but the abrupt effect was gradually restored by trade picking up again throughout the second half of the year.

Supply in the chemical tanker sector is determined by the size of the existing chemical tanker fleet as measured by cargo carrying capacity. It is influenced by a variety of factors, including primarily the size of the existing fleet by number and ship size, the rate of deliveries of newbuildings from the orderbook, scrapping, and other operating efficiency factors (for example, port congestion and vessel speed) affecting the number of ships available for charter.

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Fleet

The fleet of owned and controlled vessels total four 19.900 dwt 2009-built chemical carriers at year end 2020, Songa Breeze, Songa Challenge, Songa Peace and Songa Winds.

Management agreements

Commercial management agreements

All vessels are employed in the Hansa Tankers chemical pool trading in the spot market.

Services Agreement

The Company has entered into a Services Agreement with Arne Blystad AS, an affiliate of Songa Shipholding AS, to carry out the administrative and commercial supervisory activities related to the day-to-day management of the Company. The Services Agreement has been entered into on an arms-length basis.

Technical management

Songa Shipmanagement Ltd, an affiliate of Songa Shipholding AS, is responsible for the technical management for all four vessels. Songa Shipmanagement Ltd has long experience in technical supervision and operation of such vessels owned by the Company. The Technical Management agreement has been entered into on an arms-length basis.

Financing and liquidity

Songa Chemical AS had cash and cash equivalents of USD 5.2 million at the end of 2020, increased from USD 3 million in 2019. Total assets were USD 75.5 million at year end 2020, USD 87.3 million in 2019. Shareholders equity amounted to USD 41.8 million, decreased from 2019 due to impairment loss on the vessels. Total liabilities were USD 33.7 million. Interest bearing debt amounted to USD 33.2 million, down from USD 36.5 million in 2019. In 2018, the Company entered into a USD 36 million loan facility with an additional revolving credit facility of USD 6 million (which is available in relation to dry docking of the vessels). During 2019, the Company made drawdowns of in total USD 4.5 million from the revolving credit facility. The remaining USD 1.5 was drawn in 2020. The equity ratio was 55.4 % in 2020, up from 55.2 % at the end of 2019.

The Board of Director's confirm that the going concern assumption has been assessed and confirm that the assumption is valid.

Health, safety and environment (HSE)

The Company's objective is to ensure safe and secure operations. The business operates in compliance with national and international requirements and regulations. There have been no work-related accidents resulting in sick leave to personnel on board during 2020. Neither has there been any pollution incidents related to the Company's vessels in 2020.

Personnel on board are hired through a provider of crew management services to Songa Shipmanagement Ltd. Songa Chemical AS has no employees.

The company aims to be a workplace free from discrimination on the basis of gender, race or religion.

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Risk factors

The Company is exposed to market risks, risks related to operation of the vessels, financial risks and strategic risks.

Market risks include risks associated with the demand and supply for the Company's services as well as political risks. An important factor to evaluate the market risk is the future expected shipping rates. If these rates show a significant decline, this can lead to reduced cash flow for the vessels' services, affecting the future profitability and financial stability of the Company.

The Company's operational risks include perils particular to marine operations, including cargo contamination, capsizing, grounding, collision and loss and damage to the vessels from harsh weather conditions. Such circumstances may result in severe damages to the vessels and/or damage to other property, the environment or persons. In the course of its activities, the Company may become part in legal proceedings and disputes. All of these factors could have a significant impact on the Company's financial position.

The Company is exposed to financial risks such as interest rate changes and currency exchange rate fluctuations, as well as credit risk related to customers and other financial counterparties being unable to honour their obligations, or liquidity risk if the Company is unable to honour its obligations. The Company has only floating interest rates on its interest-bearing debt, and as such is exposed to interest changes. As the functional currency in the subsidiaries is USD; the Company has some exposure to fluctuations in currency rates, however these are limited mainly to administrative expenses. The credit risk related to customers is reduced through the contract structure and the fact that the cargo is controlled by the Company until discharging.

Outlook

The Covid-19 effects to the chemical tanker industry is likely to be an overall demand reduction in 2020 which will affect the Company's profitability. In the longer term, the Company believes in a moderate improvement of the business environment for its trading assets in the years to come due to cheaper feedstock for chemical refineries and producers, limited fleet growth and shifting trading patterns.

Oslo, May 5, 2021

The Board of Directors

Ole Anders Engebretsen
Chairman

Egil Wickstrand Iversen
Board member

Fredrik Platou
Board member

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Statement of comprehensive income

Songa Chemical AS

USD	Note	2020	2019
Operating revenue		20 805 615	15 052 014
Total operating income		20 805 615	15 052 014
Operating expenses vessels	4	9 958 307	9 620 320
General and administrative expenses	4	412 316	454 397
Total operating expense		10 370 623	10 074 717
Earnings before interests, taxes depreciation and amortization (EBITDA)		10 434 992	4 977 297
Depreciation	11	5 220 554	4 472 962
Impairment losses	11	8 723 734	0
Earnings before interests and taxes (EBIT)		-3 509 296	504 335
Financial income		15 514	106 589
Interest expenses		-1 279 471	-1 895 821
Other financial expenses		-117 182	-193 579
Net foreign exchange gain / (loss)	5	-12 927	-51 860
Net financial expenses		-1 394 066	-2 034 671
Profit before taxes		-4 903 362	-1 530 336
Tax expense	15	0	0
Net profit		-4 903 362	-1 530 336
Total comprehensive income		-4 903 362	-1 530 336

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Statement of financial position

Songa Chemical AS

Vessels	11	66 397 795	80 351 899
Total non-current assets		66 397 795	80 351 899
Inventories	8	333 675	348 954
Receivables	7	3 572 928	3 671 197
Cash and cash equivalents	6	5 189 999	2 963 929
Total current assets		9 096 601	6 984 080
TOTAL ASSETS		75 494 396	87 335 979
Equity			
Share capital	10	13 641 997	13 641 997
Share premium		7 730 565	9 230 565
Other paid-in capital		27 972 804	27 972 804
Retained earnings		-7 543 237	-2 639 875
Total equity		41 802 129	48 205 491
Debt to financial institutions	12	28 093 750	31 288 750
Total non-current liabilities		28 093 750	31 288 750
Trade payables		342 391	1 521 320
Tax payable	15	16 940	16 462
Other current liabilities	9	5 239 186	6 303 956
Total current liabilities		5 598 517	7 841 738
Total liabilities		33 692 267	39 130 488
TOTAL EQUITY AND LIABILITIES		75 494 396	87 335 979

Oslo, May 5, 2021
The Board of Directors

Ole Anders Engebretsen
Chairman

Egil Wickstrand Iversen
Board member

Fredrik Platou
Board member

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Statement of changes in Equity

Songa Chemical AS					
USD	Share capital	Share Premium	Other paid-in capital	Retained Earnings	Total
<i>Changes in Equity 2013:</i>					
Incorporation at 12 September 2013	17 065	3 657			20 722
Registration charges		-3 333			-3 333
Increase of capital at 8 November	4 348 230	931 770			5 280 000
Increase of capital at 27 November	14 918 215	3 601 785			18 520 000
Increase of capital at 4 December	10 123 771	2 386 229			12 510 000
Increase of capital, not registered	2 129 121	500 839			2 629 960
Net profit/(loss) for the year		-272 377			-272 377
Equity per 31 December 2013	31 536 402	7 148 570	-	-	38 684 972
<i>Changes in Equity 2014</i>					
Increase of capital 18 February	9 874 619	2 495 421			12 370 040
Net profit/(loss) for the year		116 881			116 881
Equity per 31 December 2014	41 411 021	9 760 872	-	-	51 171 893
<i>Changes in Equity 2015</i>					
Net profit/(loss) for the year		158 829		6 397 466	6 556 295
Equity per 31 December 2015	41 411 021	9 919 701	-	6 397 466	57 728 188
<i>Changes in Equity 2016</i>					
Dividends		-3 985 358		-3 743 821	-7 729 179
Net profit for the year				880 596	880 596
Equity per 31 December 2016	41 411 021	5 934 343	-	3 534 241	50 879 605
<i>Changes in Equity 2017</i>					
Dividends		-2 958 826			-2 958 826
Net profit for the year		-454 076		-3 534 241	-3 988 317
Equity per 31 December 2017	41 411 021	2 521 441	-	-	43 932 462
<i>Changes in Equity 2018</i>					
Dividend waived		958 828			958 828
Net profit for the year				-655 464	-655 464
Share capital reduction	-27 972 803		27 972 803		-
Equity per 31 December 2018	13 438 218	3 480 269	27 317 340	-	44 235 828
<i>Changes in Equity 2019</i>					
Net profit for the year				-1 530 336	-1 530 336
Increase of capital	203 779	5 296 220			5 499 999
Reallocation of Net profit previous years		454 076	655 464	-1 109 540	-
Equity per 31 December 2019	13 641 997	9 230 565	27 972 804	-2 639 876	48 205 491
<i>Changes in Equity 2020</i>					
Net profit for the year				-4 903 362	-4 903 362
Dividends		-1 500 000			-1 500 000
Reallocation of Net profit previous years					
Equity per 31 December 2020	13 641 997	7 730 565	27 972 804	-7 543 238	41 802 129

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Cashflow Statement

USD	Songa Chemical AS	2020	2019
	Net profit before tax	-4 903 362	-1 530 335
-	Paid taxes	-16 462	-16 636
+	Depreciation	5 220 554	4 472 962
+	Impairment losses	8 723 734	0
+/-	Net change receivables	98 270	-1 805 145
+/-	Net change accounts payable	-1 178 929	1 020 816
+/-	Net change in other short term assets and liabilities	-917 735	731 358
=	Net cashflow from operating activities	7 026 070	2 873 020
-	Purchase of fixed assets	0	-13 594 654
=	Net cashflow used in investing activities	0	-13 594 654
+	Proceeds from long-term borrowings	1 500 000	4 500 000
-	Repayment debt to credit institutions	-4 800 000	-4 000 000
+	Proceeds from increase of capital	0	5 500 000
-	Paid dividends	-1 500 000	0
=	Net cashflow from financing activities	-4 800 000	6 000 000
=	Net change in cash and cash equivalents	2 226 070	-4 721 634
+	Cash and cash equivalents at beginning of period	2 963 929	7 685 563
=	Cash and cash equivalents at end of period	5 189 998	2 963 929

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Songa Chemical AS

Notes to the 2020 financial statements

1 Corporate information

Songa Chemical AS is a limited liability company incorporated in Norway. The company was incorporated at 12 September 2013. The address of main office is Haakon VII's gate 1, 0161 Oslo. The Norwegian enterprise no is 912 482 626.

The principal business of Songa Chemical AS is to be the owner of Vessels, and other related activities.

2 Accounting Principles

Basis for preparation

The financial statements for Songa Chemical AS for the financial year 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements have been prepared on a historical cost basis.

Going concern

The financial statements have been prepared on the going concern assumption.

Significant accounting judgments, estimates and assumptions

Estimates

The preparation of financial statements in accordance with IFRS require management to make judgments, estimates and assumptions that may affect assets, liabilities, revenues, expenses and information in notes to the financial statements. Estimates are management's best assessment based on information available at the date the financial statements are authorized for issue. Actual results may differ from these estimates. Such changes will be recognized when new estimates can be determined with certainty.

Depreciation and impairment of vessels

Depreciation is based on management's estimates of the future life of the vessels and residual values. Estimates may change due to changes in scrap value, technological development, competition and environmental and legal requirements. The management reviews the future useful life of the vessels and each component periodically taking into consideration the above mentioned factors. In case of changes in estimated useful lives and/or residual values, the depreciation of the vessels is adjusted prospectively.

Management assesses whether there are any indicators of impairment for all vessels at each reporting date. The assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. Management applies significant judgement to identify impairment indicators if any.

Revenue recognition

The company recognizes revenue when it is probable that any further economic benefit associated with the item of revenue will flow to the entity, and the amount of revenue can be measured with reliability.

Org.nr. 912 482 626

1

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Songa Chemical AS

Notes to the 2020 financial statements

Summary of significant accounting policies

Other income

Revenues are recognized based on distributed income from the pool which the vessels are operating within. Distributed income is net of freight revenues and expenses directly related to freight of goods, such as bunkers, port costs, commissions etc.

Voyage revenues and voyage related expenses from vessels which are operated by the company, is recognized proportionally over the estimated length of each voyage, on a loading to discharge basis. Voyage revenues and expenses are estimated on a basis of the best estimate principle.

Foreign currency

The financial statements are presented in USD, which also is the company's functional currency. All transactions are measured in USD.

Transactions in foreign currencies are recorded at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the financial position date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Vessels and docking

Vessels are stated at historical cost, less accumulated depreciation and impairment losses, if any. The cost of the vessels comprises its purchase price and any costs directly attributable to bringing the asset to be capable of operating in the manner intended by management.

Depreciation is calculated on a straight-line basis, taking residual values into consideration.

The residual values and useful lives of the assets are reviewed and adjusted prospectively, if appropriate, at each financial position date. Residual values are estimated based on the vessels LDT (Light Deadweight Ton) and steel prices.

Docking costs are capitalized and accrued over the period until the next docking takes place.

Impairment of vessels

The vessels are reviewed for indication of impairment at each reporting date, and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal, while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets if possible, or else for the cash-generating unit. Each vessel is considered to be one cash generating unit.

Reversal of impairment losses recognized in prior years is recognized in profit or loss if there is an indication that previous impairment losses recognized no longer exist or have decreased.

Org.nr. 912 482 626

2

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Songa Chemical AS

Notes to the 2020 financial statements

Borrowing costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Other borrowing costs are recognized as an expense when incurred.

Financial position classification

Current assets and short-term liabilities include items due less than one year from the balance sheet date, and items related to the operating cycle. The current portion of long-term debt is included as current liabilities.

Receivables

Receivables are recorded at their nominal value less provisions for bad or doubtful debt. The Group regularly reviews its accounts and estimates the amount of uncollectible receivables and establishes an allowance for uncollectible amounts.

Payables

Current trade payables and other payables are recognized initially at fair value and subsequently measured at cost.

Cash, cash equivalents and cash flow statement

Cash represents deposits with bank that is callable on demand.

The cash flow statement is prepared using the indirect method.

Financial liabilities

Interest-bearing debt is initially recognized at fair value when the Group becomes a party to the contractual provisions of the instrument. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the straight-line method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on the settlement. Financial liabilities are presented as current if the liability is due to be settled within 12 months after the financial position date, whereas liabilities with the legal right to be settled more than 12 months after the financial position date are classified as non-current.

Financial liabilities are derecognized from the financial position when the contractual obligation expires, is discharged or cancelled.

Taxation

Songa Chemical AS is subject to taxation under the Norwegian tonnage tax regime. Under the tonnage tax regime, profit from operations are exempt from taxes. Taxable profit is calculated on the basis of financial income after deduction of a portion of financial expenses. The portion is calculated as financial assets in percent of total assets. Tonnage tax is payable based on the net tonnage of vessels. Tonnage tax is classified as an operating expense.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence.

Org.nr. 912 482 626

3

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Songa Chemical AS

Notes to the 2020 financial statements

Events after financial position date

New information regarding the Group's situation on the financial position date is taken into account in the financial statements. Events occurring after the financial position date, that do not affect the Group on the financial position date but will affect the Group's situation in the future, are disclosed if significant.

New or amendments to standards implemented by the Company

No new or amendments to standards have been applied by the Company in the reporting period commencing 1 January 2020.

New and revised standards – not yet effective

New or amendments to standards issued and become effective in years beginning on or after 1 January 2021, assuming European Union adoption:

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Org.nr. 912 482 626

4

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Songa Chemical AS

Notes to the 2020 financial statements

3 Segment information

The Company operates within one single segment, which is the shipping chemical tanker segment.

4 Expenses

The company had no employees in 2020, thus no occupational pension scheme pursuant to the occupational pension law. Management services are provided by Arne Blystad AS under a management agreement. No directors' fees were paid in 2020.

Specification of expenses:

USD	2020	2019
Operating expenses vessels		
Crew cost	5 509 978	5 469 823
Stores/Lubes	828 653	818 665
Repairs/Maintenance	960 420	881 689
Insurance	431 869	377 997
Fees to technical management	816 000	816 000
Miscellaneous	1 411 387	1 256 146
Total operating expenses vessels	9 958 307	9 620 319
Administrative expenses		
Management fee	378 473	304 000
Legal fees	0	66 954
Other administrative expenses	33 843	83 442
Total administrative expenses	412 316	454 396
Auditors fees (excluding VAT)		
Audit fee*	5 860	6 895
Other services	1 530	0
Total auditors fees	7 390	6 895

*Audit fee is included in Other administrative expenses.

5 Net foreign exchange gain/(loss)

USD	2020	2019
Foreign exchange gain	18 417	-10 720
Foreign exchange loss	-31 344	62 580
Net foreign gain/(loss)	-12 927	51 860

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5

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Songa Chemical AS

Notes to the 2020 financial statements

6 Cash and cash equivalents

The group's cash and cash equivalents are denominated in the following currencies as of 31 December:

USD	2020	2019
US Dollars	4 908 980	2 755 258
Norwegian kroner	281 019	208 671
Total cash and cash equivalents	5 189 999	2 963 929

Pledged assets

Total cash are pledged as security for the company's external loan facility. See note 11 for further details.

7 Other current receivables

USD	2020	2019
Working capital Nordic Tankers	-	250 000
Working capital Hansa Tankers Pool	1 200 000	1 200 000
Prepaid expenses	185 141	166 606
Trade receivables Hansa Tankers Pool	1 780 637	1 700 311
Other short-term receivables	407 149	354 280
Total short-term receivables	3 572 928	3 671 197

8 Inventories

Inventories consist of the vessels inventory of lube oil.

9 Other current liabilities

USD	2020	2019
Accrued interests	43 953	70 622
Accrued expenses	375 233	1 435 206
Current portion of long-term debt	4 800 000	4 800 000
Other current liabilities	20 000	-1 872
Total other current liabilities	5 239 186	6 303 956

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6

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Songa Chemical AS

Notes to the 2020 financial statements

10 Share capital and shareholder information

The share capital in Songa Chemical AS consists of 6 038 421 shares with par value per share NOK 5,3. Each share represents equal voting rights. The company's shareholders are:

Shareholder	Number of shares	Owner share
WLR/TRF shipping II S.a.r.l.	3 956 849	65,53%
Songa Shipholding AS	2 081 572	34,47%
Total	6 038 421	100%

11 Fixed Assets

USD	Vessels	Periodic Maintenance	Total
Cost at 01 January 2020	117 433 152	4 745 295	122 178 447
Disposals in 2020	-9 816	-	-9 816
Cost at 31 December 2020	117 423 336	4 745 295	122 168 631
Accumulated depreciation and impairment losses at 01 January 2020	40 136 228	1 690 319	41 826 547
Depreciation in 2020	4 563 374	657 180	5 220 554
Impairment losses in 2020	8 723 734	-	8 723 734
Accumulated depreciation and impairment losses at 31 December 2020	53 423 336	2 347 499	55 770 835
Carrying amount at 31 December 2020	63 999 999	2 397 796	66 397 795

Assets are depreciated on a straight-line basis over their expected remaining useful lives as follows:

Vessels: 20 years
Periodic Maintenance: 5 years

Residual value is USD 10 734 300

Pledged assets

Vessels are pledged as security for the company's external loan facility. See note 12 for further details.

Impairment

Impairment indicators were identified at year end for the company's vessels. As a result of this, the recoverable amounts of the vessels had to be estimated. The recoverable amounts of the vessels were estimated by collecting market values from two different independent ship brokers and calculating the average of the two. As the carrying amounts of the vessels exceed the recoverable amounts of the vessels at year end 2020, impairment losses were recognized.



Songa Chemical AS

Notes to the 2020 financial statements

12 Interest-bearing debt

Debt to financial institutions

USD	Book value at 31 December 2020	Fair value at 31 December 2020
Nominal value*	33 200 000	33 200 000
Capitalized fees	-306 250	-306 250
Carrying amount	32 893 750	32 893 750

*Current portion of 4 800 000 that will fall due in 2021 is classified as other current liabilities.

The original loan facility of USD 42 million with NIBC Bank N.V., consists of an ordinary facility of USD 36 million and an additional USD 6 million revolving credit facility which is available to drawdown in relation to dry docking of each vessel (four equal tranches of USD 1 500 000). The Company has made drawdowns of in total USD 1 500 000 during 2020.

The ordinary facility shall be repaid in equal consecutive quarterly installments of USD 1 000 000. The revolving credit facility shall be repaid in equal consecutive quarterly installments of USD 50 000 per tranche drawn down starting from 15 March 2020. The remaining principal amount shall be repaid at the maturity date. The maturity date is in November 2023.

Interests are calculated at LIBOR + 2.75% per annum.

The following financial covenants exists under the loan agreement:

- Positive working capital at any time
- Cash and cash equivalents of no less than USD 500 000 per vessel.

In addition, there exists a Vessel covenant stating that the vessels fair value is to be at least 140 % of the principal amount outstanding at any time during the first three years and then 150% after the first three years.

The company has complied with the financial covenants during the reporting period.

Debt to financial institutions are secured by mortgage of the company's assets. The following assets are pledged under the loan agreement:

	2020
Vessels	66 397 795
Cash and cash equivalents	5 189 999
Book value of pledged assets	71 587 794

13 Financial risk factors

Financial market risk

Songa Chemical AS owns and operates chemical tankers for transportation of cargo worldwide. Through its operations the Company is exposed to financial risks such as market risk, credit risk, liquidity risk and other risks that may influence the value of assets, liabilities and cash flows.

To reduce and manage these risks, management periodically assesses the Group's financial market risk in general, as well as evaluating hedging strategies for specific exposures as they arise. The primary strategy used for reducing the financial market risks is the use of derivatives, where appropriate.

For 2020, the Company did not have any hedging contracts or other derivative instruments.

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8

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Songa Chemical AS

Notes to the 2020 financial statements

Credit risk exposure

The Group is exposed to credit risk in the case that receivables from customers and other parties are not paid. The customers are in general large companies with excellent credit rating. For new customers, a credit evaluation is performed.

At 31 December 2020, no receivables were past due.

Liquidity risk exposure

Liquidity risk may arise if a company is not able to pay its financial obligations at due date. The Group applies cash flow forecasting to ensure that the activities are adequately financed at all times. Cash flows from operations and from planned financing activities are considered sufficient to settle all financial obligations.

14 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.

USD	31 December 2020	
	Carrying amount	Fair value
<i>Financial assets:</i>		
Other current receivables	3 572 927	3 572 927
Cash and cash equivalents	5 189 999	5 189 999
<i>Financial liabilities:</i>		
Debt to financial institutions	28 093 750	28 093 750
Trade payables	342 391	342 391
Taxes payable	16 940	16 940
Other current liabilities	5 239 186	5 239 186

Maturity of financial liabilities:

USD	< 1 year	2-5 years	6-10 years	Total at 31 December 2019
Debt to financial institutions	-	28 400 000	0	28 400 000
Trade payables	342 391	-	-	342 391
Taxes payable	16 940	-	-	16 940
Other current liabilities	5 239 186	-	-	5 239 186
Total financial liabilities	5 598 517	28 400 000	0	33 998 517

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9

Dokumentet er elektronisk signert



Songa Chemical AS

Notes to the 2020 financial statements

15 Income tax

<i>Taxable income:</i>	2020	2019
Profit before tax	- 4 903 361	-1 530 335
Effects of Norwegian tonnage tax legislation	4 719 578	1 358 070
Utilisation of tax loss carry forward	0	0
Taxable income	-183 783	-172 265
<i>Tax expense:</i>		
Tax payable	0	0
Tax expense	0	0
<i>Reconciliation of tax expense for the year:</i>		
Profit before tax	- 4 903 361	-1 530 335
Tax expense calculated on the relevant tax rate 22% (23%)	-1 078 739	-336 674
Tax expense	0	0
Difference	1 078 739	336 674
<i>Difference comprise of:</i>		
Tax effect of Norwegian tonnage tax legislation	1 038 307	298 775
Tax effect of temporary differences not recognized	40 432	37 898
Total difference	1 078 739	336 674
<i>Tax payable in statement of financial position:</i>		
Tax payable in tax expense	0	0
Tonnage tax payable	16 940	16 462
Tax payable in statement of financial position	16 940	16 462

16 Related parties

In the normal course of its business, the company enters into transactions with related parties. All transactions with related parties are conducted at an arm's length basis.

Technical management for the vessels is provided by Songa Shipmanagement Ltd, a company owned 100% by Songa Shipholding AS. Management fees according to such services amounts to USD 816 000 for 2020.


Administrative and management services are supplied by Arne Blystad AS, a sister company of Songa Shipholding AS. Management fees according to such services amounts to USD 378 473 for 2020.



SCAS - Regnskap...

Name Date
Engebretsen, Ole Anders 2021-05-20

Identification

 bankID™ Engebretsen, Ole Anders

Name Date
Iversen, Egil Wickstrand 2021-05-21

Identification

 bankID™ Iversen, Egil Wickstrand
PA MOBIL

Name Date
Platou, Fredrik 2021-05-20

Identification

 bankID™ Platou, Fredrik
PA MOBIL



This document contains electronic signatures using EU-compliant PAdES - PDF Advanced Electronic Signatures (Regulation (EU) No 910/2014 (eIDAS))



Legally signed by
Thomas Andersen
01.06.2021

To the Annual Shareholders' Meeting of
Songa Chemical AS

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E-post: ta@bhl.no
Internett: www.bhl.no

Medlemmer av
Den norske Revisorforening

Ansvarlig revisor:
Thomas Andersen

INDEPENDENT AUDITOR'S REPORT Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Songa Chemical AS, showing a loss of USD 4 903 362. The financial statements which comprise the balance sheet as at December 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Songa Chemical AS at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included 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 as required by laws and regulations, 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.

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' Report, but does not include the financial statements and our auditor's report thereon. 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 other information is materially inconsistent with the financial statements or 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, we are required to report that fact. We have nothing to report in this regard.



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Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by 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 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 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 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 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 evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.



We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Sandvika, June 1, 2021

BHL DA

Sign

Thomas Andersen
State Authorised Public Accountant