



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

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: Mathias Baastad
Dato for fastsettelse av årsregnskapet: 16.06.2022

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 09.07.2023



Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		18 668 775	20 805 615
Sum inntekter		18 668 775	20 805 615
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	11	4 567 613	5 220 554
Nedskrivning av varige driftsmidler og immaterielle eiendeler	11	0	8 723 734
Annen driftskostnad	4	9 965 568	10 370 623
Sum kostnader		14 533 181	24 314 911
Driftsresultat		4 135 594	-3 509 296
Finansinntekter og finanskostnader			
Annen finansinntekt		384	15 514
Sum finansinntekter		384	15 514
Annen rentekostnad		952 833	1 279 471
Annen finanskostnad		123 246	130 109
Sum finanskostnader		1 076 079	1 409 580
Netto finans		-1 075 695	-1 394 066
Ordinært resultat før skattekostnad		3 059 899	-4 903 362
Skattekostnad på ordinært resultat	15		
Ordinært resultat etter skattekostnad		3 059 899	-4 903 362
Årsresultat		3 059 899	-4 903 362



Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	11	61 830 182	66 397 795
Sum varige driftsmidler		61 830 182	66 397 795
Sum anleggsmidler		61 830 182	66 397 795
Omløpsmidler			
Varer			
Varer	8	376 588	333 675
Sum varer		376 588	333 675
Fordringer			
Kundefordringer	7	4 416 955	3 572 928
Sum fordringer		4 416 955	3 572 928
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	6	5 005 684	5 189 999
Sum bankinnskudd, kontanter og lignende		5 005 684	5 189 999
Sum omløpsmidler		9 799 227	9 096 602
SUM EIENDELER		71 629 409	75 494 397
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	10	13 641 997	13 641 997
Overkurs		5 730 565	7 730 565
Annen innskutt egenkapital		27 972 803	27 972 803
Sum innskutt egenkapital		47 345 365	49 345 365



Balanse

Beløp i: USD	Note	2021	2020
Opptjent egenkapital			
Udekket tap		4 483 337	7 543 237
Sum opptjent egenkapital		-4 483 337	-7 543 237
Sum egenkapital		42 862 028	41 802 128
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	12	23 398 750	28 093 750
Sum annen langsiktig gjeld		23 398 750	28 093 750
Sum langsiktig gjeld		23 398 750	28 093 750
Kortsiktig gjeld			
Leverandørgjeld		266 444	342 391
Betalbar skatt	15	16 389	16 940
Annen kortsiktig gjeld	9	5 085 796	5 239 186
Sum kortsiktig gjeld		5 368 629	5 598 517
Sum gjeld		28 767 379	33 692 267
SUM EGENKAPITAL OG GJELD		71 629 407	75 494 395



Songa Chemical AS

Annual report
2021

Penneo Dokumentnøkke: 2WCES-YFH68-2NMM3-BDQIV-4SLU-MHSWN



**SONGA CHEMICAL AS
BOARD OF DIRECTORS' REPORT 2021**

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 18 668 775 in 2021 (USD 20 805 615 in 2020). Earnings before interests, taxes, depreciation, and amortization was USD 8 703 206 (USD 10 434 992 in 2020). Earnings before interests and taxes was USD 4 135 593 (USD -3 509 296 in 2020). No impairment losses were recognized in 2021 (USD 8 723 734 in 2020). Net financial expenses were USD 1 075 694 (USD 1 394 066). Net profit after tax amounts to USD 3 059 899 (net loss of USD 4 903 362 in 2020) for the financial year 2021. Earnings per share were 0.51 in 2021 (-0.81 in 2020).

The board suggests that the net profit of USD 3 059 899 is transferred to retained earnings.

Net cash flow from operating activities was USD 6 615 685 in 2021 (USD 7 026 070 in 2020). Net cash flow used in investing activities amounted to USD 0 (USD 0 in 2020). Net cash flow from financing activities amounted to USD -6 800 000 (USD -4 800 000 in 2020). Net change in cash and cash equivalents was USD -184 315 (USD 2 226 070 in 2020) which gives an ending cash balance at 31 December 2021 of USD 5 005 682.

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. The Covid-19 outbreak has severely impacted the global chemical trade and continued to adversely impact the global demand in 2021. In addition to the pandemic, freight rates were further influenced by disrupted supply chains following power outages in the Gulf Coast as a result of the Winter Storm Uri in February and the Hurricane Ida in August. An abrupt effect was gradually restored by trade picking up again in the last quarter.

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.

Fleet

The fleet of owned and controlled vessels total four 19.900 dwt 2009-built chemical carriers at year end 2021, 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 million at the end of 2021, decreased from USD 5.2 million in 2020. Total assets were USD 71.6 million at year end 2021, USD 75.5 million in 2020. Shareholders' equity amounted to USD 42.9 million, increased from USD 41.8 million in 2020. Total liabilities were USD 28.8 million. Interest bearing debt amounted to USD 28.4 million, down from USD 33.2 million in 2020. 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 59.8 % in 2021, up from 55.4 % at the end of 2020.

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 2021. Neither has there been any pollution incidents related to the Company's vessels in 2021.

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.



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 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. The Company expects no significant impact from Covid-19 going forward.

Oslo, June 14, 2022

The Board of Directors

Egil Wickstrand Iversen
Chairman

Fredrik Platou
Board member

Penneo Dokumentnøkkel: 2WCE5-YFH68-2NMM3-BDQIV-4SLUT-MH5WN

**Statement of comprehensive income****Songa Chemical AS**

USD	Note	2021	2020
Operating revenue		18 668 775	20 805 615
Total operating income		18 668 775	20 805 615
Operating expenses vessels	4	9 556 260	9 958 307
General and administrative expenses	4	409 308	412 316
Total operating expense		9 965 568	10 370 623
Earnings before interests, taxes depreciation and amortization (EBITDA)		8 703 206	10 434 992
Depreciation	11	4 567 613	5 220 554
Impairment losses	11	0	8 723 734
Earnings before interests and taxes (EBIT)		4 135 593	-3 509 296
Financial income		384	15 514
Interest expenses		-952 833	-1 279 471
Other financial expenses		-118 999	-117 182
Net foreign exchange gain / (loss)	5	-4 247	-12 927
Net financial expenses		-1 075 694	-1 394 066
Profit before taxes		3 059 899	-4 903 362
Tax expense	15	0	0
Net profit		3 059 899	-4 903 362
Total comprehensive income		3 059 899	-4 903 362

Penneo Dokumentnøkkel: 2WCE5-YFH68-2NMM3-BDQIV-4SLUT-MH5WN



Statement of financial position

Songa Chemical AS

Vessels	11	61 830 182	66 397 795
Total non-current assets		61 830 182	66 397 795
Inventories	8	376 588	333 675
Receivables	7	4 416 955	3 572 928
Cash and cash equivalents	6	5 005 684	5 189 999
Total current assets		9 799 227	9 096 601
TOTAL ASSETS		71 629 408	75 494 396
Equity			
Share capital	10	13 641 997	13 641 997
Share premium		5 730 565	7 730 565
Other paid-in capital		27 972 803	27 972 804
Retained earnings		-4 483 337	-7 543 237
Total equity		42 862 029	41 802 129
Debt to financial institutions	12	23 398 750	28 093 750
Total non-current liabilities		23 398 750	28 093 750
Trade payables		266 444	342 391
Tax payable	15	16 389	16 940
Other current liabilities	9	5 085 796	5 239 186
Total current liabilities		5 368 629	5 598 517
Total liabilities		28 767 379	33 692 267
TOTAL EQUITY AND LIABILITIES		71 629 408	75 494 396

Oslo, June 14, 2022
The Board of Directors

Egil Wickstrand Iversen
Chairman

Fredrik Platou
Board member

Penneo Dokumentnøkkel: 2WCE5-YFH68-2NMM3-BDQIV-4SLUT-MH5WN



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
<i>Changes in Equity 2021</i>					
Net profit for the year				3 059 899	3 059 899
Dividends		-2 000 000			-2 000 000
Reallocation of Net profit previous years					
Equity per 31 December 2021	13 641 997	5 730 565	27 972 804	-4 483 339	42 862 029

Penneo Dokumentnøkkel: 21WCE5-YFH68-2NMM3-BDQIV-4SLUT-MH5WN



Cashflow Statement

Songa Chemical AS			
USD	2021	2020	
Net profit before tax	3 059 899	-4 903 362	
- Paid taxes	-16 940	-16 462	
+ Depreciation	4 567 613	5 220 554	
+ Impairment losses	0	8 723 734	
+/- Net change receivables	-844 026	98 270	
+/- Net change accounts payable	-75 947	-1 178 929	
+/- Net change in other short term assets and liabilities	-74 913	-917 735	
= Net cashflow from operating activities	6 615 685	7 026 070	
- Purchase of fixed assets	0	0	
= Net cashflow used in investing activities	0	0	
+ Proceeds from long-term borrowings	0	1 500 000	
- Repayment debt to credit institutions	-4 800 000	-4 800 000	
+ Proceeds from increase of capital	0	0	
- Paid dividends	-2 000 000	-1 500 000	
= Net cashflow from financing activities	-6 800 000	-4 800 000	
= Net change in cash and cash equivalents	-184 315	2 226 070	
+ Cash and cash equivalents at beginning of period	5 189 998	2 963 929	
= Cash and cash equivalents at end of period	5 005 682	5 189 998	

Penneo Dokumentnøkkel: 21WCE5-YFH68-2NMM3-BDQIV-4SLUT-MH5WN



Songa Chemical AS

Notes to the 2021 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 2021 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.



Songa Chemical AS

Notes to the 2021 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.

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.

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Penneo Dokumentnøkkel: 2WCE5-YFH68-2NMM3-BDQIV-4SLUT-MH5WN



Songa Chemical AS

Notes to the 2021 financial statements

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.

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Songa Chemical AS

Notes to the 2021 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 2021.

New and revised standards – not yet effective

New or amendments to standards issued and become effective in years beginning on or after 1 January 2022, 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.

Penneo Dokumentnøkkel: 2WCE5-YFH68-2NMM3-BDQIV-4SLUT-MH5WN



Songa Chemical AS

Notes to the 2021 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 2021, 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 2021.

Specification of expenses:

USD	2021	2020
Operating expenses vessels		
Crew cost	5 492 821	5 509 978
Stores/Lubes	770 289	828 653
Repairs/Maintenance	933 051	960 420
Insurance	456 946	431 869
Fees to technical management	816 000	816 000
Miscellaneous	1 087 154	1 411 387
Total operating expenses vessels	9 556 260	9 958 307
Administrative expenses		
Management fee	355 172	378 473
Legal fees	0	0
Other administrative expenses	54 137	33 843
Total administrative expenses	409 308	412 316
Auditors' fees (excluding VAT)		
Audit fee*	7 795	5 860
Other services	0	1 530
Total auditors' fees	7 795	7 390

*Audit fee is included in Other administrative expenses.

5 Net foreign exchange gain/(loss)

USD	2021	2020
Foreign exchange gain	1 218	18 417
Foreign exchange loss	-5 465	-31 344
Net foreign gain/(loss)	4 247	-12 927

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Penneo Dokumentnøkkel: 2WCES-YFH68-2NMM3-BDQIV-4SLUT-MH5WN



Songa Chemical AS

Notes to the 2021 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	2021	2020
US Dollars	4 712 382	4 908 980
Norwegian kroner	293 302	281 019
Total cash and cash equivalents	5 005 684	5 189 999

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	2021	2020
Working capital Hansa Tankers Pool	1 200 000	1 200 000
Prepaid expenses	193 985	185 141
Trade receivables Hansa Tankers Pool	2 718 231	1 780 637
Other short-term receivables	304 739	407 149
Total short-term receivables	4 416 955	3 572 928

8 Inventories

Inventories consist of the vessels inventory of lube oil.

9 Other current liabilities

USD	2021	2020
Accrued interests	37 270	43 953
Accrued expenses	248 526	375 233
Current portion of long-term debt	4 800 000	4 800 000
Other current liabilities	-	20 000
Total other current liabilities	5 085 796	5 239 186

Penneo Dokumentnøkkel: 2WCES-YFH68-2NMM3-BDQIV-4SLUT-MH5WN



Songa Chemical AS

Notes to the 2021 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 2021	117 423 335	4 745 294	122 168 629
Disposals in 2021	-	-	-
Cost at 31 December 2021	117 423 335	4 745 294	122 168 629
Accumulated depreciation and impairment losses at 01 January 2021	53 423 336	2 347 499	55 770 835
Depreciation in 2021	3 917 178	650 435	4 567 613
Impairment losses in 2021	-	-	-
Accumulated depreciation and impairment losses at 31 December 2021	57 340 515	2 997 934	60 338 448
Carrying amount at 31 December 2021	60 082 820	1 747 361	61 830 182

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

No impairment indicators were identified at year end for the company's vessels. As a result of this, no impairment losses were recognized.

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Songa Chemical AS

Notes to the 2021 financial statements

12 Interest-bearing debt

Debt to financial institutions

USD	Book value at 31 December 2021	Fair value at 31 December 2021
Nominal value*	28 400 000	28 400 000
Capitalized fees	-201 250	-201 250
Carrying amount	28 198 750	28 198 750

*Current portion of 4 800 000 that will fall due in 2022 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 2021.

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:

	2021
Vessels	61 830 182
Cash and cash equivalents	5 005 684
Book value of pledged assets	66 835 867

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 2021, the Company did not have any hedging contracts or other derivative instruments.



Songa Chemical AS

Notes to the 2021 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 2021, 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 2021	
	Carrying amount	Fair value
<i>Financial assets:</i>		
Other current receivables	4 416 955	4 416 955
Cash and cash equivalents	5 005 684	5 005 684
<i>Financial liabilities:</i>		
Debt to financial institutions	23 398 750	23 398 750
Trade payables	266 444	266 444
Taxes payable	16 389	16 389
Other current liabilities	5 085 796	5 085 796

Maturity of financial liabilities:

USD	< 1 year	2-5 years	6-10 years	Total at 31 December 2021
Debt to financial institutions	-	23 600 000	0	23 600 000
Trade payables	266 444	-	-	266 444
Taxes payable	16 389	-	-	16 389
Other current liabilities	5 085 796	-	-	5 085 796
Total financial liabilities	5 368 629	23 600 000	0	28 968 629

Penneo Dokumentnøkkel: 2WCE5-YFH68-2NMM3-BDQIV-4SLUT-IH5WN



Songa Chemical AS

Notes to the 2021 financial statements

15 Income tax

<i>Taxable income:</i>	2021	2020
Profit before tax	3 059 899	-4 903 361
Effects of Norwegian tonnage tax legislation	-3 350 263	4 719 578
Utilisation of tax loss carry forward		
Taxable income	-290 364	-183 783
<i>Tax expense:</i>		
Tax payable	-	-
Tax expense	-	-
<i>Reconciliation of tax expense for the year:</i>		
Profit before tax	3 059 899	-4 903 361
Tax expense calculated on the relevant tax rate 22% (23%)	673 178	-1 078 739
Tax expense	-	-
Difference	-673 178	1 078 739
<i>Difference comprise of:</i>		
Tax effect of Norwegian tonnage tax legislation	-737 058	1 038 307
Tax effect of temporary differences not recognized	63 880	40 432
Total difference	-673 178	1 078 739
<i>Tax payable in statement of financial position:</i>		
Tax payable in tax expense	-	-
Tonnage tax payable	16 389	16 940
Tax payable in statement of financial position	16 389	16 940

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 2021.

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 355 172 for 2021.



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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Egil Wickstrand Iversen

Styreleder

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IP: 193.32.xxx.xxx

2022-06-14 11:05:54 UTC



Fredrik Platou

Styremedlem

Serienummer: 9578-5994-4-1054888

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To the Shareholders of
Songa Chemical AS

BHL DA
Elias Smiths vei 24
1337 Sandvika

Org. nr.: 992 768 061

Telefon: 66 85 59 00
E-post: ta@bhl.no
Internett: www.bhl.no

Medlemmer av
Den norske Revisorforening

Ansvarlig revisor:
Thomas Andersen

Independent Auditor's Report

Translated from Norwegian

Opinion

We have audited the financial statements of Songa Chemical AS (the Company), showing a profit of USD 3 059 899. The financial statements comprise the balance sheet as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Other Information

The Board of Directors are responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report. The purpose is to consider if there is materially inconsistency between the information in the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of



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Directors' report otherwise appears to be materially misstated. We are required to report that fact if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements

Our opinion on the Board of Director's report applies correspondingly for statements on Corporate Governance and Corporate Social Responsibility and for the report on payments to governments.

Responsibilities of the management for the Financial Statements

The Board of Directors (management) is responsible for the preparation of financial statements that give a true and fair view 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 insofar as it is not likely that the enterprise will cease operations.

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.

For further description of the auditor's responsibilities we refer to <https://www.revisorforeningen.no/revisjonsberetninger>

Sandvika,
BHL DA

The auditor's report is signed electronically.

Thomas Andersen
Statsautorisert revisor



09 DES. 2013

Skattedirektoratet

Saksbehandler
Geir Johannessen

Deres dato
29.11.2013

Vår dato
05.12.2013

Telefon
22 66 11 14

Deres referanse
Gerd-Inger Kaasen

Vår referanse
2013/913481

SONGA CHEMICAL AS
Postboks 1468 Vika
0116 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Songa Chemical AS, org.nr. 912 482 626

— Det vises til deres brev av 29. november, der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk fra og med regnskapsåret 2013 for Songa Chemical AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Songa Chemical AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Songa Chemical AS har til formål å drive skipsrelatert virksomhet, herunder eie og drive skip, enten direkte eller indirekte gjennom deltakelse i andre selskaper. Selskapets arbeidsspråk er engelsk. 34,47% av selskapets aksjer er eiet av Spencer Finance Corp som er kontrollert av Arne Blystad og nærmeste familie, og 65,53% er eiet av WLR/TRF Shipping II S.a.r.l., 37A, Avenue JF Kennedy, L-1855 Luxembourg. Øvrige interessenter og samarbeidspartnere er institusjonelle aktører som ikke forventes å ha problemer med at årsrapporten er på engelsk. De norske versjonene av årsregnskapet/årsberetninger utarbeides kun for å tilfredsstille regnskapsloven.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan

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foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

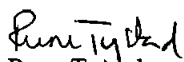
Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at arbeidsspråket er engelsk, og at det kun er to eiere med et utenlandsk selskap som hovedaksjonær. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

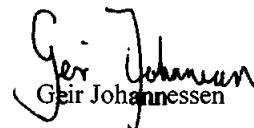


Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet


Geir Johannessen