



Financial Report Q1 2020

CONTENTS

SONGA CONTAINER	3
FIRST QUARTER 2020 HIGHLIGHTS	3
FIRST QUARTER 2020 EVENTS	3
SUBSEQUENT EVENTS	3
1 ST QUARTER 2020 RESULTS	4
THE FLEET	5
SCRUBBER CONTRACTS AND CAPEX PROGRAM	5
MARKET	7
CONTAINER MARKET IN Q1 2020	7
INDICATIVE MARKET TIME CHARTER RATES	7
OUTLOOK AND STRATEGY	8
FORWARD-LOOKING STATEMENTS	9
RISK FACTORS	10
MAIN RISK FACTORS	10
RESPONSIBILITY STATEMENT	11
FINANCIAL INFORMATION	12
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	12
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	13
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW	14
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	15
NOTES	16

SONGA CONTAINER

First Quarter 2020 Highlights, Events, Results and Fleet

FIRST QUARTER 2020 HIGHLIGHTS

Songa Container AS' (the Issuer and its subsidiaries, hereinafter the "Company") net loss per Q1 2020 was \$8.6 million. The Interim Financial Statements are presented in accordance with IFRS as of March 31, 2019.

Please find highlights as follows:

- EBITDA was negative with \$0.5 million in Q1 2020, compared to positive with \$0.8 million in Q4 2019.
- Total time charter equivalent earnings¹ were \$7.3 million in Q1 2020, compared to \$9.6 million in Q4 2019.
- Total Operating days² were 1 365 in Q1 2020. Total Trading days³ was 955 days, implying a utilization of 69.9%. The utilization in Q4 2019 was 72.9%.
- Adjusted Time Charter Equivalent (TCE⁴) in Q1 2020 was \$7 659 per day, compared to \$9 500 per day in Q4 2019.
- Adjusted Operating expenses (OPEX⁵) in Q1 2020 were \$ 5 998 per day, whilst operating days in Q4 2019 were \$5 783 per day.

FIRST QUARTER 2020 EVENTS

- On 10 March 2020, Songa Container AS, completed an equity private placement of \$5.0 million supported by the existing shareholders.

SUBSEQUENT EVENTS

- On May 25, 2020, the Company published a summons for a written Bondholder's resolution where the Company propose an additional capital contribution of \$5.0 million from the shareholders of the Company, subject to certain amendments under the Bond Terms. Reference is made to the published summons for further details.

¹ Adjusted Time Charter Equivalent (TCE) represents time charter revenue and pool revenue, adjusted for scrubber revenues and adjusted for the Songa City AS controlled vessels, divided by the number of Trading days for the consolidated vessels during the reporting period.

² Time charter equivalent revenue is operating income and other operating income (-expenses).

³ Operating days per day represents the number of ownership days of consolidated vessels during the reporting period.

⁴ Trading days are ownership days minus days without revenue, including commercial, uninsured technical and dry dock related off-hire days.

⁵ Adjusted Operating Expenses per day (OPEX) represents operating expenses divided by the number of ownership days of consolidated vessels during the reporting period, adjusted for the Songa City AS controlled vessels.

1ST QUARTER 2020 RESULTS

in \$ thousands		
Financial performance	Q1 2020	Q4 2019
Time charter revenue	6 206	7 810
Operating expenses, incl. G&A and depr.	8 618	8 617
Operating profit (-loss)	-2 412	-807
EBITDA	-539	766
Net financial profit (-loss)*	-6 117	-2 226
Profit (-loss) for the period	-8 554	-3 200
Financial position	31.03.2020	31.12.2019
Total assets	202 984	204 123
Cash and cash equivalents	16 899	28 250
Total equity	62 819	66 384
Cash flow statement	Q1 2020	YTD Q4 2019
Net cash flow from operating activities	884	904
Net cash flow used for investing activities	-14 708	-20 845
Net cash flow from financing activities	2 473	-6 185
Net change in cash and cash equivalents	-11 351	-26 126

Financial performance

The Company's operating loss decreased by \$1.6 million in Q1 2020 compared to the last quarter, from a loss of \$0.8 million in Q4 2019 to a loss of \$2.4 million in Q1 2020. EBITDA in Q1 2020 decreased by \$1.3 million, from a profit of \$0.8 million in Q4 2019 to a loss of \$0.5 million in Q1 2020.

Time charter revenues decreased from \$7.8 million in Q4 2019 to \$6.2 million in Q1 2020. The Company reports for the first quarter, after IMO 2020 regulations, a scrubber revenue share of \$0.7 which is included in time charter revenue.

Operating expenses for Q1 2020, \$8.6 million, are on the same level as reported for Q4 2019.

Net financial loss was \$6.1 million in Q1 2020.

Financial position

The Company's total assets was \$203.0 million at 31 March 2019, down from \$204.1 million at 31 December 2019.

Non-current assets, which comprise of vessels delivered, scrubber investments and acquired loans, increased from \$165.3 million at 31 December 2019 to \$176.3 million at 31 March 2019. The change is mainly due to the development in the CAPEX program.

Total equity was \$62.8 million at 31 March 2019, down from \$66.4 million at 31 December 2019, with non-controlling interest of \$1.7 million at 31 December 2019. The change in equity is mainly due to the net loss for the year and the capital increase of in total \$5.0 million.

The interest-bearing bond loan remains unchanged per 31 March 2020 compared to 31 December 2019.

Cash flow

The Group generated a positive cash flow from operating activities with \$0.9 million in Q1 2020.

Net cash flow from investment activities were negative with \$ 14.7 million in Q1 2020 and is mainly due to the CAPEX program.

Net cash flow from financing activities were positive with \$2.5 in Q1 2020 and is due to the net effect of the capital increase of \$5.0 million and the bond interest.

Net change in cash and cash equivalents from 31 December 2019 to 31 March 2020 was negative with \$11.4 million.

Cash and cash equivalents at the end of Q1 2020 were \$16.9 million, down from \$28.3 million at the end of Q4 2019.

THE FLEET

By the end of the second quarter 2019, the fleet consists of 15 container vessels:

Vessel Name	TEU	DWT	Built	Yard	Gear
Anne Sibum	1 036	13 172	2007	SSW Schicau Seebeck, Germany	Gearless
Grete Sibum	1 036	13 172	2008	SSW Schicau Seebeck, Germany	Gearless
Stefan Sibum	1 036	13 172	2008	SSW Schicau Seebeck, Germany	Gearless
FS Ipanema	1 794	25 860	2009	Taizhou Kouan, China	Gearless
Songa Bonn	1 970	28 632	2010	Hyundai Mipo, South Korea	Gearless
Songa Nuernberg	1 970	28 630	2010	Hyundai Mipo, South Korea	Gearless
Songa Iridium	2 015	27 247	2008	Zhejiang Shipyard, China	Gearless
City of Beijing	2 564	34 333	2009	Xiamen Shipbuilding, China	Gearless
City of Hongkong	2 564	34 295	2009	Xiamen Shipbuilding, China	Gearless
City of Shanghai	2 564	34 269	2009	Xiamen Shipbuilding, China	Gearless
Songa Antofagasta	2 851	35 534	2008	Zhejiang Yangfan, China	Gearless
Stralsund	3 421	46 000	2014	Rongcheng Shenfei, China	Gearless
Songa Haydn	3 534	41 989	2010	Shanghai & Chengxi, China	Gearless
Songa Calabria	4 256	50 353	2010	Jiangsu New Yanzijiang, China	Gearless
Songa Toscana	4 957	62 272	2013	Jiangsu New Yanzijiang, China	Gearless

SCRUBBER CONTRACTS AND CAPEX PROGRAM

Q1 2020 was a challenging quarter for the Company and its CAPEX program, representing the planned peak quarter for retrofits and completion of vessel installations. The quarter started off as Q4 ended with highly constrained shipyards and limited access to labour to complete the time consuming and highly complex retrofits. By end January, the Company was starting to experience the consequences of Covid-19 affecting China and the container market in general. By early/mid February, a severe negative sentiment had taken both the shipyard industry and the charter market by surprise and unease was building rapidly.

The Company had lined up several vessels to enter into the shipyard in direct continuation of their terminating contracts, only to be turned down more or less upon arrival and incurring significant additional offhire time awaiting clarity on when workers would be allowed to re-enter the shipyard to continue their work. The Company quickly turned around to re-schedule and re-fix the vessels it could, however only within the framework the market allowed us to. By the end of February/early March, the sentiment and China was showing some signs of recovery, only to be completely overthrown by a new wave of negative consequences when Europe and the USA entered lockdown during March. Blanked sailings by liner operators and redelivery of vessels has been affecting the market since and is ongoing to this day. It can only be described as a perfect storm for a Company which was nearing the end of its extensive CAPEX program.

During late 2019 and early 2020, the global shipyard market capacity to service the demand for scrubber installations was highly constrained, resulting in a previously communicated increase in CAPEX and off hire days required to complete the retrofit program. To remedy this adverse development, the shareholders of the Company have already injected USD 9,000,000 in additional cash equity into the Company since September 2019, and plans to inject an additional USD 5,000,000 as communicated in the Summons to Bondholder meeting as distributed in May 2020.

Considering the situation, the Company has made a decision to postpone the scrubber installation on its vessel MV Songa Iridium for an indefinite period of time (in addition to Songa Antofagasta as previously communicated). Whether or not the Company will complete this installation in the future, or seek to divest the CAPEX equipment already purchased and paid for, will remain subject to development in the charter and fuel markets. By end of June 2020 the Company expects to have completed installations of scrubbers on 11 of its container vessels. One additional vessel is expected to complete its retrofit during July 2020. The final scrubber retrofit is expected to be completed in Q1 2021.

The Company is now nearing the end of its comprehensive CAPEX program and has gained useful experience from the vessels retrofitted to date. At this point, the Company now see limited risk of further cost overruns due to the few number of vessels remaining to be retrofitted.

Despite the negative market sentiment, Charterers have again proved that they are more interested in chartering vessels retrofitted with scrubbers ahead of non-scrubber fitted vessels. Over time, the Company believes the scrubber retrofitted fleet will ascertain higher utilization than non-scrubber fitted vessels. Fuel spreads have retracted significantly and have been residing at unprecedented levels compared to the market's anticipation only months back. However, the Company believes that fuel spreads will normalize above current levels over time.

MARKET

Market, Outlook, Strategy and Forward-Looking Statements

CONTAINER MARKET IN Q1 2020

As reported by Clarksons in their most recent Container Quarterly, “[...] Although the situation remains highly uncertain, expectation of a deep global economic recession suggest a severe negative impact on seaborne box trade, with 2020 now projected to see *the sharpest fall in volumes on record.*”

Global containerized trade is expected to retract by more than 11% in 2020 as a result of more than 40% of the world’s population been restricted by lockdowns. Following this backdrop, an unprecedented collapse in in box cargo volumes being shipped is expected to occur during Q2 and consequences to the idle- and charter rates are already real.

The demolition market, an important valve for the balance between supply and demand in the feeder market, has also been shut down because of lockdowns effectively limiting any meaningful scrapping. To the positive, the supply side has been equally affected by newbuild deliveries being delayed. Clarksons have recently downgraded the amount of containership deliveries in 2020 by ~30%, a much needed counter to the demand-collapse and likely outweighing the outdated scrapping potential for FY 2020. Vessel speeds, acting as another important valve for effective tonnage supply, continued its contraction by falling another 1.5% during the quarter.

The sale and purchase market came to a complete halt during Q1 2020, with bid-ask spreads widening significantly in parallel to the unfolding consequences of the current crisis. Transaction volumes were down ~ 50% compared to Q4 2019.

INDICATIVE MARKET TIME CHARTER RATES

FIRST QUARTER

Size	Gear	Beam	Jan 2020	Feb 2020	Mar 2020
700 TEU	N	All	4,800	4,800	4,800
1,100 TEU	Y	All	6,300	6,300	6,200
1,700 – 1,800 TEU	Y	All	8,300	8,000	7,900
2,400 – 2,600 TEU	Y	All	9,500	9,250	9,000
2,700 – 2,800 TEU	N	All	10,000	9,500	9,300
3,300 – 3,600 TEU	N	All	10,000	9,500	9,200
4,000 – 4,500 TEU	N	< 32.2 m	13,300	13,000	12,000
5,000 – 5,300 TEU	N	< 32.2 m	13,500	12,500	11,500
4,500 – 5,400 TEU	N	> 32.3 m	19,500	18,500	18,000
5,500 – 6,000 TEU	N	All	19,500	18,000	17,500
6,300 – 7,000 TEU	N	All	24,000	23,000	22,000
8,000 – 9,000 TEU	N	< 48 m	30,000	28,000	25,000

Source: Maersk Broker April 2020 report

AS PER MAY 2020

Size	Gear	Beam	Feb 2020	Mar 2020	Apr 2020
700 TEU	N	All	4,800	4,800	4,800
1,100 TEU	Y	All	6,300	6,200	6,100
1,700 – 1,800 TEU	Y	All	8,000	7,900	7,700
2,400 – 2,600 TEU	Y	All	9,250	9,000	8,800
2,700 – 2,800 TEU	N	All	9,500	9,300	9,000
3,300 – 3,600 TEU	N	All	9,500	9,200	9,000
4,000 – 4,500 TEU	N	< 32.2 m	13,000	12,000	11,500
5,000 – 5,300 TEU	N	< 32.2 m	12,500	11,500	11,000
4,500 – 5,400 TEU	N	> 32.3 m	18,500	18,000	17,000
5,500 – 6,000 TEU	N	All	18,000	17,500	16,500
6,300 – 7,000 TEU	N	All	23,000	22,000	20,000
8,000 – 9,000 TEU	N	< 48 m	28,000	25,000	23,000

Source: Maersk Broker May 2020 report

OUTLOOK AND STRATEGY

Songa Container is an investment vehicle established to invest in container vessels, with the strategy to own and operate small to midsize container vessels. The Company's chartering strategy is to have a large majority of the vessels employed in revenue sharing pools and a selected few number of vessels on direct TC contracts with varying durations, depending on the prevailing market at any given time. An increased number of vessels employed in revenue sharing pools mitigates risk to idle time and mobilization costs. By the end of Q2 2020, the Company will have two vessels employed on bilateral contracts with liner operators whereas the remaining vessels will be employed in revenue sharing pools.

The Board of Songa Container has no plans to increase the fleet further from its current level.

On the 25th of May 2020, the Company made public a notice of a written procedure to amend certain terms of its outstanding bond issue. The amendments to the bond agreement proposed by the Company comprise the following:

- Extending the maturity date to June 2023
- Reducing the Minimum Cash Covenant to USD 1 million until, but excluding 31 December 2021
- Waiving the LTV covenant until, but excluding 31 December 2021
- Introduction of an option for the Company to settle two quarterly interest payment as payment-in-kind interest, by issuance and delivery of additional bonds in a principal amount corresponding to the interest payable on such interest payments date, provided that a shareholder contribution of USD 2,000,000 is injected into the Company each quarter such option is utilized
- Certain amendments to the Call option- and New Maturity repayment price structure, distributions and investment restrictions
- Conducting a Private Placement of USD 5,000,000 in June 2020 towards existing shareholders

It is the Company's firm view that this represents a fair and balanced Proposal, which protects the interests of all the Company's stakeholders and allow the Company a runway to navigate through these very challenging times in the history of containerized trade. Prior to making the notice of a written procedure public, the Company has received pre-commitments from bondholders representing more than 60% of the bonds to vote in favour of the proposal. The voting period for the written resolution expire on 10 June 2020, but a written resolution may be passed prior to such expiry date if the bond trustee receives votes in favour of the proposal that together comprise more than 2/3 of the bonds.

For further details, reference is made to the Notice of Written resolution stock release published on 25 May 2020.

The Company will going forward focus on completing the CAPEX program to be ready for what is expected to become a recovery period during end of 2020 and into 2021. Although much uncertainty prevails, consumer confidence is expected to rise in tandem with easing of lock-down restrictions. Containerized trade, being hit by an at least 11% contraction in 2020, is by some analysts expected to grow by close to 11% in 2021. International cooperation on recovery efforts are expected to boost trade, a boost the feeder segment and container ships is expected to be in the front of the line to experience when occurring. Songa Container will be well positioned to regain some of the traction recently lost when

coupling the expectations of a recovery with an expectation that oil prices will increase, and therein the fuel spreads, from the most recent \$25-\$35 range.

FORWARD-LOOKING STATEMENTS

Forward-looking statements presented in this report are based on various assumptions. The assumptions were reasonable when made but are subject to uncertainties and contingencies that are difficult or impossible to predict. The Company cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

RISK FACTORS

Risk Factors and Responsibility Statement

MAIN RISK FACTORS

The Company is through its operations exposed to a variety of market, operational and financial risks. The risk factors below are a summary of the risk factors that might affect the Company. The order of appearance is not intended to indicate importance or likelihood of occurrence.

- The demand for, and the pricing of the underlying assets depend, among other things, on the global economy and global trade growth, ordering of new vessels and scope of future scrapping. Future obtainable day rates may not be sufficient to cover operating expenses.
- All vessels carry pollutants. Accordingly, there will always be certain environmental risks and potential liabilities involved in the ownership of commercial shipping vessels. The Company's insurances and indemnities may not adequately cover all risks or expenses.
- The Company is a relatively newly formed entity with limited operating history upon which to evaluate the Company's likely performance.
- The Company's operations are subject to regulations and restrictions governing health and safety as well as environmental requirements, social impacts, and other laws and regulations. Changes in legal, governmental, tax and regulatory regimes within the relevant jurisdictions may have an adverse effect on the Company's business.
- The Company's success will materially depend upon the skill and expertise of key persons involved in the management of the Company.
- Political and economic policies may affect the Company's business and results of operations.
- The financial performance of the Company depends heavily on its counterparties' ability to perform their obligations under agreed charter parties.
- The Company may not have sufficient funds to make the required redemption of Bonds upon a Change of Control Event and the Bonds may be subject to optional redemption.
- Norwegian government issued a white paper in October 2015 describing a tax reform for the period 2016-2018 which includes the possible introduction of withholding tax on interest payments from Norway. Any changes in Norwegian law with respect to the possible introduction of withholding tax on interest (and possibly with retroactive effect), may result in the Bondholders receiving a lower coupon payment than originally agreed in the Bond Terms since the Company is under no obligation to make any gross up on interest in order to guarantee that the investors will receive the coupon payments in full (without any such deductions).
- The Songa City Vessels (as defined in the Bond Presentation/Bond Term Sheet) are not currently owned by the Company, but subject to contractual purchase options in favour of Songa City AS, and the transfer of legal title and ownership is dependent on the counterparty granting such purchase options' ability to comply with their obligations under the Option Agreements (as defined in the Bond Presentation/Bond Term Sheet).
- The Company will conduct a CAPEX program as described in the Bond Presentation/ Bond Term Sheet and this is subject to risk. All related items, including, but not limited to, cost, off-hire and positioning may deviate from the company's estimates.
- Fuel prices are volatile. Significant changes in future fuel prices may have material adverse effect on the Company's business.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that this condensed set of financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and generally accepted accounting principles, and gives a true and fair view of the Company's assets, liabilities, financial position and profit as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during this quarter of the financial year and their impact on the set of financial statements, and a description of the main risks and uncertainties going forward.

Oslo, 28 May 2020


The Board of Directors of Songa Container AS



Arne Blystad
Chairman




Magnus Leonard Roth
Director



Jon Christian Syvertsen
Director



Fredrik Platou
Director



Rowil Ponta
Director

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in \$ thousands	Q1 2020	Q1 2019
	(unaudited)	(unaudited)
Time charter revenue	6 206	8 953
Total operating income	6 206	8 953
Ship operating expenses	5 699	5 746
General and administrative expenses	1 046	985
Depreciation	1 873	1 683
Total operating expenses	8 618	8 414
Operating profit (-loss)	-2 412	539
Interest income	115	70
Interest expenses	-2 527	-2 872
Net income (-loss) on long-term loan measured at fair value	-709	-1 568
Impairment loss other short-term receivables	-2 804	0
Other financial income (-expenses)	-192	-193
Net financial profit (-loss)	-6 117	-4 564
Profit (-loss) before taxes	-8 529	-4 025
Taxes	25	0
Profit (-loss) for the period	-8 554	-4 025
Other comprehensive income		
Items that are or may be reclassified to profit and loss		
Exchange differences	-11	-459
Other comprehensive profit (-loss) for the period	-11	-459
Total comprehensive profit (-loss) for the period	-8 564	-4 483
Profit (-loss) is attributable to		
Equity holders of the parent company	-8 547	-4 052
Non-controlling interests	-6	28
Total comprehensive profit (-loss) is attributable to		
Equity holders of the parent company	-8 580	-4 492
Non-controlling interests	16	9

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

in \$ thousands	Note	31 March 2020 (Unaudited)	31 December 2019 (Unaudited)
Vessels	4	131 678	117 668
Docking	4	3 370	3 685
Constructions in progress	4	10 624	12 121
Long-term loans	5	30 600	31 800
Total non-current assets		176 272	165 274
Inventories		1 272	1 474
Trade receivables		2 418	1 994
Other receivables		6 123	7 131
Cash and cash equivalents		16 899	28 250
Total current assets		26 711	38 849
TOTAL ASSETS		202 984	204 123
Share capital		8 225	7 725
Share premium		74 025	69 525
Reserves		-1 568	-440
Uncovered losses		-19 609	-12 157
Non-controlling interests		1 747	1 731
Total equity		62 819	66 384
Bond loan		128 910	128 750
Total non-current liabilities		128 910	128 750
Trade payables		4 444	3 236
Tax payable		335	327
Other liabilities		6 476	5 425
Total current liabilities		11 255	8 988
Total liabilities		140 164	137 739
TOTAL EQUITY AND LIABILITIES		202 984	204 123

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

in \$ thousands	31 March 2020	31 March 2019
Profit before taxes	-8 529	-4 025
Income taxes paid	-18	-52
Change in fair value of long-term loans	1 095	2 086
Interest income and fees long-term loans	-386	-518
Impairment loss short-term	2 804	0
Depreciation	1 873	1 658
Net interest expenses	2 412	2 803
Net change in inventories, trade receivables/payables	987	-2 208
Net change in other current items	646	-551
Net cash flow from operating activities	884	-807
Investment in vessels and constructions in progress	-14 071	-1 780
Repayments of long-term loan at fair value	0	230
Interest received long-term loan	491	602
Payment short-term loan	-1 128	0
Net cash flow used in investment activities	-14 708	-948
Interest paid	-2 594	-2 853
Interest received, not. Included interest long term loan	67	70
Proceeds from issues of shares	5 000	0
Net cash flow from financing activities	2 473	-2 783
Net change in cash and cash equivalents	-11 351	-4 538
Cash and bank deposits at beginning of period	28 250	54 376
Cash and bank deposits at end of period	16 899	49 839

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

in \$ thousands	Share capital	Share premium	Translation reserve	Fair value reserve	Retained earnings	Non-controlling interest	Total equity
(Unaudited)							
Equity 1 January 2019	7 325	65 925	-475	5 007	-364	1 957	79 375
Profit for the period				-2 086	-1 966	28	-4 025
Other comprehensive income			-440			-19	-459
Equity 31 March 2019	7 325	65 925	-914	2 922	-2 331	1 966	74 892
Equity 1 January 2020	7 725	69 525	-871	431	-12 157	1 731	66 384
Share issuance	500	4 500					5 000
Profit for the period				-1 095	-7 452	-6	-8 553
Other comprehensive income			-33			22	-11
Equity 31 March 2019	8 225	74 025	-903	-664	-19 609	1 747	62 819

NOTES

Note 1 General

Corporate information and history

Songa Container AS (the Company) is a public limited company incorporated and domiciled in Norway. The Company was incorporated on 17 October 2016. The address of the main office is Haakon VII's gate 1, 0161 Oslo. The Norwegian Enterprise no. is 918 003 762.

Songa Container AS and its subsidiaries (the Group) owns and operates container feeder vessels.

On 6th. June 2019 the Company's bond were registered with Oslo Stock Exchange under the ticker ISIN NO0010837248.

Basis for preparation

These consolidated interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting.

The consolidated interim financial statements have been prepared on a historical basis except for financial assets at fair value through profit or loss. The consolidated interim financial statements are prepared under the going concern assumption.

Note 2 Accounting policies

The accounting policies and valuation methods are the same for the interim accounts as the annual accounts for 2019.

Note 3 Segment information

The Group operates within one single segment, which is the shipping container segment.

Note 4 Vessels and docking

in \$ thousands	Q1 2020	2019
Opening balance vessel and docking 1.1	121 353	114 613
Additions in the period	15 568	13 662
Exchange differences	0	-363
Depreciation in the period	-1 873	-6 559
Closing balance vessel and docking 31.03 / 31.12	135 048	121 353

On 22 October 2018 the Group entered into purchase agreements for scrubber installations on all 15 vessels in the fleet. On 17 January 2019 the Group the scrubber contract for installation of the Songa Antofagasta was cancelled due to a potential sale of the vessel. The scrubber installations for eight vessels have been finalized per 31 March, 2020. Project cost related to not finalized installations are classified as construction in progress under non-current assets.

Note 5 Financial instruments

The Group acquired three mortgage loans with face value at \$54.75 million from Commerzbank Aktiengesellschaft April 30, 2018. Face value at March 31, 2020 is \$54.1 million. The long-term loans are measured at fair value over profit and loss. The following table shows a reconciliation from the opening balance to the closing balance for these loans measured at fair value in level 3:

in \$ thousands	Q1 2020	2019
Opening balance 1.1.	31 800	37 200
Purchases	0	0
Fair value adjustment	-1 200	-5 400
Closing balance 31.03 / 31.12	30 600	31 800

The different levels for fair value estimation have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable input for the asset or liability

Fair values of long-term loans in level 3 are based on the average of valuations from two independent shipbrokers for three vessels pledged as security for the loans. The fair value of the pledged vessels are considered to be the best estimate of the fair value of the loans. Broker's estimates assume the vessels are without charter contracts, immediately available for sale in the market and that a willing seller and a willing buyer exists. The value is calculated by discounting future cash flows to present value at the reporting date. Due to reduced liquidity in the market for vessels, there is an increased uncertainty about the estimated ship values in today's market.

Note 6 Subsequent events

There are no events after the interim period that have not been reflected in the financial statements for the interim period.

Note 7 Alternative performance measures

In order to measure financial performance and position, the Group makes use of the Alternative Performance Measures (APMs) described below. The APMs are non-IFRS measures which provide supplemental information to the IFRS financial measures.

EBITDA

Earnings before interest, tax, depreciation and amortization (EBITDA) is derived directly from the statement of profit and loss by adding back to profit/(loss) depreciation and amortization.

EBITDA (in thousands of USD)	Q1 2020	Q4 2019	Q1 2019
Operating profit	-2 412	-807	564
Depreciation and amortization	1 873	1 573	1 658
EBITDA	-539	766	2 222

Time charter equivalents earnings

Adjusted Time charter earnings represents time charter revenue and pool revenue, and other operating income (-expenses) for the consolidated vessels during the reporting period, adjusted for scrubber revenue. Pool revenue for the Songa City AS controlled vessels is added. The company uses time charter equivalent earnings as an indication of the profitability of charters. Time charter equivalent earnings is used as the numerator when calculating TCE per day.

TCE earnings (in thousands of USD)	Q1 2020	Q4 2019	Q1 2019
Adjusted time charter revenue			
Time charter revenue	6 206	7 810	8 953
Adjusted for scrubber revenue	-722	0	0
Time charter revenue excl. scrubber revenue	5 484	7 810	8 953
Adjustment for time charter revenue Songa City controlled vessels	1 828	1 747	2 482
Time charter equivalents earnings	7 312	9 557	11 436

Time Charter Equivalent per day (TCE)

Time charter equivalent (TCE) per day is calculated by dividing net time charter revenue, adjusted for scrubber revenue and adjusted for the Songa City AS controlled vessels, by the number of trading days for the consolidated vessels during the reporting period. Trading days are operating days (ownership days during the reporting period) minus days without revenue, including commercial, uninsured technical and dry dock related off-hire days. TCE is a common shipping industry measure of performance on a per day basis. The company uses TCE per day as it enables comparison of financial performance between periods regardless of changes in the mix of charter types.

TCE per day	Q1 2020	Q4 2019	Q1 2019
Adjusted time charter revenue			
Operating days	1 365	1 380	1 350
Days without revenue, including commercial, uninsured technical and dry dock related off-hire days	410	374	113
Trading days	955	1 006	1 237
Adjusted TCE per day – in USD	7 659	9 500	9 243

Operating expenses per day (OPEX)

Operating expenses per day represents operating expenses incl. technical management fees divided by the number of ownership days. OPEX incl. technical management fees for the Songa City AS controlled vessels are added. The company uses OPEX per day as it enables comparison of financial performance between periods.

OPEX per day	Q1 2020	Q4 2019	Q1 2019
Adjusted OPEX (in thousands of USD)			
Operating expenses	5 699	5 764	5 746
Technical management fee (admin.cost)	441	454	428
Adjustment for operating expenses incl.technical management fee Songa City controlled vessels	2 047	1 763	1 696
OPEX total	8 187	7 981	7 870
Operating days	1 365	1 380	1 350
OPEX per day – in USD	5 998	5 783	5 830