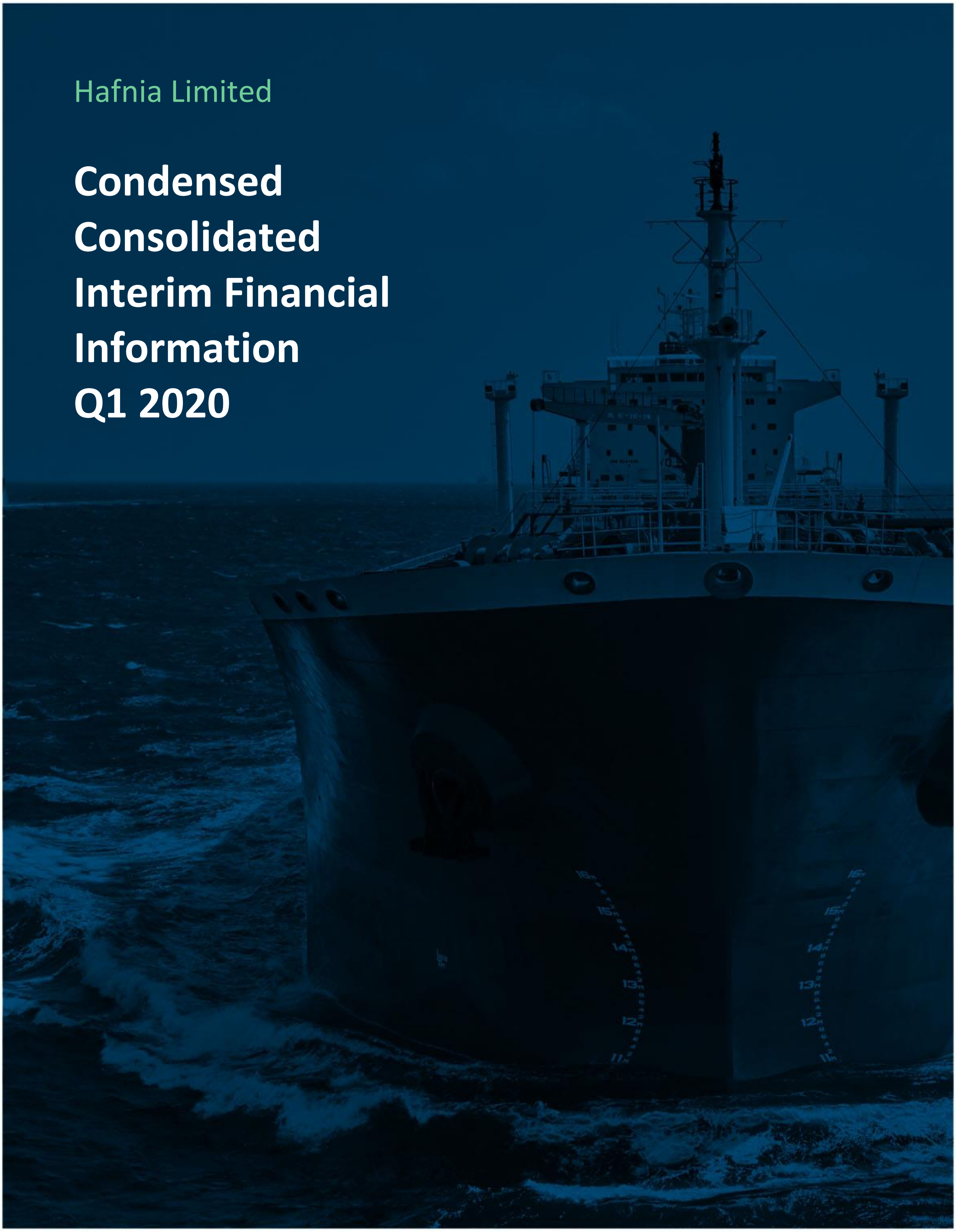
Hafnia Limited

Condensed Consolidated Interim Financial Information Q1 2020



HIGHLIGHTS – Q1 2020

"In a challenging and quickly changing world, Hafnia delivered a very satisfying net profit of USD 77.1 million in the first three months of 2020. This is a competitive return on invested capital.

The global lockdowns caused by the COVID-19 pandemic have led to unprecedented demand destruction and weak economic fundamentals. However, the reduction in oil demand caused a contango situation in oil prices which in combination with added demand for floating storage and port congestion resulted in increased freight rates in Q1. This spiked further in Q2, before experiencing a downward correction in May.

Our strong balance sheet, commercial performance and corporate culture provide a solid platform to deliver continued value to our shareholders.

Finally, I would like to thank all employees, both at sea and ashore, for their extraordinary efforts during these challenging times, and stress that the first priority for Hafnia will always be the health and safety of our employees."

- Mikael Skov, CEO Hafnia

Q1 highlights:

- Time Charter Equivalent (TCE) earnings for Hafnia Limited (the "Company" or "Hafnia", together with its subsidiaries, the "Group") were USD 193.5 million in Q1 2020 (Q1 2019: USD 132.6 million). EBITDA was USD 129.6 million (Q1 2019: USD 74.1 million).

- Hafnia achieved a net profit of USD 77.1 million and earnings per share of USD 0.21 per share (Q1 2019: USD 27.9 million and earnings per share of USD 0.08 per share).

- The commercially managed pool business generated an income of USD 5.9 million.

- At the end of the quarter, Hafnia had 87 owned vessels[1] and 15 chartered-in vessels. The total fleet of the Group comprises six LR2s, 36 LR1s (including six bareboat-chartered in and three time-chartered in), 47 MRs (including six time-chartered in) and 13 Handy vessels owned/operated[1].

- The average estimated broker value of the owned fleet was USD 2,278.1 million, of which the LR2 vessels had a broker value of USD 321.8 million, the LR1 fleet had a broker value of USD 570.5 million[2], the MR fleet had a broker value of USD 1,147.7 million, and the Handy vessels had a broker value of USD 238.1 million.

- The fleet chartered-in had a right-of-use asset book value of USD 137.3 million with a corresponding lease liability of USD 143.0 million.

- The fleet has been in full compliance with the new IMO 2020 regulations using low sulphur fuel oil as of January 1, 2020.

- As of May 15, 70% of total earning days of the fleet were covered for Q2 at USD 28,921/day.

- Cash flow breakeven was USD 14,182/day in the quarter.

- Hafnia has strong support from lenders and competitive debt financing with no major/material debt maturities before 2022.

- Hafnia will pay a quarterly dividend of USD 0.1062 per share. Record date will be May 29 with ex. dividend date of May 28 and payment on June 12. Please see separate announcement for dividend.

[1] Including four LR1s and two LR1 newbuilds owned through 50% ownership in the Vista Joint Venture.

[2] Including USD 121.5 million relating to Hafnia's 50% share of four LR1s and two LR1 newbuilds owned through 50% ownership in the Vista Joint Venture.

HIGHLIGHTS – Q1 2020

Conference call
Hafnia will host a conference call for investors and financial analysts on May 26, 2020 at 9:00 pm SGT/3:00 pm CET/9:00 am EST. Please dial +65 67135330 (Singapore), +47 80010246 (Norway) or +1 8447600770 and use Conference ID: 4437189

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This information is subject to disclosure requirements pursuant to Section 5-12 of the Norwegian Securities Trading Act.

KEY FIGURES

	Q1 2020 USD million	Q1 2019 USD million
Income Statement		
Operating revenue	268.4	214.1
TCE income	193.5	132.6
EBITDA	129.6	74.1
Operating profit	91.0	44.9
Financial items	(14.7)	(17.0)
Share of profit from associates and joint venture	1.2	-
Profit before tax	77.5	27.9
Net profit for the period	77.1	27.9

	31 Mar 2020 USD million	31 Dec 2019 USD million
Balance Sheet		
Total non-current assets	2,336.6	2,346.4
Total assets	2,721.6	2,681.3
Total liabilities	1,581.5	1,562.8
Total equity	1,140.1	1,118.5
Total invested capital	2,549.9	2,329.9
Cash and cash equivalents	128.5	91.6

	Q1 2020 USD million	Q1 2019 USD million
Key financial figures		
Gross margins:		
TCE	72.1%	61.9%
EBITDA	48.3%	34.6%
Operating profit/(loss) (EBIT)	33.9%	21.0%
Return on Equity (RoE) (p.a.)	27.3%	11.2%
Return on Invested Capital (p.a.)	14.3%	7.8%
Equity ratio	41.9%	41.0%
Loan-to-value (LTV) ratio[1]	56.0%	59.1%

Q1 2020	**LR2**	**LR1**	**MR**	**Handy**	**Total**
Vessels on water at the end of the period[2]	6	30	47	13	96
Total operating days[3]	546	2,691	4,214	1,173	8,624
Total calendar days (excluding TC-in)	546	2,457	3,731	1,183	7,917
TCE (USD per operating day)	23,762	22,767	21,960	22,723	22,430
OPEX (USD per calendar day)[4]	6,383	7,345	6,728	6,306	6,833
G&A (USD per operating day)[5]					843

[1] LTV ratio is calculated as borrowings on the vessels (net of cash) divided by vessel values.
[2] Excluding four LR1s and two LR1 newbuilds owned through 50% ownership in Vista Shipping Limited.
[3] OPEX includes vessel running costs and technical management fees.
[4] G&A adjusted for cost incurred in managing external vessels.
[5] Total operating days include operating days for vessels that are time chartered-in.

VESSELS ON BALANCE SHEET

As at 31 March 2020, total assets amounted to USD 2,721.6 million, of which USD 2,162.8 million represents the carrying value of the Group's vessels including dry docking and vessels under construction. The breakdown by segment is as follows:

	As at 31 March 2020				
USD million	**LR2**	**LR1**	**MR**	**Handy**	**Total**
Vessels (including dry-dock)	301.1	478.3	1,143.5	239.9	2,162.8

The Group owns a 50% share of four LR1 vessels and two LR1 newbuilds (31 March 2019: two LR1 vessels and four LR1 newbuilds) through the Vista Joint Venture. These vessels are not on the balance sheet as the investment in the Vista Joint Venture is equity accounted. The Group's 50% share of outstanding CAPEX of the LR1 newbuilds is USD 35.2 million (31 March 2019: USD 62.9 million).

CASH AND CASH FLOWS

Cash and cash equivalents amounted to USD 128.5 million as at 31 March 2020 (31 March 2019: USD 75.2 million).

Operating activities generated a net cash inflow of USD 93.9 million in Q1 2020 (Q1 2019: USD 57.7 million). Cash flows from operating activities were principally utilised for vessel drydocking costs, share buy-backs and repayments of bank borrowings and interest.

Investing activities resulted in a net cash outflow of 9.6 million in Q1 2020 (Q1 2019: net cash outflow of USD 93.9 million).

Financing activities resulted in a net cash outflow of 47.4 million in Q1 2020 (Q1 2019: net cash inflow of USD 25.4 million).

HAFNIA'S DIVIDEND POLICY

Hafnia targets a quarterly dividend based on a pay-out ratio of 50% of annual net profit (adjusted for extraordinary items). The final amount of dividend is to be decided by the Board of Directors. Besides net profit, the Board of Directors will take into consideration the capital structure of the company, its liquidity position, capital expenditure plans and market outlook. In addition to cash dividends, the company may buy back shares as part of its total distribution to shareholders.

COVERAGE OF EARNING DAYS

As at 15 May 2020, 70% of total earning days in the second quarter of 2020 were covered at USD 28,921 per day. The table below shows the quarterly figures for Q2 2020, half year figures for H2 2020 and full-year figures for 2021.

Covered ships	**Q2 2020**	**H2 2020**	**2021**
Owned ships, # ships			
LR2	6.0	6.0	6.0
LR1	21.0	21.0	21.0
MR	41.0	41.0	41.0
Handy	13.0	13.0	13.0
Total	**81.0**	**81.0**	**81.0**
Charter-in and leaseback ships, # ships			
LR2	-	-	-
LR1	8.8	8.0	8.0
MR	6.0	6.0	6.0
Handy	-	-	-
Total	**14.8**	**14.0**	**14.0**
JV ships[1], # ships			
LR2	-	-	-
LR1	4.0	4.7	5.9
MR	-	-	-
Handy	-	-	-
Total	**4.0**	**4.7**	**5.9**
Total ships, # ships			
LR2	6.0	6.0	6.0
LR1	33.8	33.7	34.9
MR	47.0	47.0	47.0
Handy	13.0	13.0	13.0
Total	**99.8**	**99.7**	**100.9**
Covered, %			
LR2	100%	92%	48%
LR1	76%	16%	-
MR	67%	10%	4%
Handy	54%	-	-
Total	**70%**	**16%**	**5%**
Covered rates, USD per day			
LR2	27,015	27,729	26,739
LR1	34,302	19,358	-
MR	26,398	16,069	16,835
Handy	22,192	16,123	-
Total	**28,921**	**21,347**	**22,810**

[1] The figures are presented on a 100% basis. The JV vessels are owned through Hafnia's 50% participation in a joint venture with CSSC.

TANKER SEGMENT RESULTS AND OUTLOOK

Market Q1

The first quarter of 2020 was characterized by the outbreak of the coronavirus. This resulted in countries adopting various containment and lockdown measures in attempts to curtail the spread of the virus. The outbreak had a dampening effect on the demand for refined oil products. The demand for jet fuel was most significantly impacted as international air travel was paralysed by travel bans enforced globally. Reduced domestic land-based travel also saw the demand for gasoline fall correspondingly. In response to the reduced demand for refined products and falling refining margins, refineries lowered utilization rates markedly particularly in the Far East. This led to lower availability of product cargoes in the market and a corresponding drop-off in clean tanker freight rates in February 2020. In early March 2020, members of OPEC+ failed to reach an agreement on crude production cuts to support prices. This resulted in an all-out price war as its members were no longer bound by output restrictions. The dramatic fall in crude prices on the back of a weak consumption environment created contango opportunities and the build-up of inventories. This led to strong demand for floating storage on the VLCCs and propelled freight rates in the Middle East to beyond USD 200,000/day for the largest tankers in the latter half of Q1 2020. The product tanker market has also benefitted from floating storage-driven demand for clean products. For instance, freight rates for LR1s carrying naphtha from the Middle East to Japan rose to more than USD 100,000/day at the start of Q2 2020 - the highest level observed since late 2008.

Q2 2020 thus far and outlook

While economic activity started to recover in China in April 2020, many economies in the West and other parts of Asia went into lockdown. This resulted in additional decline in demand for refined products. The elevated glut of refined products in combination with land storage filling up and contango steepening fuelled another surge in demand for floating storage of refined products. With effective tonnage supply further reduced by port congestion, freight rates across most clean tanker routes rose to all-time highs in late April 2020.

Freight rates for the clean product tanker market experienced a downward correction in May 2020 as the agreed production cuts of 9.7 million barrels per day by OPEC+ members in April 2020 reduced oversupply of oil. Meanwhile the rate of recovery of oil demand in the short to medium term will likely be influenced by the reopening of countries following lockdowns.

TANKER SEGMENT RESULTS AND OUTLOOK (CONTINUED)

	Q2 2019	Q3 2019	Q4 2019	Q1 2020
LR2				
Operating days	263	277	451	546
TCE (USD per operating day)[1]	22,170	22,004	24,723	23,762
Calendar days	263	339	389	546
OPEX (USD per calendar day)[2]	5,962	5,944	8,177	6,383
LR1				
Operating days	2,481	2,612	2,562	2,691
TCE (USD per operating day)[1]	16,230	13,989	20,560	22,767
Calendar days (excluding TC-in)	2,457	2,441	2,527	2,457
OPEX (USD per calendar day)[2]	7,223	7,576	6,289	7,345
MR				
Operating days	3,951	3,995	4,095	4,214
TCE (USD per operating day)[1]	15,371	13,366	17,309	21,960
Calendar days (excluding TC-in)	3,654	3,634	3,725	3,731
OPEX (USD per calendar day)[2]	6,530	6,277	7,069	6,728
Handy				
Operating days	1,095	1,137	1,207	1,173
TCE (USD per operating day)[1]	11,361	9,376	18,588	22,723
Calendar days	1,183	1,183	1,209	1,183
OPEX (USD per calendar day)[2]	6,013	5,596	6,127	6,306

[1] TCE represents gross TCE income after adding back pool commissions of USD 1.2 million in Q2 2019.
[2] OPEX includes vessel running costs and technical management fees.

RISK FACTORS

The Group's results are largely dependent on the worldwide market for transportation of refined oil products. Market conditions for shipping activities are typically volatile and, as a consequence, the results may vary considerably from year to year. The market in broad terms is dependent upon two factors: the supply of vessels and the demand for oil products. The supply of vessels depends on the number of newbuilds entering the market, the demolition of older tonnage and legislation that limits the use of older vessels or sets new standards for vessels used in specific trades. The demand side depends mainly on developments in global economic activity.

The Group is also exposed to risk in respect of fuel oil costs. Fuel oil prices are affected by the global political and economic environment. For voyage contracts, the current fuel costs are priced into the contracts. Other risks that Management takes into account are interest rate risk, credit risk, liquidity risk and capital risk.

The Covid-19 pandemic and the current downward pressure on global economic growth, and volatility in oil prices could have a significant adverse impact on the Group.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	**Q1 2020 USD'000**	Q1 2019 USD'000
Revenue		**268,434**	214,093
Voyage expenses		**(74,974)**	(81,519)
TCE income [1]		**193,460**	132,574
Other operating income		**6,262**	50
Vessel operating expenses		**(51,260)**	(42,573)
Technical management expenses		**(4,034)**	(3,915)
Charter hire expenses		**(5,435)**	(5,757)
General and administrative expenses		**(9,416)**	(6,328)
Operating profit before depreciation and amortisation		**129,577**	74,051
Depreciation and amortisation charges	4	**(38,566)**	(29,185)
Operating profit		**91,011**	44,866
Interest income		**900**	968
Interest expense		**(14,590)**	(17,228)
Other finance expense		**(967)**	(679)
Finance expense – net		**(14,657)**	(16,939)
Share of profit of equity accounted investees, net of tax		**1,160**	-
Profit before income tax		**77,514**	27,927
Income tax expense		**(402)**	(20)
Profit after tax		**77,112**	27,907

[1] "TCE income" denotes "time charter equivalent" income which represents revenue from time charters and voyage charters less voyage expenses comprising primarily commission, fuel oil and port charges. TCE is a standard measure used in the shipping industry for reporting of income, providing improved comparability across different types of charters.

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Q1 2020 USD'000	Q1 2019 USD'000
Other comprehensive loss:		
Items that may be subsequently reclassified to income statement		
Cash flow hedges		
- Fair value losses	**(19,649)**	(3,480)
- Reclassification to profit or loss	**(2,283)**	(187)
	(21,932)	(3,667)
Total comprehensive income	**55,180**	24,240
Earnings per share attributable to the equity holders of the Company		
(expressed in USD per share)		
Basic no. of shares (weighted average)	**368,302,309**	343,157,979
Basic earnings per share	**0.21**	0.08
Diluted no. of shares (weighted average)	**373,091,433**	344,859,009
Diluted earnings per share	**0.21**	0.08

CONSOLIDATED BALANCE SHEET

	Note	**As at 31 March 2020 USD'000**	As at 31 December 2019 USD'000
Vessels	4	**2,103,767**	2,123,179
Dry docking and scrubbers	4	**58,997**	59,306
Right-of-use assets	4	**137,347**	129,366
Other property, plant and equipment		**81**	100
Total property, plant and equipment		**2,300,192**	2,311,951
Intangible assets		**3,005**	3,159
Total intangible assets		**3,005**	3,159
Associates and joint venture		**2,878**	1,718
Loans receivable from joint venture		**30,471**	29,584
Deferred tax assets		**36**	36
Total other non-current assets		**33,385**	31,338
Total non-current assets		**2,336,582**	2,346,448
Inventories		**6,617**	6,986
Trade and other receivables		**249,883**	233,489
Derivative financial instruments		**-**	2,737
Cash and cash equivalents		**128,477**	91,612
Total current assets		**384,977**	334,824
Total assets		**2,721,559**	2,681,272
Share capital	6	**3,703**	3,703
Share premium	6	**704,834**	704,834
Contributed surplus		**537,112**	537,112
Other reserves	6	**(27,399)**	(5,725)
Treasury Shares		**(13,141)**	(500)
Accumulated losses		**(65,011)**	(120,920)
Total shareholders' equity		**1,140,098**	1,118,504
Borrowings	7	**1,277,674**	1,234,796
Derivative financial instruments		**20,191**	6,514
Other payables		**1,196**	1,238
Total non-current liabilities		**1,299,061**	1,242,548
Current income tax liabilities		**1,809**	1,416
Derivative financial instruments		**8,393**	-
Trade and other payables		**83,001**	105,474
Borrowings	7	**189,197**	213,330
Total current liabilities		**282,400**	320,220
Total liabilities		**1,581,461**	1,562,768
Total equity and liabilities		**2,721,559**	2,681,272

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share capital USD'000	Share premium USD'000	Contributed surplus USD'000	Capital reserve USD'000	Translation reserve USD'000	Hedging reserve USD'000	Treasury shares USD'000	Share-based payment reserve USD'000	Accumulated losses USD'000	Total USD'000
Balance at 1 January 2020		**3,703**	**704,834**	**537,112**	**-**	**(34)**	**(6,514)**	**(500)**	**823**	**(120,920)**	**1,118,504**
Treasury shares acquired		-	-	-	-	-	-	(12,641)	-	-	(12,641)
Equity-settled share-based payment		-	-	-	-	-	-	-	258	-	258
Dividends paid		-	-	-	-	-	-	-	-	(21,203)	(21,203)
Total comprehensive income											
Total comprehensive income for the financial period		-	-	-	-	-	(21,932)	-	-	77,112	55,180
Balance at 31 March 2020		**3,703**	**704,834**	**537,112**	**-**	**(34)**	**(28,446)**	**(13,141)**	**1,081**	**(65,011)**	**1,140,098**
Balance at 1 January 2019		**1,962**	**221,220**	**537,112**	**50,011**	**-**	**3,158**	**-**	**-**	**(242,384)**	**571,079**
Alignment of accounting policies on merger	2c	-	-	-	-	-	-	-	-	2,097	2,097
Transactions with owners											
Issue of shares to former shareholders of Hafnia Tankers	2b	1,470	411,872	-	-	-	-	-	-	-	413,342
Acquisition of Hafnia Tankers's reserves	2b	-	-	-	-	(34)	(1,874)	(14,038)	-	(75,892)	(91,838)
Merger accounting adjustments	2b										
- Merger deficit		-	-	-	-	-	-	-	-	(72,571)	(72,571)
- Acquisition of NCI of former Hafnia Tankers		-	-	-	-	-	(942)	-	-	146,085	145,143
- Cancellation of treasury shares of former Hafnia Tankers		-	-	-	-	-	-	14,038	-	-	14,038

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Note	Share capital USD'000	Share premium USD'000	Contributed surplus USD'000	Capital reserve USD'000	Translation reserve USD'000	Hedging reserve USD'000	Treasury shares USD'000	Share-based payment reserve USD'000	Accumulated losses USD'000	Total USD'000
Transfer of reserve											
Transfer of reserve		-	-	-	(50,011)	-	-	-	-	50,011	-
Total comprehensive income											
Total comprehensive income for the financial period		-	-	-	-	-	(3,667)	-	-	27,907	24,240
Balance at 31 March 2019		**3,432**	**633,092**	**537,112**	**-**	**(34)**	**(3,325)**	**-**	**-**	**(164,747)**	**1,005,530**
Treasury shares acquired		-	-	-	-	-	-	(500)	-	-	(500)
Equity-settled share-based payment		-	-	-	-	-	-	-	823	-	823
Issue of common shares (net of capitalised listing fees)		271	71,742	-	-	-	-	-	-	-	72,013
Total comprehensive income											
Total comprehensive income for the financial period		-	-	-	-	-	(3,189)	-	-	43,827	40,638
Balance at 31 December 2019		**3,703**	**704,834**	**537,112**	**-**	**(34)**	**(6,514)**	**(500)**	**823**	**(120,920)**	**1,118,504**

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

	Q1 2020 USD'000	Q1 2019 USD'000
Cash flows from operating activities		
Profit for the financial period	**77,112**	27,907
Adjustments for:		
- depreciation and amortisation charges	**38,566**	29,185
- amortisation of prepaid finance lease expenses	**-**	361
- interest income	**(900)**	(968)
- interest expense	**14,590**	17,228
- other finance expense	**967**	679
- income tax expense	**402**	20
- share of profit of equity accounted investees, net of tax	**(1,160)**	-
- equity-settled share-based payment transactions	**258**	-
Operating cash flow before working capital changes	**129,835**	74,412
Changes in working capital:		
- inventories	**369**	3,632
- trade and other receivables	**(13,772)**	(16,114)
- trade and other payables	**(22,515)**	(4,166)
Cash generated from operations	**93,917**	57,764
Income tax paid	**(9)**	(54)
Net cash provided by operating activities	**93,908**	57,710
Cash flows from investing activities		
Loan to joint venture company	**(550)**	(30,050)
Purchase of property, plant and equipment	**(9,608)**	(64,244)
Interest income received	**563**	368
Net cash used in investing activities	**(9,595)**	(93,926)
Cash flows from financing activities		
Proceeds from borrowings from external financial institutions	**77,500**	97,200
Proceeds from borrowings from non-related parties	**-**	210
Repayment of borrowings to external financial institutions	**(65,596)**	(49,011)
Repayment of borrowings to a related corporation	**(750)**	-
Repayment of borrowings to non-related parties	**(180)**	(133)
Repayment of finance lease liabilities	**(2,651)**	(2,844)
Repayment of other lease liabilities	**(9,689)**	(4,268)
Payment of financing fees	**-**	(2,124)
Interest paid to external financial institutions	**(11,522)**	(12,272)
Interest paid to a related corporation	**-**	(628)
Other finance expense paid	**(716)**	(707)
Dividends paid	**(21,203)**	-
Repurchase of treasury shares	**(12,641)**	-
Net cash (used in)/provided by financing activities	**(47,448)**	25,423
Net increase/(decrease) in cash and cash equivalents	**36,865**	(10,793)
Cash and cash equivalents at beginning of the financial period	**91,612**	52,463
Acquisition of Hafnia Tankers' cash and cash equivalents on merger	**-**	33,536
Cash and cash equivalents at end of the financial period	**128,477**	75,206

Restricted cash

Cash and cash equivalents at the end of the financial period includes USD 15.6 million (31 December 2019: USD Nil) of cash equivalents held in futures trading accounts that are not available for general use by the Group.

Significant non-cash transactions

During Q1 2020, there were USD 17.0 million (Q1 2019: USD 17.0 million) of right-of-use assets being capitalised from leases not included in "purchase of property, plant and equipment in the investing activities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

These notes form an integral part of and should be read in conjunction with the accompanying condensed consolidated interim financial statements.

1. General information

Hafnia Limited (the "Company"), formerly known as BW Tankers Limited, is listed on the Oslo Børs and incorporated and domiciled in Bermuda. The address of its registered office is Washington Mall Phase 2, 4th Floor, Suite 400, 22 Church Street, HM 1189, Hamilton HM EX, Bermuda.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are shipowning and chartering.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

(b) Merger of entities

On 16 January 2019, a wholly-owned subsidiary of Hafnia Limited (formally known as BW Tankers Limited), BW Tankers Corporation, merged with Hafnia Tankers Limited ("Hafnia Tankers"), a fellow subsidiary of BW Group Limited ("BW Group"). The merger was effected through a share swap arrangement, where newly issued shares of BW Tankers Limited were exchanged for all outstanding shares of Hafnia Tankers Limited. On 21 January 2019, BW Tankers Corporation was merged with BW Tankers Limited without consideration in a simplified parent and subsidiary merger. BW Tankers Limited, the surviving entity, then changed its name to Hafnia Limited.

As both BW Tankers Limited and Hafnia Tankers Limited were under the common control of the BW Group before and after the merger, the Company applied the common control exemption and accounted for the opening balance of the merged group using the book value accounting method. Under the book value accounting method, the combined assets, liabilities and reserves of the merged companies are recorded at their existing carrying amounts at the date of merger. Any adjustments that may be required in equity to reflect the difference between the consideration paid and the capital of the acquiree is recognised directly in accumulated losses.

The merger of BW Tankers Limited and Hafnia Tankers Limited was performed on a relative net asset value ("NAV") basis, where the NAV of both merging entities were evaluated, added together and shareholdings allocated based on the proportionate contributions to the NAV of the merged entity. The NAV utilised in the exercise was performed based on the standalone financial statements of the merging entities. As a result, by utilising the book values of the merging entities from the standalone financial statements' perspective, management believes that such an approach better reflects the economics of the merger, and provides more relevant information to the shareholders. As a matter of practical expediency, management has effected the merger utilising the adjusted book values of both merging entities as at the beginning of the reporting period, 1 January 2019 as the financial effect of 16 days is not material to the financial position of the Group.

2 **Basis of preparation** (continued)

(b) Merger of entities (continued)

A summary of the combined assets, liabilities and reserves of the merged companies are presented below.

	BW Tankers Limited USD'000	Hafnia Tankers Limited USD'000	Merger adjustments USD'000	Total opening balances at 1 January 2019 USD'000
Property, plant and equipment	1,171,838	850,170	-	2,022,008
Other current and non-current assets	144,339	139,691	-	284,030
Total assets	**1,316,177**	**989,861**	**-**	**2,306,038**
Borrowings	689,984	450,595	-	1,140,579
Lease liabilities	-	96,751	-	96,751
Other current and non-current liabilities	53,017	34,401	-	87,418
Total liabilities	**743,001**	**581,747**	**-**	**1,324,748**
Share capital[1]	1,962	339	1,131	3,432
Share premium[1]	221,220	354,470	57,402	633,092
Contributed surplus	537,112	-	-	537,112
Treasury shares	-	(14,038)	14,038	-
Translation reserve	-	(34)	-	(34)
Hedging reserve	3,158	(1,874)	(942)	342
Accumulated losses[2]	(190,276)	(75,892)	73,514	(192,654)
Non-controlling interests[3]	-	145,143	(145,143)	-
Total equity	**573,176**	**408,114**	**-**	**981,290**

Note 1 – USD 58.5 million represents the difference between the consideration paid of USD 413.3 million in the form of new issued shares of the Company and acquisition of Hafnia Tankers old shares of USD 354.8 million.

Note 2 – USD 73.5 million comprises of the following adjustments:

(a) A book value accounting adjustment of USD 72.6 million, i.e. a difference between the consideration paid of USD 413.3 million and the capital of Hafnia Tankers Limited of USD 340.7 million,

(b) Reallocation of USD 0.9 million from non-controlling interests to hedging reserve.

Note 3 – USD 145.1 million of non-controlling interests of a subsidiary under Hafnia Tankers Limited now become shareholders of Hafnia Limited on completion of the merger between BW Tankers and Hafnia Tankers.

(c) Uniformity of accounting policies

On merger of BW Tankers Limited and Hafnia Tankers Limited, all significant accounting policies have been uniformly applied in the preparation of the opening consolidated financial statements. As a consequence, there is an adjustment amounting to USD 2.1 million for the capitalisation of lubricating oils onboard vessels in the opening accumulated losses.

3. Significant accounting policies

The condensed consolidated interim financial information for the three-month period from 1 January 2020 to 31 March 2020 has been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2019 which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

In the preparation of this set of condensed consolidated interim financial information, the same accounting policies have been applied as those used in the preparation of the consolidated financial statements for the financial year ended 31 December 2019.

Critical accounting estimates and assumptions

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

4. Property, plant and equipment

	Right-of-use assets	Vessels	Dry docking and scrubbers	Vessels under construction	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Cost					
At 1 January 2020	152,889	2,950,070	88,979	-	3,191,938
Additions	17,046	4,382	5,226	-	26,654
Write-off on completion of dry docking cycle	-	-	(819)	-	(819)
At 31 March 2020	169,935	2,954,452	93,386	-	3,217,773
Accumulated depreciation and impairment charge					
At 1 January 2020	23,523	826,891	29,673	-	880,087
Depreciation charge	9,065	23,794	5,535	-	38,394
Write-off on completion of dry docking cycle	-	-	(819)	-	(819)
At 31 March 2020	32,588	850,685	34,389	-	917,662
Net book value					
At 31 March 2020	**137,347**	**2,103,767**	**58,997**	**-**	**2,300,111**
Cost					
At 1 January 2019	21,170	1,766,605	48,866	117,495	1,954,136
Acquisition of vessels on merger with Hafnia Tankers	40,798	830,083	20,089	-	890,970
Additions	17,045	388	1,095	62,761	81,289
Transfer on delivery of vessel	-	96,552	2,000	(98,552)	-
Write-off on completion of dry docking cycle	-	-	(713)	-	(713)
At 31 March 2019 / 1 April 2019	79,013	2,693,628	71,337	81,704	2,925,682
Additions	17,046	2,180	4,258	35,890	59,374
Transfer on delivery of vessel	-	48,945	1,000	(49,945)	-
At 30 June 2019 / 1 July 2019	96,059	2,744,753	76,595	67,649	2,985,056
Additions	39,576	1,627	4,517	84,145	129,865
Transfer on delivery of vessel	-	97,661	3,339	(101,000)	-
Disposal of vessel		(10,773)	(190)	-	(10,963)
Write-off on completion of dry docking cycle	-	-	(4,959)	-	(4,959)
At 30 September 2019/ 1 October 2019	135,635	2,833,268	79,302	50,794	3,098,999
Additions	17,254	65,029	13,579	3,105	98,967
Transfer on delivery of vessel	-	51,973	1,926	(53,899)	-
Disposal of vessel	-	(200)	-	-	(200)
Write-off on completion of dry docking cycle	-	-	(5,828)	-	(5,828)
At 31 December 2019	152,889	2,950,070	88,979	-	3,191,938

4. Property, plant and equipment (continued)

Accumulated depreciation and impairment charge					
At 1 January 2019	-	738,728	22,401	-	761,129
Depreciation charge	3,839	20,750	4,596	-	29,185
Write-off on completion of dry docking cycle	-	-	(713)	-	(713)
At 31 March 2019 / 1 April 2019	3,839	759,478	26,284	-	789,601
Depreciation charge	4,741	21,814	4,714	-	31,269
At 30 June 2019 / 1 July 2019	8,580	781,292	30,998	-	820,870
Depreciation charge	6,966	22,364	4,656	-	33,986
Disposal of vessel	-	(481)	(151)	-	(632)
Write-off on completion of dry docking cycle	-	-	(4,959)	-	(4,959)
At 30 September 2019/1 October 2019	15,546	803,175	30,544	-	849,265
Depreciation charge	7,977	23,716	4,957	-	36,650
Write-off on completion of dry docking cycle	-	-	(5,828)	-	(5,828)
At 31 December 2019	23,523	826,891	29,673	-	880,087
Net book value					
At 31 March 2019	**75,174**	**1,934,150**	**45,053**	**81,704**	**2,136,081**
At 31 December 2019	**129,366**	**2,123,179**	**59,306**	**-**	**2,311,851**

(a) Arising from the Merger and the consequential exchange of shares by shareholders of the merging entities performed on a relative net asset value basis (refer to Note 2(b)), the opening carrying amount of the Group's vessels was determined after the Company (formerly known as BW Tankers Limited) and the former Hafnia Tankers Limited performed their vessel impairment test on a vessel-by-vessel basis using the fair value less costs to sell approach. For this purpose, the fair value refers to the average market valuation transacted on a willing-buyer-willing-seller basis provided by two independent shipbrokers.

Post-Merger, the Group re-organised the commercial management of the combined fleet of vessels into 3 individual commercial pools: LR, MR and Handy. Each individual commercial pool constitutes a separate cash-generating unit ("CGU"). For vessels deployed on a time-charter basis outside the commercial pools, each of these vessels constitutes a separate CGU.

As at 31 March 2020, the Group assessed whether these CGUs have indicators of impairment by reference to internal and external factors. The market valuation of the fleet of vessels, as appraised by independent shipbrokers, is one key test performed by the Group, after the Group considered the appropriateness of the valuation methodology and assumptions used by these shipbrokers. Based on this assessment, alongside with other industry factors, the Group concluded that there is no indication that any additional impairment loss or reversal of previously recognised impairment loss is needed for the three months ended 31 March 2020 (three months ended 31 March 2019: USD Nil).

(b) The Group has mortgaged vessels with a total carrying amount of USD 2,162.8 million (31 December 2019: USD 2,120.2 million) as security over the Group's bank borrowings.

(c) Additions to right-of-use assets amounted to USD 17.0 million (three months ended 31 March 2019: USD 17.0 million).

5. Significant acquisition of businesses

Hafnia Management A/S and subsidiaries

In May 2019, the Group acquired the businesses of its associated companies which comprised commercial contracts, employees and assets except cash and certain liabilities, of Hafnia Management A/S, Hafnia Handy Pool Management ApS, Hafnia MR Pool Management ApS and Hafnia Bunker ApS. The acquired net identifiable assets were transferred to an existing subsidiary within the Group.

Fair values measured on a provisional basis

The fair values of IT infrastructure and customer contracts acquired are subject to completion of a valuation exercise. Provisionally, the Group has deemed the excess of purchase consideration over the net assets acquired to be ascribed to the recorded intangible assets – IT infrastructure and customer contracts. Accordingly, the provisional goodwill, if any, is inconsequential.

The following table summarises the consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	USD'000
Fair value of identifiable net assets acquired	
Plant and equipment	**95**
Trade and other receivables	**1,687**
Trade and other payables	**(1,313)**
Loans	**(270)**
Intangible assets (IT infrastructure)	**612**
Intangible assets (Customer contracts)	**2,468**
Total identifiable net assets acquired	**3,279**
Total purchase consideration	**3,279**

6. Shareholders' equity

(a) Authorised share capital

The total authorised number of shares are 600,000,000 common shares at par value of USD 0.01 per share.

(b) Issued and fully paid share capital

	Number of Shares	**Share capital USD'000**	**Share premium USD'000**	**Total USD'000**
At 1 January and 31 March 2020	**370,244,325**	**3,703**	**704,834**	**708,537**

6. Shareholders' equity (continued)

(b) Issued and fully paid share capital (continued)

	Number of Shares	Share capital USD'000	Share premium USD'000	Total USD'000
At 1 January 2019	196,241,352	1,962	221,220	223,182
Shares issued for merger	146,916,627	1,470	411,872	413,342
New shares issued	27,086,346	271	71,742	72,013
At 31 December 2019	370,244,325	3,703	704,834	708,537

On 8 November 2019, the Company completed a pre-listing private placement (the "Pre-listing Private Placement") and subsequent listing (the "Listing") on Oslo Axess, which is a fully regulated marketplace operated by the Oslo Stock Exchange. 27,086,346 new shares were issued, raising net proceeds of USD 72.0 million. USD 3.0 million of listing fees and expenses were capitalised against share premium after the Listing.

On 25 February 2020, the Company announced its share buy-back program under which the Company may repurchase up to 7,193,407 common shares representing up to 1.9% of the total number of issued and outstanding shares in the Company for a total consideration of up to USD 20 million. The Company subsequently repurchased a total of 7,037,407 of its own common shares at an average price of NOK 17.08 per share, amounting to a total consideration of approximately USD 12.6 million.

Following an up-listing application to the Oslo Stock Exchange on 23 April 2020, the Company was subsequently listed on the Oslo Børs and commenced trading of its shares on 30 April 2020.

(c) Other reserve

(i) Composition:

	As at 31 March 2020 USD'000	As at 31 December 2019 USD'000
Translation reserve	**(34)**	(34)
Hedging reserve	**(28,446)**	(6,514)
Share-based payment reserve	**1,081**	823
	(27,399)	(5,725)

(ii) Movements of the reserves are as follows:

	As at 31 March 2020 USD'000	As at 31 December 2019 USD'000
Hedging reserve		
At beginning of the financial period/year	**(6,514)**	3,158
Adjustment of reserve on Merger	**-**	(2,816)
Fair value losses on cash flow hedges	**(19,649)**	(7,266)
Reclassification to profit or loss	**(2,283)**	410
At end of the financial period/year	**(28,446)**	(6,514)

7. Borrowings

	As at 31 March 2020 USD'000	As at 31 December 2019 USD'000
Current		
Loan from a related corporation	**7,750**	8,500
Loan from non-related parties	**-**	106
Bank borrowings	**141,530**	167,659
Finance lease liabilities	**7,275**	7,244
Other lease liabilities	**32,642**	29,821
	189,197	213,330
Non-current		
Loan from non-related parties	**4,997**	5,066
Bank borrowings	**1,081,986**	1,043,389
Finance lease liabilities	**80,309**	82,128
Other lease liabilities	**110,382**	104,213
	1,277,674	1,234,796
Total borrowings	**1,466,871**	1,448,126

As at 31 March 2020, bank borrowings consist of six credit facilities from external financial institutions, amounting to USD 676 million, USD 473 million, USD 266 million, USD 128 million, USD 216 million and USD 30 million respectively. These facilities are secured by the Group's fleet of vessels. The table below summarises key information of the bank borrowings:

Facility amount	Maturity date
USD 676 million facility	
- Tranche A USD 576 million	2022
- Tranche A USD 100 million revolving credit facility	2022
USD 473 million facility	2026
USD 266 million facility	2028
USD 128 million facility	2023
USD 216 million facility	2026
USD 30 million facility	2021

Repayment profile	For the 9 months ended 31 December 2020	For the financial year ended 31 December 2021
	USD'000	USD'000
USD 676 million facility	36,156	48,208
USD 473 million facility	36,954	49,272
USD 266 million facility	16,592	22,123
USD 128 million facility	5,845	7,793
USD 216 million facility	10,575	14,100
USD 30 million facility	1,789	27,615

7. **Borrowings** (continued)

Interest rates

The weighted average effective interest rates per annum of total borrowings at the balance sheet date are as follows:

	As at 31 March 2020	As at 31 December 2019
Bank borrowings	**3.0%**	3.6%

Carrying amounts and fair values

The carrying values of the bank borrowings approximate their fair values as the bank borrowings are re-priceable at every 3-months interval.

The carrying value of loan from related corporation approximates its fair value since the contractual interest rate continues to approximate the market interest rate.

8. **Commitments**

Operating lease commitments - where the Group is a lessor

The Group leases vessels to non-related parties under non-cancellable operating lease agreements. The Group classifies these leases as operating leases as the Group retains substantially all risks and rewards incidental to ownership of the leased assets.

The undiscounted lease payments under operating leases to be received after the reporting date are analysed as follows:

	As at 31 March 2020 USD'000	As at 31 December 2019 USD'000
Less than one year	**43,235**	50,724
One to two years	**33,265**	36,425
Two to three years	**16,598**	23,536
	93,098	110,685

9. Share-based payment arrangements

The Company operates equity-settled, share-based long term incentive plans ("LTIP") in which the entity receives services from employees as consideration for equity instruments (share options) in the group.

During 2019, the Company granted a total of 3,431,577 share options in four tranches to key management and senior employees under the LTIP 2019 option program. These share options will vest on 16 January 2022 at an exercise price of NOK 27.81.

On 25 February 2020, the Company granted a total of 3,431,577 share options to key management and senior employees under the LTIP 2020 option program. These share options will vest on 25 February 2023 at an exercise price of NOK 23.81.

All share options are to be settled by physical delivery of shares and will become void if the employee rescinds their position before the vesting date.

10. Financial instruments

	Carrying amount			Fair value			
	Mandatorily at FVTPL - others USD '000	Financial assets at amortised cost USD '000	Total USD '000	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
At 31 March 2020							
Financial assets not measured at fair value							
Loans receivable from joint venture	-	30,471	30,471				
Trade and other receivables[1]	-	241,636	241,636				
Cash and cash equivalents	-	128,477	128,477				
	-	400,584	400,584				

[1]Excluding prepayments

	Fair value - hedging instruments USD '000	Other financial liabilities USD '000	Total USD '000	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
At 31 March 2020							
Financial liabilities measured at fair value							
Forward foreign exchange contracts	(135)	-	(135)	-	(135)	-	(135)
Forward freight agreements	(8,255)	-	(8,255)	-	(8,255)	-	(8,255)
Interest rate swaps and caps	(20,194)	-	(20,194)	-	(20,194)	-	(20,194)
	(28,584)	-	(28,584)				
Financial liabilities not measured at fair value							
Bank borrowings	-	(1,223,516)	(1,223,516)	-	(1,223,516)	-	(1,223,516)
Loan from a related corporation	-	(7,750)	(7,750)	-	(7,750)	-	(7,750)
Loan from non-related parties	-	(4,997)	(4,997)	-	(4,997)	-	(4,997)
Trade payables[1]	-	(83,001)	(83,001)				
	-	(1,319,264)	(1,319,264)				

[1]Excluding provision for reinstatement costs of leased vessels

10. Financial instruments (continued)

	Carrying amount			Fair value			
	Mandatorily at FVTPL - others USD '000	Financial assets at amortised cost USD '000	Total USD '000	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
At 31 December 2019							
Financial assets measured at fair value							
Forward freight agreements	2,620	-	2,620	-	2,620	-	2,620
Forward foreign exchange contracts	117	-	117	-	117	-	117
	2,737	-	2,737				
Financial assets not measured at fair value							
Loans receivable from joint venture	-	29,584	29,584				
Trade and other receivables[1]	-	223,065	223,065				
Cash and cash equivalents	-	91,612	91,612				
	-	344,261	344,261				

[1]Excluding prepayments

	Fair value - hedging instruments USD '000	Other financial liabilities USD '000	Total USD '000	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
At 31 December 2019							
Financial liabilities measured at fair value							
Interest rate swaps and caps	(6,514)	-	(6,514)	-	(6,514)	-	(6,514)
Financial liabilities not measured at fair value							
Bank borrowings	-	(1,211,048)	(1,211,048)	-	(1,211,048)	-	(1,211,048)
Loan from a related corporation	-	(8,500)	(8,500)	-	(8,500)	-	(8,500)
Loan from non-related parties	-	(5,172)	(5,172)	-	(5,172)	-	(5,172)
Trade payables[1]	-	(105,474)	(105,474)				
	-	(1,330,194)	(1,330,194)				

[1]Excluding provision for reinstatement costs of leased vessels

11. Significant related party transactions

In addition to the related party information disclosed elsewhere in the condensed consolidated interim financial information, the following transactions took place between the Group and related parties during the financial period on commercial terms agreed by the parties:

	For the 3 months ended 31 March 2020 USD'000	For the 3 months ended 31 March 2019 USD'000
<u>Sales and purchase of services</u>		
Support service fees paid/payable to a related corporation	**1,192**	2,224
Interest paid/payable to a related corporation	**-**	637
Rental paid/payable to a related corporation	**163**	161

Related corporations refer to corporations controlled by Sohmen family interests.

12. Segment Information

Operating segments are determined based on the reports submitted to management to make strategic decisions.

The Group's product tanker fleet is divided into four segments depending on the size of the vessels, and organised and managed accordingly:

(i) Long Range II ("LR2")
(ii) Long Range I ("LR1")
(iii) Medium Range ("MR")
(iv) Handy size ("Handy")

The operating segments are organised and managed according to the size of the product tanker vessels.

The LR2 segment consists of vessels between 85,000 DWT and 124,999 DWT in size and provides transportation of clean petroleum oil products.

The LR1 segment consists of vessels between 55,000 DWT and 84,999 DWT in size and provides transportation of clean and dirty petroleum products.

The MR segment consists of vessels between 40,000 DWT and 54,999 DWT in size and provides transportation of clean and dirty oil products, vegetable oil and easy chemicals.

The Handy segment consist of vessels between 25,000 DWT and 39,999 DWT in size and provides transportation of clean and dirty oil products, vegetable oil and easy chemicals.

12. **Segment Information** (continued)

Management assesses the performance of the operating segments based on operating profit before depreciation, impairment and gain on disposal of vessels ("Operating EBITDA"). This measurement basis excludes the effects of impairment charges and gain on disposal of vessels that are not expected to recur regularly in every financial period. Interest income and finance expenses, which result from the Company's capital and liquidity position that is centrally managed for the benefit of various activities, are not allocated to segments.

	LR2 USD'000	LR1 USD'000	MR USD'000	Handy USD'000	Total USD'000
For the 3 months ended 31 March 2020					
Revenue	13,314	87,658	128,597	38,865	268,434
Voyage expenses	(337)	(26,391)	(36,043)	(12,203)	(74,974)
TCE income	12,977	61,267	92,554	26,662	193,460
Other operating income	-	3,101	1,042	989	5,132
Vessel operating expenses	(3,167)	(17,968)	(23,189)	(6,936)	(51,260)
Technical management expenses	(318)	(1,276)	(1,916)	(524)	(4,034)
Charter hire expenses	(2)	(2,074)	(3,359)	-	(5,435)
Operating EBITDA	9,490	44,141	62,780	21,452	137,863
Depreciation charge	(12,235)	(3,422)	(18,979)	(3,757)	(38,393)
					99,470
Unallocated					(21,956)
Profit before income tax					77,514

	LR2 USD'000	LR1 USD'000	MR USD'000	Handy USD'000	Total USD'000
For the 3 months ended 31 March 2019					
Revenue	2,631	78,754	100,404	32,304	214,093
Voyage expenses	(976)	(31,607)	(35,602)	(13,334)	(81,519)
TCE income	1,655	47,147	64,802	18,970	132,574
Other operating income	-	-	47	-	47
Vessel operating expenses	(546)	(14,770)	(20,652)	(6,605)	(42,573)
Technical management expenses	(54)	(1,475)	(1,862)	(524)	(3,915)
Charter hire expenses	-	(1,495)	(4,262)	-	(5,757)
Operating EBITDA	1,055	29,407	38,073	11,841	80,376
Depreciation charge	(504)	(9,875)	(15,175)	(3,631)	(29,185)
					51,191
Unallocated					(23,264)
Profit before income tax					27,927

Fleet list of delivered vessels

Vessel	DWT	Built	Type	Yard	Stake
BW Despina	115,000	Jan-19	LR2	Daehan	100%
BW Galatea	115,000	Mar-19	LR2	Daehan	100%
BW Larissa	115,000	Apr-19	LR2	Daehan	100%
BW Neso	115,000	May-19	LR2	Daehan	100%
BW Thalassa	115,000	Sep-19	LR2	Daehan	100%
BW Triton	115,000	Oct-19	LR2	Daehan	100%
BW Amazon	76,565	Oct-06	LR1	Dalian	100%
BW Clyde	73,495	Jun-04	LR1	New Century	100%
BW Columbia	74,999	Jan-07	LR1	Dalian	100%
BW Danube	74,999	Mar-07	LR1	Dalian	100%
BW Hudson	76,574	Jun-07	LR1	Dalian	100%
BW Kallang	74,000	Jan-17	LR1	STX	100%
BW Kronborg	73,708	Mar-07	LR1	New Century	100%
BW Lara	73,495	Aug-04	LR1	New Century	100%
BW Lena	74,996	Aug-07	LR1	Dalian	100%
BW Nile	74,000	Aug-17	LR1	STX	100%
BW Orinoco	74,991	Nov-07	LR1	Dalian	100%
BW Rhine	76,578	Mar-08	LR1	Dalian	100%
BW Seine	76,580	May-08	LR1	Dalian	100%
BW Shinano	74,998	Oct-08	LR1	Dalian	100%
BW Tagus	74,000	Mar-17	LR1	STX	100%
BW Thames	74,999	Aug-08	LR1	Dalian	100%
BW Yangtze	74,996	Jan-09	LR1	Dalian	100%
BW Yarra	74,000	Jul-17	LR1	STX	100%
BW Zambesi	74,982	Jan-10	LR1	Dalian	100%
Compass	72,736	Feb-06	LR1	Dalian	BB-in
Compassion	72,782	Jun-06	LR1	Dalian	BB-in
Hafnia Africa	74,539	May-10	LR1	STX	BB-in
Hafnia America	74,999	Oct-06	LR1	Onomichi	100%
Hafnia Arctic	74,910	Jan-10	LR1	Brodosplit	BB-in
Hafnia Asia	74,539	Jun-10	LR1	STX	BB-in
Hafnia Australia	74,539	May-10	LR1	STX	BB-in
Hafnia Europe	74,997	Aug-06	LR1	Onomichi	100%
Hafnia Guangzhou[1]	75,000	Jul-19	LR1	GSI	50%
Hafnia Beijing[1]	75,000	Oct-19	LR1	GSI	50%
Hafnia HongKong[1]	75,000	Jan-19	LR1	GSI	50%
Hafnia Shanghai[1]	75,000	Jan-19	LR1	GSI	50%
Sunda	79,902	Jun-19	LR1	Onomichi	TC-in
Karimata	79,885	Aug-19	LR1	Onomichi	TC-in
Tectus	74,862	Jul-09	LR1	STX	TC-in
Bulldog[2]	49,856	Feb-20	MR	JMU	TC-in
Beagle	50,000	Apr-19	MR	JMU	TC-in
Boxer	50,000	May-19	MR	JMU	TC-in
Basset	49,875	Nov-19	MR	JMU	TC-in
BW Bobcat	49,999	Aug-14	MR	SPP	100%
BW Cheetah	49,999	Feb-14	MR	SPP	100%
BW Cougar	49,999	Jan-14	MR	SPP	100%
BW Eagle	49,999	Jul-15	MR	SPP	100%
BW Egret	49,999	Nov-14	MR	SPP	100%
BW Falcon	49,999	Feb-15	MR	SPP	100%
BW Hawk	49,999	Jun-15	MR	SPP	100%
BW Jaguar	49,999	Mar-14	MR	SPP	100%

[1] Hafnia Hong Kong, Hafnia Shanghai, Hafnia Guangzhou and Hafnia Beijing are owned through 50% ownership of Vista Shipping Ltd.
[2] Bulldog was delivered in February 2020.

Fleet list of delivered vessels (continued)

Vessel	DWT	Built	Type	Yard	Stake
BW Kestrel	49,999	Aug-15	MR	SPP	100%
BW Leopard	49,999	Jan-14	MR	SPP	100%
BW Lioness	49,999	Jan-14	MR	SPP	100%
BW Lynx	49,999	Nov-13	MR	SPP	100%
BW Merlin	49,999	Sep-15	MR	SPP	100%
BW Myna	49,999	Oct-15	MR	SPP	100%
BW Osprey	49,999	Oct-15	MR	SPP	100%
BW Panther	49,999	Jun-14	MR	SPP	100%
BW Petrel	49,999	Jan-16	MR	SPP	100%
BW Puma	49,999	Nov-13	MR	SPP	100%
BW Raven	49,999	Nov-15	MR	SPP	100%
BW Swift	49,999	Jan-16	MR	SPP	100%
BW Tiger	49,999	Mar-14	MR	SPP	100%
BW Wren	49,999	Mar-16	MR	SPP	100%
Hafnia Andromeda	49,999	May-11	MR	GSI	100%
Hafnia Ane	49,999	Nov-15	MR	GSI	100%
Hafnia Crux	52,550	Feb-12	MR	GSI	100%
Hafnia Daisy	49,999	Aug-16	MR	GSI	100%
Hafnia Henriette	49,999	Jun-16	MR	GSI	100%
Hafnia Kirsten	49,999	Jan-17	MR	GSI	100%
Hafnia Lene	49,999	Jul-15	MR	GSI	100%
Hafnia Leo	52,340	Nov-13	MR	GSI	100%
Hafnia Libra	52,384	May-13	MR	GSI	100%
Hafnia Lise	49,999	Sep-16	MR	GSI	100%
Hafnia Lotte	49,999	Jan-17	MR	GSI	100%
Hafnia Lupus	52,550	Apr-12	MR	GSI	100%
Hafnia Mikala	49,999	May-17	MR	GSI	100%
Hafnia Nordica	49,994	Mar-10	MR	Shin Kurushima	100%
Hafnia Pegasus	50,326	Oct-10	MR	GSI	100%
Hafnia Phoenix	52,340	Jul-13	MR	GSI	100%
Hafnia Taurus	50,385	Jun-11	MR	GSI	100%
Hafnia Andrea	49,999	Jun-15	MR	Hyundai Mipo	100%
Hafnia Caterina	49,999	Aug-15	MR	Hyundai Mipo	100%
Orient Challenge	49,972	Jun-17	MR	Hyundai Vinashin	TC-in
Orient Innovation	49,972	Jul-17	MR	Hyundai Vinashin	TC-in
Hafnia Adamello	39,807	Aug-04	Handy	Saiki	100%
Hafnia Bering	39,067	Apr-15	Handy	HMD	100%
Hafnia Green	39,808	Aug-07	Handy	Saiki	100%
Hafnia Hope	39,814	Jan-07	Handy	Saiki	100%
Hafnia Karava	39,814	Mar-07	Handy	Saiki	100%
Hafnia Magellan	39,067	May-15	Handy	HMD	100%
Hafnia Malacca	39,067	Jul-15	Handy	HMD	100%
Hafnia Rainier	39,817	Mar-04	Handy	Saiki	100%
Hafnia Robson	39,819	May-04	Handy	Saiki	100%
Hafnia Soya	38,700	Nov-15	Handy	HMD	100%
Hafnia Sunda	39,067	Sep-15	Handy	HMD	100%
Hafnia Torres	39,067	May-16	Handy	HMD	100%
Hafnia Victoria	39,821	Jun-07	Handy	Saiki	100%

Alternative performance measures

An alternative performance measure ("APM") is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (IFRS).

It is the Company's view that APMs provide investors with relevant and specific operating figures which may enhance their understanding of the Group's performance. The Company uses the following APMs:

• TCE income: Income from its time charters and spot voyages for owned vessels. TCE income is calculated as gross freight income net of broker commissions less voyage expenses.

• Voyage expenses: Voyage expenses are expenses related to spot voyages, including bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls and agency fees.

• TCE income per operating day: TCE income per vessel per operating day. TCE income per operating day is a measure of how well the Group manages the fleet commercially.

• OPEX per calendar day: The Group defines OPEX per calendar day as vessel operating expenses and technical management fees per vessel per calendar day. Vessel operating expenses include insurance, repairs and maintenance, spares and consumable stores, lube oils and communication.

• EBITDA: The Company defines EBITDA as earnings before financial income and expenses, depreciation, impairment, amortisation and taxes. The computation of EBITDA refers to financial income and expenses which the Company deems to be equivalent to "interest" for purposes of presenting EBITDA. Financial expenses consist of interest on bank loans, losses on foreign exchange transactions and bank charges. Financial income consists of interest income and gains on foreign exchange transactions.

EBITDA is used as a supplemental financial measure by management and external users of financial statements, such as lenders, to assess the Company's operating performance as well as compliance with the financial covenants and restrictions contained in the Company's financing agreements. The Company believes that EBITDA assists management and investors by increasing comparability of the Company's performance from period to period. This increased comparability is achieved by excluding the potentially disparate effects of interest, depreciation, impairment, amortisation and taxes. These are items that could be affected by various changing financing methods and capital structure which may significantly affect profit/(loss) between periods. Including EBITDA as a measure benefits investors in selecting between investment alternatives.

• Technical off-hire: The Group defines technical off-hire as the time lost due to off-hire days associated with major repairs, drydocks or special or intermediate surveys. Technical off-hire per vessel is calculated as an average for owned, partly owned, bareboat and chartered-in vessels (not weighted by ownership share in each vessel).

• Calendar days: The Group defines calendar days as the total number of days in a period during which each vessel that is owned, partly owned or chartered-in is in its possession, including technical off-hire days. Calendar days are an indicator of the size of the fleet over a period and affect both the amount of revenue and the amount of expense that the Group records during that period.

• Operating days: The Group defines operating days as the total number of days (including waiting time) in a period during which each vessel is owned, partly owned, operated under a bareboat arrangement or chartered-in, net of technical off-hire days. The Company uses operating days to measure the number of days in a period during which vessels actually generate or are capable of generating revenue.

• Average number of owned vessels: The Group defines average number of vessels in a period as the number of vessels included in the consolidated accounts according to the accounting principles for such period. Vessels sold or purchased during the relevant period are weighted by the number of days owned.

• Loan-to-value (LTV) ratio: The Group defines LTV ratio as borrowings on the vessels (net of cash) divided by Vessel values.