An aerial photograph of a large industrial ship, likely a liquefied natural gas (LNG) carrier, sailing on the open sea. The ship is viewed from an elevated angle, showing its deck, superstructure, and the wake it leaves in the water. The ship's hull is dark, and the superstructure is light-colored. A prominent logo is visible on the superstructure. The water is dark blue with some white foam from the ship's wake.

Hafnia Limited

**Condensed Consolidated Interim
Financial Information Q2 and H1 2021**

Summary

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CEO's Statement



“The first half of 2021 was weak for the product tanker segment. However, we see decreasing global oil inventories as a result of increasing demand. Furthermore, we expect the market to improve in Q4 2021 due to accelerated widespread vaccination programs in major economies worldwide. Though, there is significant uncertainty, as COVID-19 variants could once again impede oil demand recovery.

In May 2021, Vista, our 50% joint venture with CSSC Shipping, exercised an option for two additional LR2 dual-fuel LNG vessels for USD 59.0 million. At delivery, the vessels will be chartered out for 5 years to an oil major at attractive rates. Vista’s high-pressure engines release 97% less methane than a standard low-pressure LNG engine. The fuel systems on-board are prepared for future renewable fuels with some engine modifications.

In July, we also announced a 50% joint venture with Andromeda in Monaco. The joint venture has acquired two MR newbuilds from Hyundai Mipo to be delivered in July 2021 and January 2022. Both vessels are chartered out on five-year contracts.

Hafnia is well positioned due to our industry-leading low operating costs and strong access to financing from reliable partners. To optimise the pools’ working capital requirements and significantly improve cash flow for existing and new pool partners, we signed a USD 100.0 million facility for our pools in July.

While we delivered a negative result for the quarter, a net loss of USD 11.2 million, I am pleased with our performance relative to peers under circumstances that continue to be challenging for the industry.

Hafnia continues to believe that further consolidation within the product tanker sector is the best path forward to unleash value and synergies from additional operational scale.”

- Mikael Skov, CEO Hafnia

Highlights – Q2 and H1 2021

Financial – Q2

Time Charter Equivalent (TCE) earnings for Hafnia Limited (the "Company" or "Hafnia", together with its subsidiaries, the "Group") were USD 101.6 million in Q2 2021 (Q2 2020: 206.9 million). EBITDA was USD 37.9 million in Q2 2021 (Q2 2020: 145.9 million).

In Q2 2021, Hafnia recorded a net loss of USD 11.2 million and loss per share of USD 0.03 per share (Q2 2020: net profit of 97.7 million and earnings per share of USD 0.27 per share).

The commercially managed pool business generated an income of USD 5.4 million.

As of 17 August 2021, 68% of total earning days of the fleet were covered for Q3 at USD 10,700 per day.

Cash flow breakeven was USD 13,288 per day in the quarter.

Financial – H1

Time Charter Equivalent (TCE) earnings for Hafnia Limited (the "Company" or "Hafnia", together with its subsidiaries, the "Group") were USD 201.6 million in H1 2021 (H1 2020: 400.4 million). EBITDA was USD 75.0 million in H1 2021 (H1 2020: 275.5 million).

In H1 2021, Hafnia recorded a net loss of USD 26.9 million and loss per share of USD 0.07 per share (H1 2020: net profit of 174.8 million and earnings per share of USD 0.48 per share).

The commercially managed pool business generated an income of USD 10.0 million.

Fleet

At the end of the quarter, Hafnia had 85 owned vessels¹ and 13 chartered-in vessels. The total fleet of the Group comprises six LR2s, 32 LR1s¹ (including four bareboat-chartered in and three time-chartered in), 47 MRs (including six time-chartered in) and 13 Handy vessels owned/operated.

The average estimated broker value of the owned fleet was USD 2,027.6 million, of which the LR2 vessels had a broker value of USD 310.5 million, the LR1 fleet had a broker value of USD 516.9 million², the MR fleet had a broker value of USD 995.4 million, and the Handy vessels had a broker value of USD 204.8 million.

The fleet chartered-in had a right-of-use asset book value of USD 92.2 million with a corresponding lease liability of USD 95.8 million.

There will be no dividend for the second quarter of 2021.

Conference call

Hafnia will host a conference call for investors and financial analysts at 8:30 pm SGT/2:30 pm CET/8:30 am EST.

The investor presentation will be available via live video webcast via the following link: [Click here](#)

Or call in (audio only): +44 20 3787 4557,,382191912# United Kingdom, London

Contact Hafnia

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¹Including six LR1s owned through 50% ownership in the Vista Joint Venture and BW Amazon (classified as asset held for sale)

²Including USD 115.0 million relating to Hafnia's 50% share of six LR1s owned through 50% ownership in the Vista Joint Venture and excluding BW Amazon (classified as asset held for sale)

Safe Harbour Statement

Disclaimer regarding forward-looking statements in the interim report

This interim report includes “Forward-looking Statements” that reflect Hafnia’s current views with respect to future events and financial and operational performance.

These Forward-looking Statements may be identified by the use of forward-looking terminology, such as the terms “anticipates”, “assumes”, “believes”, “can”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “should”, “projects”, “will”, “would” or, in each case, their negative, or other variations or comparable terminology. These Forward-looking Statements are, as a general matter, statements other than statements as to historic facts or present facts and circumstances. They include statements regarding Hafnia’s intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Group, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Group’s future business development, financial performance and the industry in which the Group operates.

Prospective investors in Hafnia are cautioned that Forward-looking Statements are not guarantees of future performance and that the Group’s actual financial position, operating results and liquidity, and the development of the industry and potential market in which the Group may operate in the future, may differ materially from those made in, or suggested by, the Forward-looking Statements contained in this report. Hafnia cannot guarantee that the intentions, beliefs or current expectations upon which its Forward-looking Statements are based, will occur.

By their nature, Forward-looking Statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the Forward-looking Statements. These Forward-looking Statements speak only as at the date on which they are made. Hafnia undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral Forward-looking Statements attributable to Hafnia or to persons acting on Hafnia’s behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this report.

Key figures

| USD million | Q1 2021 | Q2 2021 | H1 2021 |
|--|---------------------|---------------------|---------------------|
| Income Statement | | | |
| Operating revenue | 179.3 | 198.0 | 377.3 |
| TCE income | 100.0 | 101.6 | 201.6 |
| EBITDA | 37.1 | 37.9 | 75.0 |
| Operating loss (EBIT) | (2.2) | (0.9) | (3.1) |
| Financial items | (12.7) | (9.0) | (21.7) |
| Share of loss from associate and joint venture | (0.3) | (0.6) | (0.9) |
| Loss before tax | (15.2) | (10.5) | (25.7) |
| Loss for the period | (15.7) | (11.2) | (26.9) |
| Balance Sheet | | | |
| Total assets | 2,496.2 | 2,450.7 | 2,450.7 |
| Total liabilities | 1,353.8 | 1,319.3 | 1,319.3 |
| Total equity | 1,142.4 | 1,131.4 | 1,131.4 |
| Cash and cash equivalents | 91.1 | 86.0 | 86.0 |
| Key financial figures | | | |
| Return on Equity (RoE) (p.a.) ¹ | (5.5%) | (3.9%) | (4.7%) |
| Return on Invested Capital (p.a.) ¹ | (0.5%) ³ | (0.3%) ³ | (0.4%) ³ |
| Equity ratio | 45.8% | 46.2% | 46.2% |
| Net loan-to-value (LTV) ratio ² | 57.9% | 55.2% | 55.2% |

¹ Annualised

² LTV ratio is calculated as borrowings on the vessels (net of cash) divided by vessel values.

³ ROIC is calculated using annualised EBIT less tax

| For the 3 months ended 30 June 2021 | LR2 | LR1 | Non-pool Panamax ⁵ | MR | Handy | Total |
|--|--------|--------|-------------------------------|--------|--------|--------|
| Vessels on water at the end of the period ¹ | 6 | 24 | 2 | 47 | 13 | 92 |
| Total operating days ² | 546 | 2,168 | 182 | 4,150 | 1,154 | 8,200 |
| Total calendar days (excluding TC-in) | 546 | 1,924 | 182 | 3,731 | 1,183 | 7,566 |
| TCE (USD per operating day) | 21,832 | 10,825 | 8,187 | 12,680 | 10,549 | 12,400 |
| OPEX (USD per calendar day) ³ | 7,063 | 7,354 | 6,939 | 7,049 | 6,592 | 7,054 |
| G&A (USD per operating day) ⁴ | | | | | | 927 |

Vessels on balance sheet

As at 30 June 2021, total assets amounted to USD 2,450.7 million, of which USD 2,035.6 million represented the carrying value of the Group's vessels including dry docking, as follows:

| Balance Sheet USD million | LR2 | LR1 | MR | Handy | Total |
|------------------------------|-------|-------|---------|-------|---------|
| Vessels (including dry-dock) | 284.3 | 414.8 | 1,109.0 | 227.5 | 2,035.6 |

¹ Excluding six LR1s owned through 50% ownership in Vista Shipping Limited and including BW Amazon (classified as asset held for sale)

² Total operating days include operating days for vessels that are time chartered-in

³ OPEX includes vessel running costs and technical management fees

⁴ G&A adjusted for cost incurred in managing external vessels

⁵ Non-pool Panamax at the end of Q2 2021 consists of BW Lara and BW Clyde

Cash and cash flows

Cash and cash equivalents amounted to USD 86.0 million as of 30 June 2021 (30 June 2020: USD 148.0 million).

Operating activities generated a net cash inflow of USD 43.2 million in Q2 2021 (Q2 2020: USD 168.6 million).

Cash flows from operating activities were principally utilised for vessel drydocking costs and repayments of bank borrowings and interest.

Investing activities resulted in a net cash inflow of USD 0.7 million in Q2 2021 (Q2 2020: net cash outflow of USD 12.6 million).

Financing activities resulted in a net cash outflow of USD 49.1 million in Q2 2021 (Q2 2020: net cash outflow of USD 136.5 million).

Free cash flow is robust at USD 71.3 million in H1 2021.





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. In addition to cash dividends, the Company may buy back shares as part of its total distribution to shareholders.

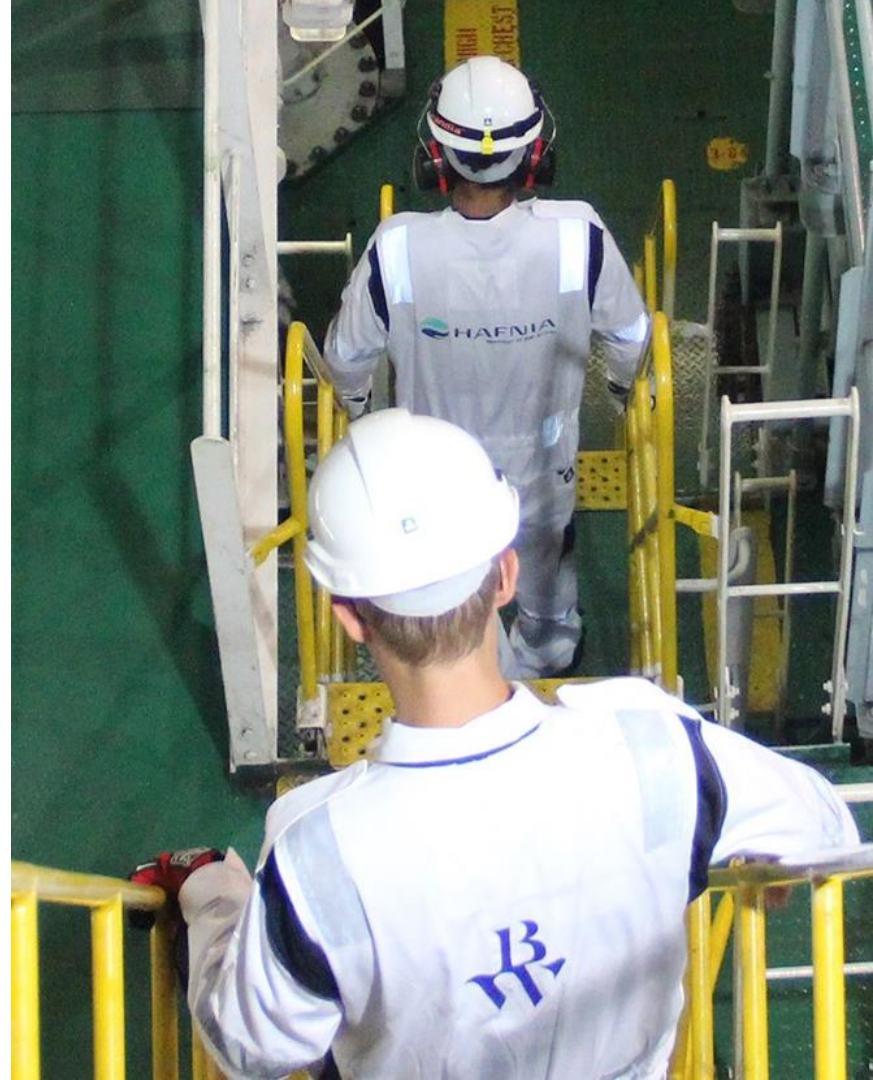
In deciding whether to declare a dividend and determining the dividend amount, the Board of Directors will take into account the Group's capital requirements, including capital expenditure commitments, financial condition, general business conditions, legal restrictions, and any restrictions under borrowing arrangements or other contractual arrangements in place at the time.

Dividend for Q2

Hafnia will not pay a dividend for the second quarter of 2021.

Coverage of earning days

As of 17 August 2021, 68% of the total earning days in the third quarter of 2021 were covered at USD 10,700 per day. The table on the next page shows the quarterly figures for Q3 2021, the half year figures for H2 2021 and the full year figures for 2022.



| Fleet overview | Q3 2021 | H2 2021 | 2022 |
|--|-------------|-------------|-------------|
| Owned ships, # of vessels | | | |
| LR2 | 6.0 | 6.0 | 6.0 |
| LR1 | 18.1 | 18.0 | 18.0 |
| MR | 41.0 | 41.0 | 41.0 |
| Handy | 13.0 | 13.0 | 13.0 |
| Total | 78.1 | 78.0 | 78.0 |
| Charter-in and leaseback ships, # of vessels | | | |
| LR2 | - | - | - |
| LR1 | 7.9 | 8.0 | 6.8 |
| MR | 6.0 | 6.0 | 6.0 |
| Handy | - | - | - |
| Total | 13.9 | 14.0 | 12.8 |
| Vista joint venture ships¹, # of vessels | | | |
| LR2 | - | - | - |
| LR1 | 6.0 | 6.0 | 6.0 |
| MR | - | - | - |
| Handy | - | - | - |
| Total | 6.0 | 6.0 | 6.0 |

| | Q3 2021 | H2 2021 | 2022 |
|-----------------------------------|---------------|---------------|---------------|
| Total ships, # of vessels | | | |
| LR2 | 6.0 | 6.0 | 6.0 |
| LR1 | 32.0 | 32.0 | 30.8 |
| MR | 47.0 | 47.0 | 47.0 |
| Handy | 13.0 | 13.0 | 13.0 |
| Total | 98.0 | 98.0 | 96.8 |
| Covered, % | | | |
| LR2 | 87% | 85% | 20% |
| LR1 | 59% | 30% | - |
| MR | 71% | 43% | 2% |
| Handy | 71% | 42% | 2% |
| Total | 68% | 41% | 2% |
| Covered rates, USD per day | | | |
| LR2 | 21,944 | 22,297 | 22,877 |
| LR1 | 8,558 | 8,691 | 14,128 |
| MR | 10,595 | 11,102 | 14,519 |
| Handy | 9,087 | 9,829 | 15,140 |
| Total | 10,700 | 11,769 | 18,972 |

Tanker segment results and outlook

Market Q2 2021

The product tanker market remained depressed in Q2 2021. The steady rise of oil prices throughout Q2 2021 led to the drawing down of crude oil inventories which substituted for imports and eroded demand for crude tankers. The unwinding of floating storage also saw the reintroduction of tonnage into the market.

Crude oil prices remained above USD 60 per barrel for most of Q2 2021 with OPEC+ exercising restraint on production as oil demand improved. The decline in earnings in the dirty tanker market resulted in coated LR tankers switching back to clean trades and VLCC and Suezmax newbuildings cannibalizing clean product cargoes on their first few voyages.

Clean tanker earnings were negatively impacted by restrained clean product trade flows, LR tonnage returning to clean trades and elevated bunker prices driven by higher crude oil prices.

Q3 2021 thus far and outlook

The clean tanker market in early Q3 2021 effectively extended the market in the previous quarter. However, in mid-August 2021, there was a notable improvement in the MR and LR1 markets in the East of Suez. Improved demand for long-haul voyages across the Pacific, renewed activity for jet fuel from Middle East to West and voyages to Australia prevented prompt replenishment of tonnage in the East, contributing to a sustained firming of rates. Although export quotas were restricted in China, healthy volumes in the Far East were still observed predominantly out of Taiwan and South Korea. The overall increase in ton-miles produced a healthier balance between demand and supply of tonnage both in the Middle Eastern and Far Eastern markets. While improved market conditions have yielded higher TCE earnings in the East of Suez compared to the West of Suez, further improvements are likely to be needed before considerable tonnage migration from west to east transpires.

COVID-19 variants may continue to impede the recovery rate of oil demand in the second half of 2021. However, a positive outlook for the second half of 2021 is maintained in view of ongoing widespread inoculation programs in major economies worldwide. It is anticipated that social distancing measures will ease as the year progresses, increasing mobility and translating into higher demand for transportation fuels. OPEC+'s agreement to raise monthly production by 400,000 barrels per day from August 2021 until the production cuts of 2020 are reversed would be pivotal in restoring demand for crude tankers and rebalancing tonnage supply in the clean tanker market.

| LR2 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 |
|---|---------|---------|---------|---------|
| Operating days (owned) | 552 | 552 | 540 | 546 |
| Operating days (TC - in) | - | - | - | - |
| TCE (USD per operating day) ¹ | 27,702 | 27,108 | 27,664 | 21,832 |
| Calendar days (excluding TC - in) | 552 | 552 | 540 | 546 |
| OPEX (USD per calendar day) | 6,318 | 7,606 | 6,131 | 7,063 |

| MR | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 |
|---|---------|---------|---------|---------|
| Operating days (owned) | 3,611 | 3,469 | 3,597 | 3,612 |
| Operating days (TC - in) | 604 | 582 | 540 | 538 |
| TCE (USD per operating day) ¹ | 12,709 | 10,836 | 11,754 | 12,680 |
| Calendar days (excluding TC - in) | 3,772 | 3,772 | 3,690 | 3,731 |
| OPEX (USD per calendar day) | 6,883 | 7,803 | 6,431 | 7,049 |

| LR1* | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 |
|---|---------|---------|---------|---------|
| Operating days (owned) | 2,380 | 2,382 | 2,089 | 2,077 |
| Operating days (TC - in) | 275 | 270 | 270 | 273 |
| TCE (USD per operating day) ¹ | 13,820 | 12,981 | 10,898 | 10,621 |
| Calendar days (excluding TC - in) | 2,484 | 2,440 | 2,196 | 2,106 |
| OPEX (USD per calendar day) | 6,930 | 7,353 | 6,752 | 7,319 |

| HANDY | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 |
|---|---------|---------|---------|---------|
| Operating days (owned) | 1,153 | 1,165 | 1,165 | 1,154 |
| Operating days (TC - in) | 92 | 2 | - | - |
| TCE (USD per operating day) ¹ | 10,399 | 9,476 | 9,174 | 10,549 |
| Calendar days (excluding TC - in) | 1,196 | 1,196 | 1,170 | 1,183 |
| OPEX (USD per calendar day) | 6,599 | 6,522 | 6,406 | 6,592 |

¹ TCE represents gross TCE income after adding back pool commissions.

* Including non-pool Panamax. OPEX cost incurred for Compass and Compassion which were sold on 18 January 2021 is also included.

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 increases in operating costs, such as 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. These risks, along with mitigation strategies, are further described in note 8.2 of the Annual Report 2020 and note 26 of the consolidated financial statements of the Group for the financial year ended 2020 and are principal risks for the remaining six months of 2021.

The Covid-19 pandemic and the current downward pressure on global economic growth, as well as volatility in oil prices could have a significant adverse impact on the Group over the remaining six months of 2021.



Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2021 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group’s assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that this interim report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Andreas Sohmen-Pao

John Ridgway

Peter Read

Ouma Sananikone

Erik Bartnes

30 August 2021

Consolidated interim statement of comprehensive income

| | Note | For the 3 months ended | For the 3 months ended | For the 6 months ended | For the 6 months ended |
|--|------|------------------------|------------------------|------------------------|------------------------|
| | | 30 June 2021 | 30 June 2020 | 30 June 2021 | 30 June 2020 |
| | | USD'000 | USD'000 | USD'000 | USD'000 |
| Revenue | | 197,986 | 268,894 | 377,327 | 537,328 |
| Voyage expenses | | (96,315) | (61,966) | (175,695) | (136,940) |
| TCE income¹ | | 101,671 | 206,928 | 201,632 | 400,388 |
| Other operating income | | 5,411 | 7,104 | 10,020 | 13,366 |
| Vessel operating expenses | | (49,119) | (45,698) | (94,731) | (96,958) |
| Technical management expenses | | (4,252) | (4,104) | (8,006) | (8,138) |
| Charter hire expenses | | (5,165) | (8,103) | (10,213) | (13,538) |
| General and administrative expenses | | (10,645) | (10,223) | (23,737) | (19,639) |
| Operating profit before depreciation and amortisation | | 37,901 | 145,904 | 74,965 | 275,481 |
| Depreciation and amortisation charges | 5 | (37,502) | (38,868) | (74,729) | (77,434) |
| Loss on disposal of vessel | | - | - | (420) | - |
| Write-down on reclassification to asset held for sale | | (1,332) | - | (2,914) | - |
| Operating (loss)/profit | | (933) | 107,036 | (3,098) | 198,047 |
| Interest income | | 340 | 416 | 628 | 1,316 |
| Interest expense | | (8,526) | (12,143) | (20,453) | (26,733) |
| Other finance expense | | (822) | (434) | (1,913) | (1,401) |
| Finance expense – net | | (9,008) | (12,161) | (21,738) | (26,818) |
| Share of (loss)/profit from associate and joint venture | | (630) | 3,479 | (891) | 4,639 |
| (Loss)/profit before income tax | | (10,571) | 98,354 | (25,727) | 175,868 |
| Income tax expense | | (635) | (621) | (1,132) | (1,023) |
| (Loss)/profit after tax | | (11,206) | 97,733 | (26,859) | 174,845 |

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.

Consolidated interim statement of comprehensive income

| Note | For the 3 months ended 30 June 2021 USD'000 | For the 3 months ended 30 June 2020 USD'000 | For the 6 months ended 30 June 2021 USD'000 | For the 6 months ended 30 June 2020 USD'000 |
|---|---|---|---|---|
| Other comprehensive income/(loss): | | | | |
| Items that may be subsequently reclassified to income statement | | | | |
| Foreign operations - foreign currency translation differences | 13 | - | 13 | - |
| Cash flow hedges | | | | |
| - Fair value (losses)/gains | (1,913) | (3,635) | 4,288 | (23,284) |
| - Reclassification to profit or loss – interest expense | 1,325 | 18,462 | 4,010 | 16,179 |
| | (575) | 14,827 | 8,311 | (7,105) |
| Total comprehensive (loss)/income for the period | (11,781) | 112,560 | (18,548) | 167,740 |
| Earnings per share attributable to the equity holders of the Company | | | | |
| Basic no. of shares | 363,127,907 | 363,050,093 | 363,096,319 | 365,676,201 |
| Basic and diluted (losses)/earnings in USD per share ¹ | (0.03) | 0.27 | (0.07) | 0.48 |

¹ Diluted earnings per share is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for treasury shares held and for the effects of all dilutive potential ordinary shares, which comprises of share options granted to employees. As at the balance sheet dates, the diluted weighted average earnings per share is equivalent to the basic earnings per share, as 10,294,731 (Q2 and H2 2020: 6,863,154) share options have been excluded as their effect would have been anti-dilutive.

Consolidated balance sheet

| | Note | As at 30 June 2021 USD'000 | As at 31 Dec 2020 USD'000 |
|--|------|----------------------------------|---------------------------------|
| Vessels | 5 | 1,965,463 | 2,029,138 |
| Dry docking and scrubbers | 5 | 70,158 | 69,901 |
| Right-of-use assets | 5 | 92,212 | 107,376 |
| Other property, plant and equipment | | 129 | 25 |
| Total property, plant and equipment | | 2,127,962 | 2,206,440 |
| Investment in associate and joint venture | | 5,882 | 6,773 |
| Other investment | | 3,000 | - |
| Loan to joint venture | | 47,985 | 45,430 |
| Deferred tax assets | | 36 | 36 |
| Derivative financial instruments | | 35 | 26 |
| Intangible assets | | 4,040 | 4,424 |
| Total other non-current assets | | 60,978 | 56,689 |
| Total non-current assets | | 2,188,940 | 2,263,129 |
| Assets held for sale | | 8,850 | 11,000 |
| Inventories | | 5,801 | 5,228 |
| Trade and other receivables | | 161,117 | 163,639 |
| Derivative financial instruments | | 5 | 245 |
| Cash and cash equivalents | | 85,956 | 100,671 |
| Total current assets | | 261,729 | 280,783 |
| Total assets | | 2,450,669 | 2,543,912 |

| | Note | As at 30 June 2021 USD'000 | As at 31 Dec 2020 USD'000 |
|--------------------------------------|------|----------------------------------|---------------------------------|
| Share capital | 6 | 3,703 | 3,703 |
| Share premium | 6 | 704,834 | 704,834 |
| Contributed surplus | | 537,112 | 537,112 |
| Other reserves | 6 | (4,097) | (14,148) |
| Treasury Shares | | (12,832) | (13,001) |
| Accumulated losses | | (97,321) | (70,462) |
| Total shareholders' equity | | 1,131,399 | 1,148,038 |
| Borrowings | 7 | 1,082,922 | 1,128,210 |
| Derivative financial instruments | | 7,675 | 15,973 |
| Total non-current liabilities | | 1,090,597 | 1,144,183 |
| Current income tax liabilities | | 1,956 | 2,071 |
| Derivative financial instruments | | 89 | 18 |
| Trade and other payables | | 66,212 | 70,518 |
| Borrowings | 7 | 160,416 | 179,084 |
| Total current liabilities | | 228,673 | 251,691 |
| Total liabilities | | 1,319,270 | 1,395,874 |
| Total equity and liabilities | | 2,450,669 | 2,543,912 |

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

Consolidated interim statement of changes in equity

| | Share Capital USD'000 | Share Premium USD'000 | Contributed Surplus 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 2021 | 3,703 | 704,834 | 537,112 | (34) | (15,973) | (13,001) | 1,859 | (70,462) | 1,148,038 |
| Equity-settled share-based payment | - | - | - | - | - | 169 | 1,740 | - | 1,909 |
| Total comprehensive income | | | | | | | | | |
| Loss for the financial period | - | - | - | - | - | - | - | (26,859) | (26,859) |
| Other comprehensive income | - | - | - | 13 | 8,298 | - | - | - | 8,311 |
| Balance at 30 June 2021 | 3,703 | 704,834 | 537,112 | (21) | (7,675) | (12,832) | 3,599 | (97,321) | 1,131,399 |
| 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 | - | - | - | - | - | 140 | 517 | - | 657 |
| Dividends paid | - | - | - | - | - | - | - | (59,760) | (59,760) |
| Total comprehensive income | | | | | | | | | |
| Profit for the financial period | - | - | - | - | - | - | - | 174,845 | 174,845 |
| Other comprehensive loss | - | - | - | - | (7,105) | - | - | - | (7,105) |
| Balance at 30 June 2020 | 3,703 | 704,834 | 537,112 | (34) | (13,619) | (13,001) | 1,340 | (5,835) | 1,214,500 |

| | Share Capital USD'000 | Share Premium USD'000 | Contributed Surplus 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 |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------------|-----------------------------------|-------------------------------|-------------------------------|--|----------------------------------|------------------|
| Equity-settled share-based payment | - | - | - | - | - | - | 519 | - | 519 |
| Dividends paid | - | - | - | - | - | - | - | (38,558) | (38,558) |
| Total comprehensive income | | | | | | | | | |
| Profit for the financial period | - | - | - | - | - | - | - | (26,069) | (26,069) |
| Other comprehensive loss | - | - | - | - | (2,354) | - | - | - | (2,354) |
| Balance at 31 December 2020 | 3,703 | 704,834 | 537,112 | (34) | (15,973) | (13,001) | 1,859 | (70,462) | 1,148,038 |

Consolidated statement of cash flows

| | For the 3 months ended 30 June 2021 USD'000 | For the 3 months ended 30 June 2020 USD'000 | For the 6 months ended 30 June 2021 USD'000 | For the 6 months ended 30 June 2020 USD'000 |
|--|---|---|---|---|
| Cash flows from operating activities | | | | |
| (Loss)/profit for the financial period | (11,206) | 97,733 | (26,859) | 174,845 |
| Adjustments for: | | | | |
| - depreciation and amortisation charges | 37,502 | 38,868 | 74,729 | 77,434 |
| - write-down on classification to asset held for sale | 1,752 | - | 3,334 | - |
| - interest income | (340) | (416) | (628) | (1,316) |
| - interest expense | 8,526 | 12,143 | 20,453 | 26,733 |
| - other finance expense | 822 | 434 | 1,913 | 1,401 |
| - income tax expense | 635 | 621 | 1,132 | 1,023 |
| - share of loss/(profit) of equity accounted investees, net of tax | 630 | (3,479) | 891 | (4,639) |
| - equity-settled share based payment transactions | 828 | 400 | 1,910 | 658 |
| Operating cash flow before working capital changes | 39,149 | 146,304 | 76,875 | 276,139 |
| Changes in working capital: | | | | |
| - inventories | (299) | 572 | (573) | 941 |
| - trade and other receivables | 399 | 32,914 | 2,531 | 19,142 |
| - trade and other payables | 4,930 | (10,577) | (4,310) | (33,092) |
| Cash generated from operations | 44,179 | 169,213 | 74,523 | 263,130 |
| Income tax paid | (943) | (626) | (1,247) | (635) |
| Net cash provided by operating activities | 43,236 | 168,587 | 73,276 | 262,495 |
| Cash flows from investing activities | | | | |
| Loan to joint venture company | (500) | (3,700) | (2,000) | (4,250) |
| Acquisition of other investment | - | - | (3,000) | - |

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

| | For the 3 months ended 30 June 2021 USD'000 | For the 3 months ended 30 June 2020 USD'000 | For the 6 months ended 30 June 2021 USD'000 | For the 6 months ended 30 June 2020 USD'000 |
|---|---|---|---|---|
| Purchase of property, plant and equipment | (9,655) | (8,949) | (18,857) | (18,557) |
| Purchase of intangible assets | (229) | - | (229) | - |
| Proceeds from disposal of assets held for sale | 11,035 | - | 22,035 | - |
| Interest income received | 20 | 78 | 55 | 641 |
| Net cash provided by/(used in) investing activities | 671 | (12,571) | (1,996) | (22,166) |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings from external financial institutions | 7,955 | - | 372,035 | 77,500 |
| Repayment of borrowings to external financial institutions | (39,128) | (75,970) | (416,994) | (141,566) |
| Repayment of borrowings to a related corporation | - | (178) | - | (928) |
| Repayment of borrowings to non-related parties | (5) | (41) | (195) | (221) |
| Repayment of finance lease liabilities | (3,077) | (2,579) | (4,901) | (5,230) |
| Repayment of other lease liabilities | (8,341) | (10,208) | (16,475) | (19,897) |
| Payment of financing fees | - | - | (3,753) | - |
| Interest paid to external financial institutions | (5,605) | (8,671) | (14,084) | (20,193) |
| Interest paid to a third party | (18) | - | (18) | - |
| Other finance expense paid | (875) | (264) | (1,610) | (980) |
| Dividends paid | - | (38,557) | - | (59,760) |
| Repurchase of treasury shares | - | - | - | (12,641) |
| Net cash used in financing activities | (49,094) | (136,468) | (85,995) | (183,916) |
| Net (decrease)/increase in cash and cash equivalents | (5,187) | 19,548 | (14,715) | 56,413 |
| Cash and cash equivalents at beginning of the financial period | 91,143 | 128,477 | 100,671 | 91,612 |
| Cash and cash equivalents at end of the financial period | 85,956 | 148,025 | 85,956 | 148,025 |

Restricted cash

Cash and cash equivalents at the end of the financial period includes USD 0.2 million (30 June 2020: USD 10.1 million) of cash equivalents held in futures trading accounts that are not available for general use by the Group.

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.



General information

Hafnia Limited (the “Company”), formerly known as BW Tankers Limited, is 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.

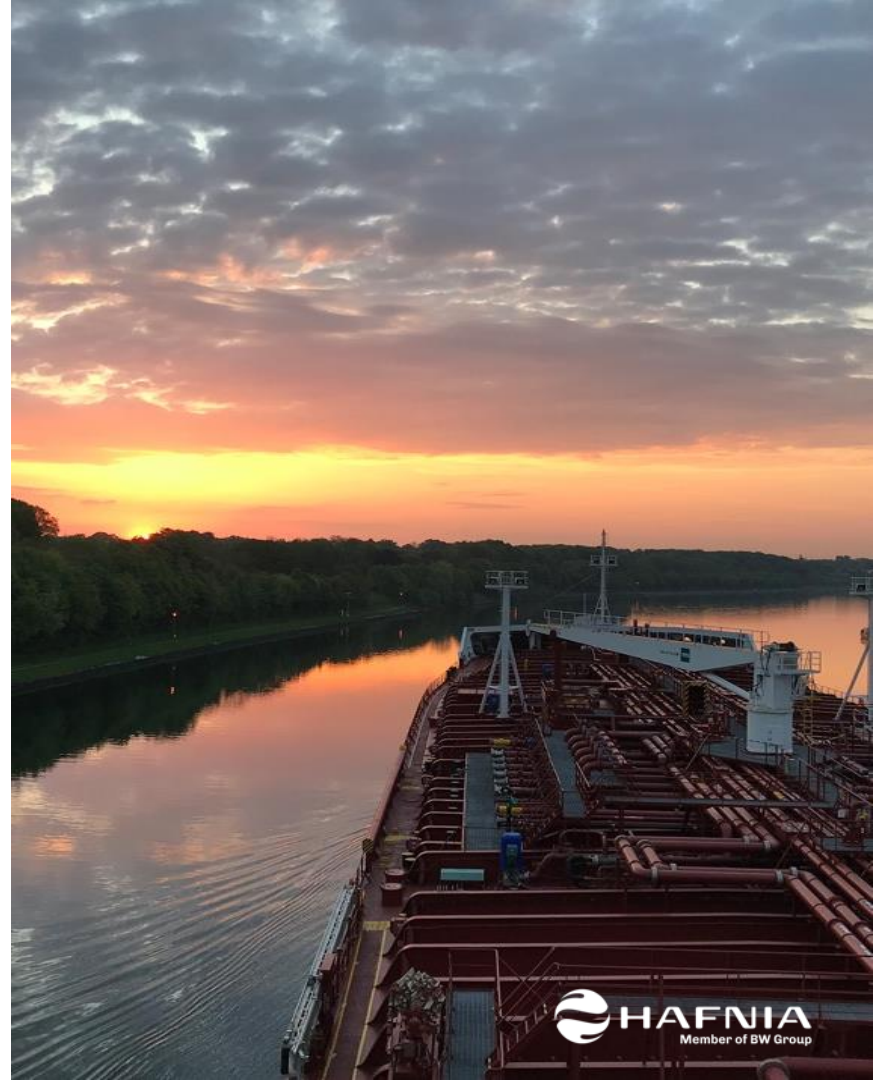
The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are shipowning and chartering.

2

Basis of preparation

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.



Changes in accounting policies

New standards, amendments to published standards effective in 2021

The Group has adopted the amendment to standards as of 1 January 2021:

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

The adoption of this amendment to the published standards does not have a material impact on the consolidated financial statements.

New standard and amendments to published standards, effective in 2022 and subsequent years

The following new standard and amendments, which are relevant to the Group's operations but have not been early adopted, have been published and are mandatory for accounting periods beginning on or after 1 January 2022 (or otherwise stated) or later periods:

(a) Amendments:

- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16) (effective 1 April 2021 or later)
- Annual Improvements to IFRS Standards 2018 – 2020 (effective 1 January 2022 or later)
- Property, plant and equipment – Proceeds before Intended Use (Amendments to IAS 16) (effective 1 January 2022 or later)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) (effective 1 January 2022 or later)
- Reference to the Conceptual Framework (Amendments to IFRS 3) (effective 1 January 2022 or later)

- Reference to the Conceptual Framework (Amendments to IFRS 3) (effective 1 January 2022 or later)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective 1 January 2023 or later)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12) (effective 1 January 2023 or later)

(b) New standard:

- IFRS 17 Insurance Contracts (effective 1 January 2023 or later)

The adoption of these new standard and amendments in future periods is not expected to give rise to a material impact on the consolidated financial statements.



Significant accounting policies

The condensed consolidated interim financial information for the six-month period from 1 January 2021 to 30 June 2021 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 2020 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 2020.

The condensed consolidated interim financial information for the six-month period from 1 January 2021 to 30 June 2021 has not been audited or reviewed by the Group’s auditors.

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 2020.

Property, plant and equipment

| | Right-of-use assets USD'000 | Vessels USD'000 | Dry docking and scrubbers USD'000 | Other property, plant and equipment USD'000 | Total USD'000 |
|---|-----------------------------------|--------------------|---|---|------------------|
| <i>Cost</i> | | | | | |
| At 1 January 2021 | 152,757 | 2,950,354 | 110,007 | 103 | 3,213,221 |
| Additions | - | 3,936 | 5,266 | - | 9,202 |
| Reclassification to asset held for sale | - | (14,621) | (602) | - | (15,223) |
| Write-off on completion of dry docking cycle | - | - | (2,250) | - | (2,250) |
| At 31 March 2021/1 April 2021 | 152,757 | 2,939,669 | 112,421 | 103 | 3,204,950 |
| Additions | - | 2,516 | 7,024 | 118 | 9,658 |
| Reclassification to asset held for sale | - | (28,902) | (2,185) | - | (31,087) |
| Write-off on completion of dry docking cycle | - | - | (2,020) | - | (2,020) |
| At 30 June 2021 | 152,757 | 2,913,283 | 115,240 | 221 | 3,181,501 |
| <i>Accumulated depreciation and impairment charge</i> | | | | | |
| At 1 January 2021 | 45,381 | 921,216 | 40,106 | 78 | 1,006,781 |
| Depreciation charge | 7,551 | 23,550 | 5,904 | 5 | 37,010 |
| Write-off on completion of dry docking cycle | - | (1,890) | (501) | - | (2,391) |
| Reclassification to assets held for sale | - | - | (2,250) | - | (2,250) |
| At 31 March 2021/1 April 2021 | 52,932 | 942,876 | 43,259 | 83 | 1,039,150 |

| | Right-of-use assets USD'000 | Vessels USD'000 | Dry docking and scrubbers USD'000 | Other property, plant and equipment USD'000 | Total USD'000 |
|---|-----------------------------------|--------------------|---|---|------------------|
| <i>Accumulated depreciation and impairment charge</i> | | | | | |
| Depreciation charge | 7,613 | 23,622 | 5,862 | 9 | 37,106 |
| Write-off on completion of dry docking cycle | - | - | (2,020) | - | (2,020) |
| Reclassification to assets held for sale | - | (18,678) | (2,019) | - | (20,697) |
| At 30 June 2021 | 60,545 | 947,820 | 45,082 | 92 | 1,053,539 |
| <i>Net book value</i> | | | | | |
| At 30 June 2021 | 92,212 | 1,965,463 | 70,158 | 129 | 2,127,962 |

Asset held for sale

In June 2021, management committed to the sale of BW Amazon, which was subsequently classified as an asset held for sale on the balance sheet. As at Q2 2021, BW Amazon is still a part of the Group's LR1 fleet; pending delivery to the buyer.

| | Right-of-use assets USD'000 | Vessels USD'000 | Dry docking and scrubbers USD'000 | Total USD'000 |
|--|-----------------------------------|--------------------|---|------------------|
| <i>Cost</i> | | | | |
| 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 2020/1 April 2020 | 169,935 | 2,954,452 | 93,386 | 3,217,773 |
| Additions | 716 | 2,410 | 6,530 | 9,656 |
| At 30 June 2020/1 July 2020 | 170,651 | 2,956,862 | 99,916 | 3,227,429 |
| Additions | - | 4,703 | 8,022 | 12,725 |
| Reclassification to Asset held for sale | - | (14,438) | (561) | (14,999) |
| Write-off on completion of dry docking cycle | - | - | (4,970) | (4,970) |
| At 30 September 2020/1 October 2020 | 170,651 | 2,947,127 | 102,407 | 3,220,185 |
| Additions | 20,314 | 3,227 | 13,070 | 36,611 |
| Exercise of purchase option | (38,208) | 22,389 | - | (15,819) |
| Reclassification to Asset held for sale | - | (22,389) | - | (22,389) |
| Write-off on completion of dry docking cycle | - | - | (5,470) | (5,470) |
| At 31 December 2020 | 152,757 | 2,950,354 | 110,007 | 3,213,118 |

| | Right-of-use assets USD'000 | Vessels USD'000 | Dry docking and scrubbers USD'000 | Total USD'000 |
|---|-----------------------------------|--------------------|---|------------------|
| <i>Accumulated depreciation and impairment charge</i> | | | | |
| 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 / 1 April 2020 | 32,588 | 850,685 | 34,389 | 917,662 |
| Depreciation charge | 9,415 | 23,828 | 5,454 | 38,697 |
| At 30 June 2020/1 July 2020 | 42,003 | 874,513 | 39,843 | 956,359 |
| Depreciation charge | 9,686 | 24,056 | 5,605 | 39,347 |
| Reclassification to Asset held for sale | - | (1,354) | (323) | (1,677) |
| Write-off on completion of dry docking cycle | - | - | (4,970) | (4,970) |
| At 30 September 2020/1 October 2020 | 51,689 | 897,215 | 40,155 | 989,059 |
| Depreciation charge | 9,511 | 24,001 | 5,421 | 38,933 |
| Exercise of purchase option | (15,819) | - | - | (15,819) |
| Write-off on completion of dry docking cycle | - | - | (5,470) | (5,470) |
| At 31 December 2020 | 45,381 | 921,216 | 40,106 | 1,006,703 |
| Net book value | | | | |
| At 30 June 2020 | 128,648 | 2,082,349 | 60,073 | 2,271,070 |
| At 31 December 2020 | 107,376 | 2,029,138 | 69,901 | 2,206,415 |

- a. The commercial management of the Group's combined fleet of vessels is organized into three 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.

Management is required to assess whenever events or changes in circumstances indicate that the carrying value of these CGUs may not be recoverable. Management measures the recoverability of each CGU by comparing its carrying amount to its 'recoverable value', being the higher of its fair value less costs of disposal or value in use ("VIU") based on future discounted cash flows that CGU is expected to generate over its remaining useful life.



As at 30 June 2021, 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. The Group also computed the VIU of the CGUs and concluded that the recoverable value based on the higher of VIU or broker's valuation is higher than the carrying amount. The VIU computation has assumed volatility in freight rates of future periods and management believes that the VIU is still in excess of the carrying amount. Management will continue to monitor market developments and have the VIU revised at each reporting period, where needed, to reflect the changing market conditions. 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 six months ended 30 June 2021 (six months ended 30 June 2020: USD Nil).

- b. The Group has mortgaged vessels with a total carrying amount of USD 2,035.6 million at 30 June 2021 (30 June 2020: USD 2,142.4 million) as security over the Group's bank borrowings.
- c. Additions to right-of-use assets amounted to USD Nil (six months ended 30 June 2020: USD 17.8 million).





Shareholders' equity

a. Authorised share capital

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

b. Issued and fully paid share capital

| | Numbers of shares | Share capital USD'000 | Share premium USD'000 | Total USD'000 |
|-----------------------------------|-------------------|--------------------------|--------------------------|------------------|
| At 1 January and 31 December 2020 | 370,244,325 | 3,703 | 704,834 | 708,537 |
| At 1 January and 30 June 2021 | 370,244,325 | 3,703 | 704,834 | 708,537 |

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.

As at 30 June 2021, the Company has 370,244,325 outstanding shares, of which 7,086,703 are treasury shares.

c. Other reserve

| (i) | As at 30 June 2021 USD'000 | As at 31 December 2020 USD'000 |
|---|-------------------------------|-----------------------------------|
| Composition: | | |
| Translation reserve | (21) | (34) |
| Hedging reserve | (7,675) | (15,973) |
| Share based payment reserve | 3,599 | 1,859 |
| | (4,097) | (14,148) |
| | | |
| (ii) Movements of the reserves are as follows: | | |
| <u>Hedging reserve</u> | | |
| At beginning of the financial period | (15,973) | (6,514) |
| Fair value gains/(losses) on cash flow hedges | 4,288 | (22,103) |
| Reclassification to profit or loss | 4,010 | 12,644 |
| At end of the financial period | (7,675) | (15,973) |

Borrowings

| | As at 30 June 2021 USD'000 | As at 31 December 2020 USD'000 |
|-------------------------------------|----------------------------------|--------------------------------------|
| Current | | |
| Loan from non-related parties | 390 | 390 |
| Bank borrowings | 123,626 | 142,548 |
| Finance lease liabilities | 7,461 | 7,376 |
| Other lease liabilities | 28,939 | 28,770 |
| Total current borrowings | 160,416 | 179,084 |
| Non-current | | |
| Loan from non-related parties | 4,196 | 4,391 |
| Bank borrowings | 940,904 | 967,979 |
| Finance lease liabilities | 71,008 | 74,767 |
| Other lease liabilities | 66,814 | 81,073 |
| Total non-current borrowings | 1,082,922 | 1,128,210 |
| Total borrowings | 1,243,338 | 1,307,294 |

As at 30 June 2021, bank borrowings consist of five credit facilities from external financial institutions, namely USD 473 million, USD 374 million, USD 266 million, USD 216 million and USD 39 million respectively (30 June 2020: USD 676 million, USD 473 million, USD 266 million, USD 128 million, USD 216 million and USD 30 million). 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 | Repayment profile | For the 6 months ended 31 December 2021 USD'000 | For the financial year ended 31 December 2022 USD'000 |
|---|---------------|--------------------------|--|--|
| USD 374 million facility | | USD 374 million facility | 18,520 | 37,040 |
| - USD 274 million term loan | 2028 | USD 473 million facility | 24,635 | 49,094 |
| - USD 100 million revolving credit facility | 2028 | USD 266 million facility | 11,061 | 22,123 |
| USD 473 million facility | 2026 | USD 216 million facility | 7,050 | 14,100 |
| USD 266 million facility | 2028 | USD 39 million facility | 1,669 | 3,338 |
| USD 216 million facility | 2027 | | | |
| USD 39 million facility | | | | |
| - USD 30 million term loan | 2025 | | | |
| - USD 9 million revolving credit facility | 2025 | | | |

Interest rates

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

| | As at 30 June 2021 | As at 31 Dec 2020 |
|-----------------|--------------------|-------------------|
| Bank borrowings | 1.7% | 1.8% |

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.

Commitments

Operating lease commitments - where the Group is a lessor

The Group leases vessels to third parties under non-cancellable operating lease agreements. The leases have varying terms.

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

| USD'000 | As at 30 June 2021 | As at 31 December 2020 |
|--------------------|--------------------|------------------------|
| Less than one year | 47,333 | 54,266 |
| One to two years | 10,746 | 27,421 |
| | 58,079 | 81,687 |

Capital commitments - joint venture

The Group an equity interest in a joint venture and is obliged to provide its share of working capital for the joint venture's newbuild programme through shareholder's loans.

The future minimum capital contributions to be made at the reporting date but not recognised as loan receivables are as follows:

| USD'000 | As at 30 June 2021 | As at 31 December 2020 |
|--------------------|--------------------|------------------------|
| Less than one year | 23,200 | - |
| One to two years | 45,200 | 11,200 |
| Two to five years | 42,000 | 39,200 |
| | 110,400 | 50,400 |





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.

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.

On 8 March 2021, the Company granted a total of 3,431,577 share options to key management and senior employees under the LTIP 2021 option program. These share options will vest on 8 March 2024 at an exercise price of NOK 19.16.

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.

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 30 June 2021 | | | | | | | |
| Financial assets measured at fair value | | | | | | | |
| Forward freight agreements | 5 | - | 5 | - | 5 | - | 5 |
| Interest rate caps | 35 | - | 35 | - | 35 | - | 35 |
| | 40 | - | 40 | - | 40 | - | 40 |
| Financial assets not measured at fair value | | | | | | | |
| Loan receivable from joint venture | - | 47,985 | 47,985 | - | - | - | - |
| Trade and other receivables ¹ | - | 154,063 | 154,063 | - | - | - | - |
| Cash and cash equivalents | - | 85,956 | 85,956 | - | - | - | - |
| | - | 288,004 | 288,004 | - | - | - | - |

¹ Excludes prepayments

| | Carrying amount | | | Fair value | | | |
|---|---|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Fair value hedging instruments USD'000 | Financial liabilities at amortised cost USD'000 | Total USD'000 | Level 1 USD'000 | Level 2 USD'000 | Level 3 USD'000 | Total USD'000 |
| At 30 June 2021 | | | | | | | |
| Financial liabilities measured at fair value | | | | | | | |
| Forward exchange contracts | (74) | - | (74) | - | (74) | - | (74) |
| Interest rate swaps used for hedging | (7,690) | - | (7,690) | - | (7,690) | - | (7,690) |
| | (7,764) | - | (7,764) | - | (7,764) | - | (7,764) |
| Financial liabilities not measured at fair value | | | | | | | |
| Bank borrowings | - | (1,064,530) | (1,064,530) | - | (1,064,530) | - | (1,064,530) |
| Loan from non-related parties | - | (4,586) | (4,586) | - | (4,586) | - | (4,586) |
| Trade payables | - | (66,212) | (66,212) | - | - | - | - |
| | - | (1,135,328) | (1,135,328) | - | (1,069,116) | - | (1,069,116) |

| | 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 2020 | | | | | | | |
| Financial assets measured at fair value | | | | | | | |
| Forward exchange contracts | 40 | - | 40 | - | 40 | - | 40 |
| Forward freight agreements | 205 | - | 205 | - | 205 | - | 205 |
| Interest rate caps | 26 | - | 26 | - | 26 | - | 26 |
| | 271 | - | 271 | - | 271 | - | 271 |
| Financial assets not measured at fair value | | | | | | | |
| Loans receivable from joint venture | - | 45,430 | 45,430 | - | - | - | - |
| Trade and other receivables ¹ | - | 158,918 | 158,918 | - | - | - | - |
| Cash and cash equivalents | - | 100,671 | 100,671 | - | - | - | - |
| | - | 305,091 | 305,091 | - | - | - | - |

¹ Excludes prepayments

| | Carrying amount | | | Fair value | | | |
|---|---|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Fair value hedging instruments USD'000 | Financial liabilities 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 2020 | | | | | | | |
| Financial liabilities measured at fair value | | | | | | | |
| Interest rate swaps used for hedging | (15,991) | - | (15,991) | - | (15,991) | - | (15,991) |
| | (15,991) | - | (15,991) | - | (15,991) | - | (15,991) |
| Financial liabilities not measured at fair value | | | | | | | |
| Bank borrowings | - | (1,110,527) | (1,110,527) | - | (1,110,527) | - | (1,110,527) |
| Loan from non-related parties | - | (4,781) | (4,781) | - | (4,781) | - | (4,781) |
| Trade payables | - | (70,518) | (70,518) | - | - | - | - |
| | - | (1,185,826) | (1,185,826) | - | (1,115,308) | - | (1,115,308) |

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:

| Sales and purchase of services | For the 3 months ended 30 June 2021 USD'000 | For the 3 months ended 30 June 2020 USD'000 | For the 6 months ended 30 June 2021 USD'000 | For the 6 months ended 30 June 2020 USD'000 |
|---|---|---|---|---|
| Support service fees paid/ payable to related corporation | 1,240 | 1,196 | 2,409 | 2,388 |
| Rental paid/ payable | 220 | 204 | 441 | 367 |

Related parties refer to corporations controlled by Sohmen family interests.

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 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

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, losses on disposal of vessels and write downs on reclassification to assets held for sale 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.

| For the 3 months ended 30 June 2021 | LR2 USD'000 | LR1 USD'000 | MR USD'000 | Handy USD'000 | Total USD'000 |
|--|----------------|----------------|-----------------|------------------|------------------|
| Revenue | 11,875 | 63,948 | 87,368 | 34,795 | 197,986 |
| Voyage expenses | 45 | (38,993) | (34,743) | (22,624) | (96,315) |
| TCE income | 11,920 | 24,955 | 52,625 | 12,171 | 101,671 |
| Other operating income | 40 | 2,470 | 935 | 336 | 3,781 |
| Vessel operating expenses | (3,580) | (14,229) | (24,254) | (7,056) | (49,119) |
| Technical management expenses | (277) | (1,185) | (2,048) | (742) | (4,252) |
| Charter hire expenses | - | (1,908) | (3,257) | - | (5,165) |
| Operating EBITDA | 8,103 | 10,103 | 24,001 | 4,709 | 46,916 |
| Depreciation charge | (3,290) | (9,804) | (20,269) | (3,734) | (37,097) |
| Unallocated | | | | | 9,819 |
| Loss before income tax | | | | | (20,390) |
| | | | | | (10,571) |

| For the 6 months ended 30 June 2021 | LR2 USD'000 | LR1 USD'000 | MR USD'000 | Handy USD'000 | Total USD'000 |
|--|------------------------|------------------------|-----------------------|--------------------------|--------------------------|
| Revenue | 26,780 | 108,635 | 189,005 | 52,907 | 377,327 |
| Voyage expenses | 78 | (57,973) | (87,750) | (30,050) | (175,695) |
| TCE income | 26,858 | 50,662 | 101,255 | 22,857 | 201,632 |
| Other operating income | 40 | 4,506 | 1,665 | 723 | 6,934 |
| Vessel operating expenses | (6,608) | (27,903) | (46,198) | (14,022) | (94,731) |
| Technical management expenses | (559) | (2,338) | (3,838) | (1,271) | (8,006) |
| Charter hire expenses | - | (3,711) | (6,502) | - | (10,213) |
| Operating EBITDA | 19,731 | 21,216 | 46,382 | 8,287 | 95,616 |
| Depreciation charge | (6,838) | (19,732) | (40,106) | (7,426) | (74,102) |
| | | | | | 21,514 |
| Unallocated | | | | | (47,241) |
| Loss before income tax | | | | | (25,727) |

| For the 3 months ended 30 June 2020 | LR2 USD'000 | LR1 USD'000 | MR USD'000 | Handy USD'000 | Total USD'000 |
|--|----------------|-----------------|-----------------|------------------|------------------|
| Revenue | 14,966 | 93,866 | 126,050 | 34,012 | 268,894 |
| Voyage expenses | 9 | (21,601) | (29,291) | (11,083) | (61,966) |
| TCE income | 14,975 | 72,265 | 96,759 | 22,929 | 206,928 |
| Other operating income | (114) | 4,334 | 1,151 | 692 | 6,063 |
| Vessel operating expenses | (3,148) | (16,179) | (19,882) | (6,489) | (45,698) |
| Technical management expenses | (328) | (1,301) | (1,951) | (524) | (4,104) |
| Charter hire expenses | 2 | (2,097) | (4,882) | (1,126) | (8,103) |
| Operating EBITDA | 11,387 | 57,022 | 71,195 | 15,482 | 155,086 |
| Depreciation charge | (3,465) | (11,997) | (19,543) | (3,692) | (38,697) |
| | | | | | 116,389 |
| Unallocated | | | | | (18,035) |
| Profit before income tax | | | | | 98,354 |

| For the 6 months ended 30 June 2020 | LR2 USD'000 | LR1 USD'000 | MR USD'000 | Handy USD'000 | Total USD'000 |
|--|------------------------|------------------------|-----------------------|--------------------------|--------------------------|
| Revenue | 28,280 | 181,524 | 254,647 | 72,877 | 537,328 |
| Voyage expenses | (328) | (47,992) | (65,334) | (23,286) | (136,940) |
| TCE income | 27,952 | 133,532 | 189,313 | 49,591 | 400,388 |
| Other operating income | (114) | 7,435 | 2,193 | 1,681 | 11,195 |
| Vessel operating expenses | (6,315) | (34,147) | (43,071) | (13,425) | (96,958) |
| Technical management expenses | (646) | (2,577) | (3,867) | (1,048) | (8,138) |
| Charter hire expenses | - | (4,171) | (8,241) | (1,126) | (13,538) |
| | | | | | |
| Operating EBITDA | 20,877 | 100,072 | 136,327 | 35,673 | 292,949 |
| Depreciation charge | (6,887) | (24,232) | (38,523) | (7,449) | (77,091) |
| | | | | | 215,858 |
| Unallocated | | | | | (39,990) |
| Profit before income tax | | | | | 175,868 |

Subsequent events

On 1 July 2021, the Group entered into a USD 100.0 million unsecured term loan and revolving credit facility. The tenor of the facility is for 18 months from the date of the agreement.

On 6 July 2021, the Group sold a LR1 vessel, BW Amazon to an external buyer for USD 8.85 million. The vessel was subsequently time chartered back for a duration of 1 year and deployed in the LR pool.

In July 2021, the Group and Andromeda Shipholding entered into a joint venture with the Group holding a 50% equity interest. The joint venture took delivery of an MR newbuild in July 2021 and has another MR newbuild slated for delivery in 2022.

In August 2021, the Group and its insurers have come to an agreement on the loss of hire claim receivable relating to the BW Rhine incident in December 2020. The amount reimbursable to the Group in Q3 2021 is expected to be USD 1.53 million.

Fleet list of delivered vessels

| Vessel | DWT | Year Built | Type |
|-----------------|--------|------------|-------|
| Hafnia Adamello | 39,807 | Aug-04 | Handy |
| Hafnia Bering | 39,067 | Apr-15 | Handy |
| Hafnia Green | 39,808 | Aug-07 | Handy |
| Hafnia Hope | 39,814 | Jan-07 | Handy |
| Hafnia Karava | 39,814 | Mar-07 | Handy |
| Hafnia Magellan | 39,067 | May-15 | Handy |
| Hafnia Malacca | 39,067 | Jul-15 | Handy |
| Hafnia Rainier | 39,817 | Mar-04 | Handy |
| Hafnia Robson | 39,819 | May-04 | Handy |
| Hafnia Soya | 38,700 | Nov-15 | Handy |
| Hafnia Sunda | 39,067 | Sep-15 | Handy |
| Hafnia Torres | 39,067 | May-16 | Handy |
| Hafnia Victoria | 39,821 | Jun-07 | Handy |
| BW Clyde | 73,495 | Jun-04 | LR1 |
| BW Columbia | 74,999 | Jan-07 | LR1 |
| BW Danube | 74,999 | Mar-07 | LR1 |
| BW Hudson | 76,574 | Jun-07 | LR1 |
| BW Kallang | 74,000 | Jan-17 | LR1 |
| BW Kronborg | 73,708 | Mar-07 | LR1 |
| BW Lara | 73,495 | Aug-04 | LR1 |
| BW Lena | 74,996 | Aug-07 | LR1 |
| BW Nile | 74,000 | Aug-17 | LR1 |
| BW Orinoco | 74,991 | Nov-07 | LR1 |
| BW Rhine | 76,578 | Mar-08 | LR1 |
| BW Seine | 76,580 | May-08 | LR1 |
| BW Shinano | 74,998 | Oct-08 | LR1 |
| BW Tagus | 74,000 | Mar-17 | LR1 |
| BW Thames | 74,999 | Aug-08 | LR1 |

| Vessel | DWT | Year Built | Type |
|-------------------------------|---------|------------|------|
| BW Yangtze | 74,996 | Jan-09 | LR1 |
| BW Yarra | 74,000 | Jul-17 | LR1 |
| BW Zambesi | 74,982 | Jan-10 | LR1 |
| Hafnia Africa | 74,539 | May-10 | LR1 |
| Hafnia Arctic | 74,910 | Jan-10 | LR1 |
| Hafnia Asia | 74,539 | Jun-10 | LR1 |
| Hafnia Australia | 74,539 | May-10 | LR1 |
| Hafnia Hong Kong ¹ | 75,000 | Jan-19 | LR1 |
| Hafnia Shanghai ¹ | 75,000 | Jan-19 | LR1 |
| Hafnia Guangzhou ¹ | 75,000 | Jul-19 | LR1 |
| Hafnia Beijing ¹ | 75,000 | Oct-19 | LR1 |
| Tectus ² | 74,862 | Jul-09 | LR1 |
| Sunda ² | 79,902 | Jul-19 | LR1 |
| Karimata ² | 79,885 | Aug-19 | LR1 |
| Hafnia Shenzhen ¹ | 75,000 | Aug-20 | LR1 |
| Hafnia Nanjing ¹ | 74,999 | Jan-21 | LR1 |
| BW Despina | 115,000 | Jan-19 | LR2 |
| BW Galatea | 115,000 | Mar-19 | LR2 |
| BW Larissa | 115,000 | Apr-19 | LR2 |
| BW Neso | 115,000 | Jul-19 | LR2 |
| BW Thalassa | 115,000 | Sep-19 | LR2 |
| BW Triton | 115,000 | Oct-19 | LR2 |
| Beagle ² | 44,995 | Mar-19 | MR |
| Boxer ² | 49,852 | Jun-19 | MR |
| Basset ² | 49,875 | Nov-19 | MR |
| Bulldog ² | 49,856 | Feb-20 | MR |
| BW Bobcat | 49,999 | Aug-14 | MR |
| BW Cheetah | 49,999 | Feb-14 | MR |
| BW Cougar | 49,999 | Jan-14 | MR |

¹ 50% owned through the Vista Joint Venture

² Time chartered in vessel

| Vessel | DWT | Year Built | Type |
|------------------|--------|------------|------|
| BW Eagle | 49,999 | Jul-15 | MR |
| BW Egret | 49,999 | Nov-14 | MR |
| BW Falcon | 49,999 | Feb-15 | MR |
| BW Hawk | 49,999 | Jun-15 | MR |
| BW Jaguar | 49,999 | Mar-14 | MR |
| BW Kestrel | 49,999 | Aug-15 | MR |
| BW Leopard | 49,999 | Jan-14 | MR |
| BW Lioness | 49,999 | Jan-14 | MR |
| BW Lynx | 49,999 | Nov-13 | MR |
| BW Merlin | 49,999 | Sep-15 | MR |
| BW Myna | 49,999 | Oct-15 | MR |
| BW Osprey | 49,999 | Oct-15 | MR |
| BW Panther | 49,999 | Jun-14 | MR |
| BW Petrel | 49,999 | Jan-16 | MR |
| BW Puma | 49,999 | Nov-13 | MR |
| BW Raven | 49,999 | Nov-15 | MR |
| BW Swift | 49,999 | Jan-16 | MR |
| BW Tiger | 49,999 | Mar-14 | MR |
| BW Wren | 49,999 | Mar-16 | MR |
| Hafnia Andromeda | 49,999 | May-11 | MR |
| Hafnia Ane | 49,999 | Nov-15 | MR |
| Hafnia Crux | 52,550 | Feb-12 | MR |
| Hafnia Daisy | 49,999 | Aug-16 | MR |
| Hafnia Henriette | 49,999 | Jun-16 | MR |
| Hafnia Kirsten | 49,999 | Jan-17 | MR |
| Hafnia Lene | 49,999 | Jul-15 | MR |
| Hafnia Leo | 52,340 | Nov-13 | MR |
| Hafnia Libra | 52,384 | May-13 | MR |
| Hafnia Lise | 49,999 | Sep-16 | MR |

| Vessel | DWT | Year Built | Type |
|--------------------------------|--------|------------|------|
| Hafnia Lotte | 49,999 | Jan-17 | MR |
| Hafnia Lupus | 52,550 | Apr-12 | MR |
| Hafnia Mikala | 49,999 | May-17 | MR |
| Hafnia Nordica | 49,994 | Mar-10 | MR |
| Hafnia Pegasus | 50,326 | Oct-10 | MR |
| Hafnia Phoenix | 52,340 | Jul-13 | MR |
| Hafnia Taurus | 50,385 | Jun-11 | MR |
| Hafnia Andrea | 49,999 | Jun-15 | MR |
| Hafnia Caterina | 49,999 | Aug-15 | MR |
| Orient Challenge ² | 49,972 | Jun-17 | MR |
| Orient Innovation ² | 49,972 | Jul-17 | MR |

² Time chartered in vessel

Alternative performance measures



Alternative performance measures

An alternative performance measure (“APM”) is defined as a 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.

Voyage days: The Group defines voyage 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 voyage 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.

