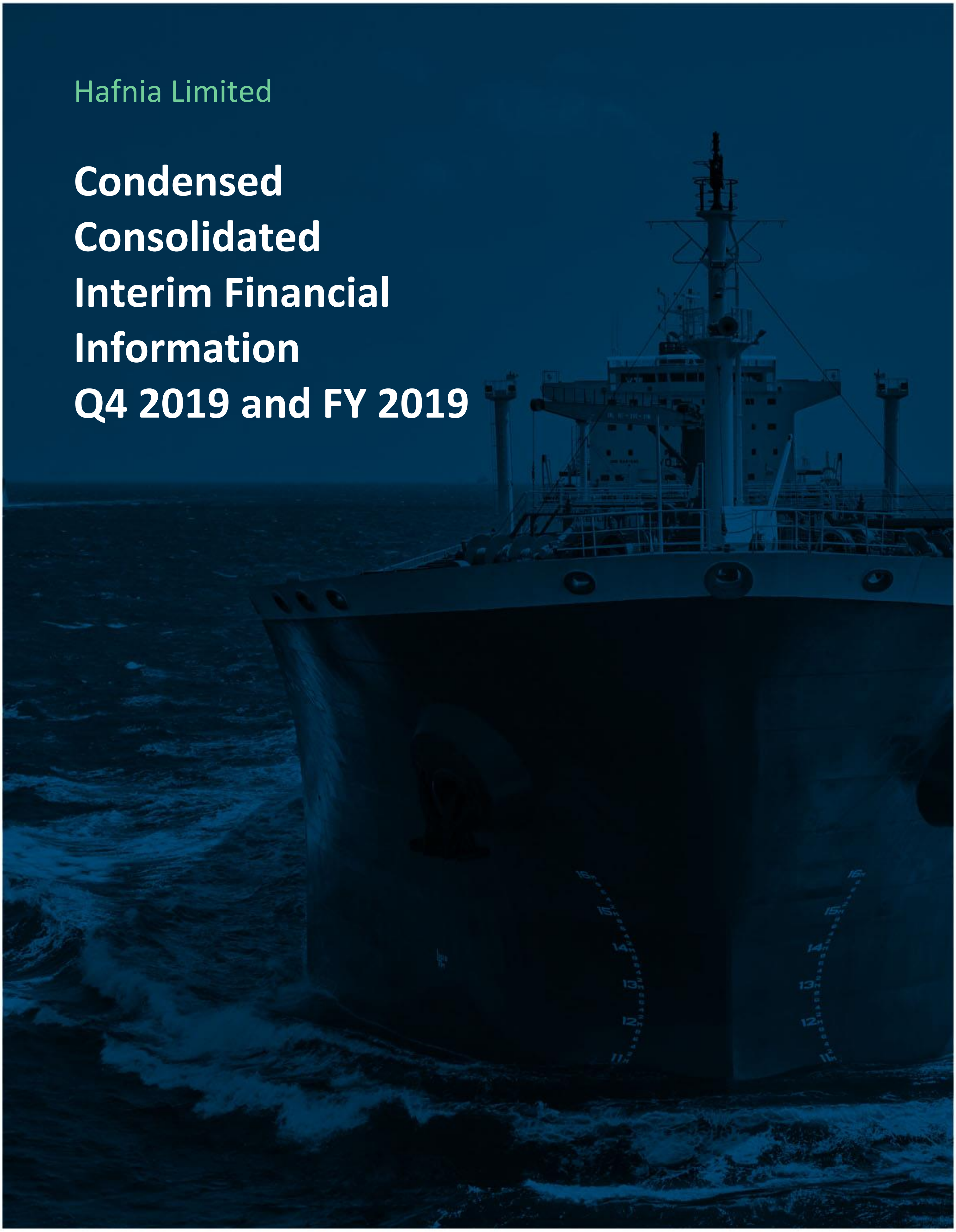
Hafnia Limited

Condensed Consolidated Interim Financial Information Q4 2019 and FY 2019



HIGHLIGHTS – Q4 2019

"I am pleased to see that the hard work in 2019 is paying off. The results and achievements are very satisfactory and provide a promising platform for the future. This is the outcome of great perseverance and craftsmanship throughout the organization. In 2019, we completed a strategically important merger and a successful private placement followed by a listing on Oslo Bors, resulting in a strong balance sheet.

As the leading listed product tanker company, Hafnia takes a front-row seat in global efforts to combat climate change and is committed to providing safe, sustainable and efficient hydrocarbon transportation solutions. I believe in leading with purpose and guiding with values, where the development, implementation and maintenance of good governance policies and practices are important focus areas for Hafnia. I am pleased that we can distribute capital back to our shareholders as a dividend in our first quarter as a public company. "

- Mikael Skov, CEO Hafnia

2019 highlights:

- Time Charter Equivalent (TCE) earnings for Hafnia Limited (the "Company" or "Hafnia", together with its subsidiaries, the "Group") were USD 514.4 million in 2019 and EBITDA was USD 277.8 million in 2019.
- In Q4 2019, Hafnia had a net profit of USD 42.4 million (USD 0.11 per share) and the full year net profit ended at USD 71.7 million (USD 0.19 per share).
- At the end of the quarter, Hafnia had 81 owned vessels[1]. In 2019, Hafnia took delivery of six LR2 vessels, whereby Hafnia's newbuild program was completed. As at the end of 2019, the total fleet of the Group comprises of 95 vessels hereunder six LR2s, 30 LR1s (including six bareboat-chartered in and three time-chartered in), 46 MRs (including five time-chartered in) and 13 Handy vessels owned/operated[1].
- In 2019, the newbuild LR1 vessels Hafnia Guangzhou and Hafnia Beijing were delivered and at the end of 2019, the outstanding yard instalments for the two remaining LR1 newbuilds through Vista Shipping Ltd., a joint venture between Hafnia and CSSC Shipping (the "Vista Joint Venture") is USD 35.1 million on a 50% basis. The final newbuild yard instalments are fully funded by traditional bank financing.
- In November 2019, Hafnia successfully completed a private placement and listing on Oslo Axess, raising gross proceeds of USD 75.0 million which was used towards financing of the equity portion of two MR vessels, repayment of an unsecured USD 34.5 million loan from BW Group, working capital and other general corporate purposes.
- As of 15 February 2020, the coverage for the first quarter of 2020 was 61% at USD 22,123/day. For the individual segments, the coverage was 99% at USD 23,900/day for LR2, 58% at USD 22,096/day for LR1, 59% at USD 20,739/day for MR and 57% at USD 25,960/day for Handy.
- Hafnia will pay a quarterly dividend of USD 0.0573 per share, record date of the dividend will be 3 March with ex. date of 2 March and the dividend will be paid 11 March. Please see separate announcement for dividend.

Conference call
Hafnia will today host a conference call for investors and financial analysts at 10:00pm SGT/ 3:00pm CET/ 9:00am EST. Please dial +65 6713 5090 (International/ Singapore), 08082 346646 (UK), 8088 3616 (Denmark), 8001 0250 (Norway) or 1866 5194004 (USA), and use Conference ID: 6446927. Webcast can be accessed at this link: https://edge.media-server.com/mmc/p/tv8fcf8a.

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

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

KEY FIGURES

	Q1 2019 USD million	Q2 2019 USD million	Q3 2019 USD million	Q4 2019 USD million	YTD 2019 USD million
Income Statement					
Operating revenue	214.1	200.7	188.5	224.6	827.9
TCE income	132.6	118.0	106.7	157.1	514.4
EBITDA	74.1	58.9	50.0	94.8	277.8
Operating profit	44.9	27.7	15.4	57.6	145.6
Capitalised financing fees written off	-	-	(9.3)	-	(9.3)
Financial items	(17.0)	(16.3)	(16.2)	(14.9)	(64.4)
Share of profit from associates and joint venture	-	0.6	-	0.3	0.9
Profit/(loss) before tax	27.9	12.0	(10.1)	42.9	72.7
Net profit/(loss) for the period	27.9	12.0	(10.6)	42.4	71.7
Balance Sheet					
Total non-current assets	2,184.9	2,194.8	2,249.9	2,346.4	2,346.4
Total assets	2,450.1	2,482.7	2,623.9	2,681.3	2,681.3
Total liabilities	1,444.6	1,468.8	1,621.2	1,562.8	1,562.8
Total equity	1,005.5	1,013.9	1,002.8	1,118.5	1,118.5
Total invested capital	2,302.8	2,349.4	2,531.7	2,442.8	2,329.9
Cash and cash equivalents	75.2	100.9	122.3	91.6	91.6
Key financial figures					
Gross margins:					
TCE	61.9%	58.8%	56.6%	70.0%	62.1%
EBITDA	34.6%	29.3%	26.5%	42.2%	33.6%
Operating profit/(loss) (EBIT)	21.0%	13.8%	8.2%	25.7%	17.6%
Return on Equity (RoE) (p.a.)	11.2%	4.8%	-4.3%	16.2%	6.8%
Return on Invested Capital (p.a.)	7.8%	4.7%	2.4%	9.4%	6.2%
Equity ratio	41.0%	40.8%	38.2%	41.7%	41.7%

For the 3 months ended 31 December 2019	**LR2**	**LR1**	**MR**	**Handy**	**Total**
Vessels on water at the end of the period[1]	6	30	46	13	95
Total operating days[5]	451	2,562	4,095	1,207	8,315
Total calendar days (excluding TC-in)	389	2,527	3,725	1,209	7,851
TCE (USD per operating day)[2]	24,723	20,560	17,309	18,588	18,898
OPEX (USD per calendar day)[3]	8,177	6,289	7,069	6,127	6,728
G&A (USD per operating day)[4]					1,031

[1] Excluding four LR1s and two LR1 newbuilds owned through 50% ownership in Vista Shipping Limited.
[2] TCE represents gross TCE income after adding back pool commissions of USD 3.4 million.
[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. Total operating days for the LR2 segment are greater than calendar days due to the finalisation of estimated offhire days in previous quarter.

VESSELS ON BALANCE SHEET

As at 31 December 2019, total assets amounted to USD 2,681.3 million, of which USD 2,182.5 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 December 2019				
	LR2	LR1	MR	Handy	Total
	USD million	USD million	USD million	USD million	USD million
Vessels (including dry-dock)	304.7	481.4	1,153.3	243.1	2,182.5

CASH AND CASH FLOWS

Cash and cash equivalents amounted to USD 91.6 million as at 31 December. Cash flows from operating activities generated a net cash surplus of USD 92.9 million in Q4 2019.

Cash flows from operating activities were principally utilised for purchase of two secondhand MR vessels (Hafnia Andrea and Hafnia Caterina), vessel drydocking costs and repayments of bank borrowings and interest.

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 February 2020, 61% of total earning days in the first quarter of 2020 were covered at USD 22,123 per day. The table below shows the quarterly figures for Q1 2020 and full-year figures for 2020 and 2021.

Covered ships	Q1 2020	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	9.0	8.5	8.0
MR	5.7	5.9	6.0
Handy	-	-	-
Total	**14.7**	**14.4**	**14.0**
JV ships[1], # ships			
LR2	-	-	-
LR1	4.0	4.8	6.0
MR	-	-	-
Handy	-	-	-
Total	**4.0**	**4.8**	**6.0**
Total ships, # ships			
LR2	6.0	6.0	6.0
LR1	34.0	34.2	35.0
MR	46.7	46.9	47.0
Handy	13.0	13.0	13.0
Total	**99.7**	**100.1**	**101.0**
Covered, %			
LR2	99%	71%	49%
LR1	58%	14%	-
MR	59%	19%	4%
Handy	57%	14%	-
Total	**61%**	**20%**	**5%**
Covered rates, USD per day			
LR2	23,900	24,862	25,527
LR1	22,096	22,096	-
MR	20,739	20,036	17,528
Handy	25,960	25,960	-
Total	**22,123**	**22,146**	**22,436**

[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 Q4

The product tanker market rebounded in the fourth quarter of 2019, benefiting from a rising crude tanker market brought about by US sanctions imposed on two COSCO subsidiaries, and an attack on an Iranian crude tanker in the Red Sea. Scrubber retrofits and IMO 2020 sulphur cap-related bunkering delays effectively offset tanker fleet growth in 2019 and contributed significantly to improved tanker earnings in the last quarter. The return of refineries from maintenance in the first two quarters, and high refinery runs in China, also contributed to the solid tanker earnings in the quarter.

Q1 2020 thus far and outlook

The International Energy Agency (IEA) expects OPEC production to fall by 1 million barrels per day in 2020 to 29 million barrels per day, and forecasts that, although OPEC output will continue to fall through to 2024, worldwide oil supply is expected to rise.

In 2019, oil accounted for around one third of world energy consumption. Global oil demand growth is currently projected to grow by 1.3% in both 2020 and 2021, supported largely by expansion in petrochemical feedstock demand, with several project start-ups in the US and Asia lending support. However, whilst a ‘phase 1’ trade deal between the US and China had provided some support to economic sentiment, the recent outbreak of a novel coronavirus in China could have a significant negative impact.

TANKER SEGMENT RESULTS AND OUTLOOK (CONTINUED)

	Q1	Q2	Q3	Q4
LR2				
Operating days	97	263	277	451
TCE (USD per operating day)[1]	17,063	22,170	22,004	24,723
Calendar days	97	263	339	389
OPEX (USD per calendar day)[2]	6,186	5,962	5,944	8,177
LR1				
Operating days	2,562	2,481	2,612	2,562
TCE (USD per operating day)[1]	18,587	16,230	13,989	20,560
Calendar days	2,430	2,457	2,441	2,527
OPEX (USD per calendar day)[2]	6,685	7,223	7,576	6,289
MR				
Operating days	3,992	3,951	3,995	4,095
TCE (USD per operating day)[1]	16,479	15,371	13,366	17,309
Calendar days	3,600	3,654	3,634	3,725
OPEX (USD per calendar day)[2]	6,254	6,530	6,277	7,069
Handy				
Operating days	1,169	1,095	1,137	1,207
TCE (USD per operating day)[1]	16,861	11,361	9,376	18,588
Calendar days	1,170	1,183	1,183	1,209
OPEX (USD per calendar day)[2]	6,094	6,013	5,596	6,127

[1] TCE represents gross TCE income after adding back pool commissions of USD 2.2 million in Q1 2019 and 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 crude oil products which is dependent on the global economy. 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 the global economy.

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. Management does not expect the exposure to these risks to change materially to cause a significant impact on the performance of the Group during 2019.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	For the 3 months ended 31 December 2019 USD'000	For the year ended 31 December 2019 USD'000
Revenue		**224,597**	**827,855**
Voyage expenses		**(67,465)**	**(313,425)**
TCE income [1]		**157,132**	**514,430**
Other operating income		**6,003**	**12,335**
Vessel operating expenses		**(48,940)**	**(184,746)**
Technical management expenses		**(4,172)**	**(15,433)**
Charter hire expenses		**(4,415)**	**(16,867)**
General and administrative expenses		**(10,754)**	**(31,879)**
Operating profit before depreciation on vessels and ROU assets		**94,854**	**277,840**
Depreciation charge	4	**(37,031)**	**(131,505)**
Loss on disposal of vessel		**(200)**	**(732)**
Operating profit		**57,623**	**145,603**
Interest income		**882**	**3,689**
Interest expense		**(16,234)**	**(67,007)**
Capitalised financing fees written off		**-**	**(9,314)**
Other finance income/(expense)		**440**	**(1,078)**
Finance expense – net		**(14,912)**	**(73,710)**
Share of profit of equity accounted investees, net of tax		**232**	**856**
Profit before income tax		**42,943**	**72,749**
Income tax expense		**(548)**	**(1,015)**
Profit after tax		**42,395**	**71,734**

[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 (CONTINUED)

	For the 3 months ended 31 December 2019 USD’000	For the year ended 31 December 2019 USD’000
Other comprehensive income/(loss):		
Items that may be subsequently reclassified to income statement		
Fair value changes on cash flow hedges – interest rate swaps		
- Fair value gains/(losses)	**525**	**(7,266)**
- Reclassification to profit or loss – interest expense	**544**	**410**
	1,069	**(6,856)**
Total comprehensive income	**43,464**	**64,878**
Earnings per share attributable to the equity holders of the Company		
(expressed in USD per share)		
Basic no. of shares (weighted average)	**358,845,007**	**347,048,727**
Basic earnings per share	**0.12**	**0.21**
Diluted no. of shares (weighted average)	**362,276,584**	**349,804,199**
Diluted earnings per share	**0.12**	**0.21**

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2019 USD'000
Vessels	4	**2,123,179**
Dry docking and scrubbers	4	**59,306**
Vessels under construction	4	**-**
Right-of-use assets	4	**129,366**
Other property, plant and equipment		**100**
Total property, plant and equipment		**2,311,951**
Intangible assets		**3,159**
Total intangible assets		**3,159**
Associates and joint venture		**1,718**
Loans receivable from joint venture		**29,584**
Deferred tax assets		**36**
Total other non-current assets		**31,338**
Total non-current assets		**2,346,448**
Inventories		**6,986**
Trade and other receivables		**233,489**
Derivative financial instruments		**2,737**
Cash and cash equivalents		**91,612**
Total current assets		**334,824**
Total assets		**2,681,272**
Share capital	6	**3,703**
Share premium	6	**704,834**
Contributed surplus		**537,112**
Other reserves	6	**(5,725)**
Treasury Shares		**(500)**
Accumulated losses		**(120,920)**
Total shareholders' equity		**1,118,504**
Borrowings	7	**1,234,796**
Derivative financial instruments		**6,514**
Other payables		**1,238**
Total non-current liabilities		**1,242,548**
Current income tax liabilities		**1,416**
Derivative financial instruments		**-**
Trade and other payables		**105,474**
Borrowings	7	**213,330**
Total current liabilities		**320,220**
Total liabilities		**1,562,768**
Total equity and liabilities		**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 31 December 2018		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
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
Transfer of reserve											
Transfer of reserve		-	-	-	(50,011)	-	-	-	-	50,011	-
Total comprehensive income											
Total comprehensive income for the financial period		-	-	-	-	-	(6,856)	-	-	71,734	64,878
Balance at 31 December 2019		**3,703**	**704,834**	**537,112**	**0**	**(34)**	**(6,514)**	**(500)**	**823**	**(120,920)**	**1,118,504**

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

	For the 3 months ended 31 December 2019 USD'000	For the year ended 31 December 2019 USD'000
Cash flows from operating activities		
Profit for the financial period	**42,395**	**71,734**
Adjustments for:		
- depreciation and amortisation charges	**37,031**	**131,505**
- amortisation of prepaid finance lease expenses	**-**	**407**
- Loss on disposal of vessel	**200**	**732**
- interest income	**(882)**	**(3,689)**
- interest expense	**16,234**	**67,007**
- capitalised financing fees written off	**-**	**9,314**
- other finance expense	**(440)**	**1,078**
- income tax expense	**548**	**1,015**
- share of profit of equity accounted investees, net of tax	**(232)**	**(856)**
- equity-settled share-based payment transactions	**259**	**823**
Operating cash flow before working capital changes	**95,113**	**279,070**
Changes in working capital:		
- inventories	**251**	**21,108**
- trade and other receivables	**(24,414)**	**(83,308)**
- trade and other payables	**22,119**	**25,849**
Cash generated from operations	**93,069**	**242,719**
Income tax paid	**(154)**	**(330)**
Net cash provided by operating activities	**92,915**	**242,389**
Cash flows from investing activities		
Loan to joint venture company	**(500)**	**(53,150)**
Repayment of loan by joint venture company	**-**	**39,900**
Dividend received from equity accounted investees	**-**	**1,748**
Acquisition of businesses, net of cash acquired	**-**	**(3,279)**
Acquisition of subsidiary, net of cash acquired	**-**	**(155)**
Purchase of property, plant and equipment	**(81,712)**	**(278,574)**
Proceeds from disposal of vessel	**-**	**9,799**
Interest income received	**523**	**1,717**
Net cash used in investing activities	**(81,689)**	**(281,994)**
Cash flows from financing activities		
Proceeds from borrowings from external financial institutions	**20,000**	**718,300**
Proceeds from borrowings from non-related parties	**718**	**3,117**
Repayment of borrowings to external financial institutions	**(74,998)**	**(598,293)**
Repayment of borrowings to a related corporation	**(34,525)**	**(44,525)**
Repayment of borrowings to non-related parties	**(21)**	**(375)**
Repayment of finance lease liabilities	**(2,733)**	**(11,727)**
Repayment of other lease liabilities	**(9,073)**	**(27,283)**
Payment of financing fees	**-**	**(6,629)**
Interest paid to external financial institutions	**(12,841)**	**(55,208)**
Interest paid to a related corporation	**(249)**	**(1,901)**
Proceeds from issuance of shares (net of capitalised listing fees)	**72,013**	**72,013**
Other finance expense paid	**(253)**	**(1,771)**
Repurchase of treasury shares	**-**	**(500)**
Net cash (used in)/provided by financing activities	**(41,962)**	**45,218**
Net (decrease)/increase in cash and cash equivalents	**(30,736)**	**5,613**
Cash and cash equivalents at beginning of the financial period	**122,348**	**85,999**
Cash and cash equivalents at end of the financial period	**91,612**	**91,612**

Significant non-cash transactions

During the year ended 31 December 2019, there were USD 90.9 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 Axess 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 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 and 12-month ended 31 December 2019 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 2018 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 2018, except as disclosed below.

IFRS 16 Leases

The Group has adopted IFRS 16 from 1 January 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an arrangement contains a lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 and IFRIC 4. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019. On transition to IFRS 16, the Group did not reassess existing sale and leaseback transactions to determine whether the transfer of the underlying asset satisfies the requirements in IFRS 15 to be accounted for as a sale.

(b) As a lessee

As a lessee, the Group leases vessels, office spaces and other equipment from external parties. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for all leases, except those exempted under practical expedients.

For leased-in vessels, at inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component using the relative stand-alone approach.

3. Significant accounting policies (continued)

IFRS 16 Leases (continued)

(b) As a lessee (continued)

Leases classified as operating leases under IAS 17)

The Group had previously entered into vessel sales and leaseback arrangements which were accounted for as sales and operating leases under IAS 17. On adoption of IFRS 16, these operating lease back arrangements are accounted for in the same way as other operating leases at the date of initial application. The right-of-use asset was adjusted by the amount of deferred gain on sale and operating leaseback recognised in the consolidated balance sheet immediately before 1 January 2019.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Elected not to recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term and other low value assets. Lease payments associated with these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term.

- Excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application; and

- Used hindsight when determining the lease term.

The Group assessed its right-of-use assets for impairment on the date of transition and concluded that there is no indication that the right-of-use assets are impaired.

(c) As a lessor

The Group leases vessels on time charter contracts to external parties. The Group classifies these leases as operating or finance leases based on its assessment of whether the Group transferred substantially all the risks and rewards incidental to ownership of the leased assets to the lessees.

The accounting policies applicable to the Group as a lessor are not significantly different from those under IAS 17. The Group has assessed that there are no adjustments on transition to IFRS 16 for lease arrangements in which it acts as a lessor.

3. **Significant accounting policies** (continued)

IFRS 16 Leases (continued)

(c) As a lessor (continued)

The Group also sub-leases some of its vessels. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognised from the head leases are presented in right-of-use assets, and measured at fair value at that date. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under IFRS 16.

The Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to identified lease and non-lease components.

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	Impact of adopting IFRS 16 as at 1 January 2019
	Increase/ (decrease) USD '000
Right-of-use assets*	61,968
Lease liabilities	65,817

**Deducted by a deferred gain on sale and operating leaseback of USD 3,849,000*

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019.

	Impact of adopting IFRS 16 as at 1 January 2019
	Increase/ (decrease) USD '000
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Group's consolidated financial statements	211,613
Discounted using the incremental borrowing rate at 1 January 2019	(25,326)
Lease liabilities recognised as at 31 December 2018	186,287
- Recognition exemption for leases with less than 12 months of lease term at transition	(6,116)
- Lease termination options reasonably certain to be exercised	6,258

3. **Significant accounting policies**

IFRS 16 Leases (continued)

(c) As a lessor (continued)

	Impact of adopting IFRS 16 as at 1 January 2019 Increase/ (decrease) USD '000
- Leases which have not commenced as at 1 January 2019	(161,410)
- Acquisition of Hafnia Tankers' lease liabilities on Merger	40,798
Lease liabilities recognised as at 1 January 2019	65,817

Share-based payment arrangements

During the current period, the Group introduced Long Term Incentive Plan 2019. Under this scheme, the grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Inventories

Inventories comprise mainly fuel and lubricating oils which are used for operation of vessels.

The cost of inventories includes purchase costs, as well as any other costs incurred in bringing inventory on board the vessel. Inventories are accounted for on a first-in, first-out basis. Consumption of inventories is recognised as an expense in profit or loss when the usage occurs.

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 2018 except for new estimates and judgements applicable to the policy on leases due to adoption of IFRS 16, share-based payments, and inventories.

4. Property, plant and equipment

	Right-of-use assets USD'000	Vessels USD'000	Dry docking and scrubbers USD'000	Vessels under construction USD'000	Total USD'000
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
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 December 2019	**129,366**	**2,123,179**	**59,306**	**-**	**2,311,851**

4. **Property, plant and equipment** (continued)

(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 December 2019, 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 current year ended 31 December 2019.

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

(c) Additions to right-of-use assets amounted to USD 90.9 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.

5. Significant acquisition of businesses (continued)

Fair values measured on a provisional basis (continued)

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.

In October 2019, the total authorised number of shares were increased by 200,000,000 shares with a 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 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.

6. **Shareholders' equity** (continued)

(c) Other reserve

		As at 31 December 2019 USD'000
(i)	Composition:	
	Translation reserve	(34)
	Hedging reserve	(6,514)
	Share-based payment reserve	823
		(5,725)

		As at 31 December 2019 USD'000
(ii)	Movements of the reserves are as follows:	
	<u>Hedging reserve</u>	
	At beginning of the financial year	3,158
	Adjustment of reserve on Merger	(2,816)
	Fair value losses on cash flow hedges	(7,266)
	Reclassification to profit or loss	410
	At end of the financial year	(6,514)

7. **Borrowings**

	As at 31 December 2019 USD'000
Current	
Loan from a related corporation	8,500
Loan from non-related parties	106
Bank borrowings	167,659
Finance lease liabilities	7,244
Other lease liabilities	29,821
	213,330
Non-current	
Loan from non-related parties	5,066
Bank borrowings	1,043,389
Finance lease liabilities	82,128
Other lease liabilities	104,213
	1,234,796
Total borrowings	1,448,126

7. **Borrowings** (continued)

As at 31 December 2019, bank borrowings consist of six credit facilities from external financial institutions, amounting to USD 676 million, USD 266 million, USD 128 million, USD 216 million, USD 30 million and USD 473 million respectively. The USD 360 million and USD 236 million facilities were refinanced by the USD 473 million facility. 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	2027
USD 30 million facility[1]	2019

Repayment profile	**For the financial year ended 31 December 2020**
	USD'000
USD 676 million facility	48,208
USD 473 million facility	49,272
USD 266 million facility	22,123
USD 128 million facility	7,793
USD 216 million facility	14,100
USD 30 million facility[1]	11,925

[1] On 15 January 2020, the USD 30 million facility was extended for a period of 15 months to April 2020 and secured with two newly acquired MR vessels which were delivered in Q4 2019.

Interest rates

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

	As at 31 December 2019
Bank borrowings	**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.

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 classify 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 31 December are analysed as follows:

	As at 31 December 2019 USD'000
Less than one year	**50,724**
One to two years	**36,425**
Two to three years	**23,536**
	110,685

9. Share-based payment arrangements

(a) Description of share option programme (equity-settled)

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share options) in the group. On 16 January 2019, 1 June 2019 and 1 July 2019, the Group granted share options to key management and senior employees. All options are to be settled by physical delivery of shares. The terms and conditions of the share options granted during the 12 months ended 31 December 2019 are as follows.

Grant date	**Number of instruments in thousands**	**Vesting conditions**	**Expiry of options**
Option grant to key management personnel on 16 January 2019 ("Tranche 1")	2,041	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 1 June 2019 ("Tranche 2")	1,183	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 1 July 2019 ("Tranche 3")	207	3 years' service condition from grant date of Tranche 1	16 January 2025

The share options become void if the employee rescinds their position before the vesting date.

The fair value of services received in return for share options granted is based on the fair value of the share options granted, measured using the Black-Scholes model.

9. **Share-based payment arrangements** (continued)

(b) Measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the share options.

	Share option programme		
	Tranche 1	**Tranche 2**	**Tranche 3**
Grant date	16 January 2019	1 June 2019	1 July 2019
Share price (USD)	2.813	2.780	2.780
Exercise price (USD)	3.256	3.256	3.256
Time to maturity (years)	4.5	4.1	4.0
Risk free rate	2.54%	1.93%	1.78%
Volatility	50.00%	50.00%	50.00%
Dividends	-	-	-
Annual tenure risk	7.50%	7.50%	7.50%
Share options granted (USD)	2,041,236	1,183,063	207,278

Volatility has been estimated as a benchmark volatility by considering the historical average share price volatility of a comparable peer group of companies.

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 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 used for hedging	(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 year ended 31 December 2019 USD'000
Sales and purchase of services	
Support service fees paid/payable to a related corporation	**7,705**
Interest paid/payable to a related corporation	**1,894**
Rental paid/payable to a related corporation	**634**
Share capital contribution	
Subscription of shares by the immediate and ultimate holding corporation	**50,000**

Key management remuneration for the financial year ended 31 December 2019 amounted to USD 2,187,826.

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 December 2019					
Revenue	10,637	80,055	102,327	31,578	224,597
Voyage expenses	515	(27,379)	(31,451)	(9,150)	(67,465)
TCE income	11,152	52,676	70,876	22,428	157,132
Other operating income	-	2,954	1,270	935	5,159
Vessel operating expenses	(2,796)	(15,235)	(24,025)	(6,884)	(48,940)
Technical management expenses	(389)	(952)	(2,307)	(524)	(4,172)
Charter hire expenses	-	(1,876)	(2,539)	-	(4,415)
Operating EBITDA	7,967	37,567	43,275	15,955	104,764
Depreciation charge	(3,208)	(11,819)	(17,801)	(3,820)	(36,648)
					68,116
Unallocated					(25,173)
Profit before income tax					42,943

	LR2 USD'000	LR1 USD'000	MR USD'000	Handy USD'000	Total USD'000
For the year ended 31 December 2019					
Revenue	25,452	299,831	389,777	112,795	827,855
Voyage expenses	(719)	(123,424)	(140,606)	(48,676)	(313,425)
TCE income	24,733	176,407	249,171	64,119	514,430
Other operating income	-	6,128	2.412	1,822	10,362
Vessel operating expenses	(6,643)	(63,906)	(88,023)	(26,174)	(184,746)
Technical management expenses	(727)	(5,132)	(7,477)	(2,097)	(15,433)
Charter hire expenses	-	(4,846)	(12,021)	-	(16,867)
Operating EBITDA	17,363	108,651	144,062	37,670	307,746
Depreciation charge	(6,902)	(42,901)	(66,382)	(14,905)	(131,090)
					176,656
Unallocated					(103,907)
Profit before income tax					72,749

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[1]	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[2]	75,000	Jul-19	LR1	GSI	50%
Hafnia Beijing[1,2]	75,000	Oct-19	LR1	GSI	50%
Hafnia HongKong[2]	75,000	Jan-19	LR1	GSI	50%
Hafnia Shanghai[2]	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
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%
BW Kestrel	49,999	Aug-15	MR	SPP	100%

[1] *BW Triton and Hafnia Beijing were delivered in October 2019*
[2] *Hafnia Hong Kong, Hafnia Shanghai, Hafnia Guangzhou and Hafnia Beijing are owned through 50% ownership of Vista Shipping Ltd.*

Fleet list of delivered vessels (continued)

Vessel	DWT	Built	Type	Yard	Stake
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[1]	49,999	Jun-15	MR	Hyundai Mipo	100%
Hafnia Caterina[1]	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%

[1] *Hafnia Andrea was delivered in October 2019. Hafnia Caterina was delivered in December 2019.*

Alternative performance measures

An alternative performance measures ("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.