

Hafnia Limited

# Condensed Consolidated Interim Financial Information Q2 and H1 2020

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“The first six months of 2020 have been among the most extreme periods in the product tanker space, and I am pleased that Hafnia delivered the best quarterly result in our company’s history.

In Q2 we achieved a net profit of USD 97.7 million and will pay a total dividend of USD 38.6 million. Our net profit for the first six months amounted to USD 174.8 million with a total dividend of USD 77.2 million.”

*- Mikael Skov, CEO Hafnia*

## CEO's Statement

The first six months of 2020 have been among the most extreme periods in the product tanker space, and I am pleased that Hafnia delivered the best quarterly result in our company's history. However, due to Covid-19, we are now all living with confinement restrictions, leading to unprecedented demand destruction and weak economic fundamentals. This negatively impacts our short to medium-term market outlook.

We are very proud of establishing the Hafnia Specialized pool, adding an additional pillar to our successful pool management business. In addition, we have invested together with a strategic joint venture partner in a methanol project, exemplifying our strategy to look at sustainable and modern shipping technologies.

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

*- Mikael Skov, CEO Hafnia*

# Highlights – Q2 and H1 2020

## Financial – Q2

Time Charter Equivalent (TCE) earnings for Hafnia Limited (the "Company" or "Hafnia", together with its subsidiaries, the "Group") were USD 206.9 million in Q2 2020 (Q2 2019: 118.0 million). EBITDA was USD 145.9 million in Q2 2020 (Q2 2019: 59.0 million).

In Q2 2020, Hafnia achieved a net profit of USD 97.7 million and earnings per share of USD 0.27 per share (Q2 2019: 12.0 million and earnings per share of USD 0.03 per share).

The commercially managed pool business generated an income of USD 7.1 million.

Hafnia arranged for five-year unsecured interest rate swap lines to further manage its cashflow interest rate risks. In June 2020, an interest rate swap of USD 75.0 million notional amount was executed. The swap tenor is for five years and swap rate is 0.4705%.

As of August 14, 63% of total earning days of the fleet were covered for Q3 at USD 14,053 per day.

Cash flow breakeven was USD 13,402 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 400.4 million in H1 2020 (H1 2019: 250.6 million). EBITDA was USD 275.5 million in H1 2020 (H1 2019: 133.0 million).

In H1 2020, Hafnia achieved a net profit of USD 174.8 million and earnings per share of USD 0.48 per share (H1 2019: net profit of 39.9 million and earnings per share of USD 0.12 per share).

The commercially managed pool business generated an income of USD 13.0 million.

## Fleet

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

In August 2020, Hafnia Shenzhen, a LR1 newbuild under the Vista Joint Venture, was delivered. Hafnia America, a 2006 built LR1 vessel, was sold for USD 11.6 million net in Q3 2020.

The average estimated broker value of the owned fleet was USD 2,174 million, of which the LR2 vessels had a broker value of USD 310 million, the LR1 fleet had a broker value of USD 553 million<sup>2</sup>, the MR fleet had a broker value of USD 1,082 million, and the Handy vessels had a broker value of USD 230 million.

The fleet chartered-in had a right-of-use asset book value of USD 128.6 million with a corresponding lease liability of USD 135.2 million.

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

Hafnia have in Q3, via a joint venture with a strategic partner, invested USD 10 million for 3.33% of a pre-FID methanol project, converting regionally sourced natural gas to methanol with a 3.6 million tonnes per annum production capacity of which the JV will be transporting one-third of the methanol produced on 19-years contracts. In addition to investing in the methanol plant, the JV will be building the vessels transporting their share of the methanol.

Hafnia will pay a quarterly dividend of USD 0.1062 per share. Record date will be September 3 with ex. dividend date of September 2 and payment on September 17. Please see separate announcement for dividend.

### Conference call

Hafnia will host a conference call for investors and financial analysts at 8:00 pm SGT/2:00 pm CET/8:00 am EST. Please dial +65 67135330 (Singapore), +47 80010246 (Norway) or +1 8447600770 and use Conference ID: 8178436

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<sup>1</sup> Including four LR1s and two LR1 newbuilds owned through 50% ownership in the Vista Joint Venture.

<sup>2</sup> Including USD 119.6 million relating to Hafnia's 50% share of four LR1s and two LR1 newbuilds owned through 50% ownership in the Vista Joint Venture

## 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 2020 | Q2 2020 | H1 2020 |
|--|---------|---------|---------|
| <b>Income Statement</b>                    |         |         |         |
| Operating revenue                          | 268.4   | 268.9   | 537.3   |
| TCE income                                 | 193.5   | 206.9   | 400.4   |
| EBITDA                                     | 129.6   | 145.9   | 275.5   |
| Operating profit (EBIT)                    | 91.0    | 107.0   | 198.0   |
| Financial items                            | (14.7)  | (12.1)  | (26.8)  |
| Share of profit from associates            | 1.2     | 3.4     | 4.6     |
| Profit before tax                          | 77.5    | 98.4    | 175.9   |
| Net profit for the period                  | 77.1    | 97.7    | 174.8   |
| <b>Balance Sheet</b>                       |         |         |         |
| Total assets                               | 2,721.6 | 2,692.3 | 2,692.3 |
| Total liabilities                          | 1,581.5 | 1,477.8 | 1,477.8 |
| Total equity                               | 1,140.1 | 1,214.5 | 1,214.5 |
| Cash and cash equivalents                  | 128.5   | 148.0   | 148.0   |
| <b>Key financial figures</b>               |         |         |         |
| Return on Equity (RoE) (p.a.)              | 27.3%   | 33.5%   | 30.0%   |
| Return on Invested Capital (p.a.)          | 15.6%   | 18.3%   | 17.0%   |
| Equity ratio                               | 41.9%   | 45.1%   | 45.1%   |
| Net loan-to-value (LTV) ratio <sup>1</sup> | 56.0%   | 53.7%   | 53.7%   |

<sup>1</sup> LTV ratio is calculated as borrowings on the vessels (net of cash) divided by vessel values.



| For the 3 months ended 30 June 2020                    | LR2    | LR1    | MR     | Handy  | Total  |
|--|--------|--------|--------|--------|--------|
| Vessels on water at the end of the period <sup>1</sup> | 6      | 30     | 47     | 13     | 96     |
| Total operating days <sup>2</sup>                      | 545    | 2,673  | 4,301  | 1,218  | 8,737  |
| Total calendar days (excluding TC-in)                  | 546    | 2,457  | 3,731  | 1,183  | 7,917  |
| TCE (USD per operating day)                            | 27,465 | 27,040 | 22,497 | 18,819 | 23,684 |
| Pool TCE (USD per operating day)                       | -      | 32,500 | 23,834 | 19,099 | 25,598 |
| OPEX (USD per calendar day) <sup>3</sup>               | 6,297  | 6,643  | 5,852  | 5,928  | 6,139  |
| G&A (USD per operating day) <sup>4</sup>               |        |        |        |        | 839    |

## Vessels on balance sheet

As at 30 June 2020, total assets amounted to USD 2,692.3 million, of which USD 2,142.4 million represented the carrying value of the Group's vessels including dry docking, as follows:

| Balance Sheet<br>USD million | LR2   | LR1   | MR      | Handy | Total   |
|------------------------------|-------|-------|---------|-------|---------|
| Vessels (including dry-dock) | 298.1 | 474.1 | 1,132.2 | 238.0 | 2,142.4 |

<sup>1</sup> Excluding four LR1s and two LR1 newbuilds owned through 50% ownership in the Vista Shipping Limited.

<sup>2</sup> Total operating days include operating days for vessels that are time chartered-in.

<sup>3</sup> OPEX includes vessel running costs and technical management fees.

<sup>4</sup> G&A adjusted for cost incurred in managing external vessels.

## Cash and cash flows

Cash and cash equivalents amounted to USD 148.0 million as of 30 June 2020 (30 June 2019: USD 100.9 million).

Operating activities generated a net cash inflow of USD 168.6 million in Q2 2020 (Q2 2019: USD 70.7 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 outflow of USD 12.6 million in Q2 2020 (Q2 2019: net cash outflow of USD 22.6 million).

Financing activities resulted in a net cash outflow of USD 136.5 million in Q2 2020 (Q2 2019: net cash outflow of USD 22.3 million).





## Hafnia's dividend policy

Hafnia targets a quarterly dividend based on a pay-out ratio of 50% of annual net profit, adjusted for extraordinary items. The final amount of dividend is to be decided by the Board of Directors. 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

In view of the COVID-19 backdrop and resulting uncertain economic outlook, the Board has set the quarterly payout ratio at 39.5% for Q2 following a 50% payout ratio in Q1.

As the payout ratio is an annual target, it may vary from quarter to quarter.

## Coverage of earning days

As of 14 August 2020, 63% of the total earning days in the third quarter of 2020 were covered at USD 14,053 per day. The table on the next page shows the quarterly figures for Q3 2020, the half year figures for H2 2020 and the full year figures for 2021.



| Fleet overview   | Q3 2020     | H2 2020     | 2021        |
|--|-------------|-------------|-------------|
| <b>Owned ships, # of vessels</b>                           |             |             |             |
| 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        |
| <b>Total</b>   | <b>81.0</b> | <b>81.0</b> | <b>81.0</b> |
| <b>Charter-in and leaseback ships, # of vessels</b>        |             |             |             |
| LR2  | -           | -           | -           |
| LR1  | 8.0         | 8.0         | 8.0         |
| MR   | 6.1         | 6.1         | 6.0         |
| Handy  | 1.0         | 0.7         | -           |
| <b>Total</b>   | <b>15.1</b> | <b>14.8</b> | <b>14.0</b> |
| <b>Vista joint venture ships<sup>1</sup>, # of vessels</b> |             |             |             |
| LR2  | -           | -           | -           |
| LR1  | 4.3         | 4.7         | 5.9         |
| MR   | -           | -           | -           |
| Handy  | -           | -           | -           |
| <b>Total</b>   | <b>4.3</b>  | <b>4.7</b>  | <b>5.9</b>  |

<sup>1</sup> The figures are presented on a 100% basis. The JV vessels are owned through Hafnia's 50% participation in the Vista joint venture

|                                   | Q3 2020       | H2 2020       | 2021          |
|-----------------------------------|---------------|---------------|---------------|
| <b>Total ships, # of vessels</b>  |               |               |               |
| LR2                               | 6.0           | 6.0           | 6.0           |
| LR1                               | 33.3          | 33.7          | 34.9          |
| MR                                | 47.1          | 47.1          | 47.0          |
| Handy                             | 14.0          | 13.7          | 13.0          |
| <b>Total</b>                      | <b>100.4</b>  | <b>100.5</b>  | <b>100.9</b>  |
| <b>Covered, %</b>                 |               |               |               |
| LR2                               | 96%           | 90%           | 48%           |
| LR1                               | 66%           | 39%           | 1%            |
| MR                                | 62%           | 39%           | 4%            |
| Handy                             | 45%           | 26%           | -             |
| <b>Total</b>                      | <b>63%</b>    | <b>40%</b>    | <b>5%</b>     |
| <b>Covered rates, USD per day</b> |               |               |               |
| LR2                               | 27,558        | 27,842        | 26,736        |
| LR1                               | 14,706        | 15,365        | 18,559        |
| MR                                | 11,832        | 12,337        | 16,535        |
| Handy                             | 9,782         | 9,493         | 12,002        |
| <b>Total</b>                      | <b>14,053</b> | <b>15,142</b> | <b>22,415</b> |

# Tanker segment results and outlook

## Market Q2 2020

As economic activity started to recover in China in April 2020 many other economies in the West and Asia went into lockdown. Globally, it is estimated that more than four billion people were under some form of lockdown in early Q2 2020. This led to a collapse in global demand for oil, with demand in April estimated to have fallen by 21.8 million barrels per day year-on-year, which is the single largest contraction in history.

On the back of an oversupply of refined products from increased crude oil production by OPEC+ countries, a super contango market structure emerged. With land-based storage filling up rapidly, the steepening contango market led to a surge in demand for floating storage for crude oil and refined products. With active tonnage supply being further reduced by port congestion, freight rates across the product tanker segments soared to new historical highs in late April. As reported by the Baltic Exchange, LR2 earnings exceeded USD 170K per day, LR1 earnings exceeded USD 110K per day and MR earnings exceeded USD 70K per day. These posted rates proved elusive as most of the global fleet was not in position to capture them, in part because ships were stuck with port delays and acting as floating storage. Nonetheless, achieved rates were much stronger than normal.

The product tanker markets remained at elevated levels till mid-May 2020 as refineries managed to reduce output to match the new and significantly lower demand reality, before higher oil prices (driven by OPEC+ production cuts of two million barrels per day) began to flatten the contango curve and diminished the viability of floating storage. Thereafter, demand for product tankers receded significantly as inventories built up over the past few months started to be drawn down. This triggered the unwinding of vessels in floating storage which, in turn, placed further pressure on product tanker freight rates for the remainder of Q2 2020.

# Tanker segment results and outlook

## Q3 2020 thus far and outlook

Against expectations, Q3 has surprised positively with the Atlantic basin benefitting from lower than usual tonnage supply and a strong USG market driven by higher than expected refinery utilization. US Gulf Coast TCEs jumped more than USD 13,000/day from end June. Europe experienced usual seasonality with low activity except during the recent land fall of Hurricane Laura in the US Gulf. The East of Suez markets have suffered from higher than usual tonnage supply in the beginning of the quarter but lately a significantly improved LR market in the Middle East on strong naphtha demand and strong Chinese exports. We are yet to see a normality in arbitrage movements from East to West with jet fuel.

The outlook for oil demand growth in the second half of 2020 remains uncertain. The resurgence of coronavirus infections in several parts of Asia and Europe suggest that the risk of an extended rebound period is ever present.



| LR2   | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 |
|---|---------|---------|---------|---------|
| Operating days (owned)                      | 277     | 451     | 546     | 545     |
| Operating days (TC - in)                    | -       | -       | -       | -       |
| TCE<br>(USD per operating day) <sup>1</sup> | 22,004  | 24,723  | 23,762  | 27,465  |
| Calendar days<br>(excluding TC - in)        | 339     | 389     | 546     | 546     |
| OPEX<br>(USD per calendar day)              | 5,944   | 8,177   | 6,383   | 6,297   |

| MR  | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 |
|---|---------|---------|---------|---------|
| Operating days (owned)                      | 3,632   | 3,692   | 3,693   | 3,642   |
| Operating days (TC - in)                    | 363     | 403     | 521     | 661     |
| TCE<br>(USD per operating day) <sup>1</sup> | 13,366  | 17,309  | 21,960  | 22,497  |
| Calendar days<br>(excluding TC - in)        | 3,634   | 3,725   | 3,731   | 3,731   |
| OPEX<br>(USD per calendar day)              | 6,277   | 7,069   | 6,728   | 5,852   |

| LR1                                      | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 |
|--|---------|---------|---------|---------|
| Operating days (owned)                   | 2,435   | 2,287   | 2,406   | 2,400   |
| Operating days (TC - in)                 | 177     | 275     | 273     | 273     |
| TCE (USD per operating day) <sup>1</sup> | 13,989  | 20,560  | 22,767  | 27,040  |
| Calendar days<br>(excluding TC - in)     | 2,441   | 2,527   | 2,457   | 2,457   |
| OPEX (USD per calendar day)              | 7,576   | 6,289   | 7,345   | 6,643   |

| HANDY                                       | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 |
|---|---------|---------|---------|---------|
| Operating days (owned)                      | 1,137   | 1,207   | 1,173   | 1,135   |
| Operating days (TC - in)                    | -       | -       | -       | 84      |
| TCE<br>(USD per operating day) <sup>1</sup> | 9,376   | 18,588  | 22,723  | 18,819  |
| Calendar days<br>(excluding TC - in)        | 1,183   | 1,209   | 1,183   | 1,183   |
| OPEX<br>(USD per calendar day)              | 5,596   | 6,127   | 6,306   | 5,928   |

<sup>1</sup> TCE represents gross TCE income after adding back pool commissions.

## 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 9.3 and note 24 of the Annual Report 2019 and are principle risks for the remaining six months of 2020.

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 2020.



## 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 2020 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

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28 August 2020

# Consolidated interim statement of comprehensive income

|  | Note | For the 3 months ended<br>30 June 2020<br>USD'000 | For the 3 months ended<br>30 June 2019<br>USD'000 | For the 6 months ended<br>30 June 2020<br>USD'000 | For the 6 months ended<br>30 June 2019<br>USD'000 |
|--|------|---|---|---|---|
| Revenue  |      | 268,894   | 200,683   | 537,328   | 414,776   |
| Voyage expenses  |      | (61,966)  | (82,673)  | (136,940)   | (164,192)   |
| <b>TCE income<sup>1</sup></b>                                |      | <b>206,928</b>                                    | <b>118,010</b>                                    | <b>400,388</b>                                    | <b>250,584</b>                                    |
| Other operating income                                       |      | 7,104   | 1,369   | 13,366  | 1,419   |
| Vessel operating expenses                                    |      | (45,698)  | (46,784)  | (96,958)  | (89,357)  |
| Technical management expenses                                |      | (4,104)   | (3,706)   | (8,138)   | (7,621)   |
| Charter hire expenses  |      | (8,103)   | (3,647)   | (13,538)  | (9,404)   |
| General and administrative expenses                          |      | (10,223)  | (6,274)   | (19,639)  | (12,602)  |
| <b>Operating profit before depreciation and amortisation</b> |      | <b>145,904</b>                                    | <b>58,968</b>                                     | <b>275,481</b>                                    | <b>133,019</b>                                    |
| Depreciation and amortisation charges                        | 5    | (38,868)  | (31,269)  | (77,434)  | (60,454)  |
| <b>Operating profit</b>                                      |      | <b>107,036</b>                                    | <b>27,699</b>                                     | <b>198,047</b>                                    | <b>72,565</b>                                     |
| Interest income  |      | 416   | 1,042   | 1,316   | 2,010   |
| Interest expense   |      | (12,143)  | (17,186)  | (26,733)  | (34,414)  |
| Other finance expense  |      | (434)   | (168)   | (1,401)   | (847)   |
| <b>Finance expense – net</b>                                 |      | <b>(12,161)</b>                                   | <b>(16,312)</b>                                   | <b>(26,818)</b>                                   | <b>(33,251)</b>                                   |
| Share of profit from associates                              |      | 3,479   | 624   | 4,639   | 624   |
| <b>Profit before income tax</b>                              |      | <b>98,354</b>                                     | <b>12,011</b>                                     | <b>175,868</b>                                    | <b>39,938</b>                                     |
| Income tax expense   |      | (621)   | (17)  | (1,023)   | (37)  |
| <b>Profit after tax</b>                                      |      | <b>97,733</b>                                     | <b>11,994</b>                                     | <b>174,845</b>                                    | <b>39,901</b>                                     |

<sup>1</sup> 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<br>30 June 2020<br>USD'000 | For the 3 months ended<br>30 June 2019<br>USD'000 | For the 6 months ended<br>30 June 2020<br>USD'000 | For the 6 months<br>ended 30 June 2019<br>USD'000 |
|---|------|---|---|---|---|
| <b>Other comprehensive income/(loss):</b>                                   |      |   |   |   |   |
| <b>Items that may be subsequently reclassified to income statement</b>      |      |   |   |   |   |
| Foreign operations - foreign currency translation differences               |      | -   | (11)  | -   | (11)  |
| Cash flow hedges  |      |   |   |   |   |
| - Fair value losses   |      | (3,635)   | (3,324)   | (23,284)  | (6,804)   |
| - Reclassification to profit or loss – interest expense                     |      | 18,462  | (68)  | 16,179  | (255)   |
|   |      | 14,827  | (3,403)   | (7,105)   | (7,070)   |
| <b>Total comprehensive income</b>   |      |   |   |   |   |
|   |      | 112,560   | 8,591   | 167,740   | 32,831  |
| <b>Earnings per share attributable to the equity holders of the Company</b> |      |   |   |   |   |
| Basic no. of shares   |      | 363,050,093                                       | 343,159,979                                       | 365,676,201                                       | 343,159,979                                       |
| Basic and diluted earnings in USD per share                                 |      | 0.27  | 0.03  | 0.48  | 0.12  |
| Diluted no. of shares   |      | 369,913,247                                       | 346,096,112                                       | 371,502,340                                       | 346,096,112                                       |
| Diluted earnings in USD per share   |      | 0.26  | 0.03  | 0.47  | 0.12  |

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

# Consolidated balance sheet

|  | Note | As at 30<br>June 2020<br>USD'000 | As at 31<br>Dec 2019<br>USD'000 |
|--|------|----------------------------------|---------------------------------|
| Vessels                                    | 5    | 2,082,349                        | 2,123,179                       |
| Dry docking and scrubbers                  | 5    | 60,073                           | 59,306                          |
| Right-of-use assets                        | 5    | 128,648                          | 129,366                         |
| Other property, plant and equipment        |      | 74                               | 100                             |
| <b>Total property, plant and equipment</b> |      | <b>2,271,144</b>                 | <b>2,311,951</b>                |
| Investment in associate                    |      | 6,357                            | 1,718                           |
| Loan to joint venture                      |      | 34,509                           | 29,584                          |
| Deferred tax assets                        |      | 36                               | 36                              |
| Derivative financial instruments           |      | 134                              | -                               |
| Intangible assets                          |      | 2,851                            | 3,159                           |
| <b>Total other non-current assets</b>      |      | <b>43,887</b>                    | <b>34,497</b>                   |
| <b>Total non-current assets</b>            |      | <b>2,315,031</b>                 | <b>2,346,448</b>                |
| Inventories                                |      | 6,045                            | 6,986                           |
| Trade and other receivables                |      | 216,562                          | 233,489                         |
| Derivative financial instruments           |      | 6,605                            | 2,737                           |
| Cash and cash equivalents                  |      | 148,025                          | 91,612                          |
| <b>Total current assets</b>                |      | <b>377,237</b>                   | <b>334,824</b>                  |
| <b>Total assets</b>                        |      | <b>2,692,268</b>                 | <b>2,681,272</b>                |

|                                      | Note | As at 30<br>June 2020<br>USD'000 | As at 31<br>Dec 2019<br>USD'000 |
|--------------------------------------|------|----------------------------------|---------------------------------|
| Share capital                        | 7    | 3,703                            | 3,703                           |
| Share premium                        | 7    | 704,834                          | 704,834                         |
| Contributed surplus                  |      | 537,112                          | 537,112                         |
| Other reserve                        | 7    | (12,313)                         | (5,725)                         |
| Treasury Shares                      |      | (13,001)                         | (500)                           |
| Accumulated losses                   |      | (5,835)                          | (120,920)                       |
| <b>Total shareholders' equity</b>    |      | <b>1,214,500</b>                 | <b>1,118,504</b>                |
| Borrowings                           | 8    | 1,165,216                        | 1,234,796                       |
| Derivative financial instruments     |      | 20,225                           | 6,514                           |
| Other payables                       |      | 2,392                            | 1,238                           |
| <b>Total non-current liabilities</b> |      | <b>1,187,833</b>                 | <b>1,242,548</b>                |
| Current income tax liabilities       |      | 1,804                            | 1,416                           |
| Derivative financial instruments     |      | 208                              | -                               |
| Trade and other payables             |      | 71,227                           | 105,474                         |
| Borrowings                           | 8    | 216,696                          | 213,330                         |
| <b>Total current liabilities</b>     |      | <b>289,935</b>                   | <b>320,220</b>                  |
| <b>Total liabilities</b>             |      | <b>1,477,768</b>                 | <b>1,562,768</b>                |
| <b>Total equity and liabilities</b>  |      | <b>2,692,268</b>                 | <b>2,681,272</b>                |

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

## Consolidated interim statement of changes in equity

| Note   | Share Capital<br>USD'000 | Share Premium<br>USD'000 | Contributed Surplus<br>USD'000 | Capital reserve<br>USD'000 | Translation reserve<br>USD'000 | Hedging reserve<br>USD'000 | Treasury shares<br>USD'000 | Share-based payment reserve<br>USD'000 | Accumulated Losses<br>USD'000 | Total<br>USD'000 |
|--|--------------------------|--------------------------|--------------------------------|----------------------------|--------------------------------|----------------------------|----------------------------|--|-------------------------------|------------------|
| <b>Balance at 1 January 2020</b>                           | <b>3,703</b>             | <b>704,834</b>           | <b>537,112</b>                 | <b>-</b>                   | <b>(34)</b>                    | <b>(6,514)</b>             | <b>(500)</b>               | <b>823</b>                             | <b>(120,920)</b>              | <b>1,118,504</b> |
| Treasury shares acquired                                   | -                        | -                        | -                              | -                          | -                              | -                          | (12,641)                   | -                                      | -                             | (12,641)         |
| Equity-settled share-based payment                         | -                        | -                        | -                              | -                          | -                              | -                          | 140                        | 517                                    | -                             | 657              |
| Dividends paid   | -                        | -                        | -                              | -                          | -                              | -                          | -                          | -                                      | (59,760)                      | (59,760)         |
| Total comprehensive (loss)/income for the financial period | -                        | -                        | -                              | -                          | -                              | (7,105)                    | -                          | -                                      | 174,845                       | 167,740          |
| <b>Balance at 30 June 2020</b>                             | <b>3,703</b>             | <b>704,834</b>           | <b>537,112</b>                 | <b>-</b>                   | <b>(34)</b>                    | <b>(13,619)</b>            | <b>(13,001)</b>            | <b>1,340</b>                           | <b>(5,835)</b>                | <b>1,214,500</b> |
| <b>Balance at 1 January 2019</b>                           | <b>1,962</b>             | <b>221,220</b>           | <b>537,112</b>                 | <b>50,011</b>              | <b>-</b>                       | <b>3,158</b>               | <b>-</b>                   | <b>-</b>                               | <b>(242,384)</b>              | <b>571,079</b>   |
| Alignment of accounting policies on merger                 | 2c                       | -                        | -                              | -                          | -                              | -                          | -                          | -                                      | 2,097                         | 2,097            |
| <b>Transactions with owners</b>                            |                          |                          |                                |                            |                                |                            |                            |  |                               |                  |
| Issue of shares to former shareholders of Hafnia Tankers   | 2b                       | 1,470                    | 411,872                        | -                          | -                              | -                          | -                          | -                                      | (75,892)                      | 337,450          |
| Acquisition of Hafnia Tankers' reserves                    | 2b                       | -                        | -                              | -                          | -                              | (34)                       | (1,874)                    | (14,038)                               | -                             | (15,946)         |
| 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           |

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

|  | Note | Share<br>Capital<br>USD'000 | Share<br>Premium<br>USD'000 | Contri-<br>buted<br>Surplus<br>USD'000 | Capital<br>reserve<br>USD'000 | Trans-<br>lation<br>reserve<br>USD'000 | Hedging<br>reserve<br>USD'000 | Treasury<br>shares<br>USD'000 | Share-<br>based<br>payment<br>reserve<br>USD'000 | Accumu-<br>lated<br>Losses<br>USD'000 | Total<br>USD'000 |
|--|------|-----------------------------|-----------------------------|--|-------------------------------|--|-------------------------------|-------------------------------|--|---------------------------------------|------------------|
| Treasury shares acquired                                 |      | -                           | -                           | -                                      | -                             | -                                      | -                             | (500)                         | -  | -                                     | (500)            |
| Equity-settled share-based payment                       |      | -                           | -                           | -                                      | -                             | -                                      | -                             | -                             | 305  | -                                     | 305              |
| <b>Transfer of reserve</b>                               |      |                             |                             |  |                               |  |                               |                               |  |                                       |                  |
| Transfer of reserve                                      |      | -                           | -                           | -                                      | (50,011)                      | -                                      | -                             | -                             | -  | 50,011                                | -                |
| <b>Total comprehensive income</b>                        |      |                             |                             |  |                               |  |                               |                               |  |                                       |                  |
| Total comprehensive income for the financial period      |      | -                           | -                           | -                                      | -                             | (11)                                   | (7,059)                       | -                             | -  | 39,901                                | 32,831           |
| <b>Balance at 30 June 2019</b>                           |      | <b>3,432</b>                | <b>633,092</b>              | <b>537,112</b>                         | <b>-</b>                      | <b>(45)</b>                            | <b>(6,717)</b>                | <b>(500)</b>                  | <b>305</b>                                       | <b>(152,753)</b>                      | <b>1,013,926</b> |
| Equity-settled share-based payment                       |      | -                           | -                           | -                                      | -                             | -                                      | -                             | -                             | 518  | -                                     | 518              |
| Issue of common shares (net of capitalised listing fees) |      | 271                         | 71,742                      | -                                      | -                             | -                                      | -                             | -                             | -  | -                                     | 72,013           |
| Total comprehensive income for the financial period      |      | -                           | -                           | -                                      | -                             | 11                                     | 203                           | -                             | -  | 31,833                                | 32,047           |
| <b>Balance at 31 December 2019</b>                       |      | <b>3,703</b>                | <b>704,834</b>              | <b>537,112</b>                         | <b>-</b>                      | <b>(34)</b>                            | <b>(6,514)</b>                | <b>(500)</b>                  | <b>823</b>                                       | <b>(120,920)</b>                      | <b>1,118,504</b> |



# Consolidated statement of cash flows

|   | For the 3 months<br>ended 30 June 2020<br>USD'000 | For the 3 months<br>ended 30 June 2019<br>USD'000 | For the 6 months<br>ended 30 June 2020<br>USD'000 | For the 6 months ended<br>30 June 2019<br>USD'000 |
|---|---|---|---|---|
| <b>Cash flows from operating activities</b>                 |   |   |   |   |
| Profit for the financial period                             | 97,733  | 11,994  | 174,845   | 39,901  |
| Adjustments for:  |   |   |   |   |
| - depreciation charge of property, plant and equipment      | 38,868  | 31,269  | 77,434  | 60,454  |
| - amortisation of prepaid finance lease expenses            | -   | 46  | -   | 407   |
| - interest income   | (416)   | (1,042)   | (1,316)   | (2,010)   |
| - interest expense  | 12,143  | 17,186  | 26,733  | 34,414  |
| - other finance expense                                     | 434   | 168   | 1,401   | 847   |
| - income tax expense  | 621   | 17  | 1,023   | 37  |
| - share of profit of equity accounted investees, net of tax | (3,479)   | (624)   | (4,639)   | (624)   |
| - unrealised currency translation gain                      | -   | (11)  | -   | (11)  |
| - equity-settled share based payment transactions           | 400   | 305   | 658   | 305   |
| Operating cash flow before working capital changes          | 146,304   | 59,308  | 276,139   | 133,720   |
| Changes in working capital:                                 |   |   |   |   |
| - inventories   | 572   | 6,070   | 941   | 9,702   |
| - trade and other receivables                               | 32,914  | 639   | 19,142  | (15,475)  |
| - trade and other payables                                  | (10,577)  | 4,671   | (33,092)  | 505   |
| Cash generated from operations                              | 169,213   | 70,688  | 263,130   | 128,452   |
| Income tax paid   | (626)   | (11)  | (635)   | (65)  |
| <b>Net cash provided by operating activities</b>            | <b>168,587</b>                                    | <b>70,677</b>                                     | <b>262,495</b>                                    | <b>128,387</b>                                    |

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

|   | For the 3 months<br>ended 30 June 2020<br>USD'000 | For the 3 months<br>ended 30 June 2019<br>USD'000 | For the 6 months ended<br>30 June 2020<br>USD'000 | For the 6 months<br>ended 30 June 2019<br>USD'000 |
|---|---|---|---|---|
| <b>Cash flows from investing activities</b>                     |   |   |   |   |
| Loan to joint venture company                                   | (3,700)   | (3,700)   | (4,250)   | (33,750)  |
| Repayment of loan by joint venture company                      | -   | 25,900  | -   | 25,900  |
| Dividend received from associated companies                     | -   | 372   | -   | 372   |
| Acquisition of businesses                                       | -   | (3,279)   | -   | (3,279)   |
| Purchase of property, plant and equipment                       | (8,949)   | (42,328)  | (18,557)  | (106,572)   |
| Interest income received  | 78  | 393   | 641   | 761   |
| <b>Net cash used in investing activities</b>                    | <b>(12,571)</b>                                   | <b>(22,642)</b>                                   | <b>(22,166)</b>                                   | <b>(116,568)</b>                                  |
| <b>Cash flows from financing activities</b>                     |   |   |   |   |
| Proceeds from borrowings from external financial institutions   | -   | 33,600  | 77,500  | 130,800   |
| Proceeds from borrowings from non-related parties               | -   | 209   | -   | 419   |
| Repayment of borrowings to external financial institutions      | (75,970)  | (32,825)  | (141,566)   | (81,836)  |
| Repayment of borrowings to a related corporation                | (178)   | -   | (928)   | -   |
| Repayment of borrowings to non-related parties                  | (41)  | (25)  | (221)   | (158)   |
| Repayment of finance lease liabilities                          | (2,579)   | (2,839)   | (5,230)   | (5,683)   |
| Repayment of other lease liabilities                            | (10,208)  | (5,320)   | (19,897)  | (9,588)   |
| Payment of financing fees                                       | -   | -   | -   | (2,124)   |
| Interest paid to external financial institutions                | (8,671)   | (13,915)  | (20,193)  | (26,187)  |
| Interest paid to a related corporation                          | -   | (504)   | -   | (1,132)   |
| Other finance expense paid                                      | (264)   | (223)   | (980)   | (930)   |
| Dividends paid  | (38,557)  | -   | (59,760)  | -   |
| Repurchase of treasury shares                                   | -   | (500)   | (12,641)  | (500)   |
| <b>Net cash (used in)/provided by financing activities</b>      | <b>(136,468)</b>                                  | <b>(22,342)</b>                                   | <b>(183,916)</b>                                  | <b>3,081</b>                                      |
| <b>Net increase in cash and cash equivalents</b>                | <b>19,548</b>                                     | <b>25,693</b>                                     | <b>56,413</b>                                     | <b>14,900</b>                                     |
| Cash and cash equivalents at beginning of the financial period  | 128,477   | 75,206  | 91,612  | 85,999  |
| <b>Cash and cash equivalents at end of the financial period</b> | <b>148,025</b>                                    | <b>100,899</b>                                    | <b>148,025</b>                                    | <b>100,899</b>                                    |

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

### Significant non-cash transactions

During the six-month period ended 30 June 2020, there were USD 17.8 million of right-of-use assets being capitalised from leases not included in “purchase of property, plant and equipment” in the investing activity.

### Restricted cash

Cash and cash equivalents at the end of the financial period includes USD 10.1 million (31 December 2019: USD Nil) of cash equivalents held in futures trading accounts that are not available for general use by the Group.

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



## **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

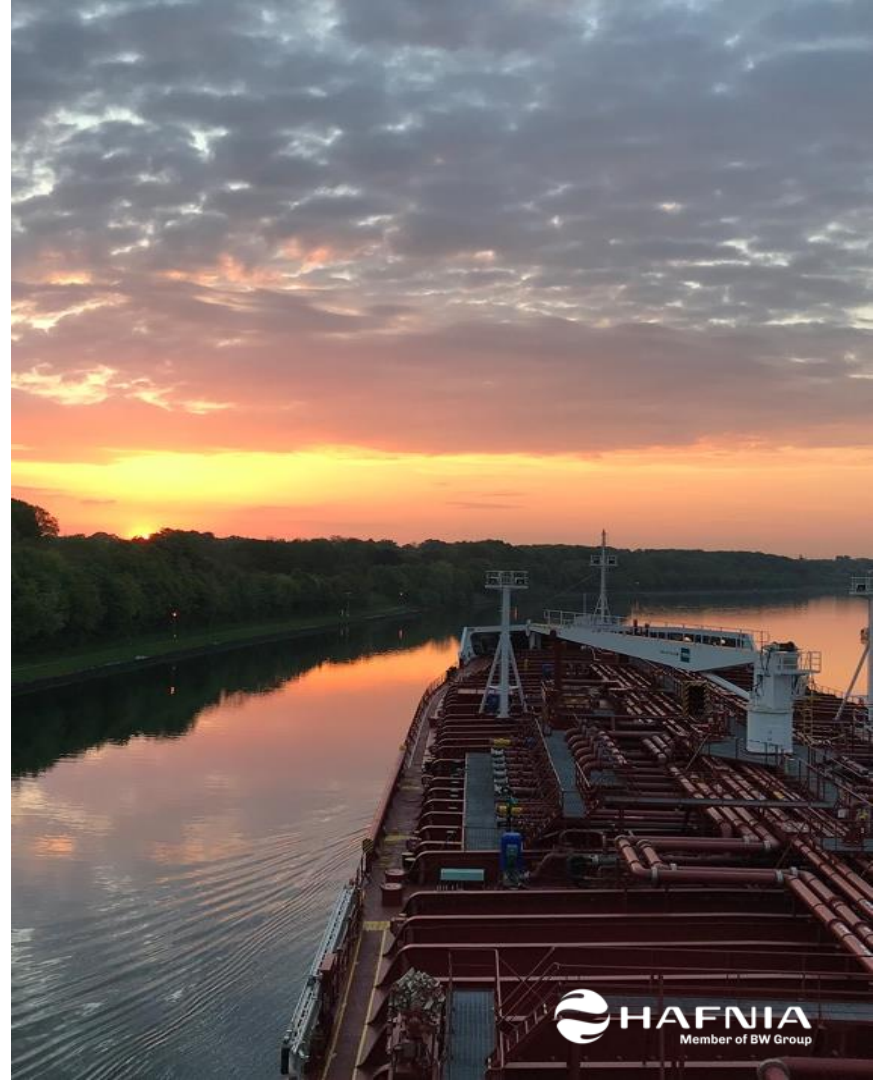
## Basis of preparation

### 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, BW Tankers Limited (“BW Tankers”) merged with Hafnia Tankers Limited (“Hafnia Tankers”), a fellow subsidiary of BW Group Limited. 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, the wholly-owned subsidiary 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 Limited 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. 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 Company has elected not to restate the comparatives of Hafnia Limited, so as to

reflect the combination with Hafnia Tankers Limited following the scheme of merger which took place in 16 January 2019. The previously reported comparative information of Hafnia Limited will be reproduced in the full year financial statements for the year ending 31 December 2019.

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.

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

|   | BW Tankers<br>Limited<br>USD'000 | Hafnia Tankers<br>Limited<br>USD'000 | Merger Adjustments<br>USD'000 | Total<br>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          |
| <b>Total assets</b>                       | <b>1,316,177</b>                 | <b>989,861</b>                       | <b>-</b>                      | <b>2,306,038</b> |
| 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           |
| <b>Total liabilities</b>                  | <b>743,001</b>                   | <b>581,747</b>                       | <b>-</b>                      | <b>1,324,748</b> |
| Share capital <sup>1</sup>                | 1,962                            | 339                                  | 1,131                         | 3,432            |
| Share premium <sup>1</sup>                | 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 <sup>2</sup>           | (190,276)                        | (75,892)                             | 73,514                        | (192,654)        |
| Non-controlling interests <sup>3</sup>    | -                                | 145,143                              | (145,143)                     | -                |
| <b>Total equity</b>                       | <b>573,176</b>                   | <b>408,114</b>                       | <b>-</b>                      | <b>981,290</b>   |



**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 condensed consolidated interim financial information. As a consequence, there is an adjustment for the capitalisation of lubricating oils onboard vessels in the opening accumulated losses.

## Changes in accounting policies

*New standards, amendments to published standards and interpretations, effective in 2020*

The Group has adopted the following relevant new standards, amendments to or interpretations of standards as of 1 January 2020:

(a) Amendments:

- Definition of Material – Amendments to IAS 1 and IAS 8
- Definition of a Business – Amendments to IFRS 3
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

(b) New standards and interpretation:

- Revised Conceptual Framework for Financial Reporting

The adoption of these new standards and amendments 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 2020 to 30 June 2020 has been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2019 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

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

The condensed consolidated interim financial information for the six-month period from 1 January 2020 to 30 June 2020 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 2019.

## 5

# Property, plant and equipment

|   | Right-of-use<br>assets<br>USD'000 | Vessels<br>USD'000 | Dry docking and<br>scrubbers<br>USD'000 | Vessels under<br>construction<br>USD'000 | Total<br>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                                       | 170,651                           | 2,956,862          | 99,916                                  | -  | 3,227,429        |
| <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                                       | 42,003                            | 874,513            | 39,843                                  | -  | 956,359          |
| <i>Net book value</i>                                 |                                   |                    |   |  |                  |
| At 30 June 2020                                       | 128,648                           | 2,082,349          | 60,073                                  | -  | 2,271,070        |

|   | Right-of-use<br>assets<br>USD'000 | Vessels<br>USD'000 | Dry docking and<br>scrubbers<br>USD'000 | Vessels under<br>construction<br>USD'000 | Total<br>USD'000 |
|---|-----------------------------------|--------------------|---|--|------------------|
| <i>Cost</i>   |                                   |                    |   |  |                  |
| At 1 January 2019                                   | 21,170                            | 1,766,605          | 48,866                                  | 117,495                                  | 1,954,136        |
| Acquisition of vessels on merge 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        |

|   | Right-of-use<br>assets<br>USD'000 | Vessels<br>USD'000 | Dry docking and<br>scrubbers<br>USD'000 | Vessels under<br>construction<br>USD'000 | Total<br>USD'000 |
|---|-----------------------------------|--------------------|---|--|------------------|
| <i>Accumulated depreciation and impairment charge</i> |                                   |                    |   |  |                  |
| At 1 January 2019                                     | -                                 | 738,728            | 22,403                                  | -  | 761,131          |
| Depreciation charge                                   | 3,839                             | 20,750             | 4,596                                   | -  | 29,185           |
| Write-off on completion of<br>dry docking cycle       | -                                 | -                  | (713)                                   | -  | (713)            |
| At 31 March 2019 / 1 April 2019                       | 3,839                             | 759,478            | 26,286                                  | -  | 789,603          |
| Depreciation charge                                   | 4,741                             | 21,814             | 4,714                                   | -  | 31,269           |
| At 30 June 2019 / 1 July 2019                         | 8,580                             | 781,292            | 31,000                                  | -  | 820,872          |
| Depreciation charge                                   | 6,966                             | 22,364             | 4,656                                   | -  | 33,986           |
| Disposal of vessel                                    | -                                 | (481)              | (153)                                   | -  | (634)            |
| Write-off on completion of<br>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<br>dry docking cycle       | -                                 | -                  | (5,828)                                 | -  | (5,828)          |
| At 31 December 2019                                   | 23,523                            | 826,891            | 29,673                                  | -  | 880,087          |
| <i>Net book value</i>                                 |                                   |                    |   |  |                  |
| At 30 June 2019                                       | 87,479                            | 1,963,461          | 45,595                                  | 67,649                                   | 2,164,184        |
| At 31 December 2019                                   | 129,366                           | 2,123,179          | 59,306                                  | -  | 2,311,851        |

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

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

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 2020, the Group assessed whether these CGUs have indicators of impairment by reference to internal and external factors. The market valuation of the fleet of vessels, as appraised by independent shipbrokers, is one key test performed by the Group. 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 2020 (six months ended 30 June 2019: USD Nil).

- b. The Group has mortgaged vessels with a total carrying amount of USD 2,142.4 million at 30 June 2020 (31 December 2019: USD 2,182.5 million) as security over the Group's bank borrowings.
- c. Additions to right-of-use assets amounted to USD 17.8 million (six months ended 30 June 2019: USD 34.1 million).



## 6

## 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 value measurement

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.

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



|   | USD'000      |
|---|--------------|
| <b>Fair value of identifiable net assets acquired</b> |              |
| 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        |
| <b>Total purchase consideration</b>                   | <b>3,279</b> |



## 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<br>shares | Share capital<br>USD'000 | Share premium<br>USD'000 | Total<br>USD'000 |
|--------------------------------------|----------------------|--------------------------|--------------------------|------------------|
| <b>At 1 January 2019</b>             | <b>196,241,352</b>   | <b>1,962</b>             | <b>221,220</b>           | <b>223,182</b>   |
| Shares issued for merger             | 146,916,627          | 1,470                    | 411,872                  | 413,342          |
| New shares issued                    | 27,086,346           | 271                      | 71,742                   | 72,013           |
| <b>At 31 December 2019</b>           | <b>370,244,325</b>   | <b>3,703</b>             | <b>704,834</b>           | <b>708,537</b>   |
| <b>At 1 January and 30 June 2020</b> | <b>370,244,325</b>   | <b>3,703</b>             | <b>704,834</b>           | <b>708,537</b>   |

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

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

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

As at 30 June 2020, the Company has 370,244,325 outstanding shares, of which 7,179,946 are treasury shares.

## c. Other reserve

| (i)                         | As at 30 June 2020<br>USD'000 | As at 31 December 2019<br>USD'000 |
|-----------------------------|-------------------------------|-----------------------------------|
| <b>Composition:</b>         |                               |                                   |
| Translation reserve         | (34)                          | (34)                              |
| Hedging reserve             | (13,619)                      | (6,514)                           |
| Share based payment reserve | 1,340                         | 823                               |
|                             | (12,313)                      | (5,725)                           |

|                                       |  |                |
|---------------------------------------|--|----------------|
| (ii)                                  | <b>Movements of the reserves are as follows:</b> |                |
|                                       | <u>Hedging reserve</u>                           |                |
| At beginning of the financial period  | (6,514)  | 3,158          |
| Adjustment of reserve on Merger       | -  | (2,816)        |
| Fair value losses on cash flow hedges | (23,284)   | (7,266)        |
| Reclassification to profit or loss    | 16,179   | 410            |
| <b>At end of the financial period</b> | <b>(13,619)</b>                                  | <b>(6,514)</b> |

## 8

## Borrowings

|                                | As at 30<br>June 2020<br>USD'000 | As at 31<br>December 2019<br>USD'000 |
|--------------------------------|----------------------------------|--------------------------------------|
| <b>Current</b>                 |                                  |                                      |
| Loan from related corporations | 7,750                            | 8,500                                |
| Loan from non-related parties  | 390                              | 106                                  |
| Bank borrowings                | 168,027                          | 167,659                              |
| Finance lease liabilities      | 7,331                            | 7,244                                |
| Other lease liabilities        | 33,198                           | 29,821                               |
|                                | 216,696                          | 213,330                              |
| <b>Non-current</b>             |                                  |                                      |
| Loan from non-related parties  | 4,587                            | 5,066                                |
| Bank borrowings                | 980,176                          | 1,043,389                            |
| Finance lease liabilities      | 78,452                           | 82,128                               |
| Other lease liabilities        | 102,001                          | 104,213                              |
|                                | 1,165,216                        | 1,234,796                            |
| <b>Total borrowings</b>        | <b>1,381,912</b>                 | <b>1,448,126</b>                     |



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

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

| Repayment profile        | For the<br>6 months ended<br>31 December 2020<br>USD'000 | For the financial<br>year ended<br>31 December 2021<br>USD'000 |
|--------------------------|--|--|
| USD 676 million facility | 24,104   | 48,208   |
| USD 473 million facility | 24,636   | 49,272   |
| USD 266 million facility | 11,061   | 22,123   |
| USD 128 million facility | 3,897  | 7,793  |
| USD 216 million facility | 7,050  | 14,100   |
| USD 30 million facility  | 1,193  | 27,615   |



### 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 2020 | As at 31 Dec 2019 |
|-----------------|--------------------|-------------------|
| Bank borrowings | 1.98%              | 3.6%              |

### Carrying amounts and fair values

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

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

## 9

## Commitments

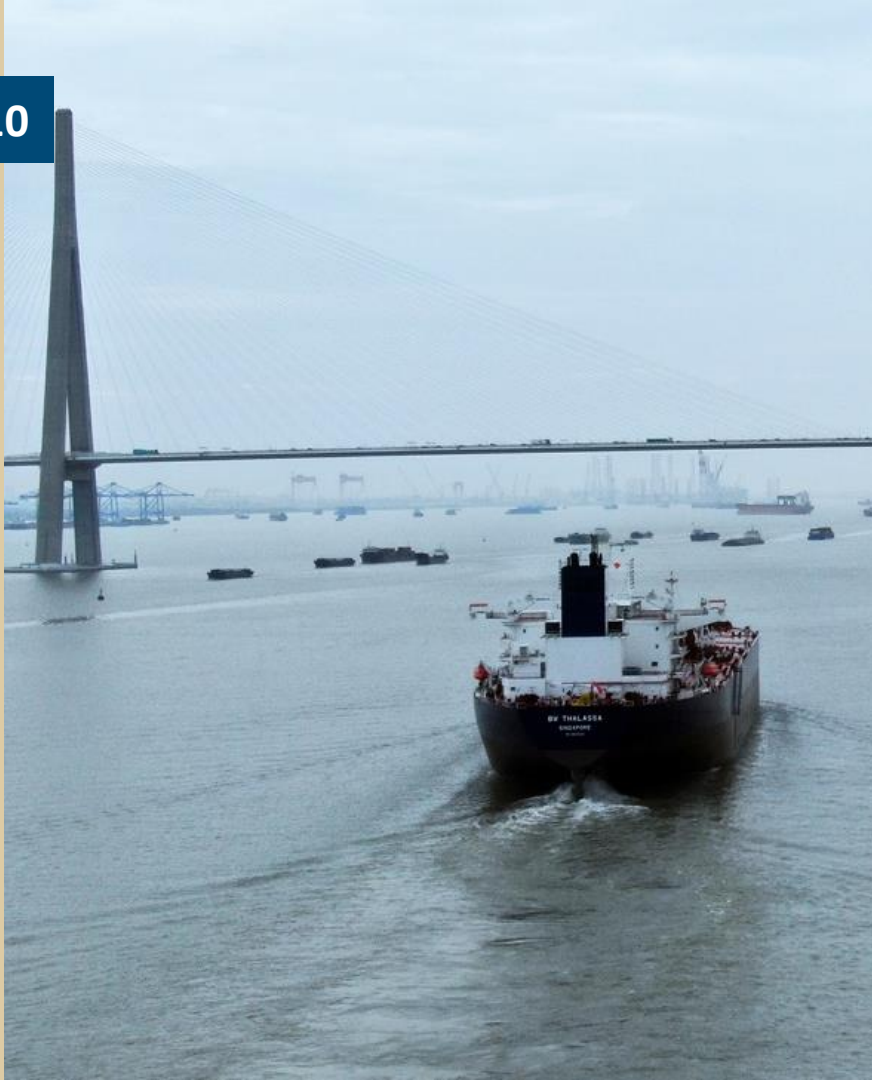
Operating lease commitments - where the Group is a lessor

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:

|                    | As at 30 June<br>2020<br>USD'000 | As at 31<br>December 2019<br>USD'000 |
|--------------------|----------------------------------|--------------------------------------|
| Less than one year | 56,124                           | 50,724                               |
| One to two years   | 30,035                           | 36,425                               |
| Two to three years | 9,637                            | 23,536                               |
|                    | 95,796                           | 110,685                              |





## Share-based payment arrangements

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

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

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

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

## 11

## Financial instruments

| Carrying amount                                |   |  |                  |
|--|---|--|------------------|
|  | Mandatorily at FVTPL -<br>others<br>USD'000 | Financial assets at<br>amortised cost<br>USD'000 | Total<br>USD'000 |
| At 30 June 2020                                |   |  |                  |
| Financial assets measured at<br>fair value     |   |  |                  |
| Forward freight agreements                     | 6,605                                       | -  | 6,605            |
| Interest rate caps                             | 134   | -  | 134              |
|  | 6,739                                       | -  | 6,739            |
| Financial assets not measured<br>at fair value |   |  |                  |
| Loan receivable from joint<br>venture          | -   | 34,509   | 34,509           |
| Trade and other receivables <sup>1</sup>       | -   | 211,570  | 211,570          |
| Cash and cash equivalents                      | -   | 148,025  | 148,025          |
|  | -   | 394,104  | 394,104          |

| Fair value                                     |                    |                    |                    |                  |
|--|--------------------|--------------------|--------------------|------------------|
|  | Level 1<br>USD'000 | Level 2<br>USD'000 | Level 3<br>USD'000 | Total<br>USD'000 |
| At 30 June 2020                                |                    |                    |                    |                  |
| Financial assets measured at<br>fair value     |                    |                    |                    |                  |
| Forward freight agreements                     | -                  | 6,605              | -                  | 6,605            |
| Interest rate caps                             | -                  | 134                | -                  | 134              |
|  | -                  | 6,739              | -                  | 6,739            |
| Financial assets not measured<br>at fair value |                    |                    |                    |                  |
| Loan receivable from joint<br>venture          | -                  | -                  | -                  | -                |
| Trade and other receivables <sup>1</sup>       | -                  | -                  | -                  | -                |
| Cash and cash equivalents                      | -                  | -                  | -                  | -                |
|  | -                  | -                  | -                  | -                |

<sup>1</sup> Excludes prepayments

| Carrying amount   |  |   |                    |
|---|--|---|--------------------|
|   | Fair value hedging<br>instruments<br>USD'000 | Financial liabilities at<br>amortised cost<br>USD'000 | Total<br>USD'000   |
| <b>At 30 June 2020</b>                                  |  |   |                    |
| <b>Financial liabilities measured at fair value</b>     |  |   |                    |
| Forward foreign exchange contracts                      | (22)   | -   | (22)               |
| Forward freight agreements                              | (167)  | -   | (167)              |
| Interest rate swaps                                     | (20,244)                                     | -   | (20,244)           |
|   | <b>(20,433)</b>                              | <b>-</b>  | <b>(20,433)</b>    |
| <b>Financial liabilities not measured at fair value</b> |  |   |                    |
| Bank borrowings   | -  | (1,148,203)   | (1,148,203)        |
| Loan from related corporation                           | -  | (7,750)   | (7,750)            |
| Loan from non-related parties                           | -  | (4,977)   | (4,977)            |
| Trade payables <sup>1</sup>                             | -  | (71,227)  | (71,227)           |
|   | <b>-</b>                                     | <b>(1,232,157)</b>                                    | <b>(1,232,157)</b> |

| Fair value |                    |                    |                    |                  |
|------------|--------------------|--------------------|--------------------|------------------|
|            | Level 1<br>USD'000 | Level 2<br>USD'000 | Level 3<br>USD'000 | Total<br>USD'000 |
|            |                    |                    |                    |                  |
|            |                    |                    |                    |                  |
|            | -                  | (22)               | -                  | (22)             |
|            | -                  | (167)              | -                  | (167)            |
|            | -                  | (20,244)           | -                  | (20,244)         |
|            | -                  | (20,433)           | -                  | (20,433)         |
|            |                    |                    |                    |                  |
|            |                    |                    |                    |                  |
|            | -                  | (1,148,203)        | -                  | (1,148,203)      |
|            | -                  | (7,750)            | -                  | (7,750)          |
|            | -                  | (4,977)            | -                  | (4,977)          |
|            | -                  | -                  | -                  | -                |
|            | -                  | (1,160,930)        | -                  | (1,160,930)      |

<sup>1</sup> Excludes provision for reinstatement cost

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

<sup>1</sup> Excludes prepayments

|   | Carrying amount                              |   |                    |
|---|--|---|--------------------|
|   | Fair value hedging<br>instruments<br>USD'000 | Financial liabilities at<br>amortised cost<br>USD'000 | Total<br>USD'000   |
| <b>At 31 December 2019</b>                                  |  |   |                    |
| <b>Financial liabilities measured<br/>at fair value</b>     |  |   |                    |
| Interest rate swaps and caps<br>used for hedging            | (6,514)                                      | -   | (6,514)            |
|   | <b>(6,514)</b>                               | <b>-</b>  | <b>(6,514)</b>     |
| <b>Financial liabilities not<br/>measured at fair value</b> |  |   |                    |
| Bank borrowings   | -  | (1,211,048)   | (1,211,048)        |
| Loan from a related<br>corporation                          | -  | (8,500)   | (8,500)            |
| Loan from non-related parties                               | -  | (5,172)   | (5,172)            |
| Trade payables <sup>1</sup>                                 | -  | (105,474)   | (105,474)          |
|   | <b>-</b>                                     | <b>(1,330,194)</b>                                    | <b>(1,330,194)</b> |

|   | Fair value         |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | Level 1<br>USD'000 | Level 2<br>USD'000 | Level 3<br>USD'000 | Total<br>USD'000   |
| <b>At 31 December 2019</b>                                  |                    |                    |                    |                    |
| <b>Financial liabilities measured<br/>at fair value</b>     |                    |                    |                    |                    |
| Interest rate swaps and caps<br>used for hedging            | -                  | (6,514)            | -                  | (6,514)            |
|   | <b>-</b>           | <b>(6,514)</b>     | <b>-</b>           | <b>(6,514)</b>     |
| <b>Financial liabilities not<br/>measured at fair value</b> |                    |                    |                    |                    |
| Bank borrowings   | -                  | (1,211,048)        | -                  | (1,211,048)        |
| Loan from a related<br>corporation                          | -                  | (8,500)            | -                  | (8,500)            |
| Loan from non-related parties                               | -                  | (5,172)            | -                  | (5,172)            |
| Trade payables <sup>1</sup>                                 | -                  | -                  | -                  | -                  |
|   | <b>-</b>           | <b>(1,224,720)</b> | <b>-</b>           | <b>(1,224,720)</b> |

<sup>1</sup> Excludes provision for reinstatement costs of leased vessels

## 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<br>ended<br>30 June 2020<br>USD'000 | For the 3 months<br>ended<br>30 June 2019<br>USD'000 | For the 6 months<br>ended<br>30 June 2020<br>USD'000 | For the 6 months<br>ended<br>30 June 2019<br>USD'000 |
|---|--|--|--|--|
| Support service fees paid/ payable to related corporation | 1,196  | 2,026  | 2,388  | 4,250  |
| Interest paid/ payable to a related corporation           | -  | 504  | -  | 1,141  |
| Rental paid/ payable                                      | 204  | 158  | 367  | 321  |

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 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.

| For the 3 months ended<br>30 June 2020 | LR2<br>USD'000 | LR1<br>USD'000  | MR<br>USD'000   | Handy<br>USD'000 | Total<br>USD'000 |
|--|----------------|-----------------|-----------------|------------------|------------------|
| Revenue                                | 14,966         | 93,866          | 126,050         | 34,012           | 268,894          |
| Voyage expenses                        | 9              | (21,601)        | (29,290)        | (11,083)         | (61,965)         |
| <b>TCE income</b>                      | <b>14,975</b>  | <b>72,265</b>   | <b>96,760</b>   | <b>22,929</b>    | <b>206,929</b>   |
| Other operating (loss)/ income         | (114)          | 4,334           | 1,150           | 692              | 6,062            |
| 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          |
| <b>Depreciation charge</b>             | <b>(3,465)</b> | <b>(11,997)</b> | <b>(19,543)</b> | <b>(3,692)</b>   | <b>(38,697)</b>  |
|  |                |                 |                 |                  | 116,389          |
| Unallocated                            |                |                 |                 |                  | (18,035)         |
| <b>Profit before income tax</b>        |                |                 |                 |                  | <b>98,354</b>    |

| For the 6 months ended<br>30 June 2020 | LR2<br>USD'000 | LR1<br>USD'000  | MR<br>USD'000   | Handy<br>USD'000 | Total<br>USD'000 |
|--|----------------|-----------------|-----------------|------------------|------------------|
| Revenue                                | 28,280         | 181,524         | 254,647         | 72,877           | 537,328          |
| Voyage expenses                        | (328)          | (47,992)        | (65,333)        | (23,286)         | (136,939)        |
| <b>TCE income</b>                      | <b>27,952</b>  | <b>133,532</b>  | <b>189,314</b>  | <b>49,591</b>    | <b>400,389</b>   |
| Other operating (loss)/ income         | (114)          | 7,435           | 2,192           | 1,681            | 11,194           |
| 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          |
| <b>Depreciation charge</b>             | <b>(6,887)</b> | <b>(24,232)</b> | <b>(38,523)</b> | <b>(7,449)</b>   | <b>(77,091)</b>  |
|  |                |                 |                 |                  | 215,858          |
| Unallocated                            |                |                 |                 |                  | (39,990)         |
| <b>Profit before income tax</b>        |                |                 |                 |                  | <b>175,868</b>   |

| For the 3 months ended<br>30 June 2019 | LR2<br>USD'000 | LR1<br>USD'000 | MR<br>USD'000   | Handy<br>USD'000 | Total<br>USD'000 |
|--|----------------|----------------|-----------------|------------------|------------------|
| Revenue                                | 5,941          | 70,897         | 97,043          | 26,803           | 200,683          |
| Voyage expenses                        | (109)          | (30,895)       | (36,929)        | (14,740)         | (82,673)         |
| <b>TCE income</b>                      | <b>5,832</b>   | <b>40,002</b>  | <b>60,113</b>   | <b>12,063</b>    | <b>118,010</b>   |
| Other operating income                 | -              | 872            | 224             | 204              | 1,300            |
| Vessel operating expenses              | (1,416)        | (16,594)       | (22,185)        | (6,589)          | (46,784)         |
| Technical management expenses          | (155)          | (1,368)        | (1,658)         | (525)            | (3,706)          |
| Charter hire expenses                  | -              | (660)          | (2,987)         | -                | (3,647)          |
| Operating EBITDA                       | 4,261          | 22,252         | 33,507          | 5,153            | 65,173           |
| <b>Depreciation charge</b>             | <b>(1,395)</b> | <b>(9,998)</b> | <b>(16,197)</b> | <b>(3,679)</b>   | <b>(31,269)</b>  |
|  |                |                |                 |                  | 36,111           |
| Unallocated                            |                |                |                 |                  | (21,893)         |
| <b>Profit before income tax</b>        |                |                |                 |                  | <b>12,011</b>    |

| For the 6 months ended<br>30 June 2019 | LR2<br>USD'000 | LR1<br>USD'000  | MR<br>USD'000   | Handy<br>USD'000 | Total<br>USD'000 |
|--|----------------|-----------------|-----------------|------------------|------------------|
| Revenue                                | 8,572          | 149,651         | 197,446         | 59,107           | 414,776          |
| Voyage expenses                        | (1,085)        | (62,502)        | (72,531)        | (28,074)         | (164,192)        |
| <b>TCE income</b>                      | <b>7,487</b>   | <b>87,149</b>   | <b>124,915</b>  | <b>31,033</b>    | <b>250,584</b>   |
| Other operating income                 | -              | 872             | 271             | 204              | 1,347            |
| Vessel operating expenses              | (1,962)        | (31,364)        | (42,837)        | (13,194)         | (89,357)         |
| Technical management expenses          | (209)          | (2,843)         | (3,520)         | (1,049)          | (7,621)          |
| Charter hire expenses                  | -              | (2,155)         | (7,249)         | -                | (9,404)          |
| Operating EBITDA                       | 5,316          | 51,659          | 71,580          | 16,994           | 145,549          |
| <b>Depreciation charge</b>             | <b>(1,899)</b> | <b>(19,873)</b> | <b>(31,372)</b> | <b>(7,310)</b>   | <b>(60,454)</b>  |
|  |                |                 |                 |                  | 85,095           |
| Unallocated                            |                |                 |                 |                  | (45,157)         |
| <b>Profit before income tax</b>        |                |                 |                 |                  | <b>39,938</b>    |

## Subsequent events

In August 2020, the Group sold a LR1 vessel, Hafnia America for USD 11.6 million net with delivery later in 2020.

## Fleet list of delivered vessels

| Vessel         | DWT     | Built  | Type | Yard        | Stake |
|----------------|---------|--------|------|-------------|-------|
| BW Despina     | 115,000 | Jan-19 | LR2  | Daehan      | 100%  |
| BW Galatea     | 115,000 | Mar-19 | LR2  | Daehan      | 100%  |
| BW Larissa     | 115,000 | Apr-19 | LR2  | Daehan      | 100%  |
| BW Neso        | 115,000 | May-19 | LR2  | Daehan      | 100%  |
| BW Thalassa    | 115,000 | Sep-19 | LR2  | Daehan      | 100%  |
| BW Triton      | 115,000 | Oct-19 | LR2  | Daehan      | 100%  |
| BW Amazon      | 76,565  | Oct-06 | LR1  | Dalian      | 100%  |
| BW Clyde       | 73,495  | Jun-04 | LR1  | New Century | 100%  |
| BW Columbia    | 74,999  | Jan-07 | LR1  | Dalian      | 100%  |
| BW Danube      | 74,999  | Mar-07 | LR1  | Dalian      | 100%  |
| BW Hudson      | 76,574  | Jun-07 | LR1  | Dalian      | 100%  |
| BW Kallang     | 74,000  | Jan-17 | LR1  | STX         | 100%  |
| BW Kronborg    | 73,708  | Mar-07 | LR1  | New Century | 100%  |
| BW Lara        | 73,495  | Aug-04 | LR1  | New Century | 100%  |
| BW Lena        | 74,996  | Aug-07 | LR1  | Dalian      | 100%  |
| BW Nile        | 74,000  | Aug-17 | LR1  | STX         | 100%  |
| BW Orinoco     | 74,991  | Nov-07 | LR1  | Dalian      | 100%  |
| BW Rhine       | 76,578  | Mar-08 | LR1  | Dalian      | 100%  |
| BW Seine       | 76,580  | May-08 | LR1  | Dalian      | 100%  |
| BW Shinano     | 74,998  | Oct-08 | LR1  | Dalian      | 100%  |
| BW Tagus       | 74,000  | Mar-17 | LR1  | STX         | 100%  |
| BW Thames      | 74,999  | Aug-08 | LR1  | Dalian      | 100%  |
| BW Yangtze     | 74,996  | Jan-09 | LR1  | Dalian      | 100%  |
| BW Yarra       | 74,000  | Jul-17 | LR1  | STX         | 100%  |
| BW Zambesi     | 74,982  | Jan-10 | LR1  | Dalian      | 100%  |
| Compass        | 72,736  | Feb-06 | LR1  | Dalian      | BB-in |
| Compassion     | 72,782  | Jun-06 | LR1  | Dalian      | BB-in |
| Hafnia Africa  | 74,539  | May-10 | LR1  | STX         | BB-in |
| Hafnia America | 74,999  | Oct-06 | LR1  | Onomichi    | 100%  |



| Vessel                        | DWT    | Built  | Type | Yard       | Stake |
|-------------------------------|--------|--------|------|------------|-------|
| 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 <sup>1</sup> | 75,000 | Jul-19 | LR1  | GSI        | 50%   |
| Hafnia Beijing <sup>1</sup>   | 75,000 | Oct-19 | LR1  | GSI        | 50%   |
| Hafnia HongKong <sup>1</sup>  | 75,000 | Jan-19 | LR1  | GSI        | 50%   |
| Hafnia Shanghai <sup>1</sup>  | 75,000 | Jan-19 | LR1  | GSI        | 50%   |
| Hafnia Shenzhen <sup>1</sup>  | 75,000 | Aug-20 | LR1  | GSI        | 50%   |
| Sunda                         | 79,902 | Jun-19 | LR1  | Onomichi   | TC-in |
| Karimata                      | 79,885 | Aug-19 | LR1  | Onomichi   | TC-in |
| Tectus                        | 74,862 | Jul-09 | LR1  | STX        | TC-in |
| Bulldog                       | 49,856 | Feb-20 | MR   | JMU        | TC-in |
| Beagle                        | 50,000 | Apr-19 | MR   | JMU        | TC-in |
| Boxer                         | 50,000 | May-19 | MR   | JMU        | TC-in |
| Basset                        | 49,875 | Nov-19 | MR   | JMU        | TC-in |
| BW Bobcat                     | 49,999 | Aug-14 | MR   | SPP        | 100%  |
| BW Cheetah                    | 49,999 | Feb-14 | MR   | SPP        | 100%  |
| BW Cougar                     | 49,999 | Jan-14 | MR   | SPP        | 100%  |
| BW Eagle                      | 49,999 | Jul-15 | MR   | SPP        | 100%  |
| BW Egret                      | 49,999 | Nov-14 | MR   | SPP        | 100%  |
| BW Falcon                     | 49,999 | Feb-15 | MR   | SPP        | 100%  |
| BW Hawk                       | 49,999 | Jun-15 | MR   | SPP        | 100%  |
| BW Kestrel                    | 49,999 | Aug-15 | MR   | SPP        | 100%  |
| BW Leopard                    | 49,999 | Jan-14 | MR   | SPP        | 100%  |
| BW Lioness                    | 49,999 | Jan-14 | MR   | SPP        | 100%  |
| BW Lynx                       | 49,999 | Nov-13 | MR   | SPP        | 100%  |
| BW Merlin                     | 49,999 | Sep-15 | MR   | SPP        | 100%  |
| BW Myna                       | 49,999 | Oct-15 | MR   | SPP        | 100%  |

<sup>1</sup> Hafnia Hong Kong, Hafnia Shanghai, Hafnia Guangzhou, Hafnia Beijing and Hafnia Shenzhen are owned through 50% ownership of Vista Shipping Ltd.

| Vessel            | DWT    | Built  | Type | Yard             | Stake |
|-------------------|--------|--------|------|------------------|-------|
| BW Osprey         | 49,999 | Oct-15 | MR   | SPP              | 100%  |
| BW Panther        | 49,999 | Jun-14 | MR   | SPP              | 100%  |
| BW Petrel         | 49,999 | Jan-16 | MR   | SPP              | 100%  |
| BW Puma           | 49,999 | Nov-13 | MR   | SPP              | 100%  |
| BW Raven          | 49,999 | Nov-15 | MR   | SPP              | 100%  |
| BW Swift          | 49,999 | Jan-16 | MR   | SPP              | 100%  |
| BW Tiger          | 49,999 | Mar-14 | MR   | SPP              | 100%  |
| BW Wren           | 49,999 | Mar-16 | MR   | SPP              | 100%  |
| Hafnia Andromeda  | 49,999 | May-11 | MR   | GSI              | 100%  |
| Hafnia Ane        | 49,999 | Nov-15 | MR   | GSI              | 100%  |
| Hafnia Crux       | 52,550 | Feb-12 | MR   | GSI              | 100%  |
| Hafnia Daisy      | 49,999 | Aug-16 | MR   | GSI              | 100%  |
| Hafnia Henriette  | 49,999 | Jun-16 | MR   | GSI              | 100%  |
| Hafnia Kirsten    | 49,999 | Jan-17 | MR   | GSI              | 100%  |
| Hafnia Lene       | 49,999 | Jul-15 | MR   | GSI              | 100%  |
| Hafnia Leo        | 52,340 | Nov-13 | MR   | GSI              | 100%  |
| Hafnia Libra      | 52,384 | May-13 | MR   | GSI              | 100%  |
| Hafnia Lise       | 49,999 | Sep-16 | MR   | GSI              | 100%  |
| Hafnia Lotte      | 49,999 | Jan-17 | MR   | GSI              | 100%  |
| Hafnia Lupus      | 52,550 | Apr-12 | MR   | GSI              | 100%  |
| Hafnia Mikala     | 49,999 | May-17 | MR   | GSI              | 100%  |
| Hafnia Nordica    | 49,994 | Mar-10 | MR   | Shin Kurushima   | 100%  |
| Hafnia Pegasus    | 50,326 | Oct-10 | MR   | GSI              | 100%  |
| Hafnia Phoenix    | 52,340 | Jul-13 | MR   | GSI              | 100%  |
| Hafnia Taurus     | 50,385 | Jun-11 | MR   | GSI              | 100%  |
| Hafnia Andrea     | 49,999 | Jun-15 | MR   | Hyundai Mipo     | 100%  |
| Hafnia Caterina   | 49,999 | Aug-15 | MR   | Hyundai Mipo     | 100%  |
| Orient Challenge  | 49,972 | Jun-17 | MR   | Hyundai Vinashin | TC-in |
| Orient Innovation | 49,972 | Jul-17 | MR   | Hyundai Vinashin | TC-in |

| Vessel          | DWT    | Built  | Type  | Yard  | Stake |
|-----------------|--------|--------|-------|-------|-------|
| Hafnia Adamello | 39,807 | Aug-04 | Handy | Saiki | 100%  |
| Hafnia Bering   | 39,067 | Apr-15 | Handy | HMD   | 100%  |
| Hafnia Green    | 39,808 | Aug-07 | Handy | Saiki | 100%  |
| Hafnia Hope     | 39,814 | Jan-07 | Handy | Saiki | 100%  |
| Hafnia Karava   | 39,814 | Mar-07 | Handy | Saiki | 100%  |
| Hafnia Magellan | 39,067 | May-15 | Handy | HMD   | 100%  |
| Hafnia Malacca  | 39,067 | Jul-15 | Handy | HMD   | 100%  |
| Hafnia Rainier  | 39,817 | Mar-04 | Handy | Saiki | 100%  |
| Hafnia Robson   | 39,819 | May-04 | Handy | Saiki | 100%  |
| Hafnia Soya     | 38,700 | Nov-15 | Handy | HMD   | 100%  |
| Hafnia Sunda    | 39,067 | Sep-15 | Handy | HMD   | 100%  |
| Hafnia Torres   | 39,067 | May-16 | Handy | HMD   | 100%  |
| Hafnia Victoria | 39,821 | Jun-07 | Handy | Saiki | 100%  |

## Alternative performance measures



## 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.

