

Hafnia Limited

**Condensed
Consolidated
Interim Financial
Information
Q3 2019**



HIGHLIGHTS – Q3 2019

“Following our merger in January, we have focused on driving commercial and cost synergies, and I am pleased to see that the hard work now pays off, despite an overall weak freight market in Q3. With the listing of Hafnia in November on the Oslo Axess Stock Exchange, we have reached a significant achievement in our corporate development. Our strong balance sheet, commercial performance and corporate culture provide a promising platform for the future which in combination with the strong product tanker market rebound in Q4 allows us to focus on increasing shareholder value.”

- Mikael Skov, CEO Hafnia

Q3 highlights:

- Time Charter Equivalent (TCE) earnings for Hafnia Limited (the "Company" or "Hafnia", together with its subsidiaries, the "Group") were USD 106.7 million in Q3 2019. EBITDA was USD 50.0 million in Q3 2019 and USD 183.0 million for year to date.
- In Q3 2019, Hafnia had a net loss of USD 1.2 million, excluding extraordinary non-cash items of USD 9.3 million relating to write-off of previously capitalised fees from financing. Year to date the net profit was USD 29.3 million after extraordinary items.
- At the end of the quarter, Hafnia had 82 owned vessels¹ and one newbuild². In Q3 2019, Hafnia took delivery of two LR2 vessels, BW Neso and BW Thalassa and with the delivery of BW Triton in Q4, Hafnia's newbuild program was completed.
- As at the end of Q3 2019, the total fleet of the Group comprises five LR2s, 30 LR1s (including six bareboat-chartered in and three time-chartered in), 43 MRs (including four time-chartered in) and 13 Handy vessels owned/operated¹. In September 2019, Hafnia entered into an agreement to purchase two 2015-built MR vessels Hafnia Andrea and Hafnia Caterina. Both vessels are expected to be delivered in Q4 2019.
- In July 2019, the newbuild LR1 vessel Hafnia Guangzhou was delivered. At the end of Q3 2019, the outstanding yard instalments for the three remaining LR1 newbuilds through Vista Shipping Ltd., a joint venture between Hafnia and CSSC Shipping (the "Vista Joint Venture") was USD 49.0 million on a 50% basis. The outstanding newbuild yard instalments are fully funded by traditional bank financing.
- In September 2019, Hafnia signed a USD 473 million senior secured term loan and revolving credit facility to refinance its existing USD 360 million facility and USD 236 million facility, maturing in 2023 and 2022 respectively. This refinancing was raised from ten banks in Europe and Asia.
- In November 2019, Hafnia successfully completed a private placement and listing on Oslo Axess, raising gross proceeds of USD 75.0 million which will be used towards financing of the equity portion of two MR vessels, repayment of an unsecured USD 34.0 million loan from BW Group, working capital and other general corporate purposes.
- Hafnia is a member of Getting to Zero Coalition.
- Hafnia plans to pay a quarterly dividend following Q4.

Conference call

Hafnia will host a conference call for investors and financial analysts at 10:00 pm SGT/3:00 pm CET/9:00 am EST. Please dial +65 67135090 (Singapore), +47 80010719 (Norway) or +1 8456750437 and use Conference ID: 2088283

Contact Hafnia

Mikael Skov, CEO Hafnia: +65 6971 8001
www.hafniabw.com

¹ Excluding three LR1s and three LR1 newbuilds owned through 50% ownership in the Vista Joint Venture.

² BW Triton was delivered in Q4 2019.

KEY FIGURES

	Q1 2019 USD million	Q2 2019 USD million	Q3 2019 USD million	YTD 2019 USD million
Income Statement				
Operating revenue	214.1	200.7	188.5	603.3
TCE income	132.6	118.0	106.7	357.3
EBITDA	74.1	58.9	50.0	183.0
Operating profit	44.9	27.7	15.4	88.0
Capitalised financing fees written off	-	-	(9.3)	(9.3)
Financial items	(17.0)	(16.3)	(16.2)	(49.5)
Share of profit from associates	0.0	0.6	0.0	0.6
Profit/(loss) before tax	27.9	12.0	(10.1)	29.8
Net profit/(loss) for the period	27.9	12.0	(10.6)	29.3
Balance Sheet				
Total non-current assets	2,184.9	2,194.8	2,249.9	2,249.9
Total assets	2,450.1	2,482.7	2,623.9	2,623.9
Total liabilities	1,444.6	1,468.8	1,621.2	1,621.2
Total equity	1,005.5	1,013.9	1,002.8	1,002.8
Total invested capital	2,302.8	2,349.4	2,418.0	2,418.0
Cash and cash equivalents	75.2	100.9	122.3	122.3
Key financial figures				
Gross margins:				
TCE	61.9%	58.8%	56.6%	59.2%
EBITDA	34.6%	29.3%	26.5%	30.3%
Operating profit/(loss) (EBIT)	21.0%	13.8%	8.2%	14.6%
Return on Equity (RoE) (p.a.)	11.2%	4.8%	-4.3%	3.9%
Return on Invested Capital (p.a.)	7.8%	4.7%	2.6%	4.9%
Equity ratio	41.0%	40.8%	38.2%	38.2%

For the 3 months ended 30 September 2019	LR2	LR1	MR	Handy	Total
Vessels on water at the end of the period ¹	5	30	43	13	91
Total operating days	277	2,612	3,995	1,137	8,021
Total calendar days (excluding TC-in)	339	2,441	3,634	1,183	7,597
TCE (USD per operating day) ²	22,004	13,989	13,366	9,376	13,140
OPEX (USD per calendar day)	5,944	7,576	6,277	5,596	6,573
G&A (USD per operating day) ³					836

¹ Excluding three LR1s and three LR1 newbuilds owned through 50% ownership in the Vista Joint Venture.

² TCE represents gross TCE income after adding back pool commissions.

³ G&A adjusted for cost incurred in managing external vessels.

VESSELS ON BALANCE SHEET

As at 30 September 2019, total assets amounted to USD 2,623.9 million, of which USD 2,129.6 million represented the carrying value of the Group's vessels including dry docking and vessels under construction, as follows:

As at 30 September 2019					
	LR2	LR1	MR	Handy	Total
	USD million	USD million	USD million	USD million	USD million
Vessels (including dry-dock)	248.3	480.6	1,103.3	246.6	2,078.8
Vessels under construction	50.8	-	-	-	50.8
	299.1	480.6	1,103.3	246.6	2,129.6

CASH AND CASH FLOWS

Cash and cash equivalents amounted to USD 122.3 million as at 30 September. Cash flows from operating activities generated a net cash surplus of USD 20.9 million in Q3 2019.

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

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.

COVERAGE OF EARNING DAYS

As at 30 September 2019, 16% of the total earning days in the fourth quarter of 2019 were covered at USD 16,057 per day and 8% of the total earning days in the first quarter of 2020 were covered at USD 22,309 per day. The table below shows the figures for the period from 1 October to 31 December 2019 and the full-year figures for 2020 and 2021.

Covered ships	Q4 2019	2020	2021
<u>Owned ships, # vessels</u>			
LR2	4.9	6.0	6.0
LR1	21.0	21.0	21.0
MR	40.2	40.0	40.0
Handy	13.0	13.0	13.0
Total	79.1	81.0	81.0
<u>Charter-in and leaseback ships, # vessels</u>			
LR2	-	-	-
LR1	9.0	8.5	8.0
MR	4.2	6.0	6.0
Handy	-	-	-
Total	13.2	14.5	14
<u>Vista Joint Venture ships¹, # vessels</u>			
LR2	-	-	-
LR1	3.7	4.8	6.0
MR	-	-	-
Handy	-	-	-
Total	3.7	4.8	6.0
<u>Total ships, # vessels</u>			
LR2	4.9	6.0	6.0
LR1	33.7	34.2	35.0
MR	44.4	47.0	47.0
Handy	13	13.0	13.0
Total	96.0	100.2	101.0
<u>Covered, %</u>			
LR2	99%	62%	49%
LR1	11%	-	-
MR	14%	4%	4%
Handy	9%	-	-
Total	16%	5%	5%
<u>Covered rates, USD per day</u>			
LR2	23,490	24,875	25,527
LR1	13,113	-	-
MR	13,112	17,528	17,866
Handy	9,997	-	-
Total	16,057	22,417	22,457

¹ The figures are presented on a 100% basis. The JV vessels are owned through Hafnia's 50% participation in the Vista Joint Venture .

TANKER SEGMENT RESULTS AND OUTLOOK

Market Q3

In Q3 2019, global refining throughput declined by 0.5 million barrels per day year-on-year resulting in a downward revision of IEA's annual growth forecast to 150 thousand barrels per day, the lowest in a decade. Global oil supply fell by 1.5 million barrels per day in late Q3 2019 to 99.3 million barrels per day after attacks on Saudi oil facilities halted half of production briefly. Softer global oil demand growth and weak refining margins in Asia have undermined product tanker demand growth in the first three quarters of 2019, whilst extended refinery turnarounds East of Suez into Q3 2019 have limited westbound diesel flows. The clean product tanker market remained under pressure in Q3 2019. According to Clarksons and the Baltic Exchange, average handy clean earnings for Q3 were USD 6,209/day, average MR clean earnings were USD 10,045/day, LR1 clean earnings were USD 9,006/day and LR2 clean earnings were USD 10,870/day.

Market outlook

The product tanker market rebounded in early Q4 on the back of very strong sentiment from the crude tanker market brought about by sanctions imposed on the COSCO fleet. The return of Middle East refineries from maintenance and outages in addition to high refinery runs from China have increased exports from the East of Suez. The Atlantic basin will be positively affected by seasonality and higher refinery utilisation in the USG area. Scrubber retrofitting in Q4 has also restricted active LR2 tonnage supply by approximately 5% contributing positively to freight rates as well. The product tanker market is now supported by a strong crude tanker market across all segments. According to Clarksons and the Baltic Exchange the corresponding quarter-to-date earnings for Q4 average handy clean earnings are USD 13,603/day, average MR clean earnings are USD 17,275/day, LR1 clean earnings are USD 22,869/day and LR2 clean earnings are USD 33,862/day.

TANKER SEGMENT RESULTS AND OUTLOOK (CONTINUED)

	Q1	Q2	Q3
LR2			
Operating days	97	263	277
TCE (USD per operating day) ¹	17,063	22,170	22,004
Calendar days	97	263	339
OPEX (USD per calendar day)	6,186	5,962	5,944
LR1			
Operating days	2,562	2,481	2,612
TCE (USD per operating day) ¹	18,587	16,141	13,989
Calendar days	2,430	2,457	2,441
OPEX (USD per calendar day)	6,685	7,223	7,576
MR			
Operating days	3,992	3,951	3,995
TCE (USD per operating day) ¹	16,479	15,210	13,366
Calendar days	3,600	3,654	3,634
OPEX (USD per calendar day)	6,254	6,530	6,277
Handy			
Operating days	1,169	1,095	1,137
TCE (USD per operating day) ¹	16,861	11,017	9,376
Calendar days	1,170	1,183	1,183
OPEX (USD per calendar day)	6,094	6,013	5,596

¹ 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 which is dependent on the global economy. The supply of vessels depends on the number of newbuilds entering the market, the demolition of older tonnage and legislation that limits the use of older vessels or sets new standards for vessels used in specific trades. The demand side depends mainly on developments in the global economy.

The Group is also exposed to risk in respect of fuel oil costs. Fuel oil prices are affected by the global political and economic environment. For voyage contracts, the current fuel costs are priced into the contracts. Other risks that management takes into account are interest rate risk, credit risk, liquidity risk and capital risk. Management does not expect the exposure to these risks to change materially to cause a significant impact on the performance of the Group during the remaining months in 2019.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	For the 3 months ended 30 September 2019 USD'000	For the 9 months ended 30 September 2019 USD'000
Revenue		188,482	603,258
Voyage expenses		(81,768)	(245,960)
TCE income¹		106,714	357,298
Other operating income		4,913	6,332
Vessel operating expenses		(46,449)	(135,806)
Technical management expenses		(3,640)	(11,261)
Charter hire expenses		(3,048)	(12,452)
General and administrative expenses		(8,523)	(21,125)
Operating profit before depreciation on vessels and ROU assets		49,967	182,986
Depreciation charge	4	(34,020)	(94,474)
Loss on disposal of vessel		(532)	(532)
Operating profit		15,415	87,980
Interest income		797	2,807
Interest expense		(16,359)	(50,773)
Capitalised financing fees written off		(9,314)	(9,314)
Other finance expense		(671)	(1,518)
Finance expense – net		(25,547)	(58,798)
Share of profit from associates		-	624
(Loss)/profit before income tax		(10,132)	29,806
Income tax expense		(430)	(467)
(Loss)/profit after tax		(10,562)	29,339

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

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	For the 3 months ended 30 September 2019 USD'000	For the 9 months ended 30 September 2019 USD'000
Other comprehensive loss:		
Items that may be subsequently reclassified to income statement		
Foreign operations - foreign currency translation differences	11	-
Fair value changes on cash flow hedges – interest rate swaps		
- Fair value losses	(987)	(7,791)
- Reclassification to profit or loss – interest expense	121	(134)
	<u>(855)</u>	<u>(7,925)</u>
Total comprehensive (loss)/income	<u>(11,417)</u>	<u>21,414</u>

(Loss)/earnings per share attributable to the equity holders of the Company

(expressed in USD per share)

Basic no. of shares	343,157,979	343,157,979
Basic and diluted (loss)/earnings per share	(0.03)	0.09
Diluted no. of shares	346,589,556	346,589,556
Diluted (loss)/earnings per share	(0.03)	0.08

CONSOLIDATED BALANCE SHEET

	Note	As at 30 September 2019 USD'000
Vessels	4	2,030,093
Dry docking and scrubbers	4	48,756
Vessels under construction	4	50,794
Right-of-use assets	4	120,089
Other property, plant and equipment		123
Total property, plant and equipment		2,249,855
Investment in associate		1,486
Loan to joint venture		28,725
Deferred tax assets		36
Intangible assets	5	3,080
Total other non-current assets		33,327
Total non-current assets		2,283,182
Inventories		7,237
Trade and other receivables		211,155
Derivative financial instruments		7
Cash and cash equivalents		122,348
Total current assets		340,747
Total assets		2,623,929
Share capital	6	3,432
Share premium	6	633,092
Contributed surplus		537,112
Other reserve	6	(7,053)
Treasury Shares		(500)
Accumulated losses		(163,315)
Total shareholders' equity		1,002,768
Borrowings	7	1,288,588
Derivative financial instruments		7,583
Other payables		2,574
Total non-current liabilities		1,298,745
Current income tax liabilities		1,022
Derivative financial instruments		41
Trade and other payables		81,582
Borrowings	7	239,771
Total current liabilities		322,416
Total liabilities		1,621,161
Total equity and liabilities		2,623,929

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share capital USD'000	Share premium USD'000	Contributed surplus USD'000	Capital reserve USD'000	Translation reserve USD'000	Hedging reserve USD'000	Treasury shares USD'000	Share-based payment reserve USD'000	Accumulated losses USD'000	Total USD'000
Balance at 31 December 2018		1,962	221,220	537,112	50,011	-	3,158	-	-	(242,384)	571,079
Alignment of accounting policies on merger	2c	-	-	-	-	-	-	-	-	2,097	2,097
<u>Transactions with owners</u>											
Issue of shares to former shareholders of Hafnia Tankers	2b	1,470	411,872	-	-	-	-	-	-	-	413,342
Acquisition of Hafnia Tankers's reserves	2b	-	-	-	-	(34)	(1,874)	(14,038)	-	(75,892)	(91,838)
Merger accounting adjustments	2b										
- Merger deficit		-	-	-	-	-	-	-	-	(72,571)	(72,571)
- Acquisition of NCI of former Hafnia Tankers		-	-	-	-	-	(942)	-	-	146,085	145,143
- Cancellation of treasury shares of former Hafnia Tankers		-	-	-	-	-	-	14,038	-	-	14,038
Treasury shares acquired		-	-	-	-	-	-	(500)	-	-	(500)
Equity-settled share-based payment		-	-	-	-	-	-	-	564	-	564
<u>Transfer of reserve</u>											
Transfer of reserve		-	-	-	(50,011)	-	-	-	-	50,011	-
<u>Total comprehensive income</u>											
Total comprehensive income for the financial period		-	-	-	-	-	(7,925)	-	-	29,339	21,414
Balance at 30 September 2019		3,432	633,092	537,112	-	(34)	(7,583)	(500)	564	(163,315)	1,002,768

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

	For the 3 months ended 30 September 2019 USD'000	For the 9 months ended 30 September 2019 USD'000
Cash flows from operating activities		
Profit for the financial period	(10,562)	29,339
Adjustments for:		
- depreciation charge of property, plant and equipment	34,020	94,474
- amortisation of prepaid finance lease expenses	-	407
- Loss on disposal of vessel	532	532
- interest income	(797)	(2,807)
- interest expense	16,359	50,773
- capitalised financing fees written off	9,314	9,314
- other finance expense	671	1,518
- income tax expense	430	467
- share of profit of associates	-	(624)
- unrealised currency translation gain	11	-
- equity-settled share based payment transactions	259	564
Operating cash flow before working capital changes	50,237	183,957
Changes in working capital:		
- inventories	11,155	20,857
- trade and other receivables	(43,574)	(59,049)
- trade and other payables	3,225	3,730
Cash generated from operations	21,043	149,495
Income tax paid	(111)	(176)
Net cash provided by operating activities	20,932	149,319
Cash flows from investing activities		
Loan to joint venture company	(4,900)	(38,650)
Repayment of loan by joint venture company	-	25,900
Dividend received from associated companies	1,376	1,748
Acquisition of businesses	-	(3,279)
Purchase of property, plant and equipment	(90,290)	(196,862)
Net proceeds from disposal of vessel	9,799	9,799
Interest income received	433	1,194
Net cash used in investing activities	(83,582)	(200,150)
Cash flows from financing activities		
Proceeds from borrowings from external financial institutions	567,500	698,300
Proceeds from borrowings from non-related parties	1,980	2,399
Repayment of borrowings to external financial institutions	(451,459)	(533,295)
Repayment of borrowings to non-related parties	(196)	(354)
Repayment of finance lease liabilities	(3,311)	(8,994)
Repayment of other lease liabilities	(8,622)	(18,210)
Payment of financing fees to external financial institutions	(4,505)	(6,629)
Interest paid to external financial institutions	(16,180)	(42,367)
Interest paid to a related corporation	(520)	(1,652)
Other finance expense paid	(588)	(1,518)
Repurchase of treasury shares	-	(500)
Net cash provided by financing activities	84,099	87,180
Net increase in cash and cash equivalents	21,449	36,349
Cash and cash equivalents at beginning of the financial period	100,899	85,999
Cash and cash equivalents at end of the financial period	122,348	122,348

Significant non-cash transactions

During the nine-month period ended 30 September 2019, there were USD 73.7 million of right-of-use assets being capitalised from leases not included in "purchase of property, plant and equipment" in the investing activity.

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.

1. 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.

2 Basis of preparation (continued)

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

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

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

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

- (a) A book value accounting adjustment of USD 72.6 million, i.e. a difference between the consideration paid of USD 413.3 million and the capital of Hafnia Tankers Limited of USD 340.7 million,
- (b) Reallocation of USD 0.9 million from non-controlling interests to hedging reserve.

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

(c) Uniformity of accounting policies

On merger of BW Tankers Limited and Hafnia Tankers Limited, all significant accounting policies have been uniformly applied in the preparation of the 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.

3. Significant accounting policies

The condensed consolidated interim financial information for the nine-month period from 1 January 2019 to 30 September 2019 has been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2018 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

In the preparation of this set of condensed consolidated interim financial information, the same accounting policies have been applied as those used in the preparation of the consolidated financial statements for the financial year ended 31 December 2018, except as disclosed below.

IFRS 16 Leases

The Group has adopted IFRS 16 for the first time for annual period beginning 1 January 2019. In applying IFRS 16, an entity is required to recognise a right-of-use asset and lease liability, initially measured at the present value of unavoidable future lease payments; to recognise depreciation of right-of-use asset and interest element of the lease liability in the income statement over the lease term; and separate the total amount of cash paid into principal portion (presented within financing activities) and interest portion (typically presented within either operating or financing activities) in the cash flow statement.

IFRS 16 does not change substantially the accounting for finance leases under IAS 17. The main difference relates to the treatment of residual value guarantees provided by a lessee to a lessor. This is because IFRS 16 requires that an entity recognises only amounts expected to be payable under residual value guarantees, rather than the maximum amount guaranteed as required by IAS 17.

IFRS 16 does not change substantially how a lessor accounts for lease. Accordingly, a lessor will continue to classify leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases.

The Group has applied the practical expedient to grandfather the definition of a lease on transition. IFRS 16 will be applied to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4. The effects of applying the new standard on 1 January 2019 are discussed below.

(1) When a group company is the lessee

The Group leases vessels, office spaces, and other equipment from external parties. All vessels previously accounted for as operating leases under IAS 17 will be recognised on balance sheet as right-of-use assets, together with the corresponding lease liabilities. Short-term leases and other low value assets will be excluded under the practical expedients allowed in IFRS 16. The impact of adoption of IFRS 16 on the Consolidated Financial Statements as at 1 January 2019 is summarised below:

	USD’000
Lease liabilities	65,817
Deferred gain on sale and operating leaseback	(3,849)
Right of use assets	<u>61,968</u>

The adoption of IFRS 16 will not have an impact on the accounting of leased-in assets that are classified as finance leases.

3. Significant accounting policies (continued)

IFRS 16 Leases (continued)

(2) When a group company is the lessor

The adoption of IFRS 16 does not have an impact on the accounting of leases in which the Group is a lessor.

(3) External loan covenants compliance

The Group is subject to externally imposed capital requirements arising from its external borrowings. Management has assessed and expects no impact from IFRS 16 on these loan covenants.

Share-based payment arrangements

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

Inventories

Arising from merger of BW Tankers Limited and Hafnia Tankers Limited (refer to note 2c), the Group capitalised lubricating oils as inventories. Lubricating oils are stated at the lower of cost and net realisable value. Cost is determined using the first in first out method.

Critical accounting estimates and assumptions

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018 except for new estimates and judgements applicable to the policy on leases due to adoption of IFRS 16, share-based payments, and inventories.

4. Property, plant and equipment

	<u>Right-of-use assets</u> USD'000	<u>Vessels</u> USD'000	<u>Dry docking and scrubbers</u> USD'000	<u>Vessels under construction</u> USD'000	<u>Total</u> 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	135,635	2,833,268	79,302	50,794	3,098,999
<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 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)	(151)	-	(632)
Write-off on completion of dry docking cycle	-	-	(4,959)	-	(4,959)
At 30 September 2019	15,546	803,175	30,546	-	849,267
<i>Net book value</i>					
At 30 September 2019	120,089	2,030,093	48,756	50,794	2,249,732

4. Property, plant and equipment (continued)

- (a) For the nine-month period ended 30 September 2019, no additional impairment charge or reversal of previously recognised impairment loss was recognised.

The recoverable amounts of the vessels are estimated predominantly based on independent third party valuation reports which made reference to comparable transaction prices of similar vessels. These are regarded as level 2 fair values under the fair value hierarchy of IFRS 13 Fair Value Measurement. The Group has assessed that the brokers had the required competency and capability to perform the valuation. The Group has also considered the appropriateness of the valuation methodologies and assumptions used by the brokers.

- (b) The Group has mortgaged vessels with a total carrying amount of USD 2,078.8 million at 30 September 2019 as security over the Group's bank borrowings.

5. Significant acquisition of businesses

- (a) 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.

- (i) Fair values measured on a provisional basis

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

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

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

6. Shareholders' equity

(a) Authorised share capital

The total authorised shares are 400,000,000 shares with a par value of USD 0.01 per share.

In October 2019, total authorised shares was increased by 200,000,000 shares with a par value of USD 0.01 per share.

(b) Issued and fully paid share capital

	Number of Shares	Share capital USD'000	Share premium USD'000	Total USD'000
At beginning of financial period	196,241,352	1,962	221,220	223,182
Shares issued for merger	146,916,627	1,470	411,872	413,342
At 1 January 2019 and 30 September 2019	<u>343,157,979</u>	<u>3,432</u>	<u>633,092</u>	<u>636,524</u>

(c) Other reserve

	As at 30 September 2019 USD'000
(i) Composition:	
Translation reserve	(34)
Hedging reserve	(7,583)
Share based payment reserve	564
	<u>(7,053)</u>

	As at 30 September 2019 USD'000
(ii) Movements of the reserves are as follows:	

Hedging reserve

At beginning of the financial period	342
Fair value losses on cash flow hedges	(7,791)
Reclassification to profit or loss	(134)
At end of the financial period	<u>(7,583)</u>

7. Borrowings

	As at 30 September 2019 USD'000
<u>Current</u>	
Loan from related corporations	43,029
Loan from non-related parties	126
Bank borrowings	164,371
Finance lease liabilities	5,341
Other lease liabilities	26,904
	239,771
<u>Non-current</u>	
Loan from non-related parties	4,348
Bank borrowings	1,101,013
Finance lease liabilities	85,837
Other lease liabilities	97,390
	1,288,588
Total borrowings	1,528,359

As at 30 September 2019, bank borrowings consist of six credit facilities from external financial institutions, namely USD 676 million, USD 266 million, USD 128 million, USD 216 million, USD 30 million and USD 473 million. The USD 360 million and USD 236 million facilities were refinanced by the USD 473 million facility. These facilities are secured by the Group's fleet of vessels. The table below summarises key information of the bank borrowings:

<u>Facility amount</u>	<u>Maturity date</u>	
USD 676 million facility		
- Tranche A USD 576 million		2022
- Tranche A USD 100 million revolving credit facility		2022
USD 473 million facility		2026
USD 266 million facility		2028
USD 128 million facility		2023
USD 216 million facility		2027
USD 30 million facility		2019
	For the 3 months ended 31 December 2019	For the financial year ended 31 December 2020
Repayment profile	USD'000	USD'000
USD 676 million facility	12,052	48,208
USD 473 million facility	12,314	49,272
USD 266 million facility	5,531	22,123
USD 128 million facility	1,948	7,793
USD 216 million facility ¹	3,525	14,100
USD 30 million facility	-	-

¹ Based on projected draw down of USD 7.5 million in Q4 2019.

7. Borrowings (continued)

Interest rates

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

	As at 30 September 2019
Bank borrowings	3.7%

Carrying amounts and fair values

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

8. 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 September 2019 USD'000
Not later than one year	42,328
Later than one year but not later than five years	49,568
	91,896

9. Share-based payment arrangements

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

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share options) in the group. On 16 January 2019, 1 June 2019 and 1 July 2019, the Group granted share options to key management and senior employees. All options are to be settled by physical delivery of shares. The terms and conditions of the share options granted during the nine months ended 30 September 2019 are as follows.

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

The share options become void if the employee rescinds his/her position before the vesting date.

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

(b) Measurement of grant date fair values

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

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

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

10. Financial instruments by category

The aggregate carrying amounts of the different categories of financial assets and liabilities are as disclosed on the face of the balance sheet:

	As at 30 September 2019 USD'000
Derivative (liabilities)/assets at fair value	
- Hedging instruments	(7,617)
Financial assets at amortised cost ¹	350,469
Financial liabilities at amortised cost ²	1,617,565

¹ Excludes prepayments

² Excludes provision for reinstatement cost

11. Significant related party transactions

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

	For the 9 months ended 30 September 2019 USD'000
<u>Sales and purchase of services</u>	
Support service fees paid/payable to related corporation	5,914
Interest paid/payable to a related corporation	1,650
Rental paid/payable	474

Related parties refer to corporations controlled by Sohmen family interests.

12. Segment Information

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

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

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

The 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.

12. Segment Information (continued)

	LR2 USD'000	LR1 USD'000	MR USD'000	Handy USD'000	Total USD'000
For the 3 months ended 30 September 2019					
Revenue	6,243	70,125	90,004	22,110	188,482
Voyage expenses	(149)	(33,543)	(36,624)	(11,452)	(81,768)
TCE income	6,094	36,582	53,380	10,658	106,714
Other operating income	-	2,302	871	683	3,856
Vessel operating expenses	(1,885)	(17,307)	(21,161)	(6,096)	(46,449)
Technical management expenses	(129)	(1,337)	(1,650)	(524)	(3,640)
Charter hire expenses	-	(815)	(2,233)	-	(3,048)
Operating EBITDA	4,080	19,425	29,207	4,721	57,433
Depreciation charge	(1,795)	(11,209)	(17,209)	(3,775)	(33,988)
					23,445
Unallocated					(33,577)
Profit before income tax					(10,132)

	LR2 USD'000	LR1 USD'000	MR USD'000	Handy USD'000	Total USD'000
For the 9 months ended 30 September 2019					
Revenue	14,815	219,776	287,450	81,217	603,258
Voyage expenses	(1,234)	(96,045)	(109,155)	(39,526)	(245,960)
TCE income	13,581	123,731	178,295	41,691	357,298
Other operating income	-	3,174	1,142	887	5,203
Vessel operating expenses	(3,847)	(48,671)	(63,998)	(19,290)	(135,806)
Technical management expenses	(338)	(4,180)	(5,170)	(1,573)	(11,261)
Charter hire expenses	-	(2,970)	(9,482)	-	(12,452)
Operating EBITDA	9,396	71,084	100,787	21,715	202,982
Depreciation charge	(3,694)	(31,082)	(48,581)	(11,085)	(94,442)
					108,540
Unallocated					(78,734)
Profit before income tax					29,806

Fleet list of delivered vessels

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

¹ BW Triton, Hafnia Andrea and Hafnia Beijing were delivered in October 2019.

² Hafnia Hong Kong, Hafnia Shanghai, Hafnia Guangzhou and Hafnia Beijing are owned through 50% ownership of the Vista Joint Venture

Fleet list of delivered vessels (continued)

Vessel	DWT	Built	Type	Yard	Stake
BW Lioness	49,999	Jan-14	MR	SPP	100%
BW Lynx	49,999	Nov-13	MR	SPP	100%
BW Merlin	49,999	Sep-15	MR	SPP	100%
BW Myna	49,999	Oct-15	MR	SPP	100%
BW Osprey	49,999	Oct-15	MR	SPP	100%
BW Panther	49,999	Jun-14	MR	SPP	100%
BW Petrel	49,999	Jan-16	MR	SPP	100%
BW Puma	49,999	Nov-13	MR	SPP	100%
BW Raven	49,999	Nov-15	MR	SPP	100%
BW Swift	49,999	Jan-16	MR	SPP	100%
BW Tiger	49,999	Mar-14	MR	SPP	100%
BW Wren	49,999	Mar-16	MR	SPP	100%
Hafnia Andromeda	49,999	May-11	MR	GSI	100%
Hafnia Ane	49,999	Nov-15	MR	GSI	100%
Hafnia Crux	52,550	Feb-12	MR	GSI	100%
Hafnia Daisy	49,999	Aug-16	MR	GSI	100%
Hafnia Henriette	49,999	Jun-16	MR	GSI	100%
Hafnia Kirsten	49,999	Jan-17	MR	GSI	100%
Hafnia Lene	49,999	Jul-15	MR	GSI	100%
Hafnia Leo	52,340	Nov-13	MR	GSI	100%
Hafnia Libra	52,384	May-13	MR	GSI	100%
Hafnia Lise	49,999	Sep-16	MR	GSI	100%
Hafnia Lotte	49,999	Jan-17	MR	GSI	100%
Hafnia Lupus	52,550	Apr-12	MR	GSI	100%
Hafnia Mikala	49,999	May-17	MR	GSI	100%
Hafnia Nordica	49,994	Mar-10	MR	Shin Kurushima	100%
Hafnia Pegasus	50,326	Oct-10	MR	GSI	100%
Hafnia Phoenix	52,340	Jul-13	MR	GSI	100%
Hafnia Taurus	50,385	Jun-11	MR	GSI	100%
Hafnia Andrea ¹	49,999	Jun-15	MR	Hyundai Mipo	100%
Orient Challenge	49,972	Jun-17	MR	Hyundai Vinashin	TC-in
Orient Innovation	49,972	Jul-17	MR	Hyundai Vinashin	TC-in
Hafnia Adamello	39,807	Aug-04	Handy	Saiki	100%
Hafnia Bering	39,067	Apr-15	Handy	HMD	100%
Hafnia Green	39,808	Aug-07	Handy	Saiki	100%
Hafnia Hope	39,814	Jan-07	Handy	Saiki	100%
Hafnia Karava	39,814	Mar-07	Handy	Saiki	100%
Hafnia Magellan	39,067	May-15	Handy	HMD	100%
Hafnia Malacca	39,067	Jul-15	Handy	HMD	100%
Hafnia Rainier	39,817	Mar-04	Handy	Saiki	100%
Hafnia Robson	39,819	May-04	Handy	Saiki	100%
Hafnia Soya	38,700	Nov-15	Handy	HMD	100%
Hafnia Sunda	39,067	Sep-15	Handy	HMD	100%
Hafnia Torres	39,067	May-16	Handy	HMD	100%
Hafnia Victoria	39,821	Jun-07	Handy	Saiki	100%

¹ BW Triton, Hafnia Andrea and Hafnia Beijing were delivered in October 2019.

² Hafnia Hong Kong, Hafnia Shanghai, Hafnia Guangzhou and Hafnia Beijing are owned through 50% ownership of Vista Joint Venture.

Alternative performance measures

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

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

- TCE income: Income from its time charters and spot voyages for owned vessels. TCE income is calculated as gross freight income net of broker commissions less voyage expenses.
- Voyage expenses: Voyage expenses are expenses related to spot voyages, including bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls and agency fees.
- TCE income per operating day: TCE income per vessel per operating day. TCE income per operating day is a measure of how well the Group manages the fleet commercially.
- OPEX per calendar day: The Group defines OPEX per calendar day as vessel operating expenses and technical management fees per vessel per calendar day. Vessel operating expenses include insurance, repairs and maintenance, spares and consumable stores, lube oils and communication.
- EBITDA: The Company defines EBITDA as earnings before financial income and expenses, depreciation, impairment, amortisation and taxes. The computation of EBITDA refers to financial income and expenses which the Company deems to be equivalent to "interest" for purposes of presenting EBITDA. Financial expenses consist of interest on bank loans, losses on foreign exchange transactions and bank charges. Financial income consists of interest income and gains on foreign exchange transactions.

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

- Technical off-hire: The Group defines technical off-hire as the time lost due to off-hire days associated with major repairs, drydocks or special or intermediate surveys. Technical off-hire per vessel is calculated as an average for owned, partly owned, bareboat and chartered-in vessels (not weighted by ownership share in each vessel).
- Calendar days: The Group defines calendar days as the total number of days in a period during which each vessel that is owned, partly owned or chartered-in is in its possession, including technical off-hire days. Calendar days are an indicator of the size of the fleet over a period and affect both the amount of revenue and the amount of expense that the Group records during that period.
- 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.