

Board of Directors' Report

Introduction

As a modern shipowner, Hafnia Limited (the "**Company**" or "**Hafnia**", together with its subsidiaries, the "**Group**") aims to maintain flexible management of its business through integrated business units, which provides an understanding of the market dynamics through experience-based knowledge and enhanced insights into relevant developments and trends in all aspects of the product tanker industry. For further details about Hafnia, please refer to section 4 ("This is Hafnia") in the 2019 Annual Report available on the company's website www.hafniabw.com.

2019 highlights

Time Charter Equivalent (TCE) earnings for Hafnia were USD 514.4 million in 2019 and EBITDA was USD 277.8 million in 2019.

In Q4 2019, Hafnia had a net profit of USD 42.4 million (USD 0.11 per share) and the full year net profit ended at USD 71.7 million (USD 0.19 per share).

At the end of 2019, Hafnia had 81¹ owned vessels. The total fleet of the Group comprises of 95 vessels hereunder six LR2s, 30 LR1s (including six bareboat chartered in and three time chartered in), 46 MRs (including five time chartered in) and 13 Handy vessels owned/operated.

Hafnia employs its vessels within the three Hafnia pools, except for the LR2 fleet. Handy TCE income/voyage day: USD 14,157, MR TCE income/voyage day: USD 15,642, LR1 TCE income/voyage day: USD 17,334, LR2 TCE income/voyage day: USD 22,732.

Hafnia's balance sheet remained strong throughout 2019, with total assets of USD 2,681.3 million, and equity of USD 1,118.5 million amounting to an equity ratio of 41.7%, which in combination with capital discipline ensures sound financial flexibility for the future. In September 2019, Hafnia signed a USD 473 million senior secured term loan and revolving credit facility to refinance two existing USD 360 million and USD 236 million facilities. This refinancing was raised from ten banks in Europe and Asia. For a detailed review of the company's result, development and activities in 2019, please refer to the management report and the Chairman's statement in the 2019 Annual Report.

¹ Excluding four LR1s and two LR1 new builds owned through 50% ownership in Vista Shipping Limited.

Risk Management

Hafnia's results are dependent on the market for worldwide transportation of refined oil products. Hafnia's activities expose the company to a variety of financial risks: market risk (including price risk and currency risk), interest rate risk, credit risk, liquidity risk and capital risk. Hafnia's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Hafnia's financial performance. In addition, Hafnia is exposed to various market, operational, and financial risks. The most significant risks are set out in the original listing Oslo Axess prospectus issued in November 2019 and the uplisting for Oslo Børs prospectus issued in April 2020. These documents and other information on risks are available on the company's website at www.hafniabw.com.

The Group's results are largely dependent on the worldwide market for transportation of refined oil products. Market conditions for shipping activities are typically volatile and, as a consequence, the results may vary considerably from year to year. The market in broad terms is dependent upon two factors: the supply of vessels and the demand for oil products. The supply of vessels depends on the number of newbuilds entering the market, the demolition of older tonnage and legislation that limits the use of older vessels or sets new standards for vessels used in specific trades. The demand side depends mainly on developments in global economic activity. The Group is also exposed to risk in respect of fuel oil costs. Fuel oil prices are affected by the global political and economic environment. For voyage contracts, the current fuel costs are priced into the contracts. Other risks that Management takes into account are interest rate risk, credit risk, liquidity risk and capital risk. The Covid-19 pandemic and the current downward pressure on global economic growth, and volatility in oil prices could have a significant adverse impact on the Group's performance or operation.

Environmental, Social and Governance (ESG)

Environmental

The United Nations has called climate change the defining issue of our time and urged world leaders to recognise that humanity is at a critical moment. Without committed action today, adapting to these impacts in the future will be more difficult and costly. Against this backdrop, Hafnia takes a front row seat in global efforts to combat climate change as a leading shipping company firmly committed to providing safe, sustainable and efficient hydrocarbon transportation solutions. This is how we are contributing towards the shipping industry's efforts to reduce our environmental impact and we are a member of the Getting to Zero Coalition. For further details on sustainability, please refer to page 32, the Sustainability section of the 2019 Annual Report.

Social

Hafnia is committed to cultivating and preserving a culture of diversity and inclusion. The collective sum of individual differences, life experiences, knowledge, unique capabilities and talent that our employees invest in their work represents a significant part of our company culture and reputation. Hafnia embraces differences in age, ethnicity, family or marital status, and all other characteristics that make our employees unique.

In 2019, Hafnia is proud to sign up to the Charter for More Women in Shipping, an initiative organised by Danish Shipping to encourage more women to join the shipping industry. A "Taskforce for More Women at Sea" has also put together ten recommendations that aim to help attract new women and to retain those who are already working in the industry. As a signee to the Charter, Hafnia will commit to establishing goals for the number of women in our employment and to drawing up concrete actions that they will undertake to reach these goals.

Governance

This report provides an overview of how the Company has implemented sound corporate governance throughout its organisation. The Company's corporate governance policies are based on the Norwegian Code of Practice for Corporate Governance (the "Code") dated 17 October 2018 issued by the Norwegian Corporate Governance Board. The Code is available at www.nues.no. For an overview of the Company's compliance with the Code, please refer to page 57 of the 2019 Annual Report.

Going Concern

In light of Hafnia's liquidity position, balance sheet strength, assets, employment, and continuing cash flow from operations, the Board confirms that the going concern assumption, upon which Hafnia's accounts are prepared, continues to apply.

Responsibility Statement

We confirm that, to the best of our knowledge, the financial statements for the year 1 January to 31 December 2019 presented in the 2019 Annual Report, together with this Board of Directors' Report have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties facing the Group and the Company.



Andreas Sohlen-Pao



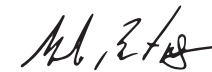
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