



Annual Report
2022





Singapore

10 Pasir Panjang Road
#18-01 Mapletree Business City
Singapore 117438

Copenhagen

Hans Bekkevolds Alle 7
2900 Hellerup
Denmark

Houston

1800 West Loop South
Suite 1925
Houston, Texas 77027

Dubai

Jumeirah Business Center 1
Unit No. 4003
Jumeirah Lakes Towers
Dubai, United Arab Emirates

Monaco

Gildo Pastor Center 7
Rue du Gabian
Bloc D – 10th floor (10.13)
98000 Monaco

Mumbai

167, Guru Hargovindji Road
S B Singh Colony
J B Nagar
Andheri East
Mumbai, Maharashtra
India

Bermuda

Washington Mall Phase 2,
4th Floor, Suite 400,
22 Church Street, HM 1189,
Hamilton, Pembroke, HM EX,
Bermuda

**Annual Report
2022**





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Hafnia 2022: Introduction

Hafnia Snapshot



Hafnia: a Global Business



7

Global Offices

5,095

Total Employees

35

Nationalities

35%

Women Onshore

Meet our Management



Mikael Skov Chief Executive Officer

Mikael Skov is Chief Executive Officer at Hafnia.

Mikael was the co-founder and CEO of Hafnia Tankers and has more than 39 years of experience in the shipping industry.

Prior to establishing Hafnia Tankers, Mikael held various positions over his 25-year career at Torm, of which the last two years he served as its CEO.

Mikael is a Board Member of Clipper Group Ltd. and was an industry representative of the Danish Maritime Strategy Team established by the Ministry of Industry, Business and Financial Affairs.

Mikael Skov resides in Monaco.



Perry van Echtelt Chief Financial Officer

Perry van Echtelt is Chief Financial Officer at Hafnia.

Perry has more than 25 years of experience in investment banking and ship financing.

Prior to joining Hafnia, Perry was CFO of BW Tankers since 2017, following a role he took after leaving ABN AMRO Bank as Head of Transportation and Logistics Asia Pacific & Middle East. For 17 years, Perry held various positions in the corporate finance and capital markets group of ABN AMRO and its predecessors (MeesPierson and Fortis Bank).

Perry van Echtelt resides in the Netherlands.



Jens Christophersen, EVP Head Of Commercial

Jens Christophersen is Executive Vice President, and Head of Commercial at Hafnia.

Jens has more than 27 years of experience in tanker chartering across all product segments.

Jens began his career as a trainee at A.P. Møller Maersk. In 1992 he left as Chartering Manager.

Jens has held various senior positions, including his 12-year tenure at Norient Product Pool A/S as General Manager, before joining BW Tankers in 2016.

Jens Christophersen resides in Denmark.



Søren Steenberg Jensen, EVP Head Of Asset Management

Søren Steenberg Jensen is Executive Vice President and Head of Asset Management. Søren has more than 30 years of experience in ship owning, chartering and operations and is one of the co-founders of Hafnia.

Prior to his current role, Søren was Vice President, Projects and Sale & Purchase of Hafnia Tankers, and also the CEO of the Hafnia/Mitsui OSK joint venture company Straits Tankers Pte Ltd. Prior to Hafnia, Søren worked at Torm for 10 years in various commercial roles. Prior to this, Søren held various positions in operations and chartering at A.P. Møller Maersk.

Søren Steenberg Jensen resides in Monaco.



Mia Krogslund Jørgensen, VP Head Of People, Culture & Strategy

Mia Krogslund Jørgensen is Vice President and Head of People, Culture & Strategy.

Mia began her career as a shipping and CSR specialist at Torm before joining Hafnia Tankers in 2012.

Prior to Mia's current position, she held various commercial, operational and strategic roles at Hafnia, including being responsible for executive projects for the management team at Hafnia. In her role at Hafnia, Mia is responsible for initiatives across culture and diversity as well as communications and branding.

Mia Krogslund Jørgensen resides in Denmark.



Ralph Juhl, EVP Head Of Technical

Ralph Juhl is Executive Vice President and Technical Director at Hafnia.

With 40 years of experience in shipping, Ralph has expertise from all corners of the industry – beginning his career as an Ordinary Seaman, transitioning to onshore 14 years later as a Master Mariner.

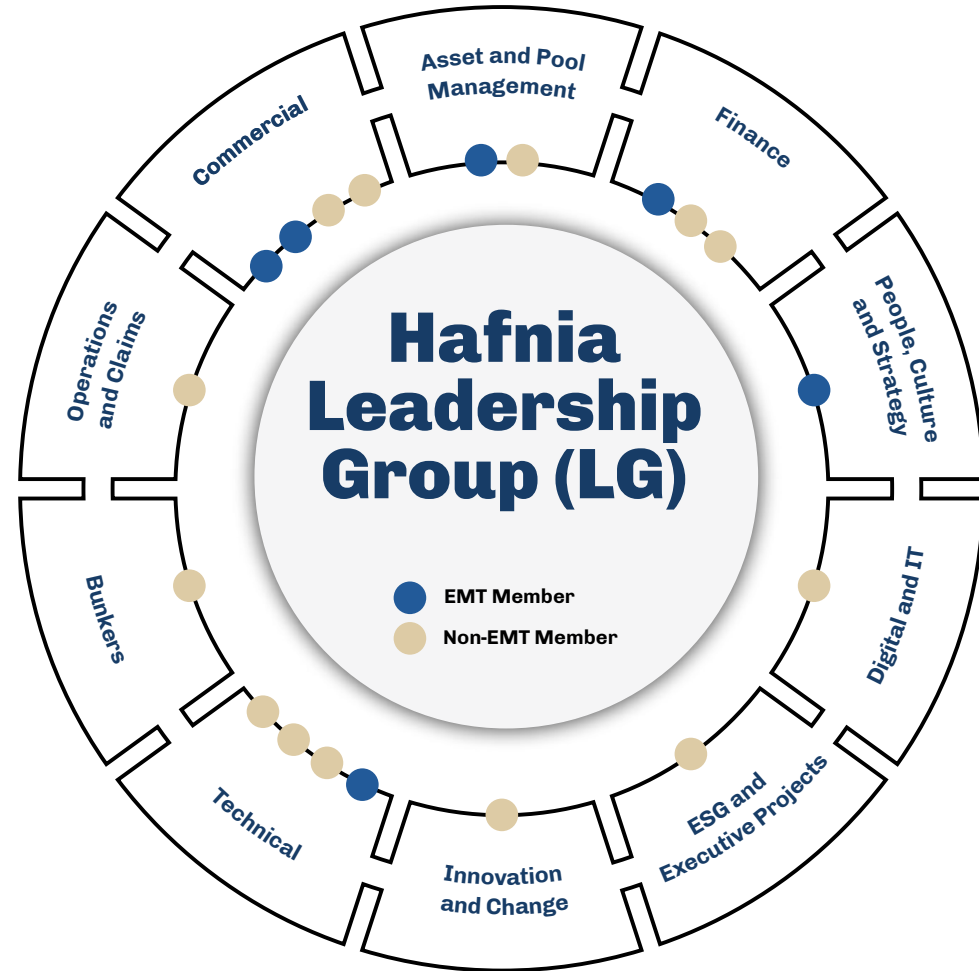
Onshore, Ralph has held various technical positions in safety and quality, crewing, and technical organisation strategy, and development. Prior to joining Hafnia, Ralph was Vice President at Evergas, in charge of the existing fleet, the managers and of the newbuilding programs of 14 LPG, Ethylene and LNG carriers in China.

Ralph Juhl resides in Singapore.

The Leadership Group

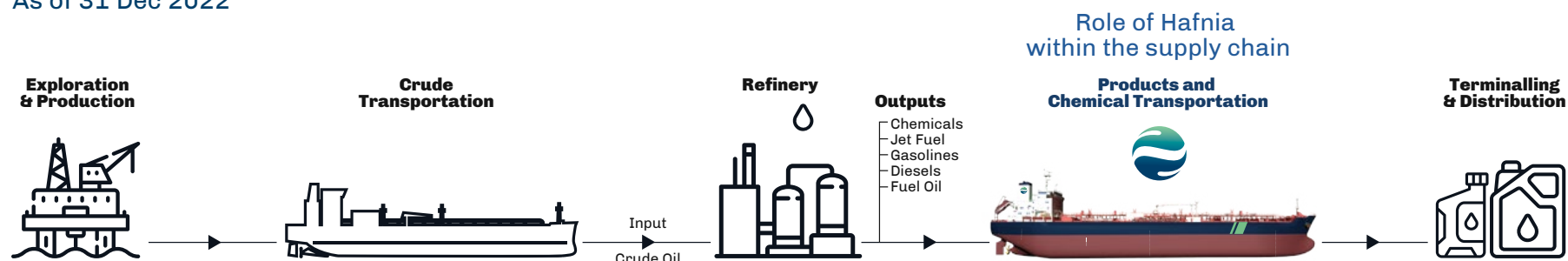
Hafnia's Leadership Group (LG) is a unique structure consisting of senior team members across all strategic functions. The LG acts as a sounding board, representing views from multiple business divisions, and as the bridge between the Executive Management Team (EMT) and the rest of the organisation.

The LG are also responsible for ideating initiatives that work to support the overall goals and objectives of Hafnia's corporate strategy. The LG comes together at multiple points during the year to share information on key developments and supports the EMT across key decision making.



Hafnia Fleet

As of 31 Dec 2022



Type	Description	Owned	Bareboat Chartered-in	Time Chartered-in	Newbuilds	Hafnia Total	Commercial Management	Total
LR2¹	Vessels between 85,000 DWT and 124,999 DWT in size and provides transportation of clean petroleum oil products	6	-	-	4	10	4	14
LR1²	Vessels between 55,000 DWT and 84,999 DWT in size and provides transportation of clean petroleum oil products	36	-	4	-	40	27	67
MR³	Vessels between 40,000 DWT and 54,999 DWT in size and provides transportation of clean petroleum oil products	43	-	9	-	52	36	88
Handy	Vessels between 25,000 DWT and 39,999 DWT in size and provides transportation of clean petroleum oil products	6	-	-	-	6	17	23
Chemical - MR	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	6	-	-	-	6	1	7
Chemical - Handy	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	18	-	-	-	18	6	24
Specialised	Vessels below 25,000 DWT in size and provides transportation of clean petroleum oil products	-	-	-	-	-	16	16
Total		115	-	13	4	132	107	239

¹ Including four LR2 newbuilds owned through 50% ownership in the Vista Joint Venture

² Including six LR1s owned through 50% ownership in the Vista Joint Venture

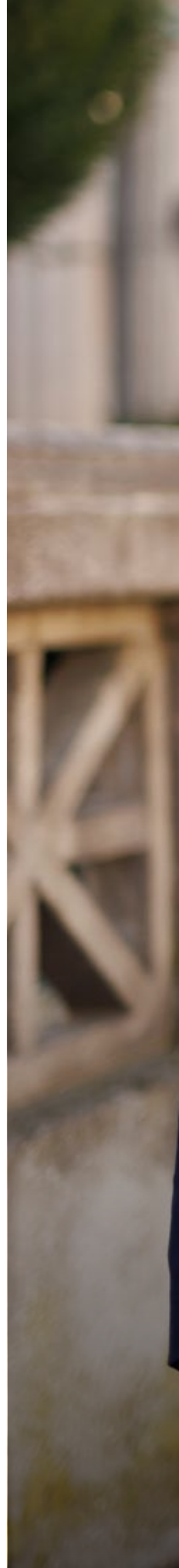
³ Including two MRs owned through 50% ownership in the Andromeda Joint Venture

LR - Long Range
MR - Medium Range

1.2

Hafnia: A Year in Review

1.2





”
This is Hafnia’s best full year result to date, and I could not be prouder of our team’s future – proofing approach

A Letter from the CEO

This time last year, I began my statement by referencing the challenges of 2021, remaining adamant on not giving up on hope. Yet here we are emerging from a post-Covid era into another global crisis – where livelihoods around the world are increasingly strained as a consequence of tension and conflict.

With the onset of Russia’s war against Ukraine in 2022, trade routes quickly adapted. Whilst the market benefitted, it is devastating for those in the path of the conflict. It is important as shipowners we remain mindful of the challenges we now face in navigating through a new world of sanctions, - where long standing relationships have come to a halt and the cost of living is on the rise.

Amongst the complexities of 2022, we delivered a record financial result, closing the full year with a net profit of **USD 751.6 million**. With an updated dividend policy, where we remain committed to shareholder value, Hafnia has paid out **USD 402.7 million** to its investors representing a payout ratio of **53.6%**.

This is Hafnia’s best full year result to date, and I could not be prouder of our team’s future-proofing approach. Driven by talented people onshore and at sea, 2022 demonstrated the strength of Hafnia’s

business model, where tangible results have been delivered – with an even firmer foothold in the product and chemical market.

Active Management

“Synergising our Fleet”

In 2022, Hafnia added **36** vessels and **13,000** trading days to our fleet, via our two strategic acquisitions, Scorpio and Chemical Tankers Inc. (CTI).

From where we started in 2011, these acquisitions saw Hafnia meeting an important milestone in becoming the world’s largest product and chemical tanker operator.

As part of the CTI acquisition, the chemical vessels allowed us to gain significant operational advantages. These chemical vessels transport both clean petroleum products and chemicals, allowing us to switch between cargoes and limit ballast time. **17%** of the cargo carried on these tankers in 2022 were bioproducts – further underpinning our commitment to a more sustainable world in the shipment of renewable energy.

We continue to reap the benefits of these acquisitions through a strengthened balance sheet, where the 2022 net profit from the acquired fleet was above **USD 190 million**, including the gain from the sale of **eight** of the CTI stainless-steel vessels. The acquired fleet has also increased by approximately **USD 330 million** in value.

Hafnia has a modern fleet with an average age of **7.9** years. In 2022 we divested **10** vessels as part of our fleet renewal strategy. These ships have been sold far before the end of their life cycle at a market optimal

time, as part of our active management strategy of responsibly building a world-class fleet.

“Responsibility is Intrinsic to our Business”

At Hafnia, we investigate, we plan, we try, and we learn, to move with the times, considering simultaneously the short, the interim, and the long run.

ESG especially is an area where everyone now needs to come together and take responsibility.

“Getting to Net-Zero”

The maritime sector is increasingly under pressure to decarbonise, and I believe that Hafnia is at the forefront of such efforts. We are consistently working to reduce our environmental footprint by looking for vessel optimisation initiatives that reduce our emissions to the air.

In 2022, Hafnia launched its Climate Strategy (elaborated on later). We strongly commit to the International Maritime Organization’s (IMO’s) Carbon Intensity Targets, including its regulations on sulphur emissions and 2030 goals. Across our owned fleet, our carbon intensity of **5.24 grams**/ton nautical mile (T-NM) was **7.3%** below the present IMO baseline. We plan to deliver at least a **40%** carbon intensity reduction by 2028 on our scope 1 emissions – compared to a 2008 baseline – meeting the IMO’s 2030 targets two years ahead of schedule. Our Technical Team have been hard at work implementing numerous energy-saving initiatives, resulting in overall fuel savings and improved efficiencies to help us achieve these goals even sooner.

In 2022 we prepared to take delivery of **four** LR2 newbuilds, via our Vista joint venture with CSSC

Shipping. These vessels (which will be time-chartered out to long-standing customers Total and Equinor) mark another step forward in our decarbonisation journey. These vessels are equipped with dual-fuel high pressure LNG engines, which greatly minimise greenhouse emissions. LNG is regarded as a viable alternative marine fuel, until the time when ammonia and hydrogen engines become commercially sound.

“An Enduring People First Culture”

People are our most important asset. Beyond our promise to adhere to “Zero Harm” and impeccable safety standards, I stand by Hafnia’s unique culture, which I believe attracts the best minds in the industry.

I was pleased to see the result of our annual employee engagement survey, conducted across the Hafnia offices, where **93%** of our team felt they could be themselves at work. The link is clear between this and the great ideas they bring to the table. I remain committed to the continuation of a workplace, where everyone can thrive and meet our business goals simultaneously.

“Leadership and DIBE”

Leadership comes out consistently as a topic we take seriously, and I think we always need to be working harder at it. Leadership is never perfected, it is a discipline which takes continuous learning and improvement.

In 2022 we continued our focus on our Ambitious Leadership program across our leaders, and also on how we could extend this at sea.

Diversity, Inclusion, Belonging and Equity (DIBE) remains high on our agenda, with 2022 seeing many exciting developments. This included, amongst other topics, meeting our onshore diversity targets, and Hafnia joining the All Aboard Alliance with myself as Co-Chair. This initiative gathers leaders in the maritime industry to collaborate and address the common challenges in a new era where diversity is needed for us to thrive.

Hafnia ran its second Maritime DEI Innovation Lab (a reprise of the Women in Maritime Lab, now with a broader scope). It was an honour to count industry giants like Anglo American, RightShip, Thome Group, Wilhelmsen and Rio Tinto as part of this call. The winning idea, "SeaBuddy", is currently in its pilot launch, and I look forward to this new mentoring support and knowledge platform for seafarers to soon come to market.

"Operating on the Highest Governance Standards and Business Integrity"

We continue to operate with the highest ethical standards, and see it as not just a business imperative, but laying the foundation of our culture - outlining what is acceptable behaviour and what is not. Our strong "speaking-up" culture is what helps in preventing those violations of ethics - strengthening our drive to act as a unified team and with integrity.

Whilst I take pride in developments and efforts in risk management, compliance and ethics, I think there is still space for improvement in our industry coming together to tackle this topic.

The work of the Maritime Anti-Corruption Network (MACN) has been key in supporting its members (like Hafnia) on difficulties we still all face in certain areas.

Imagine what we could achieve if we all pooled our efforts and resources to enforce corrective action on topics like this and others.

Looking Ahead: and Beyond our Fleet...

Despite a softer start to 2023, market fundamentals remain strong, laying the foundation for a positive year. With a low orderbook of newbuilds, growth in oil demand, and generally low oil product inventories in the western hemisphere, I am confident that utilisation of our modern fleet will remain steady on the back of increased trade volumes. With sanctions of Russian products now fully in effect, we also expect further alteration in trade routes. Currently, Hafnia is well positioned to take advantage of the elevated spot market.

Whilst Hafnia is a shipowner in our own right, operating in this volatile market, our value proposition remains much more than that.

Our integrated shipping platform is built on a robust and responsible business model with additional revenue streams from pool management, bunker procurement, asset and investment management – and we are always looking at opportunities to further grow to drive value in areas where it makes sense.

In 2022, Hafnia launched **three more Pools** across the Chemical and LR2 segments, thus extending our Pool offering across all product tanker segments. The Hafnia Bunker Alliance serviced more than **1,250** vessels, demonstrating the strength of its business model.

With that, I take this opportunity to thank my team and our trusted partners for making these excellent developments and results possible through their dedication and confidence.

A special mention of gratitude goes to Hafnia's seafaring community, who sail our flag across the important job of transporting our customers' cargo. Our colleagues in the Russian Federation and Ukraine have been particularly affected by the war against Ukraine, and on behalf of Hafnia, I extend my gratitude to you for being with us, and solidarity for the hardship you and your loved ones have had to endure.

These results are a true reflection of everything we have worked hard for.

Our motto remains to build on this strong momentum and produce even greater results and shareholder value via active management.

We look forward to sailing into the Hafnia future with you, and hope you will find the information in our Annual Report 2022 insightful.



Mikael Skov, CEO

Our freshly dry docked Hafnia Yarra (Annual Report 2022 Hero ship) heading to Singapore on the Strait of Malacca



Operating Highlights

132

Owned, Newbuilds and
Chartered-in Vessels

239

Vessels under
Commercial Management

7/30

Pools/
Pool Partners

7.9

Average Age of
Hafnia Vessels

4,095

Hafnia Vessels
Port Calls

7.5_m

Hafnia Vessels Total
Deadweight Tonnage

30,274

TCE/day for
Hafnia Vessels

44,475

Hafnia Vessels
Total Operating Days

Full Year & Q4 Results 2022



TCE Income

Full Year 2022	Q4 2022
USD 1,346.7M	USD 427.4M

EBITDA

Full Year 2022	Q4 2022
USD 1,006.9M	USD 335.9M

Pool and Bunker Income

Full Year 2022	Q4 2022
USD 40.5M	USD 13.9M

Net Profit

Full Year 2022	Q4 2022
USD 751.6M	USD 263.8M

Dividends (Payout ratio - %)

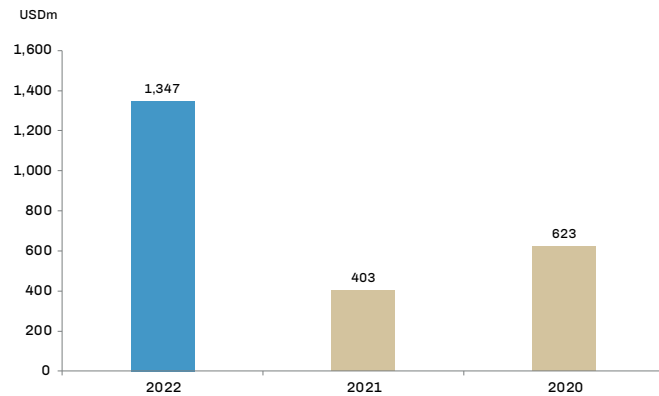
Full Year 2022	Q4 2022
USD 402.7M (53.6%)	USD 159.0M (60.3%)



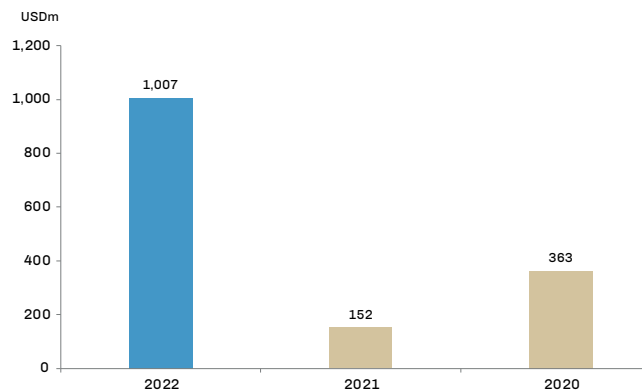
Hafnia Limited
Full Year 2022/
Q4 2022

Financial Highlights

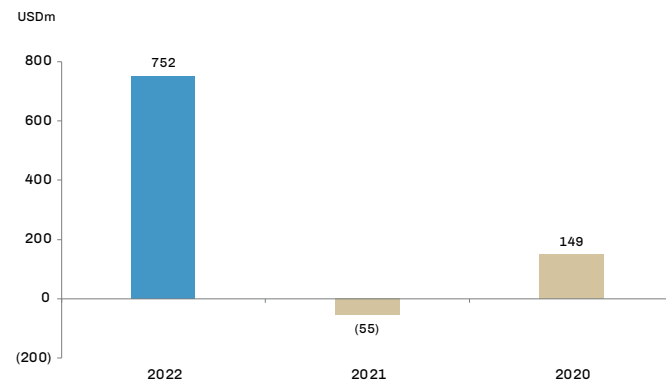
TCE Income



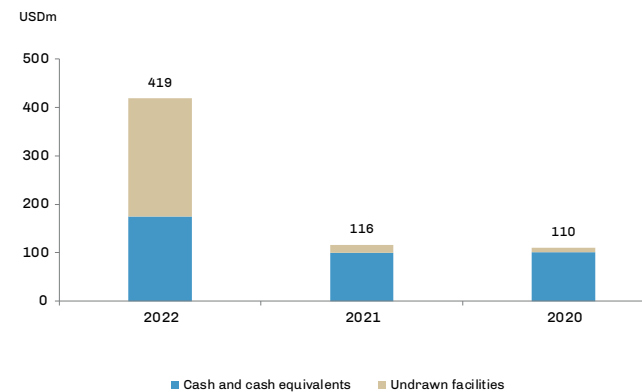
EBITDA



Net Profit/(Loss)



Total Liquidity



USD
2,009_m

Total Equity

USD
40.5_m

Pool and
Bunker Income

USD
15,184

Operating Cash
Flow Breakeven (per day)



Key Financial Figures

USD million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full Year 2022
Income Statement					
Operating revenue	267.3	467.8	522.4	575.1	1,832.6
TCE income	163.4	348.3	407.6	427.4	1,346.7
EBITDA	87.5	257.5	326.0	335.9	1,006.9
Operating profit (EBIT)	36.7	206.9	298.2	281.4	823.2
Financial items	(15.7)	(24.8)	(24.4)	(24.2)	(89.1)
Share of profit from associate and joint ventures	1.1	7.2	7.9	8.0	24.2
Profit before tax	22.0	189.4	281.6	265.3	758.3
Profit for the period	21.3	186.2	280.3	263.8	751.6
Balance Sheet					
Total assets	3,715.4	4,065.9	3,943.8	3,918.9	3,918.9
Total liabilities	2,331.8	2,391.7	2,057.4	1,909.9	1,909.9
Total equity	1,383.6	1,674.2	1,886.4	2,009.0	2,009.0
Cash and cash equivalents	74.0	87.5	151.5	174.4	174.4
Key Financial Figures					
Return on Equity (RoE) (p.a.) ¹	6.8%	53.5%	74.8%	67.6%	48.2%
Return on Invested Capital (p.a.) ^{1,2}	5.1%	27.6%	41.1%	38.6%	28.3%
Equity ratio	37.2%	41.2%	49.1%	51.9%	51.9%
Net loan-to-value (LTV) ratio ³	64.0%	55.7%	43.0%	37.2%	37.2%

¹ Annualised

² ROIC is calculated using annualised EBIT less tax

³ Net loan-to-value is calculated as vessel bank and finance lease debt (excluding debt for vessels sold but pending legal completion) less cash divided by broker vessel values (100% owned vessels)

⁴ Excluding six LR1s owned through 50% ownership in the Vista Joint Venture and two MRs owned through 50% ownership in the Andromeda Joint Venture

⁵ Total operating days include operating days for vessels that are time chartered-in

⁶ OPEX includes vessel running costs and technical management fees

⁷ Including Hafnia's 50% share in six LR1s owned through 50% ownership in the Vista Joint Venture and two MRs owned through 50% ownership in the Andromeda Joint Venture

2022	LR2	LR1	MR	Handy	Chemical - MR	Chemical - Handy	Chemical - Stainless	Total
Vessels on water at the end of the period ⁴	6	34	50	6	6	18	-	120
Total operating days ⁵	2,188	11,758	18,022	3,156	1,894	5,919	1,538	44,475
Total calendar days (excluding TC-in)	2,190	10,406	14,965	3,240	2,004	6,012	1,607	40,424
TCE (USD per operating day)	33,563	35,826	30,113	23,351	31,481	24,910	18,446	30,274
OPEX (USD per calendar day) ⁶	7,443	7,387	7,039	6,702	7,269	6,955	6,455	7,098
Average broker value for owned fleet (USDm) ⁷	414	1,235	1,474	192	243	603	-	4,161

2022 News



Hafnia Acquires 12 LR1 Product Tankers and 32 Chemical Tankers

January - Hafnia expanded its operations with two major strategic acquisitions. The company welcomed 44 vessels to its fleet: 32 chemical and product tankers from Chemical Tankers Inc (CTI) and 12 long-range (LR1) tankers from Scorpio Tankers.



Dubai Office Opening

February - Hafnia established a new office to service the chemical arm of the expanded fleet.

The global trading of Hafnia's Chemical Fleet is overseen from its Dubai office, encompassing a full Chemical Operations, Chartering and Technical team. Team objectives lie in engaging with leading producers, traders, and pool partners to establish further long-term partnerships.



Successful Private Placement of Common Shares

May - Hafnia successfully completed a Private Placement of new common shares in the Company for gross proceeds of USD 100 million.

"The Private Placement attracted significant and tangible interest across leading institutional investors demonstrating its firm foothold in the market", stated Mikael Skov, CEO.



Hafnia Bunkers Alliance on the Rise

May - Amongst other new customers, Hafnia welcomed renowned members – Swire Bulk and Swire Shipping to its Bunker Alliance.

The Hafnia Bunkers Alliance now procures and supplies bunkers to over 1,250 vessels worldwide. The team includes 18 members across Singapore, Copenhagen and Houston.

The Hafnia Bunkers Alliance offering continues to reap the benefits of a best-in-class bunker management service via its large buying power, economies of scale and full transparency on procurement processes.



Hafnia Launches Chemical and LR2 Pool

June - In collaboration with Reederei Nord and Chartworld, Hafnia launched an LR2 pool (with seven vessels initially delivered into the pool on 1 July) - called "The Hafnia LR2 Pool by Reederei Nord, Chartworld & Hafnia".

July - Hafnia launches Chemical Pool and welcomes its first member TRF who entered seven vessels into the pool.

With these launches, Hafnia now runs pools across all product tanker segments, complementing its current offering of operating pools from smaller tankers to LR1s.



CHW Collaboration

November - Hafnia announced its collaboration with Clean Hydrogen Works (CHW) to explore the development of a new, global-scale, clean ammonia production and export project, Ascension Clean Energy (ACE), located on the West Bank of the Mississippi River in Ascension Parish, Louisiana.

This notable project aims to capture up to 98 percent of carbon dioxide (CO2) emissions from its processes, and will provide a cost-effective, scalable pathway to supply carbon-free energy. Within the scope of the project, additional technologies are being explored which could result in zero-carbon or even carbonnegative hydrogen-ammonia production at the facility.

The Product Tanker Market

Hafnia primarily operates in the worldwide transportation of refined oil products and chemicals, which is shown in the simplified tanker market overview below. The product tanker market is cyclical and volatile, and the charter rates and product tanker capacities depend on several factors:

- Number of newbuilds and the number of vessels being scrapped
- Oil demand and refinery throughput
- Price of oil
- Oil inventories
- Environmental regulations
- Geopolitics and sanctions
- Location of refineries

The charter market is also highly competitive and based primarily on the offered charter rate, vessel's location, technical specification, and the reputation of its manager.

Crude tankers transport crude oil from points of

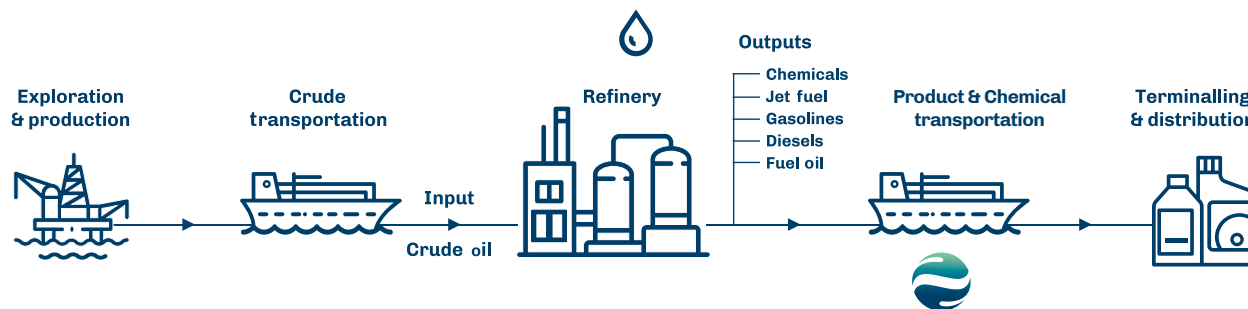
production to oil refineries or storage locations. Product tankers, which have a special lining in the tank, can carry both refined and unrefined products, including crude oil, fuel oil, vacuum gas oil (dirty products), and gas oil, gasoline, jet fuel, kerosene and naphtha (clean products) as well as edible oils and very light chemical cargo grades. Product tankers trade primarily on routes following main import and export patterns for fuels, which is largely driven by regional refining differences.

Chemical tankers can, in addition to product tankers, carry a wider range of chemicals, such as methanol, ethanol, styrene monomer, benzene, xylenes, hexenes and renewable oils with higher content of free fatty acids (e.g. used cooking oil).

Freight rates for a vessel trading under spot charters are susceptible to fluctuating demand and supply of vessels, resulting in high volatility. Rates are also strongly affected by seasonal fluctuations in demand from end consumers, global oil demand

and inventories. Product tankers are typically dedicated to trading clean petroleum or dirty petroleum products. Clean tonnage supply can increase at times when clean trading earnings are significantly higher than dirty trading earnings as it will attract dirty tankers to clean up their tanks to clean petroleum products. This is a costly process which is not done easily.

A concept typically used to depict earnings in shipping is 'time charter equivalent income' (TCE). TCE is a standard measure used in the shipping industry for reporting of income, providing improved comparability across different types of charters. TCE represents voyage income less voyage expenses, comprising primarily of fuel bunker expenses, port charges and commissions. Another key concept used to depict output in shipping is called 'tonne-mile'. A tonne-mile is defined as one tonne of cargo transported one nautical mile, and an increase in this value represents higher cargo volume transported.



Key highlights

- Product tanker markets experienced exceptionally firm earnings and tight market conditions, with all-time high charter rates reported in 2022
- Strong demand for product tankers has developed, with increased refinery runs and increased tonne-mile trade driven by redistribution of energy trade flows following the Russia-Ukraine conflict
- Significant demand growth is expected in 2023 driven by recovery of Chinese economy and oil demand post Covid-19 lockdowns
- Export growth from the Middle East due to completion of two new high complexity refineries in Saudi Arabia and Kuwait supports increasing transport demand from the region
- U.S. refinery runs are expected to remain high, due to growing domestic demand and low strategic inventories, driving export volumes up for the incremental barrel not consumed upstream
- EU ban on Russian product imports have come into effect, resulting in a shift in trade flows to longer-haul routes
- Tanker supply side remains positive, with limited product tanker fleet growth of only approximately 2% DWT expansion in 2022 and approximately 1% expansion projected in 2023
- The product tanker orderbook reflects 20-year lows at 5% of fleet capacity, and limitations in short-term shipyard capacity due to ordering activity in other shipping segments constrain significant product tankers fleet growth as far out as 2026
- Active tanker supply may be moderated by new and complex emissions regulations (including CII and EEXI) partly through slower speeds and retrofit time
- Despite risks from global economic headwinds and geo-political uncertainty, underlying trends in refinery capacity and shifts towards longer-haul routes suggest that product tanker markets are likely to remain tight but volatile through 2023



2022 Market Summary

Trade & Demand

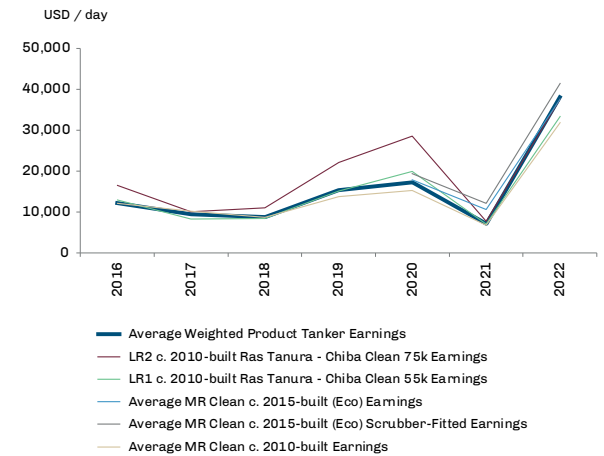
The product tanker market strengthened significantly after the onset of the Russia-Ukraine conflict in early 2022, and has since experienced very firm conditions.

Clarksons Research's product tanker spot earnings series averaged USD 38,053/day across full year 2022, the highest annual average on record stretching back 25 years, and directly following on from the lowest level on record of USD 7,092/day in 2021 – a year where markets continued to experience pressure from enduring impacts on global oil demand and seaborne oil trade due to the Covid-19 pandemic.

Product tanker earnings strengthened considerably in the second quarter of 2022 after the start of the Ukraine conflict which led to shifts in product trade patterns, improving product tanker utilisation and longer transport distances.

Strong refining margins, increased refinery throughput and the underlying shifts in refinery capacity, combined with record high Russian and Chinese export volumes, have been the main drivers supporting trade volumes and ton-mile gains. The surge in European natural gas price led to a widening gas premium over oil products, causing fuel switching from natural gas to oil products for power generation in Europe, leading to increased oil consumption.

Product tanker segment earnings

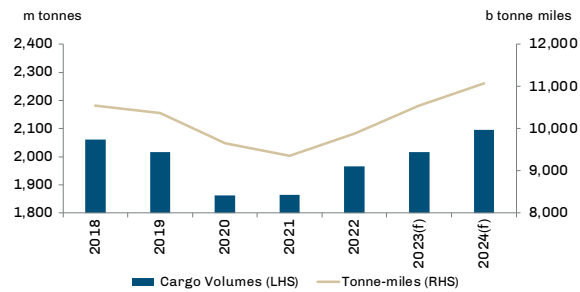


Source: Clarksons Research, March 2023

According to Clarksons Research, clean MR spot earnings (basis a c.2010-built non scrubber-fitted ship) averaged USD 31,775/day in 2022, the highest level on record. Earnings premiums for 'eco' and scrubber-fitted tonnage also widened in 2022 amid a high bunker price environment, with average earnings for a c.2015-built 'eco' ship averaging USD 37,584/day, and earnings for a scrubber-fitted 'eco' MR reaching USD 41,353/day.

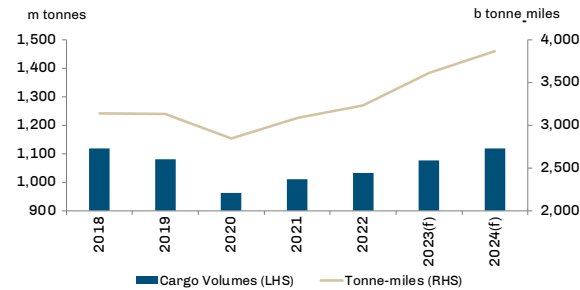
Earnings in the LR sectors also firmed significantly last year to strong levels. LR2 clean spot earnings on the benchmark Ras Tanura-Chiba route averaged USD 37,514/day in 2022 (basis a c.2010-built non scrubber-fitted ship), up from a low of just USD 7,727/day in 2021. LR1 earnings on the same route averaged USD 33,338/day in 2022.

Global oil trade volumes – Crude oil



Source: Clarksons Research, March 2023

Global oil trade volumes – Oil products



Source: Clarksons Research, March 2023

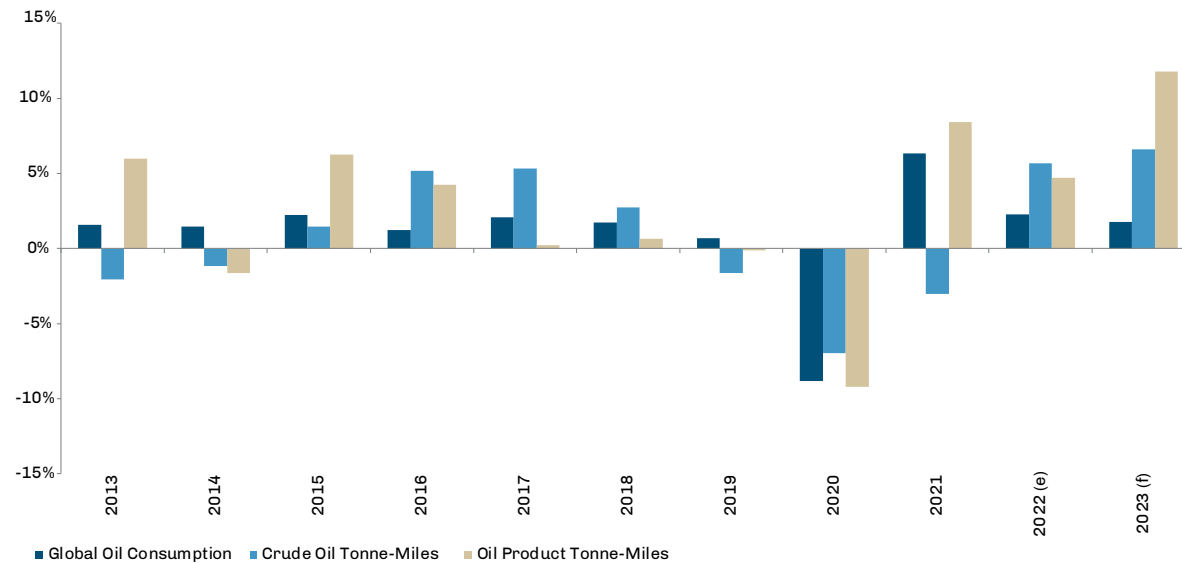
Seaborne products trade volumes increased by an estimated 2% in 2022 to reach 22.2m barrels/day, with growth supported by underlying gains in global oil demand and refinery throughput, as well as expansion in refinery capacity in key regions.

Middle Eastern exports rose by 9% in 2022 to 4.3m barrels/day, on the back of several refinery start-ups,

whilst US exports rose by around 10% to 2.7m barrels/day, largely on the back of strategic inventory releases, rebounding refinery throughput and stronger demand in Latin America. On the imports side, volume gains were generally driven by rebounding oil demand in Latin America, Africa, and Australia, where the recent further closure of approximately 0.25m barrels/day of domestic refinery capacity has boosted products import requirements.

Trade growth in tonne-miles is estimated to have increased by 5% in 2022, reflecting initial shifts in trade patterns related to the Ukraine conflict, refinery capacity changes and other demand trends. In particular, trade grew firmly on some relatively longer-haul routes including Asia-Australasia, Asia-Europe, Middle East to Asia and North America, Russia to India, and Europe to West Africa, whilst lower volumes were recorded on some shorter-haul routes, including Far East Russia to Japan/Korea and Asian exports to China amid Covid-19-related disruption.

World seaborne oil and total consumption growth

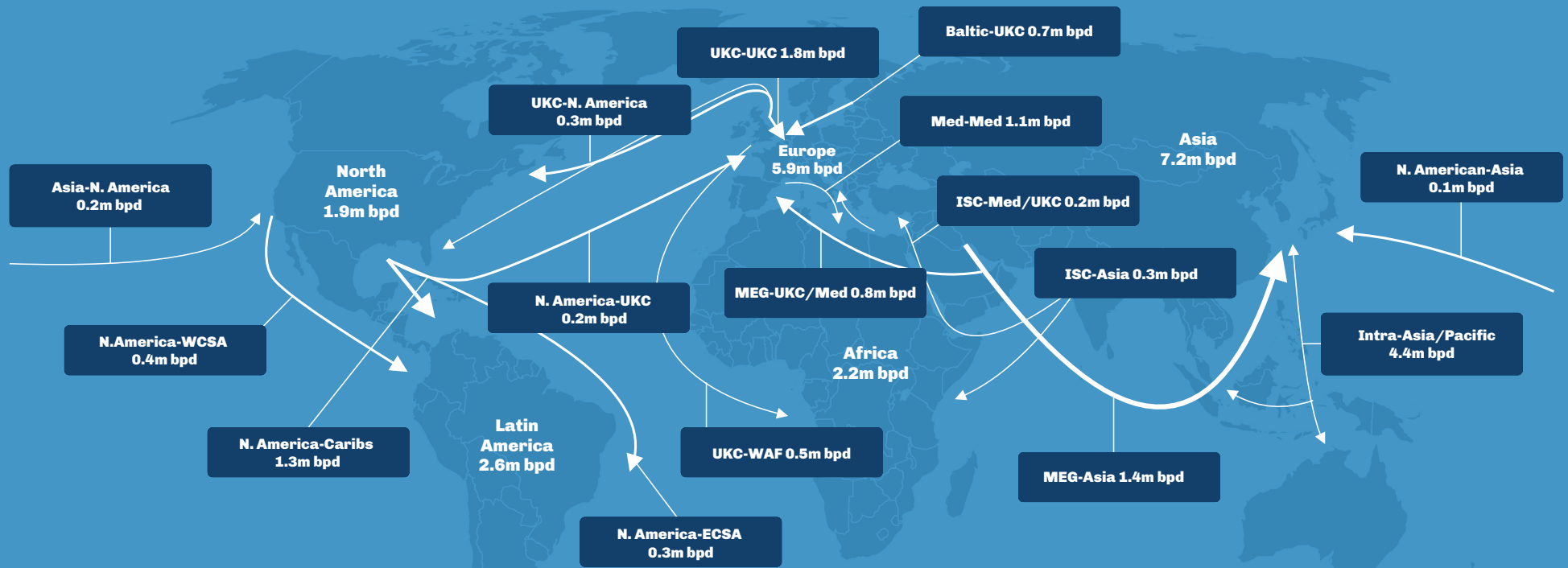


CAGR 2017-2022:
 Oil Consumption: 0.3%
 Crude Oil Tonne - miles: -0.8%
 Oil Product Tonne - miles: 0.7%

2023 / 2024 Forecast:
 Oil Consumption: 1.8% / 1.9%
 Crude Oil Tonne - miles: 6.6% / 5.1%
 Oil Product Tonne - miles: 11.8% / 7.1%

Source: Clarksons Research, March 2023

Major Seaborne Oil Products Trade Routes 2022



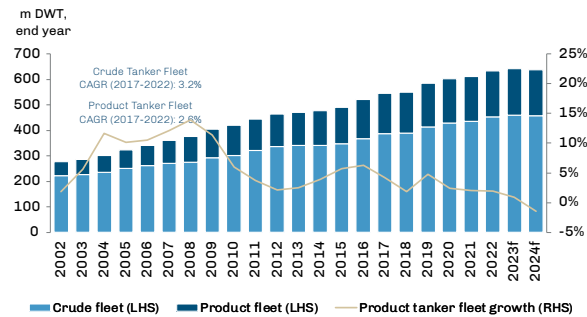
ECSA: East Coast South America
 MED: Mediterranean Sea
 MEG: Middle East Gulf
 UKC: United Kingdom to Continent Range
 WAF: West Africa
 WCSA: West Coast of South America

Note: Asia defined as East Asia & South East Asia, including volumes from Far East, Russia and not including ISC.
 Asia/Pacific defined as Asia and Oceania.
 Continental volume totals represent import totals

Source: Clarksons Research, March 2023

Tanker Supply

Product & crude tanker fleet development



Source: Clarksons Research, March 2023

Product tanker fleet growth remained subdued by the end of 2022, with capacity (basis ships 10,000+ DWT) expanding by just 2% during 2022 to reach 180.8m DWT. The crude tanker fleet, on the other hand, expanded by 4% to reach 453.1m DWT. Anticipated growth in oil demand and longer trading routes will pave the way for higher utilisation of the existing product tanker fleet.

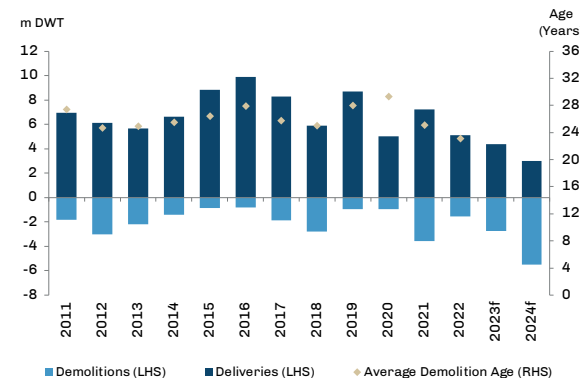
This muted product fleet development is largely attributed to a low level of deliveries in 2022, with total product tanker deliveries falling by 29% year-on-year to a limited 5.1m DWT.

Meanwhile, and despite a high scrap price environment, recycling was generally limited with only 1.5m DWT sold for recycling in 2022, compared to 3.6m DWT in 2021.

This is directly related to exceptionally strong market conditions, and a large amount of second-hand sales into a growing fleet trading Russian oil products. Product newbuild contracting generally remained steady at moderate levels in 2022, with orders placed for 5.0m DWT, similar to levels seen across 2018-22, though still down 33% on the ten-year average.

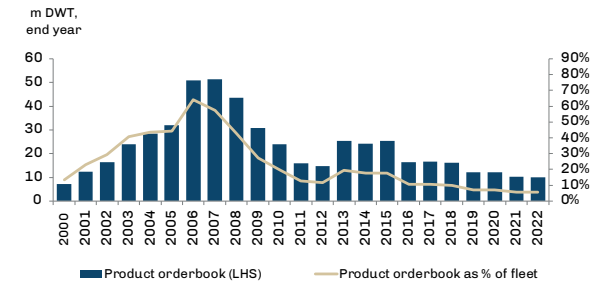
This is mainly due to a high contracting level of other shipping segments such as container ships or gas carriers, rendering yards to be operating at near full capacity. By the end of 2022, the orderbook remained limited, standing equivalent to just 5% of the existing fleet capacity.

Product tanker fleet changes



Source: Clarksons Research, March 2023

Product tanker orderbook development

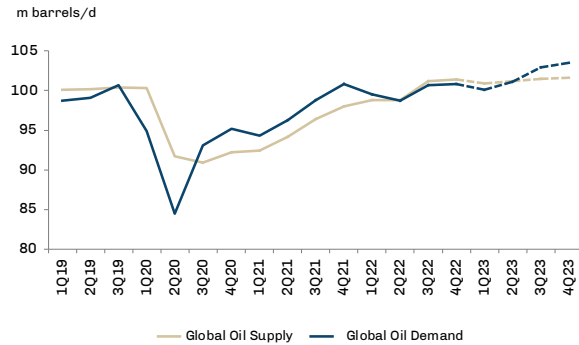


Source: Clarksons Research, March 2023

2022 has laid very strong fundamentals entering into 2023. We expect continued growth in oil transportation demand, driven primarily by the changes to oil trade flows due to EU sanctions on Russian oil effective from 5th February 2023. The continued dislocation between refinery production growth in the East and oil consumption in the West will also lead to longer transport distances.

2023 Market Outlook

Estimated global oil supply and demand



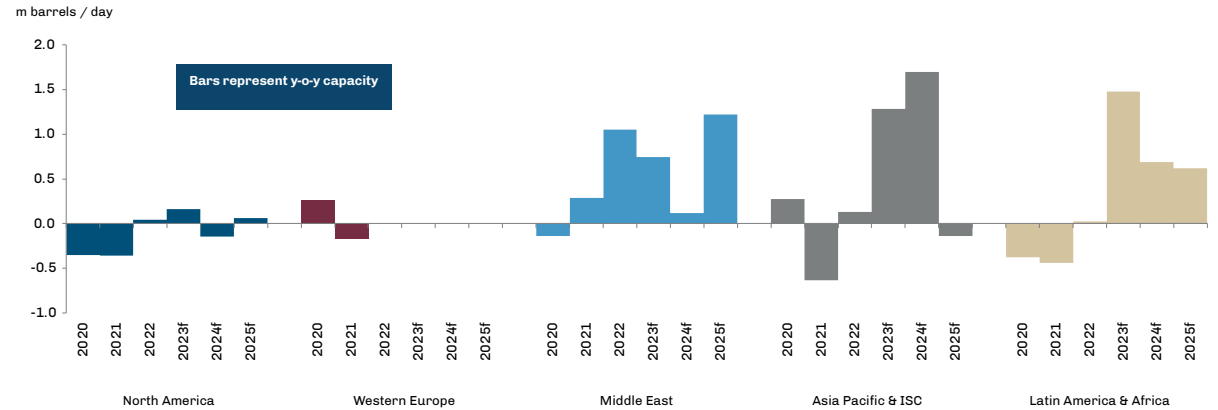
Source: Clarksons Research, March 2023

The product tanker market outlook generally appears very encouraging, with several factors driving positive trends on the demand side and limited supply growth expected. Seaborne product trade volumes are expected to continue to expand in 2023, largely driven by increasing exports from the Middle East, Asia and US.

In the Middle East, further expansion in refinery capacity and ramp-up of throughput at recent start-ups is expected (e.g. in Kuwait, Saudi Arabia, Oman, Bahrain, Iraq). This will support the clean product segment due to increased export volumes, and long-haul transport and demand from end users.

Asian growth is expected to be driven by a range of countries, notably India and China, where refinery capacity is continuing to expand, and Malaysia,

Regional refinery capacity growth



Source: Clarksons Research, March 2023

where shipments are growing after recent start-ups. Chinese export licenses of the fourth quarter 2022 have been on a record high, adding about 1.0m barrels of increased transport demand to the worldwide balance.

For the first quarter of 2023, the Chinese government has announced export licenses close to fourth quarter volumes last year. However, a swift recovery of the Chinese economy and oil demand, and increased upstream demand, will leave export volumes inferior to the fourth quarter 2022.

In the U.S., shipments are projected to continue to increase, though exports have seen some disruption in early 2023 from severe weather and increased refinery maintenance.

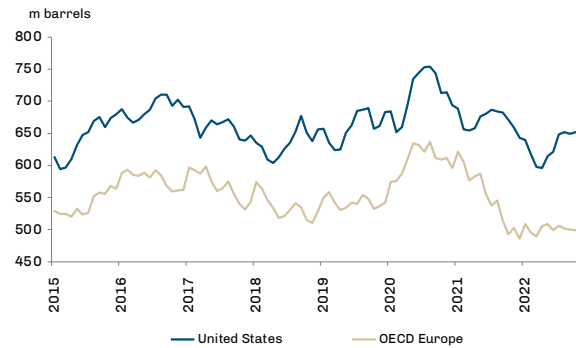
Following the introduction of the EU's ban on

product imports from Russia in early February, a significant shift in seaborne products trade flows is also materialising, providing additional support to product tanker demand.

Before February 5th, Russia's clean products exports into Europe were gradually decreasing from about 1.0m barrels/day to around 0.7m barrels/day. We have seen Russia's export volumes to Europe disappear after February 5th and the above said 0.7m barrels, will have to flow into other regions. Although uncertainty remains over the precise impact of the ban on total Russian products exports, initial indications suggest that Russia is increasing shipments to alternative, further afield destinations, including the Middle East, Latin America, Asia and Africa.

While high European stockpiles of Russian and

Regional oil product inventories



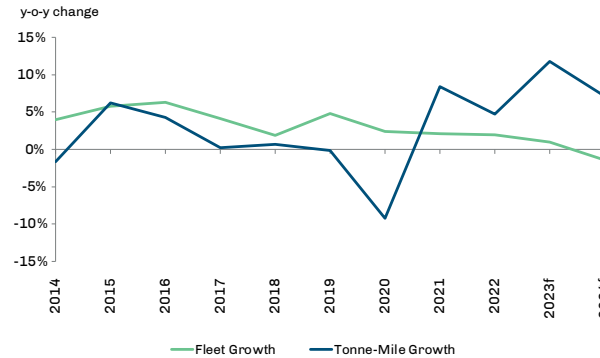
Source: IEA, March 2023

other products may limit the increase in longer-haul imports into Europe in the immediate term, a trend towards increased longer-haul European imports from areas further away such as the Middle East, U.S. and Asia is still expected through 2023.

Low inventories and the opening and closure of refineries around the world is expected to continue to shift trade flows. Product imports into Europe and Australia are expected to rise further following recent refinery closures. Inventories for clean products in the West remain below the long-term average, while levels in the East are on par. With the start-up of significant volumes in new refinery capacity in the Middle East, we can expect clean trade volumes to increase to replenish this drop.

Overall, initial estimates suggest potential for strong growth in global products tonne-mile trade of over 10% in 2023. Impacts from the EU ban on imports from Russia may also contribute to increased inefficiencies in the market, absorbing tonnage.

Product tanker supply and demand



Source: Clarksons Research, March 2023

The supply backdrop appears supportive, following limited newbuild ordering in recent years. The Product tanker fleet growth is currently projected to remain subdued this year at approximately 1%, with deliveries projected to ease down further from the 2022 level to less than 5m DWT. Impact from new emissions regulations are also expected to have a further moderating impact on active tanker supply.

Uncertainty remains and scenarios vary, but Clarksons Research estimates suggest that compliance with the Energy Efficiency eXisting ship Index (EEXI) and the Carbon Intensity Indicator (CII) could reduce available supply across the tanker sector by an average of 1.5-2.0% annually across 2023-24, through slower speeds and retrofit time.

Overall, while there remain some risks to the outlook, including global economic headwinds and uncertainty over the outlook for Russian exports, underlying trends in refinery capacity and expected shifts towards longer-haul routes suggest that product tanker markets are likely to remain tight through 2023, even if some volatility continues to be seen.

Initial indication for 2024 also appear supportive, with preliminary projections suggesting another strong year for products tonne-mile trade growth of approximately 7%, whilst supply side growth looks likely to remain very limited given the order-book schedule. Impacts on active supply from new environmental regulations, including potentially slower speeds, are also expected to continue.

1.3

Why Hafnia



Vision, Purpose & Values

Our Vision, Purpose and Values are at the core of everything we do.

We ensure every individual and business decision in our organisation live up to these high expectations for our success.

We build our **“Best on Water”** Vision to show where we are going and showcase what the future looks like when goals and intentions are accomplished.

Our **People First** Purpose is our determination in being a leader in the shipping future of tomorrow.

Our **CARE** Values are what unite us, fortifying a culture which makes Hafnia home to our employees, customers and partners.

Vision

Best on water

At Hafnia, our vision is to be the Best on Water. We apply craftsmanship throughout all areas of our business.

We are never complacent, and we adapt in a constantly changing environment.

We put people first, and attract, nurture and retain talent. As a team, we act unified and strive towards our common goals.

And we CARE. We drive sustainability for the environment, setting the standards in the industry.

Purpose

We put people first and challenge the industry today, to deliver the industry of tomorrow

We challenge the status quo and believe we can always be better, leaner, bolder and more proactive, creating a win-win for all our partners and stakeholders.

For us, our purpose is as straightforward and transparent as we are:

We put people first to understand their needs

We challenge the way things are done

We change the industry for the better

We deliver unrivalled transportation of hydrocarbons to sustain the world

Values

C - collaborative

- We put people first
- We are one team
- We engage with respect and an open mind
- We are transparent in our communication

A - ambitious

- We think out of the box and go the extra mile for our customers
- We are empowered
- We challenge and give each other respectful feedback

R - reliable

- We deliver complete solutions to our customers
- We say as we do and we do as we say
- We take ownership and we are accountable for what we do
- We are transparent and share our intentions

E - enduring

- We act with a long-term perspective to deliver for our customers
- We never give up, and we do the right thing
- We do not accept the status quo, we seek development
- We optimise today to ensure there is a tomorrow



Our Strategy

In 2022, Hafnia reframed our corporate strategy based on four key pillars:

- **Global Leadership**
- **Growth**
- **Sustainability**
- **Digitalisation**

This strategy was defined by our Leadership Group and Board of Directors.

Not only do we aim to maintain our global leadership, and forefront the developments of the energy transition, we also aim to continue growing with the best operating platform.



Testimonials

Our corporate strategy mentioned on the previous page is lived through every individual in our organisation to ensure they are part of our shared success and vision.



Go-to Stock in Product Tanker Space

Hafnia is the market leader in the tanker sector because of our active management.

We maintain a balance of navigating cautiously through the volatile global environment and decisiveness in appropriate market situations.

We work hard to avoid unnecessary risks, however, with a determined attitude to ensure we take full advantage of any upturns in the product tanker market.

What we enjoy today has been a reflection of everything we have worked hard for, which is why we believe Hafnia stands out from our peers.

Hafnia also strives to build trust and confidence within its stakeholder community and incorporate a strong ESG profile.

We focus our efforts not only on topics that are material, but also on the ones that are meaningful for the company and our stakeholders.

Fulfilling our ESG ambitions is a top priority, not only in line with following regulations, but also in future proofing our competitive standing in the market.

**Thomas Andersen,
EVP, Head of Investor
Relations**



The Best TCE Performance

The excellence of Hafnia's commercial team is special. We operate with a flat structure, which ensures real-time, efficient communication.

When it comes to our market standing, I feel we are modern and agile, hence enabling us to make efficient and quick decisions without compromising on quality. With the strength of our team and coverage globally, I believe Hafnia is in a unique position to maintain and even strengthen our relative TCE performance over time.

We are opportunistic about taking contracts of affreightment at

levels supporting our long-term strategy. The operational synergies of our product and new chemical fleet allows us to broaden our cargo carrying capabilities and secure our positioning in the market, and thus reinforce our long-standing relationships with our customers and brokers.

**Karen Yeoh, Manager,
Commercial**



A Growing Pool...

Over 30 owners and operators from all corners of the world entrust Hafnia as a global leader in the Tanker sector to take care of their vessels.

It is exciting to be part of a team that manages these multicultural relationships, and a privilege to represent an organization that promotes such a uniquely versatile and dynamic culture, servicing the diverse needs of our esteemed pool partners.

Pool Management has been an integral part of the Hafnia expansion journey, where I take pride in nurturing relations internationally, across all our pool

segments, further solidifying the robust model of our competitive offering.

Alex Svolakis, GM, Pool Management



Continuous Growth through Robust Capital Structure

Working with a strong balance sheet to weather volatility in the market is key, which is why I believe Hafnia first and foremost has such a strong standing.

Our efficient capital structure allows us to operate in a highly competitive yet capital intensive industry. We always look to maximise return on investments and minimise financial risks.

As an organisation we keep things lean, and always seek to maintain a competitive and cycle-resistant cashflow breakeven level - to ensure value to our shareholders.

I enjoy working for an organisation that can pursue an active growth strategy via its healthy leverage and strong access to the capital market. I am also proud to experience firsthand our team's ability to be at the forefront of the transition to a carbon neutral world and see the promising engagement we receive from our lenders and investors in supporting our sustainability journey.

Shuzhen Pay, GM, Head of Corporate Finance and Treasury



Continuous Growth through Innovation

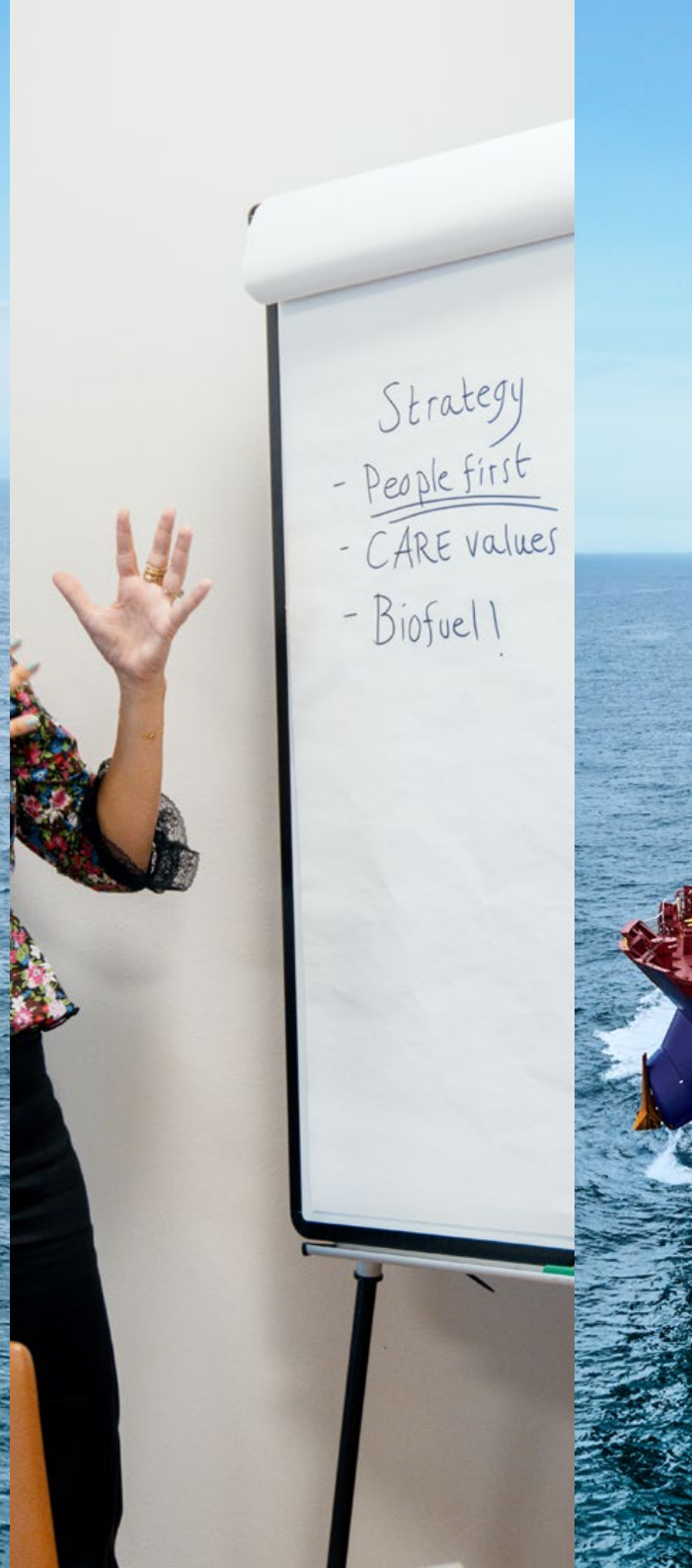
I believe Hafnia is ahead of the curve when it comes to innovating for the wider maritime ecosystem.

What enables Hafnia to experiment with new technology and partnerships is our agility and faster decision-making ability which can be more challenging in a more traditional ship-owning model. We can go from an 'idea' to a minimum viable product /project within weeks or a few months vs. years. Our strength in the tanker market and fleet size easily positions ourselves to attract young companies to try and test technology solutions with us and together identify ways

for them to scale their services in the maritime industry.

We have launched various accelerators, innovation competitions and new ventures in the broader ESG space, and we continue to do so in collaboration with other like-minded partners in the maritime industry. This puts us ahead of the curve in partner-based innovation efforts which should fundamentally create solutions at scale and improve the overall digitalisation of the maritime industry.

Shanker Pillai, Head of Innovation and Change Management





Our Business
Responsibility



Our ESG Approach

ESG is at the forefront of our leadership agenda, with 2022 being a pivotal year in advancing our sustainability strategy.

In 2022, we consolidated our climate strategy, committing to drive the business towards Net Zero emissions by 2050, with strong Key Performance Indicators (KPIs) implemented to measure initiatives and progress.

We have also invested significant efforts in the past years in identifying material ESG factors, adopting to global standards and strengthening our governance framework.

We have introduced ambitious targets and collaborated with industry experts to develop impact-driven initiatives that address climate change, promote diversity, and achieve sustainable supply chain practices.

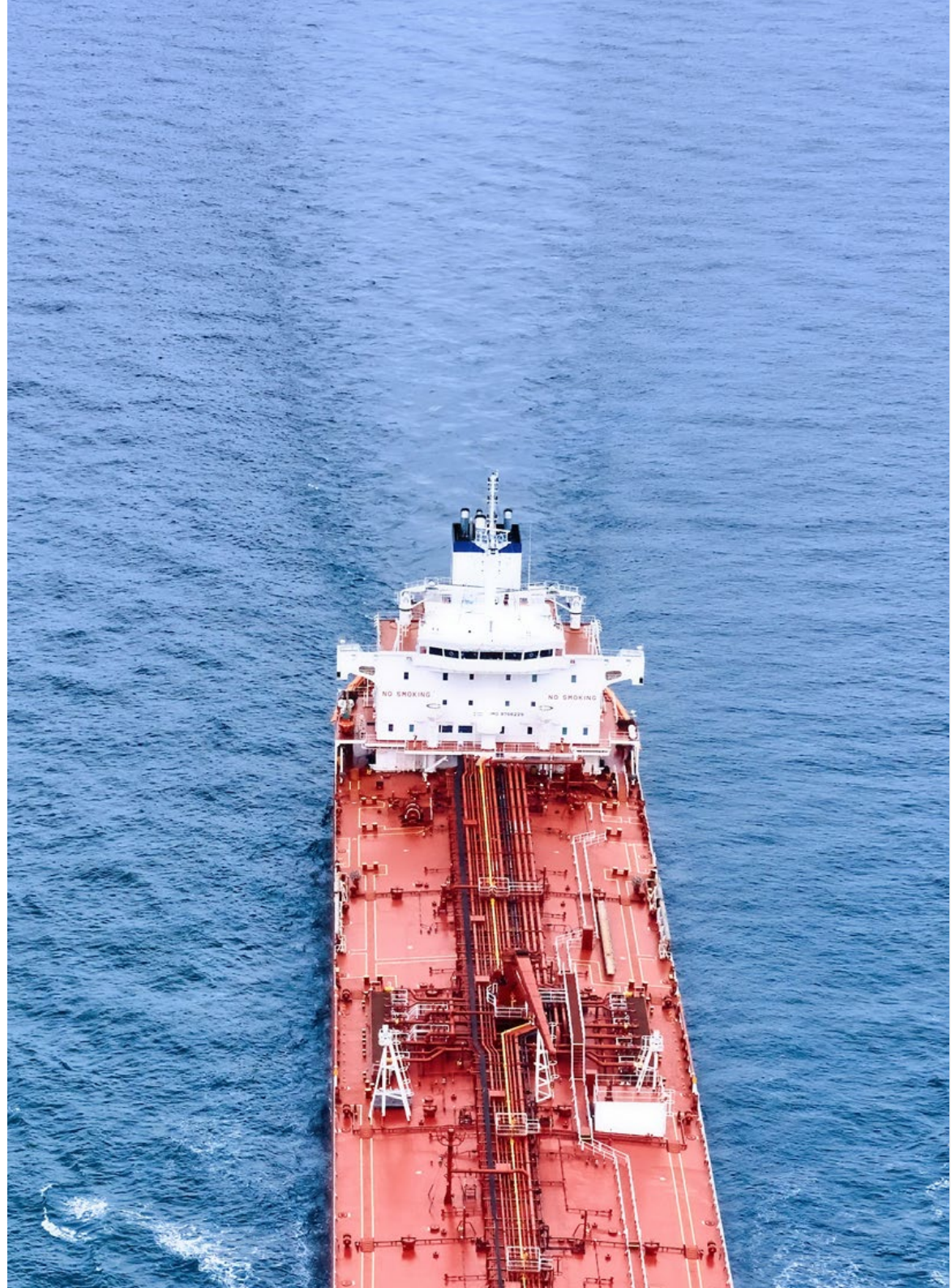
About our ESG Reporting

Our Environmental, Social and Governance (ESG) reporting summarises Hafnia's activities in 2022, prepared in accordance with the Maritime Industry Framework (MIF), Global Reporting Initiative 2021 (GRI), Sustainability Accounting Standards Board (SASB) and Taskforce on Climate-Related Financial Disclosure (TCFD).

The MIF has been selected as a best-practice ESG reporting approach, considering its complete mapping of all major industry standards and regulations.

We are also reporting on our goals and commitments towards the United Nations Sustainable Development Goals.

To further increase efficiency in our reporting processes, Hafnia continues to integrate diginexESG®, a digital ESG reporting solution with our internal system.



ESG at a Glance

With an ambition to be a leader in sustainable shipping, in 2022 we have made significant progress towards delivering on our ESG commitments

Environment

COMPLIANCE	<p>IMO 2030 TARGET On track to be fully compliant by 2028</p>	<p>MARPOL 100% compliant</p>
	<p>AER 5.24 Annual Efficiency Ratio 26% below Net Zero 2050 (PPMI) trajectory value</p>	<p>CO₂ emissions -725 MT Per vessel respect to 2021</p>
CERTIFICATION	<p>ISO 14001 Certified *Hafnia internally managed fleet</p> <p>Our Hafnia Technical Services are ISO 14001 certified. And our emissions data are verified after each voyage.</p>	

Social

OUR PEOPLE	Employees	Crew	Women onshore in Hafnia	Nationalities
	246	4,849	35%	35
SAFETY	LTIF Lost Time Incident Frequency	0.32	TRCF Total Recordable Case Frequency	0.69
	Retention Rate	94% On shore	96% At sea	<p>20.5 Total training hours per seafarer*</p> <p>16.3 Training hours per onshore personnel</p>
TRAINING	<p>Women at Sea * 96% Increase (vs 2021) *Hafnia internally managed fleet</p>			

Governance

- No reported cases of misconduct
- No whistleblowing reports
- No fines incurred

ESG Strategy anchored to the top

100% of our people trained on

- Sanctions
- GDPR
- Anti-Trust
- Anti-Corruption

AWARDS

2022 Award Winners

Outstanding Leadership Diversity – Danish Shipping Seafarer of the Year Tanker Operator

Our Sustainable Development Goals

<p>5 GENDER EQUALITY</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>13 CLIMATE ACTION</p>	<p>14 LIFE BELOW WATER</p>	<p>17 PARTNERSHIPS FOR THE GOALS</p>
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We are reporting under

Our Impact on People & the Environment

Our Materiality Assessment identifies and prioritises the most relevant ESG topics for our company.

During 2021-2022, internal and external stakeholders, which included Hafnia team members, as well as industry associations, were consulted to ensure our ESG strategy aligned with global trends and evolving expectations.

Hafnia Materiality Matrix 2022

We additionally applied the GRI principles of stakeholder inclusiveness, sustainability context, materiality, and completeness to further consolidate our strategy.

In line with regulatory reporting guidance and investor expectations, we expanded our scope to put greater emphasis on the following material topics:

- Expanded emissions reporting to cover Scope 2
- Climate risk reporting & investing in low carbon solutions
- Ecosystems & Biodiversity
- Sustainable Partnerships




Environment

- Greenhouse Gas Emissions**
CO₂, CH₄, N₂O
- Ecosystems & Biodiversity**
- Non GHG emissions, waste & pollution**
PM, NO, SO, VOC, PM, CO
- Investing in low carbon solutions**
- Ship Recycling**



Social

- Diversity, Inclusion, Belonging & Equity**
- Human Capital**
Employee development, training, education, mental health and corporate culture
- Health, Safety & Security**
- Human Rights**
- Sustainable Partnership**



Governance








- Governance Structure & Authority**
Including effective risk management processes
- Integrity & Business Ethics**
- Anti-bribery & Anti-Corruption**
- Whistle Blowing**



Stakeholder Engagement

It is vital we create long-term value for our employees, communities we operate in, and organisations involved and impacted by the work we carry out.

We actively promote transparent and constructive stakeholder engagement. Various channels are implemented to facilitate these dialogues.

	 Our Workforce	 Customers	 Pool Partners	 Suppliers	 Investors	 Lenders	 Authorities
	<p>We encourage an exchange of information via various platforms, which include our intranet (Hafnia Daily), monthly townhalls and various seminars.</p> <p>We encourage people to always speak up, also conducting a yearly, anonymous, employee engagement survey.</p> <p>We have implemented wellness programs and mental health training, and encourage all employees, both at sea and onshore, to report all cases of misconduct through our whistleblowing and assistance channels.</p>	<p>We maintain long-term relationships with our customers via an around-the-clock offering.</p> <p>Via regular in-person and online meetings, we constantly seek to learn to best understand their evolving views and expectations, across the board. Our enhanced website offers a platform for them to keep up to date with all Hafnia news.</p> <p>We collaborate with them to improve industry standards and provide them with a verified emission per voyage upon completion. We also complete ESG questionnaires upon request.</p>	<p>Hafnia's Performance Team consistently review the vessels' performance through our Performance Management system. All Pool Participants and their Technical Managers have access to the monitoring system. A monthly report is shared with the Pool Participants and performance data is published daily.</p> <p>We are committed to reduce our fuel consumption and our pool partners are asked to do the same. We are giving advice with respect to paint specifications for dry docks, backed by financial analysis taking the historic trading of the vessels into consideration.</p>	<p>We guide our suppliers to strictly comply with our Supplier Code of Conduct and embrace our robust standards when it comes to safety, technical, ethics, integrity, environmental, and human rights standards.</p> <p>We proactively engage with suppliers to understand their views and complete assessment questionnaires.</p> <p>Suppliers are screened at the time of registration to ensure their background follows the legislation, and we audit them on a regular basis.</p>	<p>We engage with our investors through regular communication, one-on-one meetings, roadshows, Q&A sessions, website and press releases. More information can be found in chapter 4 (Investor strategy).</p> <p>Investors are regularly informed of our plans to mitigate current and future risks related to our business model as well as our ESG efforts.</p>	<p>We keep lenders informed through clear and transparent communication made of presentations, reports, website updates and press releases.</p> <p>We have developed sustainable KPIs with them and closed three sustainability-linked loans to date with independent 2nd party opinion for best-in-class practices.</p> <p>We continue to discuss opportunities for sustainability-linked loans, green bonds, and other ESG-related products on a regular basis with them.</p>	<p>We develop and maintain constructive relationships with national and regional governments and sector associations in countries where we operate in.</p> <p>Channels for dialogue are always open, and we participate in events to discuss future common industry challenges.</p> <p>Occasionally, we invite governmental bodies and association representatives for information exchange.</p>
	<ul style="list-style-type: none"> • Safety • Mental Health programs • Diversity, Inclusion, Equity and Belonging strategy and initiatives • Flexible work • Training, compensation, and career opportunities • Corporate culture • Compliance awareness months • ESG Materiality assessment 	<ul style="list-style-type: none"> • Fuel consumption and emissions reduction strategy • Responsible business practises • Quality and reliability of the service • Services in line with safety standards • ESG Materiality assessment 	<ul style="list-style-type: none"> • Close collaboration • Monthly consumption reports • Fuel consumption and emissions reduction strategy • Compliance with law and regulations 	<ul style="list-style-type: none"> • Fair and sustainable supply chain • Human rights • Compliance with laws and regulations • ESG Materiality assessment 	<ul style="list-style-type: none"> • Financial and operational performance • Risk management • Transparency on disclosures • Compliance with laws and regulations • Climate Change • ESG Materiality assessment 	<ul style="list-style-type: none"> • Emissions reduction strategy • Diversity, Inclusion, Belonging and Equity • Compliance with laws and regulations • Integrity and business ethics 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Local employment • Common industry and national/international legislations • Emissions reduction strategy

Key Memberships

We partner with various industry peers, international organisations and other key stakeholders to collaboratively address challenges and evolution our sector faces.

We actively and strategically identify cross-industry memberships on an on-going basis to continue driving our ESG agenda and respond to new sector regulations established on the European Union (EU) and International Maritime Organization (IMO) levels, such as EU Taxonomy and EU Emissions Trading System (EU ETS).

Selected ESG Collaborations:

Global Maritime Forum (GMF): is a foundation supported by Hafnia since 2022 as we share the Forum's ambition to shape the future of global seaborne trade to increase sustainable long-term economic development and human wellbeing.

All Aboard Alliance (AAA): is an initiative from the Global Maritime Forum that is co-chaired by our CEO, Mikael Skov. The objective of the alliance is to drive towards increasing diversity, equity, and inclusion, at sea and onshore – for maritime to become a sustainable, forward-looking, and innovative industry.

Getting to Net Zero Coalition: is another initiative from Global Maritime Forum which Hafnia is actively involved in. The Coalition is an industry-led platform for collaboration that brings together leading stake-

holders from across the maritime, energy, infrastructure and finance sectors committed to making commercially viable zero-emission vessels a scalable reality by 2030, towards full decarbonisation by 2050.

Diversity Study Group (DSG): is an organisation dedicated to Diversity, Inclusion, Belonging and Equity (DIBE) where Hafnia is a full member. We believe it is through collaboration and sharing of best practices we can progress with our maritime DIBE ambitions. With our membership, Hafnia also participates in an annual Diversity Study to collect data and create benchmark exercises.

The Maritime Anti-Corruption Network (MACN): is a global business network working towards the vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large. Hafnia is a long-standing and active member of the MACN. We participate actively by collecting data, creating awareness, and implementing principles.

DNV: is a classification society, whom Hafnia has partnered with to create a tool to track our vessels' emissions to cater for regulatory environmental demands.

Partners in Safety: is a program driven by Shell where we share best-practice material to achieve a step-change in our safety performance.



Governance, Strategy & Targets

With ESG at the heart of what we do, sustainability stands as one of our four core strategic pillars – (see corporate strategy in section 1.2).

At Hafnia, ESG, Climate Strategy, and Governance are prioritised from the top and anchored with the Board of Directors and our Leadership Group.

Business leads have ownership in driving action on key material issues, in alignment with business priorities and long-term ESG focus.

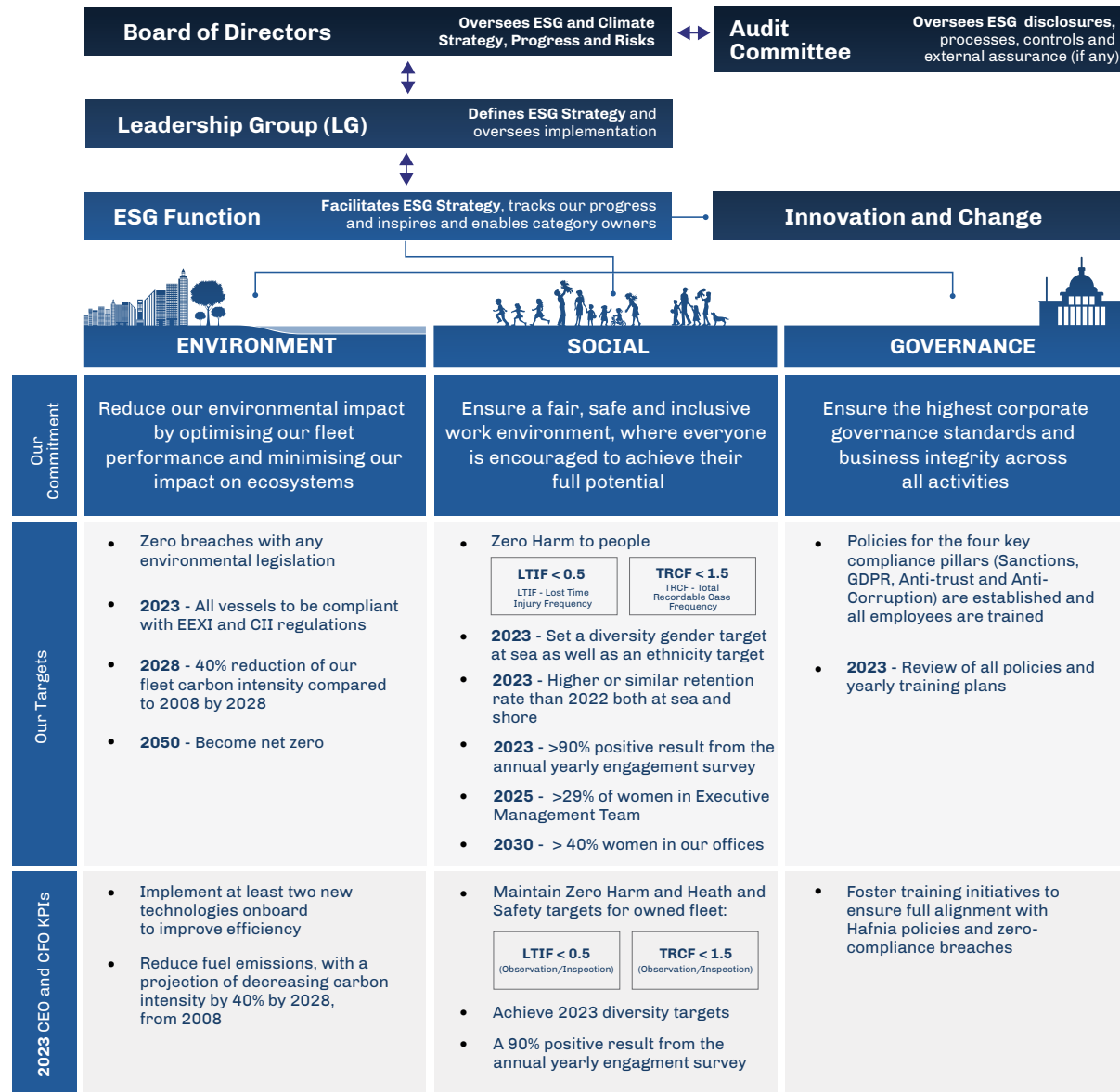
In 2022, Hafnia created a designated ESG function to work across all responsible teams to ensure effective coordination, execution, and communication of ESG efforts, both internally and externally.

This is our ambition to embed ESG in every corner of the organisation and mobilise employees around it.

ESG in our Performance Culture

At Hafnia, we measure individual performance in a holistic way across two dimensions: business delivery through KPIs and how we deliver through behaviour.

Our CEO and CFO KPIs are assessed on a bi-yearly basis together with their ability to drive the ESG agenda on an industry level.



2022

Driving the Business towards Net Zero by 2050

2023

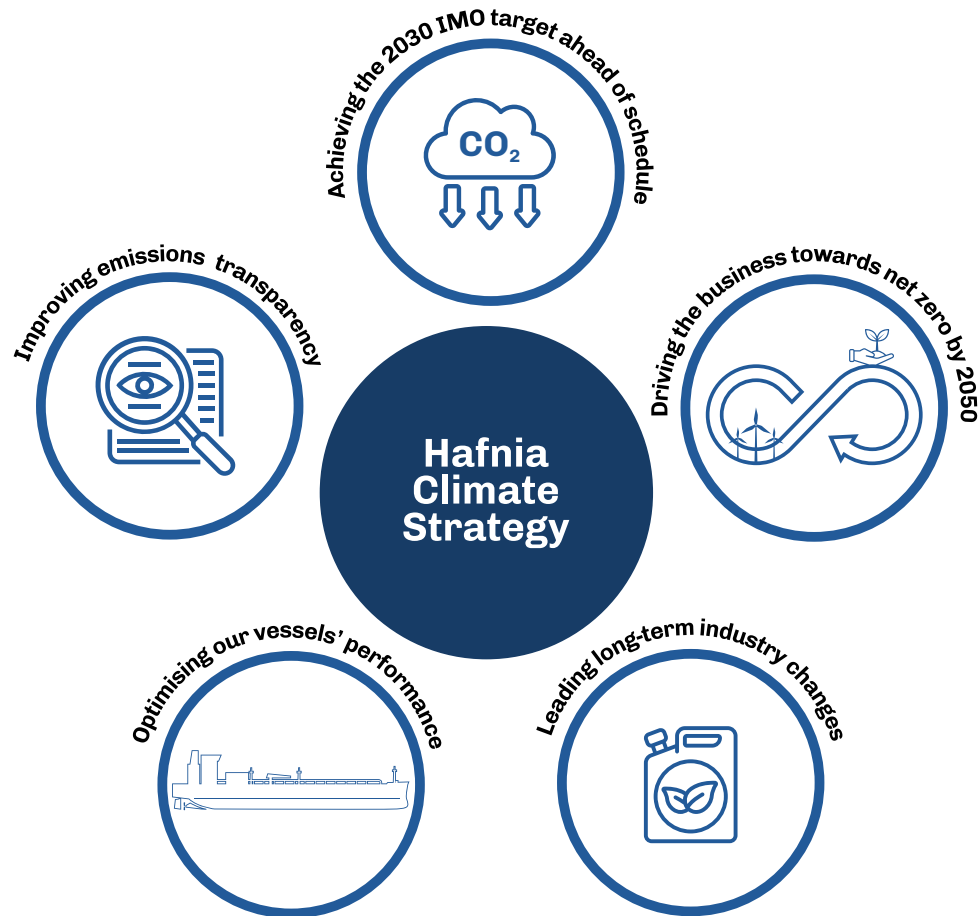


Climate Strategy

The maritime industry is confronted with one of the most significant challenges it has ever faced, with emissions from shipping accounting for 3% of the world's carbon dioxide output.

In driving the business towards Net Zero by 2050, Hafnia has set out a clear path to navigate successfully, and is taking immediate and concrete action via dedicated investment in new technologies, innovation, cross-industry collaboration as well as supporting regulations.

In 2022, Hafnia introduced five strategic climate pillars, including more ambitious commitments and emissions targets to accelerate the achievement of its climate change goals.



Reducing our Emissions

The scenario is based on the assumption of adding vessels fueled by greener fuels to the fleet (4 Dual Fuel LNG in 2023), a gradual replacement of 16 old ships with newbuilds by 2028, as well as an upgrade of part of the fleet through premium hull coatings and installation of mewis ducts and other energy-saving devices during the dry docking cycles of our ships.

Achieving the 2030 IMO target ahead of schedule

In the short-term, Hafnia plans to deliver at least a **40%** carbon intensity reduction by 2028 on our scope 1 emissions – compared to a 2008 baseline – meeting the IMO's 2030 target two years ahead of schedule.

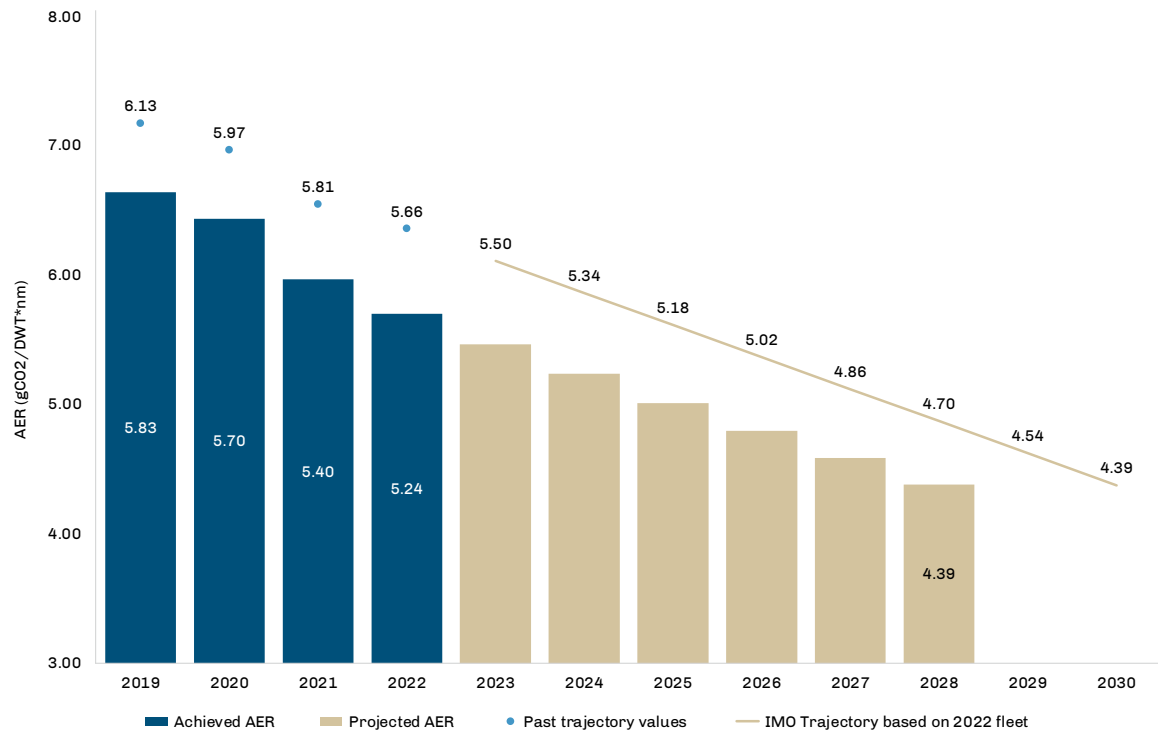
Multiple scenarios have been successfully tested and will accommodate Hafnia's intention to comply with IMO's 2030 target by 2028. These scenarios include 1) a combination of energy savings measures, such as physical energy-saving devices, 2) optimisation of ship operations through education, digitalisation and improved systems, and 3) selling and replacing vessels with more energy-efficient ones.

Improving transparency

In collaboration with the classification society DNV, Hafnia in 2022 developed a digital tool to calculate estimates on carbon emissions for future voyages. This tool enables us to consider the environmental impact of the intended fixture, and obtain an accurate summary of emissions, with class-verified data, following the completion of each voyage.

This provides our teams and customers with improved transparency on carbon footprint and an optimised foundation for making informed choices relating to decarbonisation.

Hafnia Transition Plan to meet the 2030 IMO target ahead of schedule



Optimising our vessels' performance

Hafnia has implemented numerous energy-saving initiatives, which has resulted in overall fuel savings and improved efficiency.

Our vessel-optimisation measures are an integral part of efforts to improve air quality by minimising our emissions.

Hafnia monitors and optimises voyages using digital systems such as **Coach** and **Smartship**, while implementing corrective measures to improve underperforming vessels when required.

Hafnia is also implementing physical energy-reducing devices on all applicable vessels after calculating the effect and validity for each ship.

The potential emissions' reduction from these initiatives, installed on the same vessel, accounts for up to **16%** in the first year of implementation, and about **10%** after five years, mainly due to reduced efficiency of the premium hull coating. We have planned to apply progressively premium hull coating on our entire fleet and will install all possible energy-saving devices when relevant to the vessel.

To date, **61%** of the eligible fleet has been fitted with premium hull coatings, reducing **80,000 MT** of CO₂. Simultaneously, the application of the mewis devices led to an emissions reduction of **11,000 MT**.

Energy Efficiency Existing Ship Index (EEXI) regulation

The EEXI determines the energy efficiency of a ship, purely considering its design parameters.

From 2023, all Hafnia's vessels will meet a minimum energy efficiency standard to comply with EEXI regulations. While **86** of our **113** vessels have already been designed to fall below the minimum standard, we will be implementing engine and shaft power limitation devices to ensure all our vessels are compliant with the EEXI regulation by the individual vessels' compliance date.

Carbon Intensity Indicator (CII) regulation

Further, all vessels will be required to comply with the CII regulation in 2023. The CII measures the vessel's efficiency in transporting cargo in terms of CO₂ emissions. As per the guidelines set by the IMO, the CII of a ship will be rated from A (major superior) to E (inferior performance level), and thus determines the effective operational utilisation of a ship.

In 2022, **108** of our **113** vessels were at or did better than the requisite performance levels and were provisionally graded A, B, or C.

Physical energy-reducing devices installed on Hafnia Vessels in 2022

Premium hull coating	Based coating with controlled biocide release keeps fouling at bay when the vessel is underway and during extended idle periods. Low hull roughness equates to better fuel performance
Mewis duct	Cylindrical ducts fitted ahead of the propeller, change the inflow angle and speed of water to the propeller, thereby improving propulsion efficiency
Propeller boss cap fins	Made of the same material as the propeller, and installed at its rear, propeller boss cap fins break the hub vortex that forms behind the propeller to improve propeller efficiency
Biofilm protection	Biofilm protection prevents the formation of biofilm and the growth of algae, barnacles and other organisms, which makes underwater cleaning of the propeller obsolete. This simultaneously reduces fuel consumption.
Green oil filter	Filtration system to remove emulsified free water particles and bound water from any oil type, allowing for reduced power consumption and oil waste
LED lighting	Replacing traditional lighting with LED lights reduces energy consumption and maintenance costs
Fuel eco-nozzles	Devices that improve the propulsion efficiency of the vessel, allowing for saving power
Variable Frequency Drive (VFD)	VFDs save energy and improve system efficiency by enabling electric motors to operate at various speeds. Hafnia uses VFDs on engine room vent fans, seawater pumps, scrubber pumps and a steering gear motor

Investing in Low Carbon Solutions

Driving the business towards net zero by 2050

Over the long-term, our priority is to build a successful business, that plays a large part in the energy transition by:

- Reducing emissions from operations
- Scaling up renewable energy investments and leading in building new low-carbon solutions for shipping
- Working with suppliers, customers, and authorities to develop technologies, business models, policies and frameworks required to support the Paris Agreement's goals

Leading long-term industry changes

Global shipping has used oil predominantly as its fuel for over 100 years. Today, alternative fuels in shipping exist but have yet to become scalable to reach the net zero target in 2050.

As part of our commitment to innovation, Hafnia is continually exploring these alternative fuels and more environmentally-friendly solutions.

LNG Dual Fuel Vessels

Adopting Liquefied Natural Gas (LNG) as a fuel was one of the first steps in addressing our ambition for a greener future. Switching to LNG as a fuel provides significant benefits, such as improving overall air quality and reducing GHG emissions.

In 2020 and 2021, Hafnia, via the Vista joint venture, ordered four Aframax LR2 vessels equipped with high-pressure LNG propulsion technology, due for delivery in 2023.

These vessels are expected to emit negligible Sulphur Oxide (SOx) and reduce Nitrogen Oxides (NOx) emissions by up to 85% and GHG emissions by up to 23%.

Arq Partnership

Hafnia continues its partnership with Arq to accredit and introduce Arq Fuel as a key blend component for marine fuels.

Arq has developed a novel, patented technology that transforms environmentally damaging coal waste into a micro-fine hydrocarbon powder (Arq Fuel). After securing the required accreditations, trials scheduled for the end of 2023 aim to confirm Arq Fuel's compatibility for the approximately 1,200 vessels that Hafnia Bunkers Alliance procures fuel for.

Biofuel Testing

Hafnia has successfully concluded several tests of Biofuel, and all vessels can operate on this CO2-neutral propulsion fuel when and if available on a sufficient scale.

Clean Hydrogen Works

In 2022, Hafnia announced its collaboration with Clean Hydrogen Works (CHW) to explore the development of a new, global-scale, clean hydrogen ammonia production and export project. Ascension Clean Energy (ACE), located on the west bank of the Mississippi River in Ascension Parish, Louisiana.

This project aims to capture up to 98 percent of CO2 emissions from its processes and will provide a cost-effective, scalable pathway to supply carbon-free energy.

Within the project's scope, additional technologies are being explored which could result in zero carbon or even carbon-negative hydrogen-ammonia production at the facility.

Anticipated production is currently targeted by late 2027, with the shipment of clean energy commencing in 2028. Hafnia will also ship ACE's clean ammonia to clean energy markets across the globe.

This marks a strategic step in shaping the future of the Hafnia transport portfolio, utilising purpose-built vessels against long-standing contracts in the zero-carbon space emissions by up to 23%.

Scope 1 & 2 Emissions

To further improve transparency and the granularity of our ESG disclosures, in 2022 we have examined our company's sources of emissions and initiated disclosing Scope 1 and Scope 2 emissions in a more structured way following GHG Protocol.(refer to our accounting policies in ESG Content Index).

As part of our ambition to expand decarbonisation targets, we will perform a deep-dive analysis in 2023 to define a methodology to calculate Scope 3 emissions.

Results: A reduction of emissions per ship

The following results reflect a reduction of emission per ship of 725MT with respect to 2021, and a reduction of 3.0% with respect to our Annual Efficiency Ratio (AER).

Parameter	Units	2022 VS 2021	2022	2021	2020
Scope 1: Own Operations (operational control approach)					
Number of vessels included in emission calculation for the year		+39.8%	123* <small>*The data include 10 vessels sold during 2022</small>	88	89
Fuel use and resulting CO2 emissions- HSHFO	MT	+ 219.1%	64,001	20,058	20,451
Fuel use and resulting CO2 emissions- VLSFO	MT	+ 22.5%	436,361	356,294	362,816
Fuel use and resulting CO2 emissions- LSMGO	MT	+11.0%	95,803	86,312	86,652
CO2 emissions – certified by DNV	MT	+27.9%	1,869,715	1,461,858	1,484,724
Annual Efficiency Ratio (AER) - CO2 emissions in grams per ton-nautical mile - based on capacity work	gms/ DWT-NM	-3.0%	5.24 <small>(on track for our 40% reduction target by 2028)</small>	5.40	5.70
Scope 2: Purchased Electricity (location-based)					
CO2 equivalent emissions	MT	Not applicable	212.7	Not reported	Not reported



Managing Climate Risks & Opportunities - TCFD

We adhered to TCFD's recommendations to further fortify Hafnia's strategy against climate change.

In 2022, Hafnia examined physical and transitional risks, and potential related impact and opportunities in the short and long-term. The climate-related governance, strategy, risk management and target points are fully integrated into Hafnia's risk management approach and will be assessed by the Board of Directors and Executive Management Team on an ongoing basis.

We list our key transitional and physical risks alongside mitigation actions and opportunities in our Risks and Opportunities Table in the Corporate Governance chapter.

For a complete overview of TCFD reporting, please see the TCFD index in the annexes.





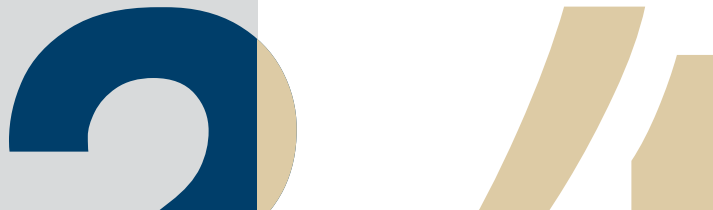
Minimising our Impact on the Environment & Biodiversity

The ocean is a precious resource, allowing for thriving ecosystems and marine life to flourish. The ocean also provides a transport route for 90% of global trade, enabling people's livelihoods around the world.

Oceans deserve to be treated with the highest respect. We utilise state of the art technology and innovation to enhance and preserve biodiversity in the long run.

From the start, Hafnia has implemented an Environmental Management System (EMS). Our Hafnia internally managed fleet is ISO 14001 certified.

Hafnia has not been sanctioned for non-compliance with environmental laws and regulations for over three years.





Environmental Management System (EMS)

Our EMS is designed to reduce environmental impact through continuous improvements.

The EMS has been built in line with our environmental policy and integrated into our safety management system. Our EMS is relevant to all our employees, contractors and activities related to the management of our fleet. It considers internal and external control, and influences over ocean transportation of petroleum and chemical products globally.

The EMS complies with ISO 14001:2015 and is arranged after the "Plan – Do – Check – Act" wheel. Our environmental impacts are regularly gauged and monitored following ISO 14001 standards.

Audits are performed once a year by Lloyd's Register for a duration of 2-3 days. The audit includes the assessment of:

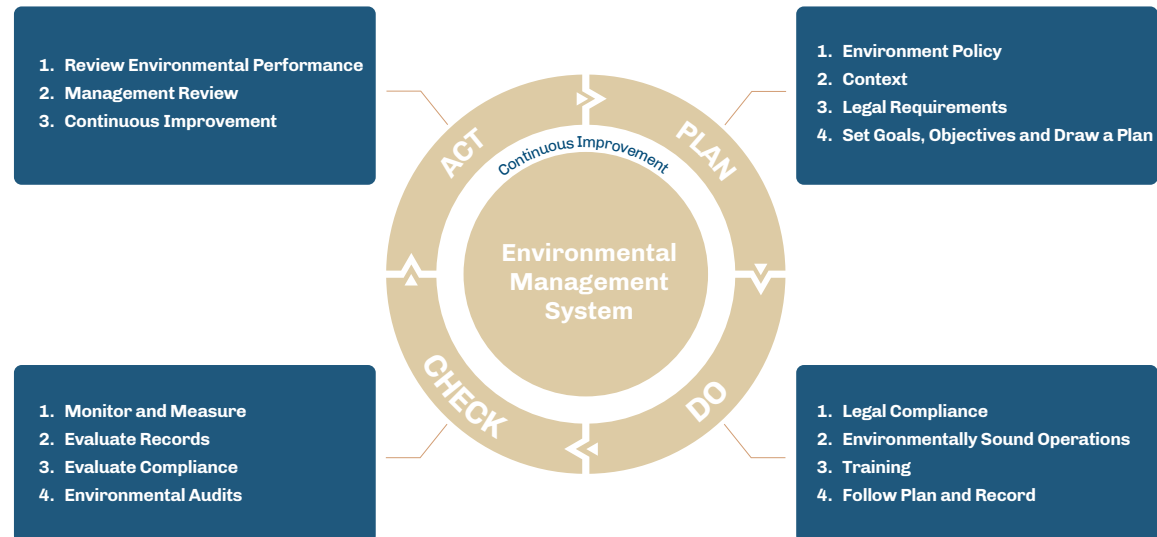
- Senior management interviews
- Site tours

- Management Elements
- Focus or Certificate Renewal Planning Visit
- Technical Management
- Fleet Personnel
- IT support
- Ship Sample Audits
- People, Culture, Strategy & Communication
- Performance & Emissions

Environmental Plan for 2022

Each year we run an assessment of the impacts we pose to the environment and draw up an **annual environmental plan**.

The plan designs KPIs that we aim to accomplish during that year to improve our environmental footprint. Every quarter, we evaluate our performance against the plan and targets, and determine whether we need to intensify our efforts.



Exhaust Gas Emissions (CO₂) ✓

Target
Zero violations, specific fuel oil consumption target, fleet AER value 5% below IMO trajectory value of 2022, 90% vessels in CII rating A or B

Exhaust Gas Emissions (SO_x) ✓

Target
Zero violations

Paper Consumption ✓

Target
Digital logbooks and forms provided on 34 ships

Ship Recycling (Hazardous Material) ✓

Target
Zero breach of HK-IMO and ER-SRR Convention

Lube Oil Consumption ✗

Target
Optimised lube oil consumption levels

ECO Design (Hull form, Machineries, Propeller and Rudder Design) ✓

Target
At least one design improvement

Machinery Space Discharges to Sea and EGCS Discharge ✓

Target
Zero violations

Gray Water and Sewage ✓

Target
Zero violations

Ballast Water/Sediment Discharge ✓

Target
Zero violations

Operational Cargo Oil/Chemical Bunker Fuel Contamination Failure ✗

Target
Zero oil/chemical spills, Zero violations

Hull Fouling / Biofouling ✓

Target
Zero violations

MARPOL Garbage CAT - B, C, D, E, F, I; Sludge, Slops and Refrigerants ✓

Target
Measure and monitor waste generated and disposed and benchmark Year on Year to identify opportunities for reduction

Plastics ✓

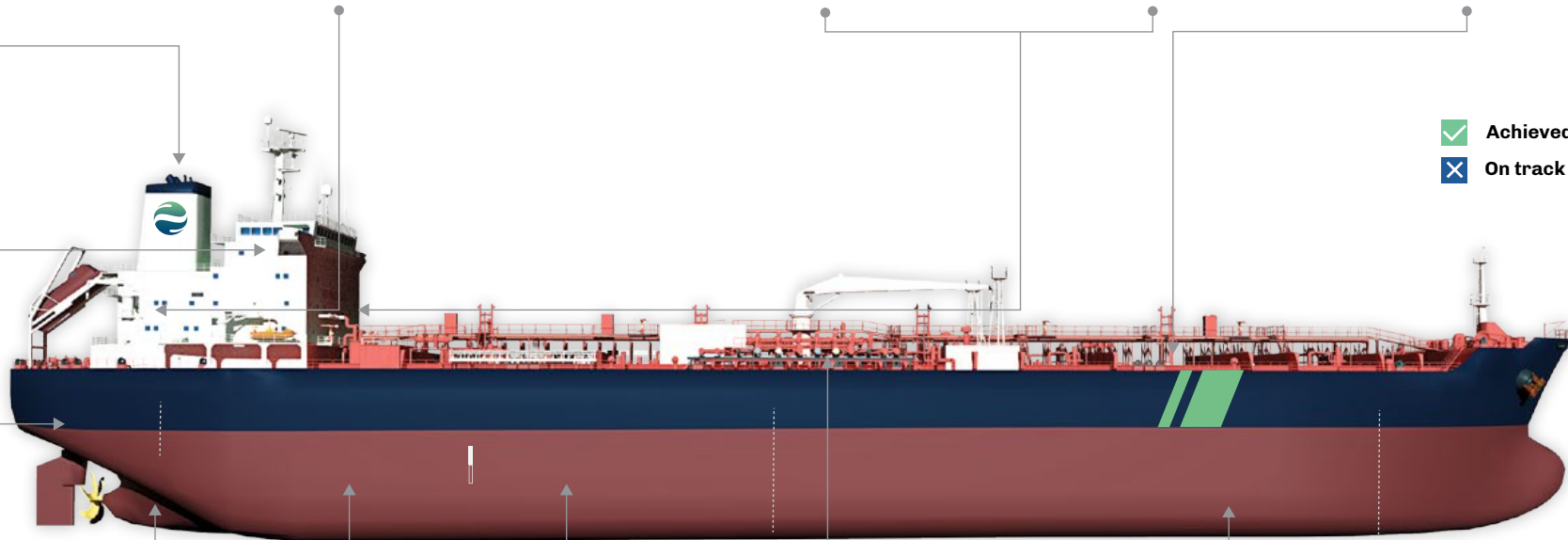
Target
2% Reduction in Year on Year Zero violations

Operational Waste (Garbage) ✓

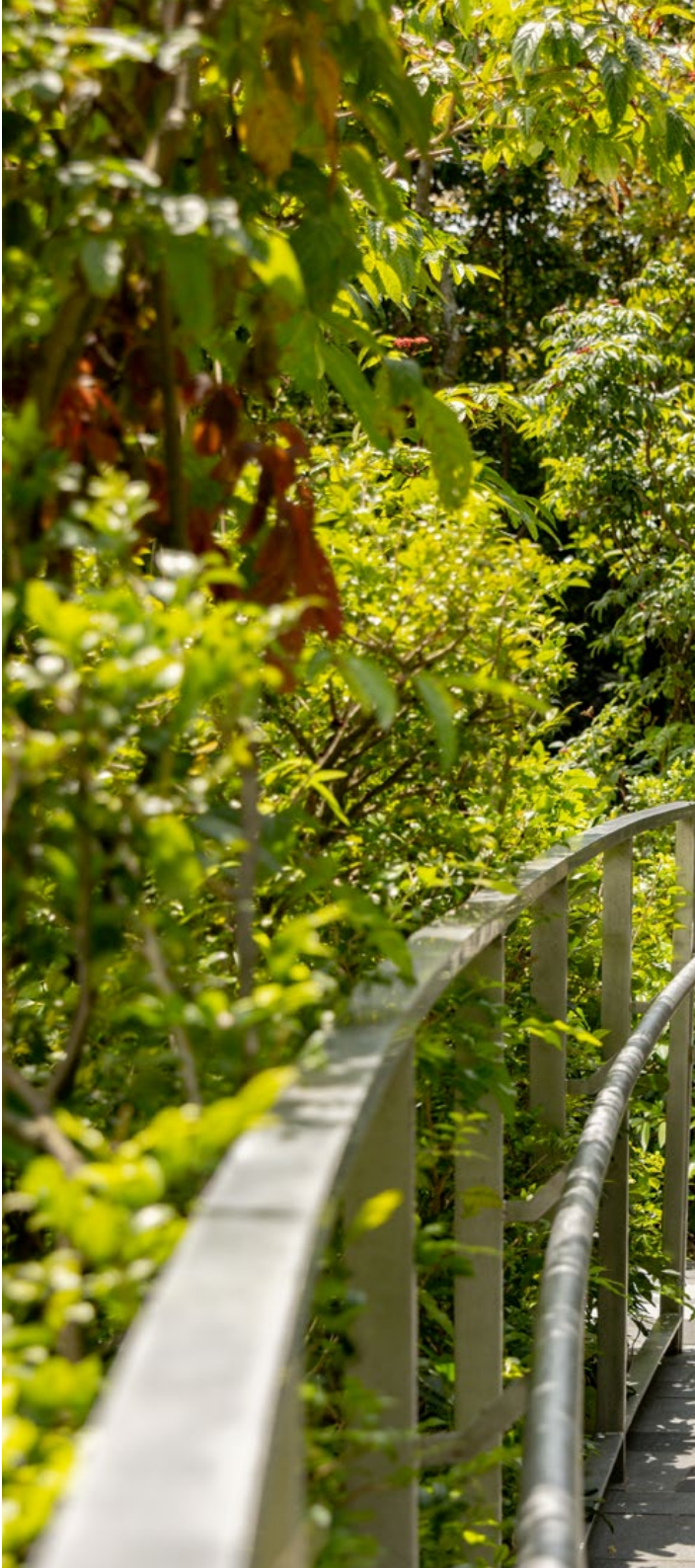
Target
Zero violations

Cargo Vapours, Inert Gas ✗

Target
Zero violations



✓ **Achieved**
✗ **On track**



Ecosystems & Biodiversity

Safeguarding biodiversity and respective ecosystems is of utmost importance to Hafnia. We strictly follow and go beyond all compliance regulations such as the Oil Pollution to Sea, Chemical Pollution to Sea, Sewage Pollution to Sea, Garbage Pollution to Sea, as well as the Ballast Water Management Convention.

Avoiding invasive species from ballast water

We are proactively ensuring our vessels are progressively fitted with an approved Ballast Water Treatment System (BWTS) and have invested in state-of-the-art modern technologies.

This allows for optimised management of ballast water so that aquatic organisms and pathogens are removed or rendered harmless before being released into a new location. This helps prevent the spread of invasive species as well as harmful pathogens.

By the end of 2022, most of our vessels **91%** will have been fitted with a BWTS that meets regulatory requirements, with the remaining **9%** to be completed by the end of 2023.

While ballast water is essential for safe and efficient shipping operations, it may pose serious ecological, economic and health problems due to the multitude of marine species carried in ships' water reservoirs.

Minimising operations in marine-sensitive areas

We advise our vessels to protect Marine Protected Areas (MPAs) in specific zones by reducing speed and avoiding discharge or path avoidance, in alignment with regulations.

The information is disseminated to our vessels when received from authorities. Compliance is verified during internal and external vessel audits and inspections.

Non-GHG Emissions, Waste & Pollution

Reducing non-GHG emissions

We measure and closely monitor NOx, SOx and Particulate Matter emissions from our vessels in compliance with MARPOL.

Despite our sailed distances increasing in 2022 by 26.3%, Hafnia managed to reduce our NOx intensity by **21.5%**, and our SOx intensity by **20.0%**.

Parameter & Units	2022 VS 2021	2022	2021	2020
Number of vessels included in emission calculation for the year	+39.8%	123* *The data include 10 vessels sold during 2022	88	89
Distance sailed - NM	+26.3%	5,948,844	4,711,326	4,549,692
NOx emissions				
gms/DWT-NM	-21.5%	0.22	0.28	0.30
MT	+3.4%	79,162	76,528	77,724
SOx emissions				
gms/DWT-NM	-20.0%	0.01423	0.01780	0.02
MT	+5.4%	5,078	4,819	4,906
Particulate Matter - Black Carbon emissions				
gms/DWT-NM	-3.4%	0.0004633	0.0004795	Not reported
MT	+27.4%	165.31	129.79	Not reported

Detail the calculation - Please note: Specific energy of fuels: Residual fuel = 40.2 MJ/kg, distillate fuel = 42.7MJ/kg. (See page 278 of the IMO Fourth GHG study). This is used to calculate kilowatt-hours for NOx emission factors

SOx emission factors: 9.7753×10^{-3} mt per mt of residual fuel, and 1.9551×10^{-3} mt per mt of distillate fuel. (See page 74 of the IMO Fourth GHG study)

NOx emission factors: main engine (ME) = 14.4g/kWh; auxiliary engines (AE) and cargo diesel engine (CDE) = 10.5g/kWh. (See page 410 of the IMO Fourth GHG Study)




BC emission factors: 60% engine load assumed for ME, AE, and CDE. Main engine (ME) = 1.80×10^{-4} mt per mt of residual fuel, and 4.00×10^{-5} mt per mt of distillate fuel; auxiliary engines (AE) and cargo diesel engine (CDE) = 4.10×10^{-4} mt per mt of residual fuel and 2.10×10^{-4} mt per mt of distillate fuel; boilers and inert gas generator = 0.08 mt per mt of residual fuel, and 0.06 mt per mt of distillate fuel (See page 415 of the IMO Fourth GHG Study)

Reduction of plastic and garbage

The use of plastic places huge pressures on marine ecosystems, and we are continually working to reduce the volume of plastic waste created by our operations.

In line with MARPOL Annex V and local regulations for the prevention of pollution by garbage from ships, every vessel in our fleet holds a garbage management plan, which includes written procedures for minimising, collecting, and disposing of garbage, and usage of the equipment on board.

Our procurement team continuously engage with suppliers to avoid and reduce single-use plastic onboard, in returning PVC shrink wraps, plastic carrier bags, and polystyrene foam chips to suppliers.

	Number of vessels	Volume of plastic waste generated in 2022 (m ³)	Compared to 2021
 Internally managed fleet vessels	55	758	 15.5%
 All Hafnia vessels	128	820	Not applicable (Not reported in 2021)

In 2022, we reduced our overall plastic waste by **15.5%** within our internally managed fleet compared to 2021.

All Hafnia vessels hold a management plan that provides instructions on correct disposal of hazardous and non-hazardous waste, approved storage and disposal facilities. This plan is developed with the goal of identifying the quantity and toxicity of waste and increasing the recycling rate when feasible.

This plan is verified at regular intervals by Classification Societies and Regulatory Authorities. We contract qualified and licensed third-party vendors to transport and dispose of hazardous waste, who follow strict regulatory tracking, disposal, and reporting requirements as per the local laws.

Oil Spill Prevention and Response

Amongst all shipowners, oil spills risks exist during cargo, bunkering and ship operations.

At Hafnia, we follow strict protocols and policies to avoid such incidents. These place special emphasis on effective communication, transfer processes, signalling procedures, sampling processes between the ship and barge during bunker operations and response in time of emergency.

On the 28th of July 2022, Hafnia RHINE experienced an unprecedented, first-time bunker spill on the Mississippi River.

An overflow from a bunker vent occurred during bunkering operations where operations ceased immediately. This was quickly followed by containment and cleanup of the overflow, following all recommended protocols in cooperation with all relevant authorities.

Fortunately, no harm was caused to any of our crew and the surrounding environment or wildlife. This incident was taken very seriously, with an in-depth investigation carried out. As a result, Hafnia has reinforced its processes and underlined measures to avoid future recurrences.



Responsible Ship Recycling

Hafnia has not yet recycled any of its ships, as our fleet renewal strategy currently entails that we sell our modern vessels well before the end of their life cycle.

A policy is however in place to underline our approach to ship recycling, with the ultimate objective of disposing of ships in a safe and environmentally-friendly manner. Recycling of any Hafnia vessel shall therefore be performed at a reputable and certified recycling facility.

The demolition facility must hold a valid class-issued Statement of Compliance with the Hong Kong Convention 2009 or the EU Regulation 1257/2013.

Recycling should not cause pollution of the surrounding waters, land, and atmosphere. Recycling must be done in a manner where hazardous materials are identified, demarcated, and carefully removed prior to, or during the recycling process.

These items should be disposed of in a way which would render them harmless.

We require that all recycling is performed in a manner where the safety, health, and dignity of the involved workforce takes precedence, and that the employment terms and conditions fully respect this. Any recycling and its legal and ethical compliance will be followed, monitored, and reported on, by a Hafnia representative on site.

Our Ship Recycling Policy

2.4

Prioritising Health, Safety & Security

”
The safety of the people
we work with – employees,
contractors, business
partners and customers – is
our number one priority.

Ralph Juhl, EVP, Technical Director



2.5

Safety Management

Our motto is zero harm to our people, the environment, cargo, and property.

Hafnia is continuously improving and evolving procedures to mitigate hazards faced by the maritime industry. Our safety culture focuses on human factors, and is based on reducing accidents at sea.

Accident & safety management

All employees, crew, contractors, and visitors boarding vessels must follow the respective Hafnia safety management system procedures and policies in place.

Hafnia provides easy access to fleet procedures using a high quality management software called DocMap.

Key topics highlighted in the software are management leadership and accountability, navigational safety, incident investigation and analysis, safety management, emergency preparedness, environ-

mental and energy management and contingency planning and security.

The Technical team also provides regular updates to all fleet staff on important procedural changes.

Systems are tested several times a year via simulated drills, conducted by external experts. Despite significant safety measures in place, we unfortunately lost one of our colleagues in a fatal incident on board one of our ships. Our deepest condolences to his family.

This incident was related to an unauthorised entry into an enclosed space. Any such incidents or accidents reinforce our will to promote heightened awareness when it comes to other team members, and further drive a speaking-up culture when procedures are not followed.

Hafnia has introduced more training and safety measures with a closer assessment of raising the alarm when in doubt.

Our 2022 safety focus areas

In 2022, special emphasis was placed on

- The fact that we are all human beings and prone to making mistakes. We worked to identify which ones are likely – to further avoid or manage them. We appointed ambassadors to drive this implementation onboard
- Building trust, respect, and confidence in the leadership so people feel comfortable to stop work, speak up, challenge and report matters
- Reiterating Lock out, tag out (LOTO) process
- Appreciating and praising team members for correct behaviours
- Enhancing health, teamwork, and happiness levels onboard
- Developing new skills and proficiency in ship-board operations
- Enhancing teamwork in assessing risks before carrying out tasks

Our Safety and Quality Policy Aboard Vessels

Hafnia ran a hands and fingers injury safety campaign

In 2022, Hafnia ran a hands and fingers injury safety campaign. The objective was not only to increase awareness but also reduce such injuries that accounts for nearly 50% of incidents in the oil and gas industry.

The campaign re-emphasised the main hazards for mechanical-and hand-tool accidents, safe practices for working around equipment, effective engineering, and administrative controls to increase hand and finger safety, and the importance of Personal Protection Equipment (PPE) and the correct use of machine guards.

Safety certifications and audits

Hafnia regularly monitors fleet safety statistics and benchmarks them against industry standards. Hafnia’s internally managed fleet since 2005 is certified under ISO 14001 standards. This audit is run on an annual basis by Lloyds Register (who have audited Hafnia for the last 5 years).

Annual internal audits of the vessels and office operations are conducted under the International Safety Management (ISM) Code, International Ship and Port Facility Security (ISPS) Code and Maritime Labour Convention (MLC). In addition, recognised organisations such as classification Societies, Flag States and key customers conduct external compli-

ance audits of all vessels and offices regularly.

Classification Societies and Flag States certify all vessels for five years and carry out interim audits to verify compliance.

Safety performance disclosure and targets

We are proud to report that we performed well across all three measures for Lost Time Incident Frequency (LTIF), Total Recordable Case Frequency (TRCF), and Port State Control (PSC) calculated for all our crew and contractors. Even if LTIF and PSC increased in 2022, we are still experiencing a positive trend with our values well below the target Hafnia set.

Defences

- Identify hazards and control measures
- On-site assessment
- Assess all possibilities when carrying out a task
- Be alert to safeguard hands/fingers

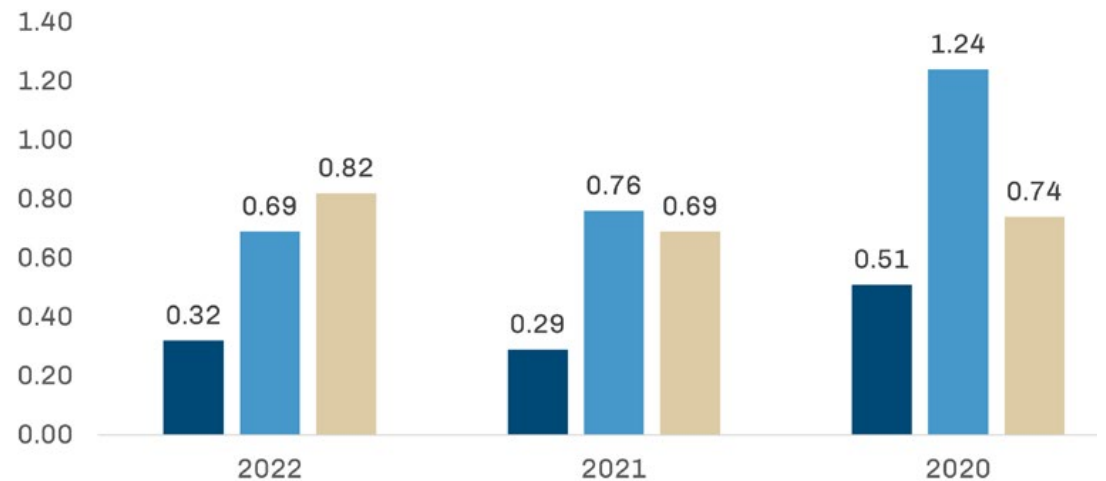
Last Line of Defence: PPE

- Use appropriate PPE
- Understand restrictions and usage of PPE
- Make sure the harness is properly positioned and fixed

Good Hand Positioning

- Identify hazards before starting work
- Identify and discuss safe hand placement zones
- Keep hands clear of moving machinery or tools
- Avoid contact injuries chemical, electrical, thermal
- Keep your fingers and hands under your sight
- Do not put fingers between flanges or through bolt holes

Key Safety Statistics



- Lost Time Incident Frequency (LTIF) [12 month average] - Target < 0.5
- Total Recordable Case Frequency (TRCF) [12 month average] - Target < 1.5
- Port State Control (PSC) [observation/inspection] - Target < 1.0

Health & Wellness

We strive to keep our employees physically and mentally healthy by taking a holistic and structured approach to mental health and wellbeing.

Igniting conversation on mental health

A sense of belonging and well-being at work are essential to a person's ability to thrive. It affects how we think, feel and act. In 2022, we made mental well-being a priority of our wellness program:

Hafnia Wellness Program: Since 2018, Hafnia has worked in collaboration with **Well at Sea**, a service provider who designed the Wellness Program which has been implemented aboard all Hafnia ships.

The main objective of the program incorporates creating engagement and sustainable organisational change through fun and positive experiences that empower the individual and create relationships within the seafaring team.

The Hafnia Wellness Program has demonstrated it can mean different things to different people. The diversity of the program ensures there is something for all e.g., one individual might prefer physical activities when another might want to be more social. Nutrition can also be a focus. This program has proven to increase interaction

and relationships between crew onboard the ships irrespective of nationality, race or culture.

Hafnia hears feedback from crewing teams that this helps them become more comfortable, which means that crew are more confident in speaking up in any situation. This ultimately results in increased safety and more effective teams.

Emotional support: We continue having designated seafarer assistance – ISWAN – who are available for free 24/7 multilingual, anonymous and confidential counselling services.

Food quality: We have introduced a Hafnia Catering Module, hosted by Marine Catering Training Consultancy. MCTC is specialised in training multi-national crews, and provides our team opportunities to learn through distance learning courses, the notions on all multi-national aspects of nutrition, cuisine, galley safety and a catering management plan.

The catering consultants support Hafnia's catering staff in preparing good food and promoting a culture of healthy eating onboard with menu planning designed to be suitable for all cultures.

Our Whole Self program: Together with BW Group, we joined a Mental Health Program called **Our Whole Self** where all employees and contractors are invited to participate in sessions oriented towards well-being, DIBE and mental health.

Participation in these meetings, webinars and panel discussions is voluntary, but strongly encouraged. We believe that it is a joint responsibility of all Hafnia employees to contribute to a culture of belonging and well-being, while it is a leadership

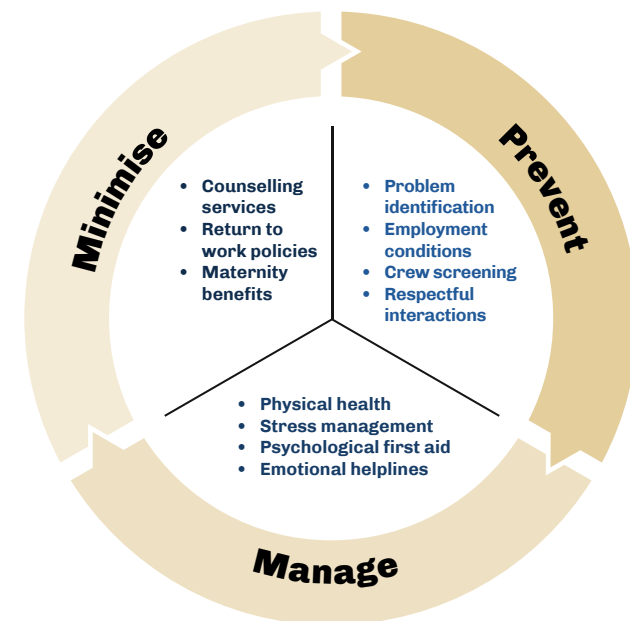
task to facilitate the conversation between teams and individuals

Flexible working hours

Our **People-First** company culture is based on mutual respect and trust, allowing team members to make the most of their time.

Onshore, employees can work from home at least 20% of the time, with further accommodations made at the discretion of individual team members' needs. This is re-evaluated each year within the annual employee engagement survey.

At sea, Hafnia holds shorter tenures on board vs. the industry benchmark – recognising that better mental health is greatly helped via a change in scenery and with loved ones.



Security at Sea

We aim to protect our employees, crew, and assets from all risks in troubled times or waters.

Fleet-wide initiatives ensure the security of our team in the face of piracy, especially in high-risk areas. Security threats facing our fleet can include piracy, land mines and robbery. There are certain high-risk areas where this threat is elevated, e.g., the Gulf of Guinea, the Persian Gulf, and the Gulf of Aden.

For 2022, we are proud to report:

- Zero fatalities due to security incidents
- Zero casualties due to security incidents
- Zero days lost due to security incidents
- Zero harm as a firm target across training

Our vessels adhere to a strict plan and protocol when sailing in these areas. Measures are taken to further secure the vessel, and lookout duties are increased.

This includes the installation of ARX barriers onboard our vessels, to prevent pirates from latching on. Beyond the common safety measures and devices, our vessels are provided with fully

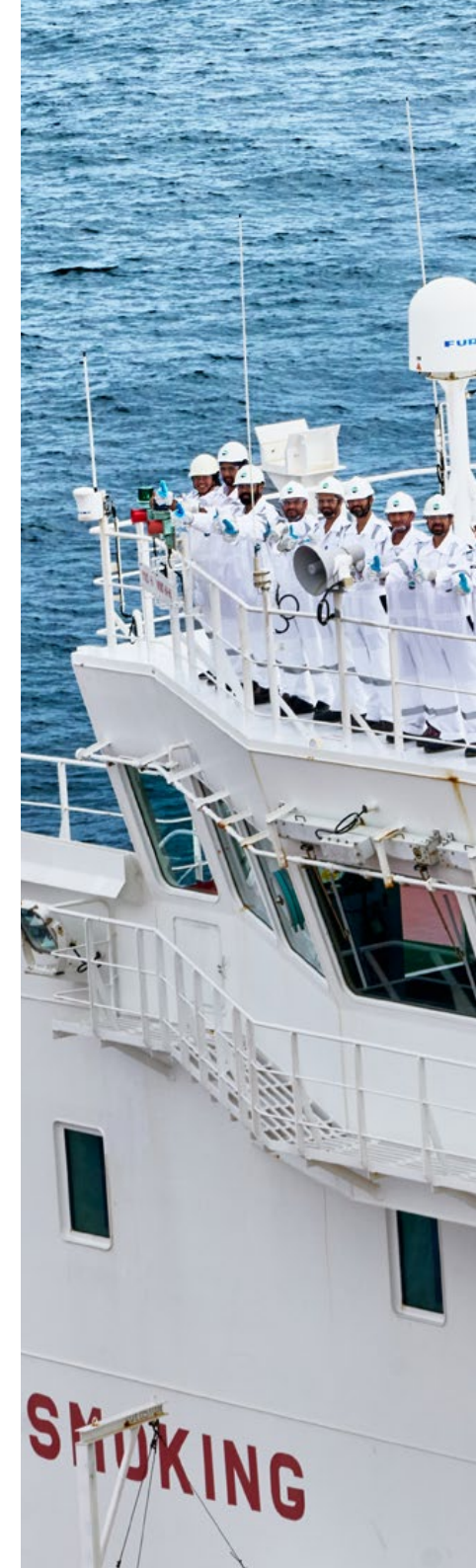
equipped (with supplies and communication equipment) safe havens where crew can safely retreat in case of piracy whilst waiting for external help.

Saving Lives at Sea

In 2022, Hafnia Shenzhen, Hafnia Bering and Hafnia Mikala were all involved in rescue missions in the Atlantic Ocean, the Mediterranean Sea and off the Coast of Mexico respectively.

Whilst it is a seafarer's duty to preserve the safety of lives at sea, a rescue mission is not a straightforward task, often involving adverse weather conditions and a complex unfolding of circumstances affecting both the distressed and the safety of the crew.

We congratulate our seafarers for diligently responding to requests for assistance, and are proud of their dedication and tenacity in safeguarding the livelihood of vulnerable persons at sea.







2.5

Focusing on People



35

At Hafnia, our People First culture is what we believe drives value across all our operations.

We are proud to count over 35 nationalities across seven main offices, and at all cornerstones of the world, via our large team at sea.



Our Workforce

People at Sea

Our seafarers are responsible for the safe transportation of our customers' cargoes.

At the end of 2022, Hafnia had a total of **2,257** seafarers, representing **19** nationalities, employed on **54** internally managed ships.

An additional **58** vessels managed by external technical managers resulted in a total of **4,849** seafarers.

Hafnia has signed the "Neptune Declaration", which aims to promote and protect the welfare of seafarers.

People Onshore

Hafnia's headquarters is in Singapore, with its main offices in Copenhagen, Houston, Monaco and Dubai, with people working from Mumbai.

Hafnia employs people representing **24** nationalities across technical, corporate and commercial functions, such as chartering, finance, operations and bunker supply.

To evolve with Hafnia's steep growth curve and the multitude of skills required to navigate the industry of tomorrow, we are proud that in 2022, **62** people joined Hafnia's onshore team, and that our retention rate is **94%**.

	2022 vs 2021	2022	2021	2020
On-shore	+24.9%	246	197	190
Women	+30.8%	85	65	61
Men	+22.0%	161	132	129
Seafarers	+29.2%	4,849	3,753	3,702
Women	+95.8%	188	96	41
Men	+27.5%	4,661	3,657	3,661
Total	+29.0%	5,095	3,950	3,892

Total number of employes onshore by employment contract by region

Location	Permanent	Temporary	Age Group		
			<30	30-50	>50
Copenhagen	90	0	19	38	33
Houston	15	0	4	8	3
Monaco	3	0	0	2	1
Mumbai	7	1	0	5	3
Singapore	113	7	14	80	26
Dubai	10	0	0	7	3
Total	238	8	246		

Culture & Social Development

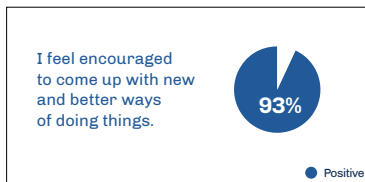
The maritime industry faces several social challenges of which diversity and employee health and safety are our top priorities.

As a leader in the industry, we have an obligation to address and act as a role model in creating a fair, safe, and inclusive work environment, where everyone is encouraged and supported to achieve their full potential. We do this through extensive training at all levels, implementing our **CARE (Collaborative, Ambitious, Reliable, Enduring)** values to ensure our employees' physical and mental health and safety, and by helping underrepresented individuals overcome the challenges they face in our sector.

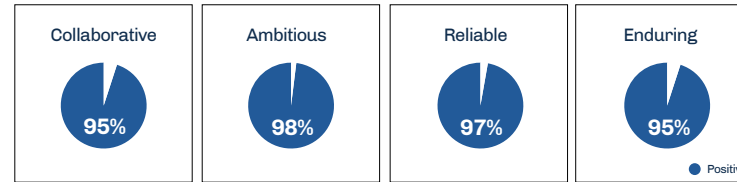
Our social initiatives are comprised of two main areas:

- those focused on our seafarers
- those focused on our office employees

As the two areas often intersect, we collaborate closely to create a uniform yet tailored approach to mutually benefit all.



At Hafnia, we are:



Hafnia is a large company, with people, assets and offices spread across the world. Maintaining a unified, strong culture is vital for people to feel valued for their contributions and as part of a shared company success.

The People, Culture & Strategy team acts as a strategic bridge between our commercial proposition and our people.

In 2022, the team launched several initiatives to drive proximity to our employees' needs, further promote professional growth and maintain a positive working culture.

We:

- Held a monthly townhall to inform office staff on key company updates
- Introduced a new global pre-boarding platform to make sure all our office staff received a

cohesive onboarding grounded in our strong values

- Performed surveys and benchmarks on diversity related topics through the Diversity Study Group
- Performed a yearly Employee Engagement Survey
- Performed value-based leadership training
- Enabled rotations to develop talent to foster a global culture
- Introduced an enhanced intranet platform aimed at fostering closer bonds and transparent communications on company news and developments

Human Capital

People are the pillars of our success, and we believe it is vital to nurture them on their personal and professional growth trajectories.

Employee training

We dedicate training sessions to all Hafnia employees to help them grow as individuals and as professionals. This training includes but is not limited to:


- Preboarding
- Ambitious Leadership programs for all managers
- Compliance training
- Business and management courses
- Mindfulness
- Unconscious bias training
- Cyber security
- Negotiation skills

- Drills
- Tailored courses to meet specific needs

In our work culture, we strongly promote an open, continuous, and transparent dialogue between team members and their managers.

An official bi-yearly appraisal for onshore and onboard teams allows for mutual reflection on development and assessment of further skillset required to drive added value in the organisation.

Employees onshore benefit from tailor-made talent development programs and career advancement opportunities during these dialogues that include the following measures:

 Additional Training and Courses	 Coaching	 Mentoring
 Job Rotation	 Overseas Attachments	 Networks
 Career and Succession Planning	 Feedback Sessions	 Promotions

	<p>Office employees</p> <p>3,605 Total training hours</p> <p>16.3 Average training hours per capita</p>	<p>Seafarers</p> <p>40,383 Total training hours</p> <p>20.5 Average training hours per capita</p> <p><small>*Data for internally managed fleet</small></p>	<p>Performance and development 100%</p> <p>Hafnia's employees were given regular performance and development reviews</p> 
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Shipping Trainees

Hafnia has a traineeship program that educates young professionals through a combination of theoretical and practical training.

Hafnia currently has six shipping trainees in a two-year shipping curriculum programme, alternating between lectures and on-site teaching in relevant subjects such as ship knowledge, commercial negotiations, business ethics and maritime law. Shipping trainees rotate between different areas of the business to receive a well-rounded knowledge of the tanker industry.

Trainee program for Seafarers

Hafnia invested in a trainee program for recruiting cadets from India, The Philippines, China, Sri Lanka, Singapore, Denmark, Romania and Ukraine.

Seafarers recruited are provided with trainee berths on board to cater to our future seafaring officer pipeline.

Additionally, we provide sailing time to Ghanaian cadets to help them obtain their Certificate of Competency (CoC).



Focus on Hafnia Ambitious Leadership Program

In 2020, we launched the Hafnia Ambitious Leadership Program.

This training is an overarching program tailored to bridge the gap between leadership intention and action. It's a hands-on training academy based on group findings, where the syllabus and other material is developed to contextualise Hafnia's values.

All participants are challenged personally, professionally and from a team perspective.

In 2022, Hafnia continued its Ambitious Leadership

Program. Eleven newly appointed leaders who have supervisory responsibilities attended this second round. In addition, the 36 delegates enrolled in 2020 also attended a session on navigating through Volatility, Uncertainty, Complexity, and Ambiguity (VUCA).

On attending the Ambitious Leadership Program:

"It included ways to seek and provide effective feedback, listening to understand, self-reflection in better understanding other perspectives and being mindful and sensitive of actions and decisions."

**Amit Nandrajog, GM
Head of Operations, Singapore**

"Before, I had a strong tendency to run between projects. Now I take breaks to reflect and analyse my leadership style to drive more effective performance in my team."

**Raphaelle Guenot, GM
ESG and Executive Projects**

Diversity, Inclusion, Belonging & Equity (DIBE)

” Diversity goes beyond gender, although it’s one of the most visible elements. It encompasses a diversity of skills and approaches that are essential for us to continue challenging and innovating the maritime industry.

Mia Krogslund Jørgensen,
VP, Head of People,
Culture and Strategy

Our commitments and targets

Hafnia is committed to cultivating and preserving a culture of DIBE. We want our employees to feel valued, inspired, fulfilled, and fairly treated at work.

We welcome differences in age, nationality, gender identity, sexual orientation, ability/disability, background, and other characteristics that make our employees unique.

We strive to create a working environment where people feel that they are included and belong. We invite diverse thoughts, ideas and perspectives and we strive to make sure people can be their true self at work.

We are also committed to having fair work practices when it comes to recruitment, development, progression, and compensation.

Hafnia’s target was to achieve **35%** of the underrepresented gender in our onshore team and **29%** in the Executive Management Team, by 2025.

We are proud that the target for onshore teams was met already, and we are now focused on a long-term target of **40%** by 2030.

Targets for promoting gender diversity among seafarers are also being analysed and implemented, to surpass the industry norm.

We have a designated working group focused on continuously increasing the number of qualified women onboard our ships.

Diversity goes beyond gender, and our focus for 2023 will be on ethnicity and nationality representation in people manager roles.

Our DIBE Policy

I can be myself at this organisation without worrying about how I will be accepted.



Our actions to progressively close the gender gap

As part of our efforts to eliminate differences in salary between women and men, we continuously monitor the ratio of salaries between men and women to ensure fair treatment.

Onshore;

We acknowledge that it is often commercial and technical roles that progress into leadership positions.

To secure a strong pipeline of diverse candidates, we have initiated projects to increase female representation in these areas. This includes expanding our recruitment process and using gender decoded job postings, supporting internal transfers, and training hiring managers, and mentoring.

At Sea;

We are working on improving gender diversity among our seafarers by designing an environment that everyone can thrive in. This includes

- A strict code of conduct and anti-harassment policy implementation
- Unconscious bias training onboard
- Paid maternity leave
- PPE equipment tailored especially to women
- Provision of hygiene products

Hafnia continues to be a committed signatory of the Charter for More Women in Shipping.

In 2023, Hafnia will introduce its first 'Maritime DEI Culture Lab' aboard four of its vessels. This research initiative will explore learnings of voyages where at least 50% of the crew are composed of women.

Diversity across employee groups

Share of women in	2022	2021	2020
Board of Directors	17%	14%	20%
Onshore			
Executive Management	17%	17%	0%
Team Leaders	22%	21%	21%
Total organisation	35%	33%	32%
Commercial and Technical roles	25%	25%	23%
New hires	45%	41%	34%
At Sea			
All crew	4%	3%	1%

Providing a harassment-free workplace

We are continuously raising awareness on harassment onboard, as we wish to provide a harassment-free workplace.

The maritime industry onshore and at sea is still perceived as a masculine-coded occupation, with a culture (especially at sea) that values practical experience. Underrepresented groups can therefore be more at risk to harassment and bullying.

Hafnia has decided to break the silence and acknowledge this is an industry-wide problem.

In 2022 a speak-up culture as well as channels to report any form of incidents were further enforced.

Hafnia took stronger measures in regards to its Anti-Harassment and Anti-Bullying policies, promoting zero tolerance for bullying, oppression, or harassment at all levels in the workplace, onshore and offshore.

These policies are emphasised clearly onboard, via written and verbal communication with mandatory training for all employees.

2022 Key Hafnia DIBE initiatives

The Maritime DEI Lab

Hafnia, Anglo American, RightShip, Rio Tinto, Thome Group, and Wilhelmsen joined forces in 2022 to launch the Maritime Diversity, Equity & Inclusion (DEI) Innovation Lab 2022.

The innovation lab is an open competition for interested participants (individuals, institutions, companies, students etc.) to submit their ideas on addressing DEI in the maritime industry.

Shortlisted teams participated in the innovation lab to hone their pitches in preparation for a 'Dragon's Den' session with industry leaders. The winning team and their idea will be brought to life with collaboration and funding from the partner organisations involved.

The aim of the innovation lab is to uncover powerful ideas through crowdsourcing and applying rapid and agile methodology from ideation through to product development.

This year's competition follows the Women in Maritime Lab 2020, which resulted in the creation of SeaCode, a platform offering peer to peer support to seafarers whilst gathering and aggregating industry data. More detail on the 2022 winners can be found on Hafnia's website.

Hafnia joined the All Aboard Alliance

Founded in 2022, the Global Maritime Forum launched this initiative to bring together senior industry leaders to focus on structural long-term challenges that can be remedied through strategic collaboration.

The Alliance tackles issues including the attraction and retention of employees, in the context of a global talent shortage, and stakeholder demands for diversity and inclusion.

Hafnia CEO Mikael Skov is co-chairing the All Aboard Alliance: *"This is an industry imperative at a pivotal time where a diversity of skills and competences is paramount if we are to innovate our way through the developments taking place in decarbonisation, digitalisation, and automation."*

Addressing a Key Challenge on Parental Leave

In November 2022 we updated our policies to reflect that all woman seafarers employed by Hafnia will be entitled to 18 weeks of paid maternity leave. Upon their return from leave, we are committed in supporting the continuation of their maritime career, encouraging them to return to work.

In relation to the team onshore, Hafnia offers maternity and paternity leave in accordance with the office country's legislation, and in many cases, the company is willing to extend the leave period beyond what is required by law.

Official Partnership with Regional Maritime University Ghana

As part of our continuous efforts to promote gender diversity onboard, Hafnia in 2022 has recruited 16 graduates from the Regional Maritime University in Ghana (RMU). RMU is renowned for its outstanding education in the maritime field, with top maritime candidates attaining their certification and degrees here.

Hafnia has also entered into a partnership with RMU early 2023 to secure an increased talent pipeline. This collaboration is part of Hafnia's aim in future proofing the skillsets needed both on maritime excellence and on diversity.

Human Rights

Hafnia supports the United Nations Universal Declaration of Human Rights and the standards advised by the International Labour Organization. We take proactive measures to prevent violations.

Human rights risks

Human rights risks we are exposed to across the supply chain have been identified as:

- Our suppliers and business partners across the globe with a different appreciation of human rights
- Our crew and employee working conditions

Our policies and actions

Hafnia prohibits every form of modern slavery, human trafficking, forced labour, child labour, torture, personnel required to pay recruitment fees or deposits, destroy, confiscate, or conceal identity or immigration documents.

Hafnia suppliers are required to strictly comply with the Suppliers Code of Conduct, and are expected to follow regulations prohibiting human trafficking, complying with all applicable laws in the countries from which they operate.

Seafarers are sometimes from countries with inadequate records and ineffective policing concerning abuse of human rights, labour rights and related corruption activities. To this effect, we remain vigilant on both internally and externally managed vessels with designated team members overseeing recruitment processes and behaviours onboard to ensure all processes in relation to people run smoothly,

We ensure that our people and business partners treat others with respect and dignity and ensure an environment which is free from physical, psychological, and verbal harassment or abusive conduct. Salaries are paid when stated, are above the living wage, with working hours compliant with local regulation. Three-month tenures are applicable to our at sea staff to preserve their physical and mental health.

The total workforce is provided with written agreements of employment, clearly setting out conditions and rights. The withholding of passports or personal effects is forbidden.

Looking ahead

In 2023, Hafnia plans to conduct a deep dive into the Human Rights topic even further, by mapping the high-risk areas and considering whether suppliers must be screened against Human Rights criteria.





Integrity & Business Ethics

”
An ethical business
culture is the foundation
of a sustainable and
successful company.

Jens Christophersen, EVP, Head of Commercial

Our Compliance Program

As a global business, Hafnia inevitably operates in parts of the world where corruption and sanctions are prevalent.

Strong corporate governance and compliance measures, with applicable laws and regulations, as well as commitment to the highest ethical standards are essential to our success.

This section focuses on our approach to business ethics and compliance, code of conduct and anti-corruption practices and responsible supply chain management.

We discuss our overall corporate governance structure and management in Chapter 3.

Our governance and ethical framework is built upon our Compliance Program, which regularly evaluates and updates our compliance and ethics policies and training.

This ensures we are adequately addressing risks and providing appropriate guidance to our employees, contractors, and business partners.

Our Compliance Program is based on three pillars: **Establish, Promote and Monitor.**

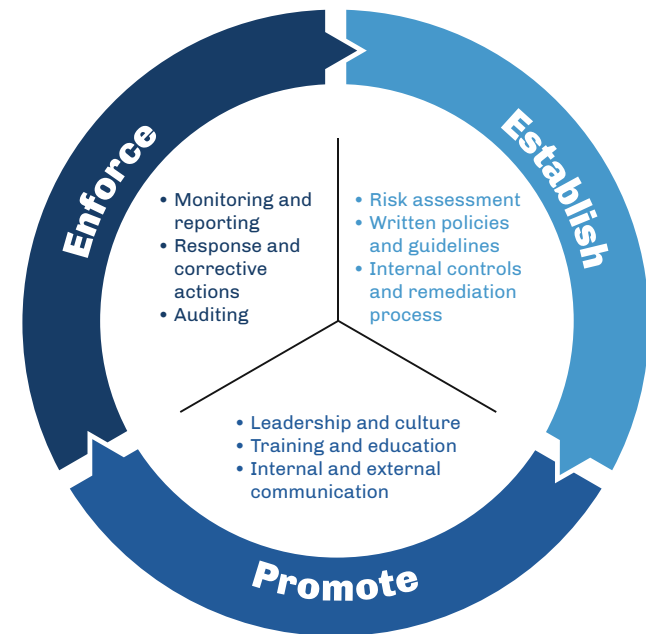
Beyond Legal Compliance

Hafnia complies with legal requirements governing all areas of our business.

We expect employees to be knowledgeable about applicable legal requirements and act accordingly to our Code of Conduct.

Our approach to ethics goes beyond compliance and includes proactive initiatives to safeguard our business reputation, the environment, and the communities we operate in.

We are committed to selecting suppliers and other business partners that demonstrate similar practices, highlighted in our supplier code of conduct.



Code of Conduct

Hafnia Code of Conduct

Operating with the highest standards of integrity is ingrained deeply in our corporate culture.

Responsibilities and conduct standards described in our Code of Conduct includes, but are not limited to, our policies on non-harassment, anti-corruption, whistleblowing, insider trading, conflict of interest, sanctions, anti-trust, anti-money laundering and data ethics. These apply to all employees, contractors, and board members.

We train our employees on applying the Code of Conduct in their daily work and require all employees to confirm annually their full understanding and compliance.

Our Hafnia Code of Conduct

Supplier Code of Conduct




Hafnia's supply chain is made up of more than six thousand suppliers, who must strictly comply with our Supplier Code of Conduct. All suppliers are screened at the time of registration to ensure alignment with legislation and undergo an audit of vendors to verify the compliance with our standards.

Our already established best practices ensure that our suppliers embrace our selective standards for employment practises, human rights, safety, environment, quality as well as business conducts and ethics.

As part of our objective to act for the greater good of the maritime supply chain, we are committed to actively working with and supporting our suppliers to maintain a resilient and sustainable supply chain in the maritime industry.

Our Supplier Code of Conduct

Hafnia Key Policies

Anti-Trust	Sanctions	General Data Protection
 <p>Our anti-trust policy is a tool for employees to help prevent violations of competition law, ensuring we consider all aspects when considering new business initiatives.</p> <p>Employees are made aware of danger zones to easily identify potential conflicts with competition law in their day-to-day work, and act in such a way as to prevent violations. Hafnia also performs regular competition law assessments on their activities with external lawyers.</p>	 <p>Hafnia conducts business in accordance with applicable sanctions laws and regulations.</p> <p>Our sanctions policy identifies risks that faced in undertaking of business activities and sets out internal controls that must be followed to mitigate and remove the threat of such risks. Before entering into business with a new party, we screen the party to ensure adherence to sanctions laws.</p>	 <p>Our business is increasingly powered by data and technology. Therefore protecting personal data we receive remains a top priority. We comply with all applicable privacy laws and regulations.</p> <p>Our General Data Protection Regulation (GDPR) policy ensures control and respect over personal data. Hafnia only collects information of necessity and with consent for the regulated time proposed.</p>



Anti-Bribery & Anti-Corruption

Corruption and bribery still unfortunately remain rife in the maritime industry.

As a leading shipowner, it is our responsibility to put an end to this crime with wider industry stakeholders.

For prevention, in 2022 Hafnia has reinforced its zero-tolerance procedures and policies. All employees and contractors must undergo intensive yearly training for this purpose.

Hafnia is a long-standing, active member of the Maritime Anti-Corruption Network ("MACN"), established by a group of companies within the maritime sector to work towards an industry free of corruption, to enable fair trade to benefit society at large.

We can report that no monetary losses were incurred as a result of legal proceedings associated with bribery or corruption, nor were any legal actions for anti-competitive behaviour, anti-trust, and monopoly practices taken.

Our Anti-Bribery and Anti-Corruption Policy

Speak-Up Culture – Whistle Blowing & Grievance Mechanism

Hafnia encourages all our employees to voice concerns, especially in relation to violation of policies. In the event of this, Hafnia will follow an approved investigation procedure upon receiving any concern, either in writing or verbally.

In addition to our internal reporting channel and in accordance with industry best practices (MLC 2006 Regulation / Standard A5.1.5), we have engaged an independent compliance service provider, **Navex Global**, to provide Hafnia employees with an alternative reporting channel.

Personal data and confidential information supplied is classified and used solely for the purpose of this investigation.

Hafnia's staff, crew and contractors have access to our 24/7 whistleblowing channels (EthicsPoint - BW Group), and are provided contact numbers for every location.

Hafnia also has a designated whistle blowing platform enabling all stakeholders to raise concerns related to workplace behaviour or ethics, anonymously.

Seafarers can contact staff onshore at any time via phone call or email to our Head of HSEQ and Head of Marine.

All allegations are investigated, depending on its nature, within 90 days. When warranted, investigations may result in disciplinary actions or a review of policies, or a determination that an allegation could not be substantiated.

Our Whistle Blowing platform







Corporate Governance

Governance Structure



Best in Class Governance

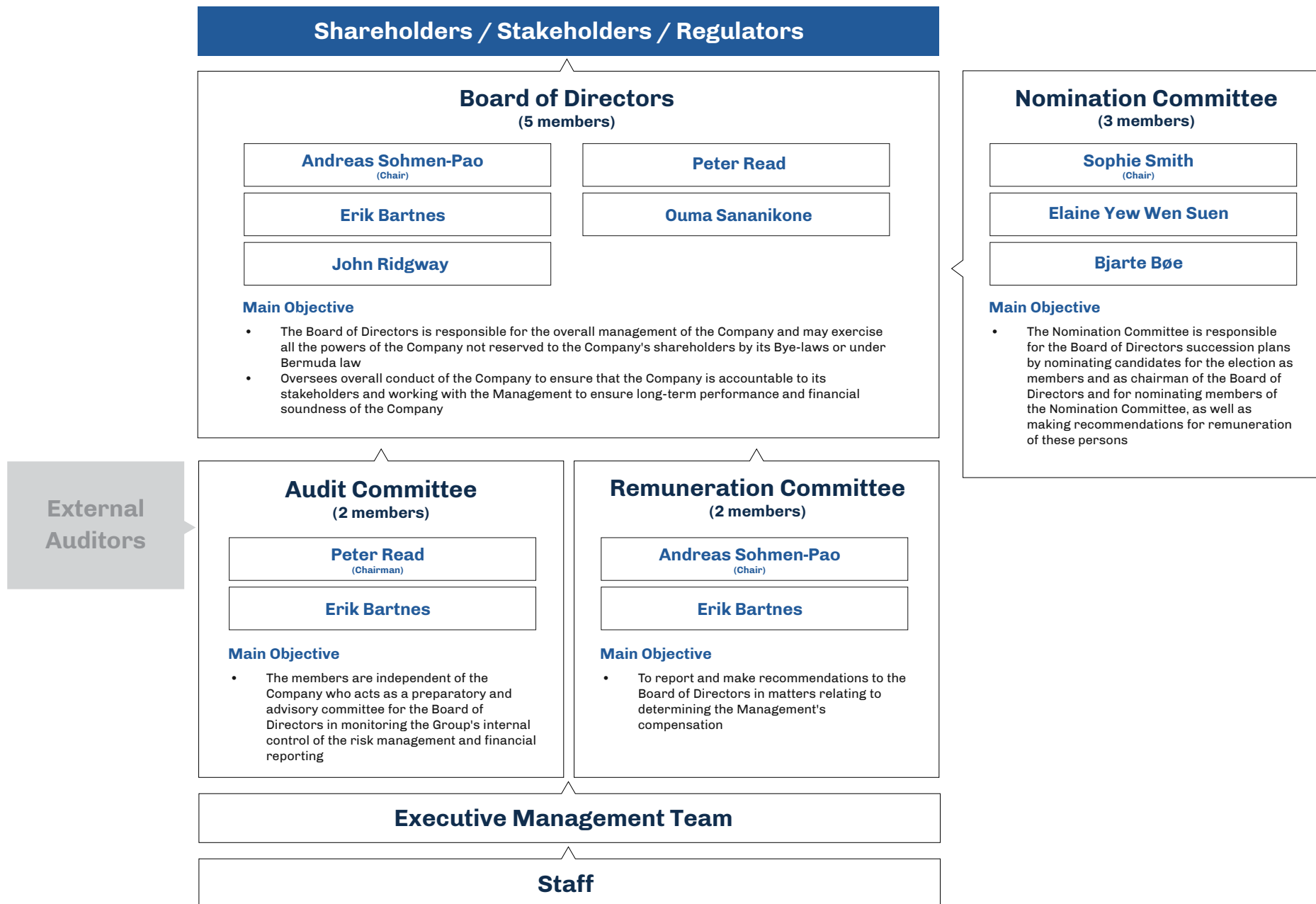
Hafnia is committed to upholding the highest governance standards, professionalism, and business transparency across all its activities.

Governance policies and practices at Hafnia are designed to ensure compliance with applicable laws and ethical standards while ensuring Company's long-term performance and financial soundness.

Hafnia's corporate policies are based on the Norwegian Code of Practice for Corporate Governance dated 14 October 2021, issued by the Norwegian Corporate Governance Board (the "Code").

This is available at www.nues.no





*Thomas Andrew Jagers was a member of the Board of Directors from 27 January 2022 to 1 July 2022 and Guillaume Philippe Bayol was a member of the Board of Directors from 27 January 2022 to 1 February 2023



Our Board & Management



Our Board of Directors

Hafnia's Board of Directors consists of knowledgeable executives with extensive industry and financial experience, and strong relationships with financial institutions, major oil, and gas companies.

The Board of Directors supports Hafnia's Executive Management team with many years of international experience in shipping, energy and capital markets, among other complementary areas of expertise.

The Board of Directors is responsible for the overall management of the company and may exercise all of the powers of the Company not reserved to the Company's shareholders by its bye-laws or under Bermuda laws.



Andreas Sohmen-Pao
Chair

Andreas Sohmen-Pao is Chair of BW Group and listed affiliates BW Offshore, BW LPG, Hafnia, BW Epic Kosan, BW Energy and Cadeler. He is also Chairman of the Global Centre for Maritime Decarbonisation, a director of Navigator Holdings and a trustee of the Lloyd's Register Foundation.

Andreas was previously Chair of the Singapore Maritime Foundation and has served as a non-executive director of Hongkong and Shanghai Banking Corporation Ltd, London P&I Club, Singapore Symphonia Company, National Parks Board Singapore, Sport Singapore and the Maritime and Port Authority of Singapore amongst others.

Andreas Sohmen-Pao resides in Singapore.



Erik Bartnes
Director

Erik Bartnes was Co-Founder of Pareto AS and Senior Partner from 1988 to 2010, and Chair of Pareto AS until April 2013. Erik is a Co-Founder of the original Hafnia Tankers and served as Executive Chair until 2018.

Between 2020-2022, Erik served as Chair in Astrup Fearnley Holding AS and Astrup Fearnley AS. and as Board member of Fearnleys AS, Fearnley Securities ASA, Fearnley Offshore AS and Fearnley Offshore Supply AS. Erik Bartnes is currently Chair of Eclipse Drilling AS and Svele AS, and a Board member of Pareto Asset Management AS, Pareto Invest AS, Premium Maritime Fund AS and Thor Dahl Shipping AS.

Erik Bartnes resides in Norway.



Peter Read
Director

Peter Read was a Senior Partner and sector Chairman at KPMG until retiring from the partnership in 2013.

Since 2013 Peter has held a number of non-executive positions, including Chairman of Welbeck Publishing Group Limited and Quarto PLC, Chairman of the audit committees of Napster Group PLC, Quayle Munro Investment Bank, the Professional Cricketers Association, The Royal Automobile Club, the RAC Foundation, Motorsport UK and the Jaguar Daimler Heritage Trust.

Peter is a Fellow of the Institute of Chartered Accountants in England and in Wales.

Peter Read resides in the United Kingdom.



John Ridgway
Director

Donald John Ridgway was CEO of BP Shipping from 2008 to 2015.

John is a qualified Master Mariner, a Chartered Marine Technologist and a Fellow of the Institute of Marine Engineering, Science and Technology. He is currently a director of Tindall Riley Ltd. and Tindall Riley (Britannia) Ltd.

John was former Chair of the Oil Companies International Marine Forum, the Marine Preservation Association LLC, President of the API Marine Committee, Director of a number of businesses and organisations including Britannia P&I Insurance Ltd., Alaska Tanker Company, ITOPF, the UK Chamber of Shipping and a member of the Executive Advisory Board to the UN IMO World Maritime University.

John Ridgway resides in the United Kingdom.



Ouma Sananikone
Director

Ouma Sananikone is non-executive Board Member of Hafnia, IA Financial Group, Innergex Renewable Energy, and Ivanhoe Cambridge.

With over 30 years of industry experience, Ouma has an extensive tenure in finance, particularly in ESG and investment management, – covering stocks and bonds, private equity, infrastructure, renewable energy, real estate and real assets. Ouma acted as CEO of Aberdeen Asset Management, the EquitiLink Group, and Managing Director (and Founder) of BNP Investment Management. Ouma is a recipient of the Centenary Medal from the Australian Government for services to the Australian finance industry.

Ouma Sananikone resides in the United States.

	Andreas Sohlen-Pao	Erik Bartnes	Peter Graham Read	Donald John Ridgway	Ouma Sananikone
Served since	16 May 2014	16 January 2019	16 January 2019	16 January 2019	8 November 2019
Attendance 2022	4/4	4/4	4/4	4/4	4/4
Gender	Male	Male	Male	Male	Female
Residency	Resides in Singapore	Resides in Oslo	Resides in London	Resides in London	Resides in New York
Independent	No	Yes	Yes	Yes	No
Age group	Over 50	Over 50	Over 50	Over 50	Over 50

**Thomas Andrew Jagers was a member of the Board of Directors from 27 January 2022 to 1 July 2022 and Guillaume Philippe Bayol was a member of the Board of Directors from 27 January 2022 to 1 February 2023.*

Our Management



Mikael Skov
CEO

Mikael Skov is Chief Executive Officer of Hafnia.

Mikael was the co-founder and CEO of Hafnia Tankers and has more than 39 years of experience in the shipping industry.

Prior to establishing Hafnia Tankers, Mikael held various positions over his 25-year career at Torm, of which the last two years he served as CEO.

Mikael is a Board Member of Clipper Group Ltd. and was an industry representative of the Danish Maritime Strategy Team established by the Ministry of Industry, Business and Financial Affairs.

Mikael Skov resides in Monaco.



Perry van Echtelt
CFO

Perry van Echtelt is Chief Financial Officer at Hafnia.

Perry has more than 25 years of experience in investment banking and ship financing.

Prior to joining Hafnia, Perry was CFO of BW Tankers since 2017, following a role he took after leaving ABN AMRO Bank as Head of Transportation and Logistics Asia Pacific & Middle East. For 17 years, Perry held various positions in the corporate finance and capital markets group of ABN AMRO and its predecessors (MeesPierson and Fortis Bank).

Perry van Echtelt resides in the Netherlands.

Committees

Audit committee

In line with the recommendations set out in the Corporate Governance Code, Hafnia has established an Audit Committee comprising two members: Peter Graham Read (Chairman) and Erik Bartnes (Committee Member). Neither of them were previous partners or directors of the company's external auditor, KPMG, within the last 12 months, or hold, or have held any financial interest in KPMG.

The members of the Audit Committee are independent of the Company. The Audit Committee have together strong accounting and related financial management expertise and will keep the Board of Directors informed of relevant changes to accounting standards and matters aments.

Members of the Audit Committee shall serve while they remain in the Board of Directors, or until the members of the Board of Directors decide otherwise or wish to retire from their role as member of the Audit Committee.

The Audit Committee acts as a preparatory and advisory committee for the Board of Directors in overseeing compliance and integrity of financial statements, monitoring the Group's system of internal control of risk management and independence of external auditor. The Board of Directors retains the responsibility for implementing such recommendations.

Other functions under their responsibility are:

- All critical accounting policies and practices
- Quality, integrity and control of the Group's financial statements and reports
- Compliance with legal and regulatory requirements
- Qualifications and independence of the external auditors
- Performance of the internal audit function and external auditors

Internal audit

The internal audit department is staffed with individuals with relevant qualification and experience. Their purpose is to prepare and implement the audit plan to assess the adequacy of Hafnia's governance, risk management and internal controls. This includes the operational, financial, compliance and information technology controls. However, when necessary, inde-

pendent internal or external technical specialists will be engaged to support the audit team.


Without assuming management responsibility, internal audit also provides independent, objective assurance and consulting services designed to add value and improve Hafnia's operations and ensure that the control machine works effectively.

The terms of reference used for internal audits and audit function's effectiveness and adequacy are approved by the Audit Committee. The Audit function is also responsible for ensuring that processes are in place for recommendations raised in internal audit reports and dealt within a timely manner.

Authorisation manual

The Company has developed an authorisation manual that outlines all responsibilities related to its business finances, including: *(please see figure below)*

Hafnia has developed an authorisation manual that outlines all responsibilities related to its business finances, including:

	Governance and Senior Appointments	Budgeting and Expenditure	Financing and Financial Risk Management	Public Relations, Media and Communications	Legal and Liability Management	Human Resources
	Chartering	Sales and Purchase of Vessels	The Pools	Bunkers and Agents	Fleet	Insurance

Remuneration committee

Hafnia's Remuneration Committee comprises of two members of the Board of Directors with extensive management experience and knowledge of remuneration issues: Andreas Sohmen-Pao (Chair) and Erik Bartnes (Committee Member).

The members of the Remuneration Committee shall serve while they remain on the Board of Directors, or until the members of the Board of Directors decide otherwise, or wish to retire from their role as member of the Remuneration Committee. Any remuneration to be paid to the Remuneration Committee is to be decided at the annual general meeting.

The Remuneration Committee's main purpose is to assist the Board of Directors in relation to determining the Management's compensation. The Board of Directors retains the responsibility for approving such recommendations.

This includes, but is not limited to:

- Overseeing the governance of Hafnia's remuneration policy
- Overseeing the remuneration of the Management
- Reviewing management annual increments, variable bonuses and incentives awards
- Approving framework of remuneration for the entire organisation, including increment and incentives

Nomination committee

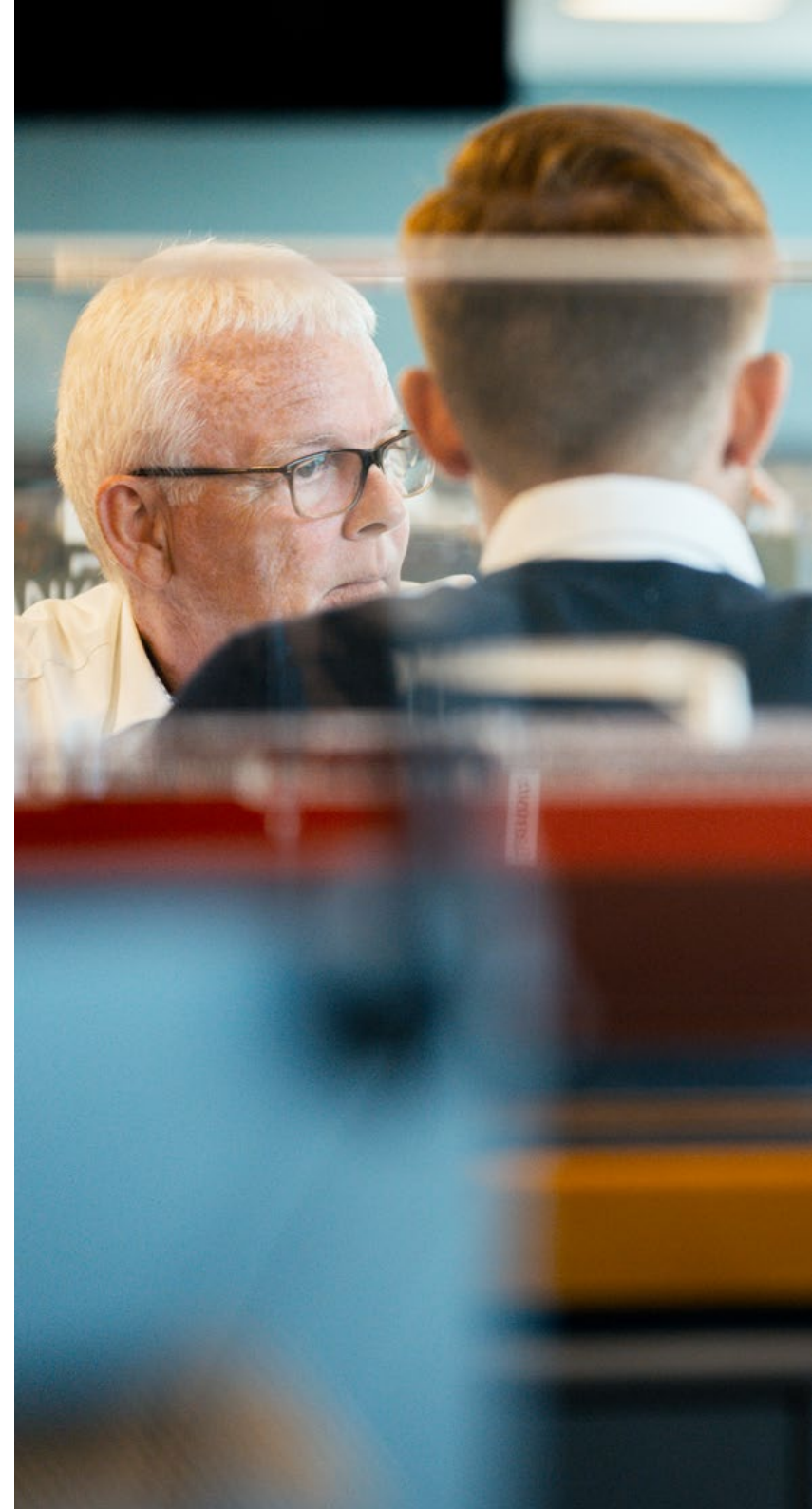
As provided for in its by-law, Hafnia has a Nomination Committee comprising of three members: Sophie Smith (replaced Andreas Sohmen-Pao as Committee Member and Chairman as of 20 May 2022), Bjarte Bøe (Committee Member) and Elaine Yew Wen Suen (Committee Member).

The members of the Nomination Committee shall serve until the Annual General Meeting determines otherwise, or they wish to retire from their role as member of the Nomination Committee.

Their primary role is to identify and nominate candidates for the appointment, re-appointment or termination of the role as members and Chair of the Board of Directors and make recommendations for these persons' remuneration. The Nomination Committee ensures that only candidates with the suitable attributes and expertise which are capable of contributing to the Company's success are appointed.

3.3

Risk Management



Risk Management Framework

Risk is inherent in the business activities of Hafnia, and managing it is critical for ensuring long-term success. Hafnia's overall risk management program focuses on the unpredictability of the economic and financial landscape and seeks to minimise potential adverse effects on Hafnia's operations. That way, we will be able to create sustainable value for our customers, employees, shareholders and the community.

Hafnia's operations are dependent on the market for worldwide transportation of refined oil products.

Apart from that, the Company is also exposed to a variety of risks: transitional, physical and other corporate risks. An overview of Hafnia's key risks and our mitigating strategy is included here.



Type of Risk	Risk description	Potential impact	Our response	Opportunities	TCFD Risk Category
<p>Market risk</p>	<ul style="list-style-type: none"> The product tanker industry is highly dependent on global supply and demand of oil and oil products Many factors affecting the demand for oil products are beyond our control, such as global economic and political conditions 	<ul style="list-style-type: none"> When a vessel is not employed, we will not receive any earnings from the vessel, but will still have to pay interest, debt, and operation expenses as necessary to maintain the vessel, hence leading to reduced revenues 	<ul style="list-style-type: none"> Monitor market developments closely and leverage our in-house commercial expertise to make timely and appropriate decisions regarding deployment and investment of vessels Engage actively with market research experts to assess quality research reports to better understand the market outlook and underlying trends Maintain a young and modern fleet that has relatively lower operating expenses Diversify portfolio and retrofit ships to transport low carbon fuels to mitigate the risk of long-term reduction in oil demand 	<ul style="list-style-type: none"> Further cement foothold as a market leader in the product and chemical space, through thoughtful acquisitions and consolidations Gain competitive advantage through making informed decisions in deploying our vessels Constant fleet renewal to reduce operating costs Grow our adjacent businesses to ensure we have diversified revenue streams 	<p>Transition Risk</p>
<p>Regulatory risk</p>	<ul style="list-style-type: none"> The shipping industry is affected by extensive and changing international regulations, especially in environmental laws 	<ul style="list-style-type: none"> Increased efficiency standards might lead to vessels having to travel at slower speeds to remain compliant, increasing operating costs and breakeven levels This will also lead to higher vessel scrapping activity for vessels that are not compliant 	<ul style="list-style-type: none"> Remain compliant with reporting requirements and legislation through monitoring of all our vessel performance Explore opportunities to reduce our environmental impacts, through retrofitting vessels and continually seeking initiatives that help to optimise vessel performance Collaborate with international maritime bodies on new regulations to ensure we stay atop of any development in international frameworks on climate change 	<ul style="list-style-type: none"> Stay on top on developments in the renewable fuel engine sector as that will allow large strides in the decarbonization of the shipping sector Gain competitive advantage through strategic partnerships to accelerate our decarbonization journey Assist Pool Partners across environmental regulations 	<p>Transition Risk</p>
	<ul style="list-style-type: none"> The financial sector is under pressure to reduce CO2-financed emissions, which could lead to higher costs of capital for shipping industry 	<ul style="list-style-type: none"> Increased financing costs for our vessels, leading to higher interest payments and breakeven levels 	<ul style="list-style-type: none"> Adequate financial planning to forecast our needs by anticipating higher cost of capital to ensure we do not incur unnecessary liquidity risks Show a clear pathway towards decarbonisation and seek sustainable/climate-linked bonds and loans 	<ul style="list-style-type: none"> To be the market leader in ESG practices will instill confidence in our company from various stakeholders 	<p>Transition Risk</p>

Type of Risk	Risk description	Potential impact	Our response	Opportunities	TCFD Risk Category
Reputational risk	<ul style="list-style-type: none"> With gaining traction of renewable energy, investors may perceive transportation of fossil fuels as aspects of a sunset business model 	<ul style="list-style-type: none"> A loss in confidence in the quality of our industry could have an impact on our share liquidity, and ability to access lending 	<ul style="list-style-type: none"> Strengthen investors' engagement by regularly publishing market updates, Hafnia's climate strategy and increased transparency in ESG reporting, to ensure investors fully understand our strategy and the conditions we operate in Comply with reporting requirements and legislation to position Hafnia as a leading company in the management of maritime operations Support industry-wide research within new forms of propulsion and renewable fuels 	<ul style="list-style-type: none"> Demonstrate clear progress towards our net zero commitments by 2050 and access to a broader range of investors Utilise fleet to underscore commitment to decarbonisation by transporting a larger proportion of renewable bioproducts (In 2022, 17% of cargo transported by the chemical fleet were bioproducts) Retain and attract new customers investing in decarbonisation and improve competitiveness 	Transition Risk
Technology risk	<ul style="list-style-type: none"> Disruptions may occur from new technologies arising in terms of new vessel propulsion or renewable fuels 	<ul style="list-style-type: none"> With improved innovations, this may decrease the value of existing vessels which are not compatible 	<ul style="list-style-type: none"> Monitor new technologies and propulsion fuels and invest in technology training and skills for employees Be able to accommodate carbon neutral fuels with our LR2 newbuilds equipped with dual-fuelled high pressure LNG engines 	<ul style="list-style-type: none"> Make informed decision making by leveraging research and data Provide customers with sustainable freight solutions and cooperate with environmentally friendly and energy-efficient suppliers 	Transition Risk
	<ul style="list-style-type: none"> Our business is heavily reliant on technology. Our onshore employees are communicating with people around the world digitally, while our vessels have installed several technological initiatives such as live data collection to optimise performance 	<ul style="list-style-type: none"> Heavy reliance on technology will cause us to be prone to cybersecurity attacks and data breaches 	<ul style="list-style-type: none"> Continually enhance our cyber defence across our people and processes, through identifying potential vulnerabilities and conducting training for employees to raise their awareness 	<ul style="list-style-type: none"> Since the onset of the Covid-19 pandemic, we have adopted a flexible working arrangement. It is therefore important that our technology team maintain high cyber resilience with no degradation of our business levels With growing trend in automation and big data, we must ensure we are able to collect and make sense of data to optimise performance 	Others

Type of Risk	Risk description	Potential impact	Our response	Opportunities	TCFD Risk Category
Financial risk	<ul style="list-style-type: none"> Our business is exposed to adverse changes in base interest rates, mainly due to interest-bearing financial liabilities in the form of bank borrowings at variable interest rates 	<ul style="list-style-type: none"> A portion of our fleet is financed through interest-bearing bank borrowings. An increase in base interest rates could increase breakeven levels and lead to short term liquidity risks 	<ul style="list-style-type: none"> Closely monitor the interest rate environment and use financial instruments such as interest rate swaps and freight forward agreements to hedge material exposures Maintain sufficient cash for its daily operations in short-term cash deposits with banks and have access to unutilised portions of revolving facilities provided by financial institutions 	<ul style="list-style-type: none"> Actively work on refinancing areas of the balance sheet to further strengthen and optimise our capital structure Maintaining strong relationships with financiers and the investment community will allow us to enjoy industry-leading debt financing and ease of raising capital 	Others
Acute risk	<ul style="list-style-type: none"> Extreme weather conditions can result in physical damages to vessels and marine infrastructure It could also jeopardise our at sea workforce's health and safety 	<ul style="list-style-type: none"> Physical damages to vessels and marine infrastructure could lead to vessels not being able to be deployed, resulting in decreased revenues, higher insurance premium and incurring additional repair costs 	<ul style="list-style-type: none"> Maintain robust maintenance and navigational management processes, such as weather routing systems. Provide specialised training and adequate equipment to at-sea staff and make strategic planning for long periods at sea 	<ul style="list-style-type: none"> With advancement in technology, we must leverage artificial intelligence and data to better forecast decisions regarding the deployment and maintenance of our vessels 	Physical Risk
Chronic risk	<ul style="list-style-type: none"> Megatrends such as rising temperatures and sea levels will require vessel adaption 	<ul style="list-style-type: none"> Slow moving, but powerful changes on a global scale could affect vessel trading routes due to rising sea levels, affecting vessel access to end customers 	<ul style="list-style-type: none"> Include chronic risks considerations in our evaluation of business opportunities and plan for investments in infrastructure adaptation 	<ul style="list-style-type: none"> Spot shifts in global behavior caused by underlying megatrends and adapt to these changes in advance to improve our competitiveness and resilience 	Physical Risk

Transition risks are related to the transition to a lower carbon economy that may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change

Physical risks are related to the physical impacts of climate change being event driven (acute) or longer-term shifts (chronic)

Corporate Governance Report

The following report provides an overview of Hafnia's key corporate governance practices regarding the Code (defined in 3.1).

For the year 2022, unless stated otherwise, Hafnia has complied with all material aspects laid out in the Code sections.

Below is a summary disclosure on our compliance with the Code.

Section of the Code	Deviations
1 Implementation and reporting on corporate governance	None
2 Business	The Company's objectives are broader and more extensive than recommended in the Code
3 Equity and dividends	The Board has wider powers to issue any authorised but unissued shares and preference shares than what is recommended in the Code
4 Equal treatment of shareholders	None
5 Shares and negotiability	The Board may decline to register the transfer of any share in the Company if the transfer results in the Company being deemed a "Controlled Foreign Company" in Norway
6 General meetings	The Chair of the Board, or the president of the Company if there is one appointed, will chair the Company's general meetings unless otherwise resolved by majority vote
7 Nomination committee	None
8 Board of Directors: Composition and independence	None
9 The work of the Board of Directors	None
10 Risk management and internal control	None
11 Remuneration of the Board of Directors	None
12 Remuneration of executive personnel	Performance-related remuneration is not subject to an absolute limit
13 Information and communications	None
14 Take-overs	None
15 Auditor	None



Section 1 - Implementation and reporting on corporate governance

Hafnia Limited ("Hafnia" or the "Company") is a Bermuda limited liability company listed in Oslo.

The Board of Directors (the "Board") oversees the overall conduct of Hafnia, ensuring that the Company is accountable to its stakeholders by ensuring implementation of business policies and practices which comply with applicable legislation, regulations, ethical and corporate governance guidelines.

These policies are also designed to be fair and in accordance with leading market practices on stakeholder relations. The Company assumes all dealings with customers, potential customers, and other third parties are in full public view and accommodates all stakeholders' reasonable expectations.

Hafnia is primarily governed by the Bermuda Companies Act, its Memorandum of Association and its bye-laws. Certain aspects of Hafnia's activities are governed by Norwegian law. The Norwegian Securities Trading Act, related regulations and the continued obligations for listed companies will generally apply. Hafnia's business activities are also subject to the laws of the countries in which it at any time operates, as well as international law and conventions.

Each individual section of the Code is discussed in the following, and any deviations from the Code are set out and explained.

The Company does not deviate from Section 1 of the Code.

Section 2 - Business

The Company's Business and objectives are described in the Company's Memorandum of Association. In accordance with common practice for

Bermuda incorporated companies (including those listed on the Oslo Stock Exchange), the Company's objectives set out are wider and more extensive than recommended in the Code.

This represents a deviation from Section 2 of the Code.

The Board sets the tone and direction for Hafnia, defining clear objectives, strategies and risk profile, ensuring consistency with the Company's long-term strategic goals in a sustainable manner taking into account financial, social and environmental considerations. For further information, reference is made to section 2 of the Annual Report. The Board conducts an annual review of Hafnia's objectives, strategies and risk profile, evaluating present and future opportunities, threats and risks in the external environment.

The Company's Executive Management Team implements the Board's decisions through managing and developing the business of Hafnia, ensuring that the policies and processes that are in place are compliant with the Board's instructions. The strategy, objectives and corporate governance regime developed act as a foundation in the Company's policy to integrate considerations into its business execution to deliver long-term value to the shareholders in a sustainable manner.

Stakeholders may read more about Hafnia's strategy, objectives and risk profile in the respective section of the Annual Report.

Section 3 - Equity and dividends

Given the Company's business's dynamic and cyclical nature, the Board regularly reviews and monitors the Company's capital structure to ensure it is in line with the Company's objective, strategy, and risk profile.

This ensures that the business' activities and growth are funded sensibly and prudently by achieving a more efficient capital structure that seeks to reduce the Company's overall cost of capital.

The Board has established a clear and predictable dividend policy. The Company will target a quarterly payout ratio of net profit, adjusted for extraordinary items, based on the quarter end net loan-to-value ratio, of:

- **50%** payout of net profit if net loan-to-value is above **40%**
- **60%** payout of net profit if net loan-to-value is above **30%** but equal to or below **40%**
- **70%** payout of net profit if net loan-to-value is above **20%** but equal to or below **30%**, and
- **80%** payout of net profit if net loan-to-value is equal to or below **20%**

In addition to cash dividends, the Company may also from time to time consider buying back shares as part of its total distribution to shareholders.

Pursuant to Bermuda law and in accordance with common practice for Bermuda-incorporated companies, the Board has the authority to issue any authorised unissued shares in the Company on such terms and conditions as it may decide and may exercise all powers of the Company to purchase the Company's own shares. The powers of the Board to issue and purchase shares are neither limited to specific purposes nor to a specified period as recommended in the Code.

This represents a deviation from Section 3 of the Code.

Section 4 - Equal treatment of shareholders

The Company has one class of shares, meaning all shares in the Company carry equal rights, including the right to participate and vote in general meetings. As such, all shareholders will be treated equally unless there is just cause for treating them differently.

As the Company is a Bermuda limited company, shareholders do not have the same preferential rights in a future offering of shares in Hafnia as shareholders in Norwegian limited liability companies normally have. This is common practice for Bermuda limited companies, including those listed on the Oslo Stock Exchange.

The Company does not deviate from Section 4 of the Code.

Section 5 - Shares and negotiability

The shares are generally freely negotiable. However, the Board may decline to register the transfer of any share, where such transfer would, in the opinion of the Board, likely result in 50% or more of the aggregate issued and outstanding share capital of the Company being held or owned directly (or indirectly) by individuals or legal persons resident for tax purposes in Norway, or alternatively, such shares being effectively connected to a Norwegian business activity, or the Company otherwise being deemed a "Controlled Foreign Company" as such term is defined pursuant to Norwegian tax legislation. The purpose of this provision is to avoid the Company being deemed a Controlled Foreign Company pursuant to Norwegian tax rules.

The Company's bye-laws also provide the Board the authority to decline the registration of the transfer of "Default Securities" (as defined in the Company's bye-laws), i.e. shares belonging to unidentified shareholders or any other person who, upon due notice from

the Company, have failed to disclose his, her or its interest in company securities.

Both of the above restrictions are common practice for Bermuda limited companies listed on the Oslo Stock Exchange, but represent deviations from Section 5 of the Code.

Section 6 - General meetings

The Company encourages all shareholders to participate in and to vote at general meetings. In order to facilitate shareholder participation, the Board will ensure that:

- The resolutions and supporting documentation, if any, will be sufficiently detailed, comprehensive and specific to allow shareholders to understand and form a view on matters that are to be considered at the general meeting
- The registration deadline, if any, for shareholders to participate at the general meeting will be set as closely to the date of the general meeting as practically possible and permissible under the provision in the Company's bye-laws
- The shareholders will have the opportunity to vote on each individual matter, including on each candidate nominated for election to the Company's Board and committees (if applicable); and
- The board members, the chairman of the Nomination Committee and the auditor (where attendance is regarded as essential) will be present at the general meeting

Shareholders who are not able to attend the general meeting will be given the opportunity to vote by proxy or to participate by using electronic means.

The Company will, in this respect:

- Provide information on the procedure for attending by proxy in the notice
- Nominate a person who will be available to vote

on behalf of shareholders as their proxy; and

- Prepare a proxy form which will, insofar as this is possible, be formulated in such a manner that the shareholder may vote on each item that is to be addressed and vote for each of the candidates that are nominated for election

The Company secretaries will also prepare minutes from the general meetings. These minutes aim to capture the essence of the meeting, its comments and results from the resolutions.

Pursuant to common practice for Bermuda incorporated companies, the Chair of the Board, or the president of the Company if there is one appointed, will chair the Company's general meetings unless otherwise resolved by majority vote.

This represents a deviation from Section 6 of the Code. However, there will be routines to ensure that an independent person is available to chair the general meeting or a particular agenda with regards to any matters related to the Chair.

Section 7 - Nomination committee

As provided for in its bye-laws, Hafnia established a Nomination Committee at the 2020 Annual General Meeting of the Company.

The Nomination Committee's duties include proposing candidates for election to the Board and the Nomination Committee itself. As part of its work in proposing candidates for election to the Board, the Nomination Committee will provide reasoned recommendations for any candidate and seek to consult shareholders concerning proposals for candidates' appointment.

Andreas Sohmen-Pao was previously both the Chair of the Nomination Committee and of the Board. This represented a deviation from Section 7 of the Code.

Sophie Smith replaced Andreas Sohmen-Pao as a member and as the Chair of the Nomination Committee at the Annual General Meeting held on 20 May 2022 and the current composition of the Nomination Committee does not represent a deviation from Section 7 of the Code.

See Section 3.2 of the Annual Report for further information regarding the Nomination Committee and its responsibilities.

The Company does not deviate from Section 7 of the Code.

Section 8 - Board of Directors: Composition and independence

The Company believes that the composition of the Board ensures that the Board has a good balance of knowledge, expertise and diversity appropriate to promote different perspectives and mitigate the risk of groupthink. This helps the Board to attend to duties towards the Company and its stakeholders effectively. An introduction to the members of the Board of Directors and their expertise is included in Section 3.2 of the Annual Report.

The Board currently consists of five board members but the number of directors of the Company may be increased to eight. The Board members work together to exercise proper supervision of the Company's business, compliance, performance and work done by the Company's management. The Chair of the Board is elected by the shareholders.

Three out of five of the board members are independent of the Company's executive personnel, its main shareholders and material business contacts, and the Company's executive management is not represented on the Board.

The members of the Board serve for periods of two years at the time, after which they are re-evaluated for potential re-election. The benefit of continuity in the Board's composition will be balanced against the potential benefits of renewal and independence. The members of the Board are encouraged to own shares in the Company.

The Company does not deviate from Section 8 of the Code.

Section 9 - The work of the Board of Directors

The Board oversees the overall conduct of the Company's affairs and the day-to-day management of the Company.

The Board's duties and responsibilities are set out in detail in the Company's bye-laws. The Board emphasises clear allocation of responsibilities amongst members and between the Board and executive management for increased accountability. Various guidelines have been adopted for both the Board and executive management.

To ensure independence, directors, officers and executive personnel of the Company are required to notify the Board if they directly or indirectly have a material interest in any transaction carried out by the Company. Members of the Board and executive personnel are to recuse themselves from decisions that they have a special interest in so that such items can be considered unbiased. Another director will chair discussions on significant matters if the chairman of the Board has been actively involved outside of his role as Chair of the Board.

The Board has established an Audit Committee consisting of two of the board members and has adopted guidelines for the Audit Committee's work.

See Section 3.2 of the Annual Report for further information regarding members of the Audit Committee and their responsibilities.

The Board has also established a Remuneration Committee to ensure due and independent preparation of matters relating to executive personnel compensation. See Section 3.2 of the Annual Report for further information regarding the members of the Remuneration Committee and their responsibilities.

The Board established a Nomination Committee at the 2020 Annual General Meeting to ensure Board succession through identifying and nominating candidates for the appointment of members of the Board. See Section 3.2 of the Annual Report for further information regarding the members of the Nomination Committee and their responsibilities. The Board's internal assessment and performance evaluation was carried out in 2022, to the overall satisfaction of the directors.

The Board aims to annually assess the effectiveness and performance as a whole and of its committees. This ensures that it fulfils its duties and responsibilities satisfactorily and uncovers key areas for improvement and requisite follow-up actions.

In cases of transactions between the Company and a shareholder, a shareholder's parent company, director, officer or executive personnel of the Company or persons closely related to any such parties, which are not immaterial for either the Company or the close associate involved, the Board will obtain a valuation from an independent third party. Agreements with related parties are given account for in the annual report.

The Company does not deviate from Section 9 of the Code.

Section 10 - Risk management and internal control

The Board is responsible for overseeing risk management in the Company, ensuring appropriate control procedures and systems are in place to manage its exposure to risks that are inherent to the Company's business. The Company recognises the importance of balancing risks and rewards to pursue business opportunities within its risk appetite. Such procedures also support the quality of the Company's financial reporting and compliance with applicable laws and regulations.

In Section 3.3 of the Annual Report, the Company provides an overview of Hafnia's central risks and its business.

Management and internal reporting and control mechanisms are based on Company-wide policies and internal guidelines in areas such as Finance and Accounting, Health, Safety, Security, Environment & Quality (HSSEQ), Ship Operations and Project Management, in addition to implementation and the follow-up of a risk assessment process.

The Company's policies and guidelines are imperative to the Company's internal control and risk limitations and are designed to ensure that the Company's vision, policies, goals and procedures are known and adhered to. This also helps to instil discipline and reinforces the Company's risk culture regarding the nature and extent of risks that the Company is willing to accept.

The Company has implemented frequent management reporting sessions where both operational and financial matters are analysed and reported to relevant decision-makers, allowing them to respond quickly to changing conditions. This helps to provide reasonable assurance against foreseeable events

that may adversely affect the Company's business objectives. The Company has established clear and safe communication channels between the employees and management to ensure effective reporting of any illegal or unethical activities in the Company, as such activities may be detrimental to the Company's reputation, financial well-being as well as to the Company's various stakeholders.

The Board carries out annual reviews of the Company's most important areas of exposure to risk and its internal control arrangements.

The Company does not deviate from Section 10 of the Code.

Section 11 - Remuneration of the Board of Directors

The Company seeks shareholders' approval at the annual general meeting regarding the remuneration of the Board. No director decides his or her own fees. Rather, in determining the remuneration of the Board, the Board's responsibility, expertise, time commitment and the complexity of the Company's activities will be considered.

To maintain the Board's independence, the Board's remuneration will not be linked to the Company's performance, nor does the Company intend to grant share options, similar instruments or retirement benefits to board members as consideration for their work.

As a rule, the directors do not undertake special tasks for the Company in addition to their directorship. Fees for any such services rendered should be approved by the Board.

The Company does not deviate from Section 11 of the Code.

Section 12 - Remuneration of executive personnel

The Board has adopted guidelines and principles for determining the remuneration of executive personnel, which are currently under review and will be presented to the shareholders and communicated to the annual general meeting. The guidelines are clear and understandable, and contribute to the Company's business strategy, long term interests and financial sustainability. Such guidelines are not a requirement under Bermuda law and will therefore not be subject to the annual general meeting's approval.

The Remuneration Committee administers all the performance-related elements of remuneration of executive management. The Remuneration Committee annually prepares recommendations to the Board, considering inter alia responsibility, expertise, time commitment and the complexity of the Company's activities.

The remuneration paid to executive management will aim to ensure a convergence of the financial interests of the shareholders and executive management. The Company has inter alia adopted a long-term share incentive program for executive management, and it is designed to be easily understood and, to align the interests of executive management with those of shareholders and link rewards to corporate and individual performance.

Performance-related remuneration is not subject to an absolute limit.

This represents a deviation from Section 12 of the Code.

Section 13 - Information and communication

The Board has adopted guidelines for the Company's communication with shareholders and how the Com-

pany will make information available to shareholders outside of general meetings.

Hafnia values openness and transparency towards its shareholders and is committed to disclosing to shareholders as much relevant information as is possible in a timely and accurate manner.

All communications and announcements of information will take into account the requirement for equal treatment of the Company's shareholders. The Company publishes an updated financial calendar with dates for important events such as the annual general meeting, publishing of interim reports, public presentations and payment of dividends (if applicable) on the Company's website and on Newsweb.

The Company has also established guidelines for contact with shareholders. A conference call to present financial information and key business updates is held every quarter by the executive management. The contact details of executive management are also available on the corporate website, allowing shareholders to reach out to the Company easily.

The Company does not deviate from Section 13 of the Code.

Section 14 - Take-overs

The Company has established key principles for how to act in the event of a take-over offer. In the event of a take-over process, the Board has a duty to ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board will also ensure that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board will abide by the principles of the Code and also ensure that the following take place:

- The Board will ensure that the offer is made to all shareholders, and on the same terms
- The Board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company
- The Board should not enter into an agreement with any offeror that limits the Company's ability to entertain other offers for the Company's shares, unless it is obvious that such an agreement is in the common interest of the Company and its shareholders
- The Board shall strive to be completely open about the take-over situation. Agreements between the Company and the offeror which are of significance for the market's assessment of the offer shall be made known to the market no later than the time when the market is notified of the offer
- The Board shall not institute measures which have the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- The Board acknowledges the particular duty the Board carries to ensure that the interests of the shareholders are safeguarded

The Board shall not attempt to prevent or impede the take-over bid unless this has been decided by the shareholders in a general meeting in accordance with applicable laws. The main underlying principles shall be that the Company's common shares shall be kept freely transferable and that the Company shall not establish any mechanisms which can prevent or deter take-over offers unless this has been decided by the shareholders in a general meeting in accordance with applicable law.

If an offer is made for a Company's common shares, the Board shall issue a statement evaluating the offer

and making a recommendation as to whether shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to the shareholders on whether or not to accept the offer, it should explain the reasons for this. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case, it shall explain the reasons why specific members of the Board have excluded themselves from the statement.

The Board may also consider to arrange a valuation from an independent expert. An independent valuation will be arranged if any member of the Board, close associates of such member or anyone who has recently held a position but has ceased to hold such a position as a member of the Board, is either the bidder or has a particular personal interest in the bid. This will also apply if the bidder is a major shareholder of the Company. Any such valuation should either be enclosed with the Board's statement, or reproduced or referred to in the statement.

The Company does not deviate from Section 14 of the Code.

Section 15 - Auditor

The Company's auditor is appointed by the Company's annual general meeting and is responsible for the audit of the Company's consolidated financial statements.

The auditor participates in the Audit Committee's review and discussion of the annual accounts and quarterly interim accounts. Annually, the auditor will submit an audit workplan to the Board or the Audit Committee.

The auditor normally participates in Board meetings that deal with annual accounts and accounting

principles. The auditor will also assess any important accounting estimates and matters of importance on which there has been disagreement between the auditor and the Company's executive management and/or the Audit Committee. At least once a year, the auditor shall present to the Board or the Audit Committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement. Further, the Board will normally hold a meeting with the auditor at least once a year at which no representative of the executive management is present.

The Board is responsible for determining whether executive management may engage the auditor for other purposes than auditing. The auditor is required to annually confirm his or her independence in writing to the Audit Committee.

The Board will give the shareholders an account at the annual general meeting of the remuneration paid to the auditor, including details of the fee paid for audit work and any fees paid for other specific assignments.

The Company does not deviate from Section 15 of the Code.





Investor Relations

4.1

2022 Highlights

4.2



Investor Strategy

Disclosure of Information	Engagement with Shareholders	Consistent Dividend Payout	Active Management	Share Liquidity
<ul style="list-style-type: none"> Hafnia builds trust and confidence with its investor community by disclosing relevant information in an accurate, timely and transparent manner We achieve this through regularly communicating significant developments through appropriate channels such as news releases, direct announcements, social media, investor presentations and annual reports In 2022, Hafnia provided shareholders with quarterly financial statements following the end of each respective period. These financial results were reviewed and approved by the Board prior to external release. Hafnia will notify the investor community of the date of this release in advance, on the Oslo Stock Exchange and on its website 	<ul style="list-style-type: none"> Hafnia understands the importance of maintaining good stakeholder relationships and actively engages with the investor community We have a designated Investor Relations team, who lay out the strategy and processes that engage shareholders Hafnia further engages the investor community through social media and investor roadshows and actively participates in local and international conferences. Our CEO actively takes part in speaking engagements with relevant audiences. This allows us to actively convey our investment proposition and obtain feedback on its expectations Following the quarterly release of financials, we subsequently hold an investor call to present the results. Management presents the financials and commercial updates, followed by a Q&A session A conference call recording is later published on the Hafnia website together with the accompanying PDF 	<ul style="list-style-type: none"> Hafnia values strong shareholder value and strives to pay dividends over time Hafnia has consistently paid out dividends and had a total shareholder return of 209% in 2022 With a strong market reputation, Hafnia further benefits from solid industry partner relationships and enjoys a firm foothold in the investor community 	<ul style="list-style-type: none"> Through active management, (where the market is proactively reviewed for opportunities that create stronger shareholder value), and a keen understanding of shareholders, Hafnia has grown significantly and is now the world's leading product and chemical tanker company The acquisitions of Chemical Tankers Inc with a fleet of 32 vessels and 12 LR1s from Scorpio in early 2022 increased Hafnia's overall leverage and breakeven levels. Still, we have consistently worked hard to optimise our balance sheet 	<ul style="list-style-type: none"> Hafnia ensures that its shares are liquid to allow lower risks and stable prices for its shareholders In May 2022, Hafnia successfully completed a private placement of new common shares for gross proceeds of USD 100 million, which allowed us to optimise our capital structure Additionally, this enabled us to lower our cash flow breakeven and increase the free float in our shares, demonstrating the commitment to maximising shareholder value In February 2023, Hafnia has qualified to also trade its shares on the OTCQX Best Market This allows the Hafnia share to reach a wider range of audience, which will help in higher trading volumes and stronger shareholder returns



Investor Website

Hafnia embraces technological advancement to provide effective and transparent communication standards for our stakeholder community.

We have recently revamped our corporate website to allow a more intuitive and friendly interface.

The new website has a dedicated 'Investor Relations' segment designed by a specialist company, which features (but is not limited to) key financial information, including:

- Hafnia investment overview
- Latest and historical financial results
- Investor presentations
- Share price data
- Financial calendar
- Analyst coverage
- Top 20 shareholders (automated)
- Investor news

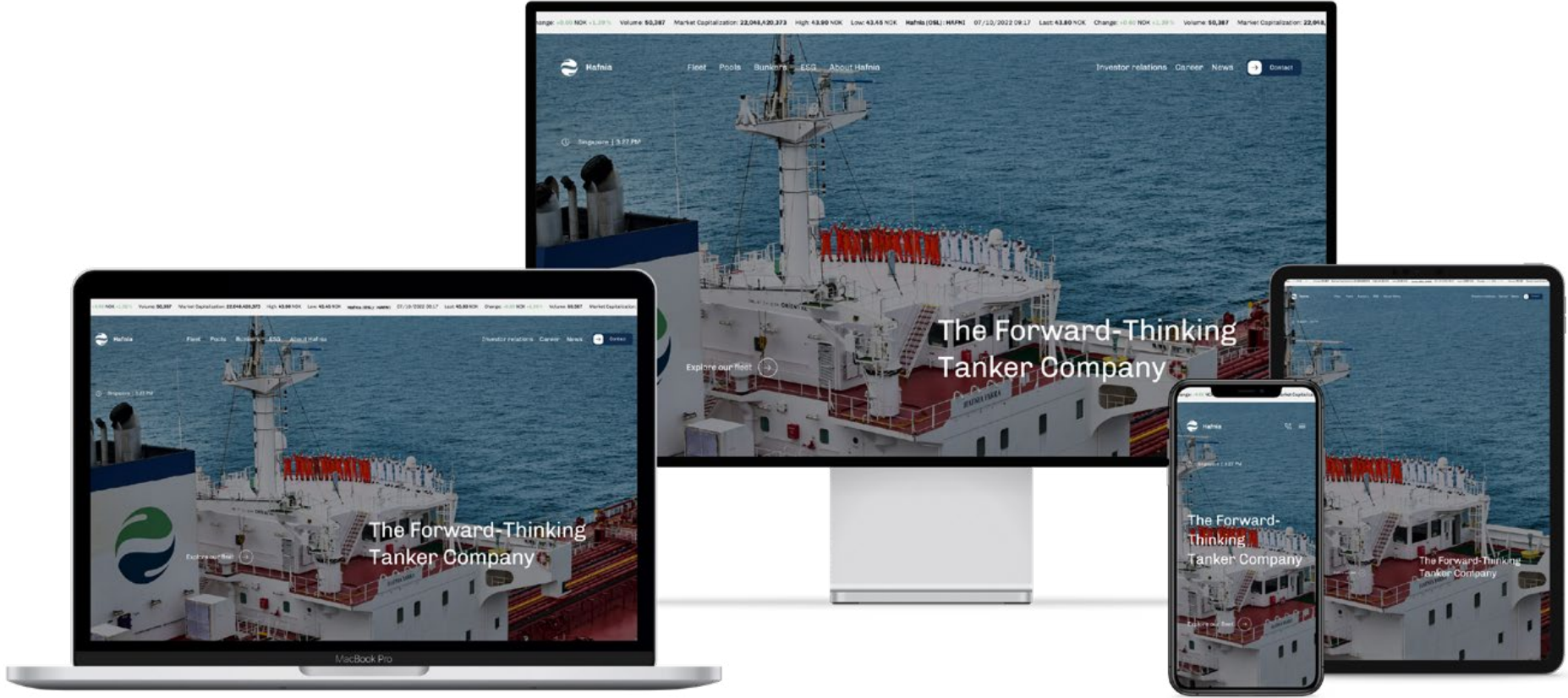
Interested parties can sign up to relevant information on both the corporate site and the investor relations site.

The contact details of the Investor Relations team are also available on the corporate website, allowing shareholders to reach out to Hafnia easily with swift response guaranteed.

Beyond Investor Relations information, the below information which might be pertinent to various key stakeholders, is made available on Hafnia's new corporate website:

- ESG strategy
- Fleet list
- Revenue driving offerings such as information on Hafnia Pools and Hafnia's Bunker Alliance
- Management and Board of Directors profiles
- Media releases

The above list is not exhaustive of all the information available on Hafnia's corporate website. For more information, please refer to <https://hafniabw.com/>





Investor Information

Share information

Exchange	Oslo Stock Exchange
ISIN	BMG4233B1090
Ticker	HAFNI
Currency	NOK
Class of shares	1
OTCQX symbol	HAFNF
Number of shares (Including treasury shares)	506,820,170

Dividend policy

In November of 2022, Hafnia updated its dividend policy to allow greater shareholder value should we meet our objectives.

Starting from the fourth quarter of 2022, we will target a quarterly payout ratio of net profit, adjusted for extraordinary items, of:

<p>Net loan-to-value > 40%</p> <p>50%</p> <p>Payout of net profit</p>	<p>30% < Net loan-to-value ≤ 40%</p> <p>60%</p> <p>Payout of net profit</p>
<p>20% < Net loan-to-value ≤ 30%</p> <p>70%</p> <p>Payout of net profit</p>	<p>Net loan-to-value ≤ 20%</p> <p>80%</p> <p>Payout of net profit</p>

Net loan-to-value is calculated as vessel bank and finance lease debt (excluding debt for vessels sold but pending legal completion) less cash divided by broker vessel values (100% owned vessels).

The final dividend amount 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.

There can be no assurance that a dividend will be declared in any given year. If a dividend is declared, there can be no assurance that the dividend amount or yield will be as contemplated above.

Hafnia's historical dividends

Financial period	Dividend amount (USDm)	Dividend per share (USD)
Q4 2019	21.2	0.0573
Q1 2020	38.6	0.1062
Q2 2020	38.6	0.1062
Q1 2022	10.5	0.0210
Q2 2022	93.1	0.1862
Q3 2022	140.1	0.2801
Q4 2022	159.0	0.3157

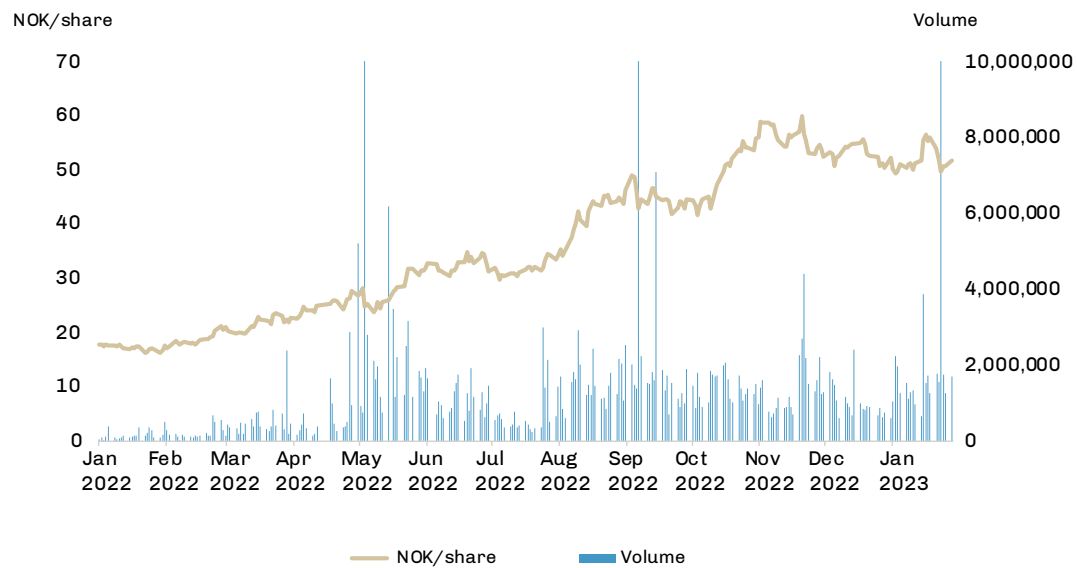
Composition of shareholders

As of 13 March 2023, Hafnia has 5,050 registered shareholders

Below is a list of the 20 largest shareholders as of 13 March 2023:

#	Shareholder Name	No. of Shares	Percentage (%)
1	BW GROUP LIMITED	246,106,112	48.56%
2	The Bank of New York Mellon	37,085,026	7.32%
3	FOLKETRYGDFONDET	16,332,248	3.22%
4	J.P. MORGAN SECURITIES PLC	6,303,135	1.24%
5	Danske Bank A/S	6,744,261	1.33%
6	The Bank of New York Mellon SA/NV	16,298,010	3.22%
7	Interactive Brokers LLC	5,745,830	1.13%
8	Morgan Stanley & Co. International	5,079,829	1.00%
9	State Street Bank and Trust Comp	13,778,649	2.72%
10	Goldman Sachs International	4,571,162	0.90%
11	SKANDINAVISKA ENSKILDA BANKEN AB	9,622,692	1.90%
12	SONGA CAPITAL AS	3,500,000	0.69%
13	CLEARSTREAM BANKING S.A.	3,490,223	0.69%
14	JPMorgan Chase Bank	10,287,405	2.03%
15	VERDIPAPIRFONDET STOREBRAND NORGE	3,159,022	0.62%
16	VERDIPAPIRFONDET ALFRED BERG GAMBA	2,505,268	0.49%
17	Citibank	5,302,938	1.05%
18	Nordnet Bank AB	2,265,964	0.45%
19	Goldman Sachs & Co. LLC	2,254,259	0.44%
20	Morgan Stanley & Co. LLC	3,117,073	0.62%
	Other shareholders	103,271,064	20.38%
	TOTAL	506,820,170	100%

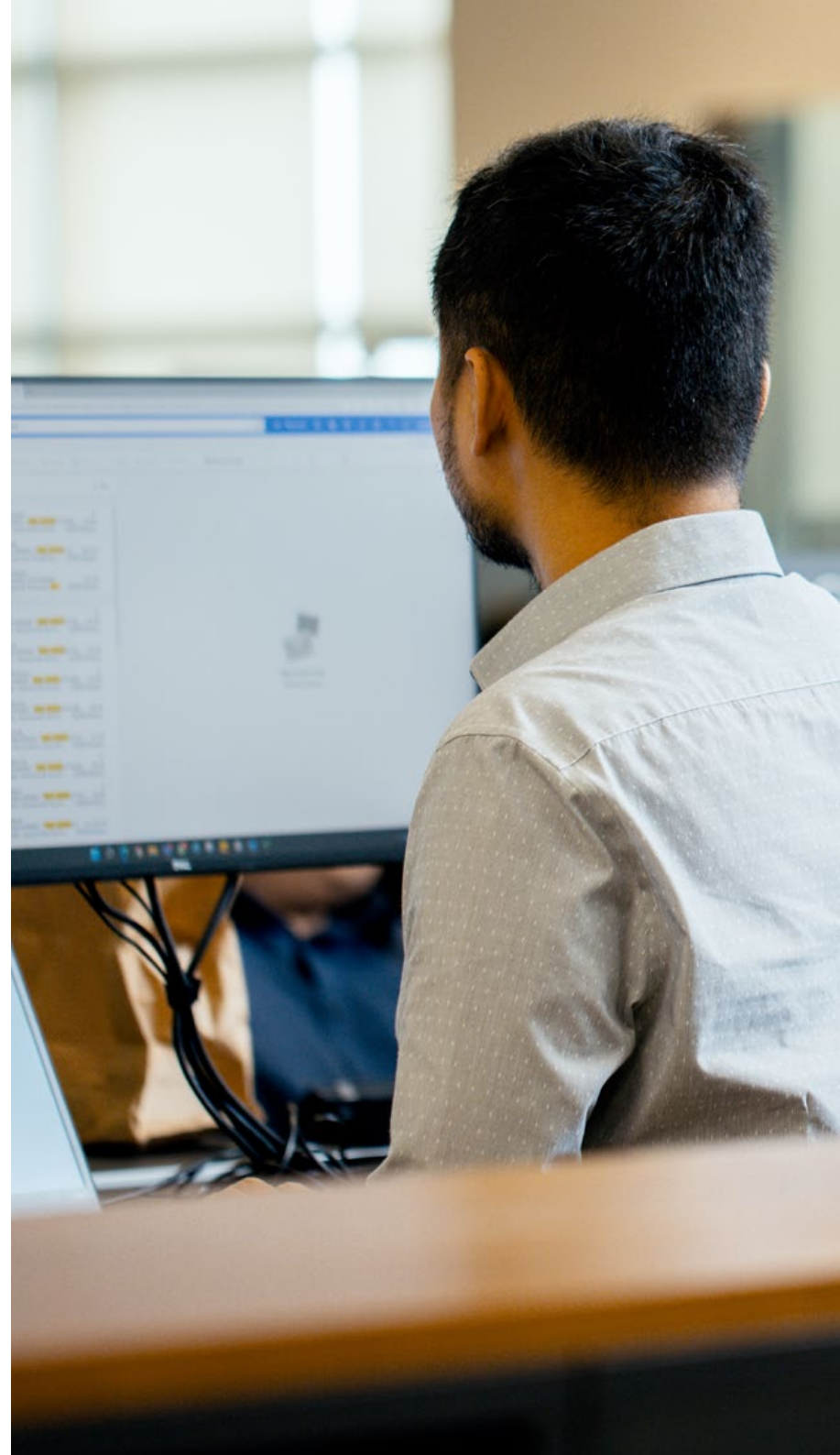
Stock Data, Ticker Code



Financial calendar

Financial Year 2023

28 February 2023	Quarterly report – Q4
30 March 2023	Annual report 2022
18 May 2023	Annual general meeting
19 May 2023	Quarterly report – Q1
25 August 2023	Half-yearly report
17 November 2023	Quarterly report – Q3





Investor Relations contact

THOMAS ANDERSEN
EVP, Head of Investor
Relations
tha@hafniabw.com

Analyst Coverage

Company	Analyst	Email address
ABG Sundal Collier	Petter Haugen	petter.haugen@abgsc.no
Arctic Securities	Lars Østereng	lars.ostereng@arctic.com
Clarksons Platou Securities AS	Frode Mørkedal	frode.morkedal@clarksons.com
Danske Bank	Håvard Sjørnsen Lie	hvli@danskebank.com
DNB	Jørgen Lian	jorgen.lian@dnb.no
Fearnley Securities	Øystein Vaagen	o.vaagen@fearnleys.com
Jefferies	Omar Noktar	onokta@jefferies.com
Pareto Securities AS	Eirik Haavaldsen	eha@paretosec.com
Skandinaviska Enskilda Banken (SEB)	Frederik Ness	frederik.ness@seb.no

Annexes

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An aerial photograph of a large offshore supply vessel, likely a tugboat or supply ship, sailing on a deep blue sea. The vessel has a dark blue hull with a red stripe along the waterline. The deck is red and features a complex network of pipes, railings, and equipment. A white structure is visible on the deck. The ship is moving through the water, creating a white wake. The text 'kes' is overlaid in the bottom left corner, and 'Annexes' is overlaid in the bottom right corner.

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Annexes

Board of Directors Report



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Board of Directors' Report

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, providing an understanding of market dynamics through experience-based knowledge and insights into relevant developments and trends in all aspects of the product and chemical tanker industry.

For further details about Hafnia, please refer to **Section 1** in the **2022 Annual Report** available on the Company's website **www.hafniabw.com**.

Financial performance

Time Charter Equivalent (TCE) earnings for Hafnia in 2022 increased to **USD 1,346.7 million** from USD 402.9 million in 2021 due to stronger freight rates and bigger fleet size following the strategic acquisitions of 44 modern chemical and product tanker vessels,

Hafnia reported strong TCE earnings of **USD 23,351/day** for its Handy fleet, **USD 30,113/day** for its MR fleet, **USD 35,826/day** for its LR1 fleet, **USD 33,563/day** for its LR2 fleet, **USD 24,910/day** for its Chemical – Handy fleet, **USD 31,481/day** for its Chemical – MR fleet and **USD 18,446/day** for its Chemical – Stainless fleet.

Hafnia's net TCE in 2022 was **USD 30,274/day** based on vessel utilisation of 98%, as compared to 2021, where net TCE was USD 12,141/day based on vessel utilisation of 98%.

Following a challenging year in 2021, tanker markets in 2022 remained volatile, and faced ever-changing market dynamics throughout the year. Increased demand for clean petroleum products paved the way for a rebound in product trade and was coupled with the effect of longer ton-miles due to sanctions on Russian trade.

In Q1 2022, Hafnia completed the acquisition of Chemical Tankers Inc (CTI), along with its fleet of 32 modern chemical tankers, and the acquisition of 12 modern LR1 vessels. Eight stainless steel tanker vessels acquired from CTI were subsequently divested by Q3 2022.

As part of Hafnia's fleet renewal strategy, four LR1 and six Handy vessels have also been divested at attractive prices during the year.

Hafnia reported a net profit after tax of **USD 751.6 million** in 2022, as compared to a net loss after tax of USD 55.5 million in 2021, with an increase in ROIC and ROE to **28.3%** and **48.2%** respectively in 2022, from (0.4%) and (4.9%) respectively in 2021.

The increase in net profit after tax and returns in 2022 was mainly due to higher TCE earnings, the effect of an enlarged fleet size, and an increase in income from the pool and bunker platforms. The divestment of vessels also contributed to a gain of **USD 25.4 million**.

Hafnia's balance sheet strengthened further throughout 2022, with total assets of **USD 3,918.9 million**, total liabilities of **USD 1,909.9 million** and total equity of **USD 2,009.0 million** amounting to an equity ratio of **51.9%**, as compared to total assets of USD 2,511.0 million, total liabilities of USD 1,398.9 million and total equity of USD 1,112.0 million amounting to an equity ratio of 44.3% in 2021.

Hafnia's operating cash flows for the year mainly comprise of cash provided from Hafnia's operations of **USD 729.4 million**.

Net cash used in investing activities was **USD 190.0 million**, and net cash used in financing activities was **USD 465.1 million**. The strong operating cash flow was primarily utilised in acquisition of vessels, repayment of borrowings, and dividends paid to shareholders.

At the end of 2022, Hafnia had **115 owned** vessels, **13 chartered-in** vessels and **four Newbuilds**¹. The total fleet of the Group comprised of **132 vessels**, with six LR2s, six Handy vessels, 40 LR1s² (including four bareboat chartered-in and four time chartered-in), 52 MRs³ (including nine time chartered-in), six Chemical – MRs, and 18 Chemical – Handy vessels.

¹ Including four LR2 Newbuilds owned through 50% ownership in the Vista Joint Venture

² Including six LR1s owned through 50% ownership in the Vista Joint Venture

³ Including two MRs owned through 50% ownership in the Andromeda Joint Venture

Parent company accounts

Hafnia Limited is a holding company. The Company reported a net profit of **USD 384.3 million** for 2022, compared to a net profit of USD 41.8 million in 2021. The increase in profit in 2022 was due to higher dividend income from its subsidiary. Expenses of the company are mainly comprised of administrative expenses, and costs related to the operations of the investment holding company as a listed entity.

Total assets were **USD 1,672.0 million** as of 31 December 2022, compared to USD 1,288.6 million in 2021. The increase was mainly due to the acquisition of CTI and an increase in amounts due from a subsidiary. Total liabilities were **USD 1.8 million** as of 31 December 2022 compared to USD 79.9 million in 2021. The increase was mainly due to a decrease in the Company's related party payables.

Total shareholders' equity in Hafnia Limited was **USD 1,670.2 million** as of 31 December 2022 as compared to USD 1,208.7 million as of 31 December 2021. The increase was mainly due to an increase in dividend income from a subsidiary and the issuance of equity as consideration for the acquisition of CTI.

Safety

Hafnia's motto is zero harm to people, the environment, cargo, and property.

Hafnia is continuously improving and evolving procedures to mitigate hazards faced by the maritime industry. Safety culture focuses on human factors

and is based on reducing accidents at sea.

For an overview of employee health and safety metrics, please refer to chapter 2.4 of the Annual report.

Risk management

Hafnia is exposed to various commercial, operational, financial, and climate-related risks. 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.

The most significant risks are set out in the latest prospectus issued by Hafnia on 1 March 2022 in connection with the CTI transaction. These documents and other information on risks are available on the company's website at www.hafniabw.com.

Risk is inherent in the business activities of Hafnia and managing them is critical for ensuring its long-term success.

Hafnia's overall risk management program focuses on the unpredictability of economic and financial landscape and seeks to minimise potential adverse effects on Hafnia's operations.

Top risks identified as having the potential to substantially influence Hafnia's business and operations at an enterprise level are then deliberated and reviewed by the Executive Management Team and the Board of Directors.

Through management of market, regulatory, reputational, technology and financial risk, Hafnia will be able to generate and deliver sustainable value for its customers, employees, shareholders and the community.

For a summary of Hafnia's main risks, please refer to chapter 3.3 of the 2022 Annual Report.

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 to fuel oil costs. Fuel oil prices are affected by the global political and economic environment.

Hafnia has also purchased and maintains a Directors and Officers Liability Insurance, issued by a reputable, specialised insurer with an appropriate rating.

Our business responsibility

In line with the increasing expectations of stakeholders and society – and in doing the right thing for the good of the maritime industry – Hafnia is committed to its role as a responsible industry leader.

In 2022, Hafnia has consolidated its material issues and strengthened its ESG governance, strategy, and targets.

Hafnia's ESG reporting includes progress and perfor-

mance in the context of activities relating to environmental, social and governance for the financial year ended 31 December 2022.

For an overview of Hafnia's ESG strategy, please refer to chapter 2.1 of the Annual Report.

Environmental

In 2022, Hafnia developed its climate strategy, committing to achieve the 2030 IMO target ahead of schedule and to drive the business towards Net Zero emissions by 2050.

The path towards decarbonisation requires strong collaboration with internal and external stakeholders. Hafnia is actively engaging with parties to share an approach to sustainability and work on the development of solutions for decarbonising the maritime industry and preserve biodiversity.

For an overview of environmental actions, please refer to chapter 2.2 and 2.3 of the Annual Report.

Social

With social aspects as a vital dimension of a sustainable business, Hafnia puts its people onboard and at sea at the core of its business practices, creating conditions for them to thrive in a safe working environment.

Hafnia encourages an ongoing dialogue with its employees via various platforms. The Company maintains a strong speak up culture, with measures in place for misconduct reporting.

For an overview of our social actions, please refer to chapter 2.4 and 2.5 of the Annual Report.

Governance

Hafnia has a strong focus on the implementation of best in class governance and effective risk management processes. Business is conducted in an ethical and transparent way in accordance with company values and its code of conduct.

Hafnia maintains its stance against corruption and bribery in the maritime industry, with a Zero Tolerance policy.

Hafnia has implemented sound corporate governance throughout its organisation. Corporate Governance policies are based on the Norwegian Code of Practice for Corporate Governance (the "Code") dated 14 October 2021 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 chapter 3.3 of the 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.

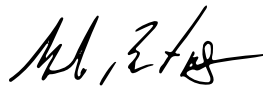
Responsibility Statement

We confirm that, to the best of our knowledge, the financial statements for the year 1 January to 31 December 2022 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
Chair



Erik Bartnes
Director



Peter Read
Director



John Ridgway
Director



Ouma Sananikone
Director

A man with short dark hair and a beard, wearing a light blue button-down shirt, is looking towards the camera with a slight smile. He is in a meeting room, with a presentation screen visible in the background. The screen shows a green slide with some text, including "1. Introduction" and "2023-2024". In the foreground, the back of a person's head is visible on the left, and hands holding a blue pen and a document are visible at the bottom. The overall atmosphere is professional and collaborative.

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Financial Statements

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Annual Report
2022





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Printed using ink based on vegetable oil, ISO certified

Printed using water developed printing plate

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Independent Auditors' Report

To Members of Hafnia Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hafnia Limited (the "Company") and its subsidiaries (the "Group"). The financial statements are comprised of:

- The balance sheet of the Company as at 31 December 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information; and
- The consolidated balance sheet of the Group as at 31 December 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements comprising significant accounting policies and other explanatory information

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as at **31 December 2022**, and their financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants, *The International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) and the Singapore Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements, the IESBA Code and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
<p>Impairment assessment of vessels and right-of-use vessels</p> <p>Refer to Notes 2.3(b) and 9 of the Group's financial statements</p> <p>As at 31 December 2022, the carrying value of the Group's vessels – owned and leased, including dry docking, amounted to USD 2,875.4 million, which is material to the Group</p> <p>The Group's vessels are measured at cost less accumulated depreciation and impairment loss</p> <p>The Group organises the commercial management of the fleet of vessels into individual commercial pools. Each commercial pool constitutes a separate cash-generating unit ("CGU"). Other vessels on individual time-charter contracts are individual CGUs</p> <p>The Group regularly reviews whether CGUs have indicators of impairment following its stated policy as set out in Note 2.3(b) and performs CGU impairment tests as according to policy stated in Note 2.10. As part of this assessment, the Group obtained independent third-party valuation reports for individual vessels, which makes reference to comparable transactions prices of similar vessels, to assess whether there were indicators of impairment of vessels as at 31 December 2022. The operating and financial performance and near-term outlook of each CGU, alongside with prevailing market conditions affecting the tankers industry in the foreseeable future were also reviewed</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> • We assessed the Group's process for identifying relevant CGUs for impairment testing • We obtained an understanding of management's basis of concluding no presence of asset impairment indicators at the reporting date • We challenged management's judgement by performing an independent assessment of market forces affecting the product and chemical tankers businesses • We evaluated the independence, competence and objectivity of the independent brokers engaged by the Group to appraise the market valuation of vessels • We also assessed the valuation methodologies applied and benchmarked the valuations obtained with recent sale transactions of similar type of vessels <p>No significant matters were noted from our procedures</p>

Key Audit Matter	How the matter was addressed in our audit
<p>The Group concluded, as further aided by market valuation reports of individual vessels, that there were no impairment indicators across all the CGUs operating at the reporting date.</p> <p>Such an assessment involves high degree of management judgement; and market valuation of vessels is susceptible to fluctuation, as freight rates fluctuate in response to imbalance in demand and supply, and changing market conditions.</p>	
<p>Acquisition of Chemical Tankers Inc. and its subsidiaries ("CTI")</p> <p>Refer to Note 3 of the Group's financial statements.</p> <p><i>Acquisition accounting</i></p> <p>In January 2022, the Group completed the acquisition of 100% of equity interest in Chemical Tankers Inc. and its subsidiaries ("CTI"), in exchange for the Company's equity instrument issued. At date of acquisition, CTI held a fleet of 32 chemical tankers.</p> <p>The Group adopted the optional asset concentration test as permitted under IFRS 3 <i>Business Combinations</i> to deal with this acquisition accounting (also, the "assets acquisition"). The Group had satisfied that substantially all of the fair values of the gross assets of CTI acquired were concentrated in similarly identifiable assets, namely the fleet of chemical tankers.</p> <p>Accordingly, CTI's assets and liabilities were consolidated onto the Group's balance sheet at their fair values at the acquisition date, with no consequential goodwill arising.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> • We reviewed the Group's evaluation for assessing whether the acquisition of CTI constitutes a business combination or assets acquisition • We performed an independent assets concentration test • We evaluated the valuation of purchase consideration satisfied via issuance of Hafnia shares and compared it with fair value of net assets acquired. For the purpose of this procedure, we obtained and checked the market valuation of individual vessels provided by external shipbrokers • We evaluated the independence, competence and objectivity of the independent brokers engaged by the Group to appraise the market valuation of vessels close to the acquisition date • We checked that purchase consideration was allocated between individual identifiable assets and liabilities based on their relative fair values at the date of acquisition <p>No significant matters were noted from our procedures</p>

Key Audit Matter	How the matter was addressed in our audit
<p data-bbox="212 343 728 375"><i>Valuation of shares issuance as consideration</i></p> <p data-bbox="212 406 873 598">Hafnia Limited issued 92,112,691 ordinary shares in relation to this assets acquisition. The Group applied IFRS 2 <i>Share-based Payment</i>, and considered the fair value of own shares issued to be equal the fair value of the net assets acquired. The fair value method was used to complete the purchase price allocation</p> <p data-bbox="212 630 862 790">The acquisition accounting applied involves a high degree of judgement. The fair values of identifiable assets acquired and liabilities assumed also involves management's use of estimates, that was primarily aided by an external market valuation performed for the 32 chemical tankers acquired</p>	



Other Information

Management is responsible for the other information. Other information is defined as all information in the annual report, other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going con-

cern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain

solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Hafnia Limited we have performed an assurance engagement to obtain reasonable assurance about

whether the financial statements included in the annual report, with the file name "5493001K0FT0S-CGJ2647-2022-12-31-en" (the "ESEF file"), have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format ("ESEF Regulation") and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conducted our work in compliance with the International Standard on Assurance Engagements (ISAE) 3000 – "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The engagement partner on the audit resulting in this independent auditors' report is Kenny Tan Choon Wah.



KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

30 March 2023





Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2022	Note	2022 USD '000	2021 USD '000
Revenue	4	1,832,544	811,217
Voyage expenses	5	(485,848)	(408,282)
TCE income #		1,346,696	402,935
Other operating income		40,461	23,177
Vessel operating expenses	5	(263,903)	(192,459)
Technical management expenses		(23,627)	(16,014)
Charter hire expenses		(33,154)	(22,903)
Other expenses	5	(59,524)	(42,979)
Operating profit before depreciation and amortisation charges		1,006,949	151,757
Gain/(loss) on disposal of vessel		23,391	(4,935)
Gain on disposal of subsidiaries	9	2,092	-
Depreciation charge of property, plant and equipment	9	(207,989)	(150,460)
Amortisation charge of intangible assets	10	(1,230)	(1,219)
Operating profit/(loss)		823,213	(4,857)
Interest income		6,977	2,355
Interest expense		(93,559)	(39,004)
Capitalised financing fees written off		-	(4,496)
Other finance expense		(2,516)	(3,333)
Finance expense – net		(89,098)	(44,478)
Share of profit/(loss) of equity-accounted investees, net of tax	14	24,152	(1,768)
Profit/(loss) before income tax		758,267	(51,103)
Income tax expense	7	(6,678)	(4,390)
Profit/(loss) for the financial year		751,589	(55,493)

For the financial year ended 31 December 2022	Note	2022 USD '000	2021 USD '000
Other comprehensive income:			
Item that may be subsequently reclassified to income statement			
Foreign operations - foreign currency translation differences		64	(1)
Fair value gains on cash flow hedges		73,516	9,693
Reclassification to profit or loss		(5,406)	6,628
Other comprehensive income		68,174	16,320
Total comprehensive income/(loss) for the year, net of tax		819,763	(39,173)
Earnings per share attributable to the equity holders of the Company			
(expressed in USD per share)			
Basic earnings/(loss) per share	8	1.57	(0.15)
Diluted earnings/(loss) per share	8	1.54	(0.15)

#*TCE income* denotes "time charter equivalent income" which represents revenue from time charters and voyage charters less voyage expenses comprising primarily brokers' 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 Balance Sheet

As at 31 December 2022	Note	2022 USD '000	2021 USD '000
Vessels	9	2,728,319	1,909,534
Dry docking and scrubbers	9	79,210	63,414
Right-of-use assets	9	67,904	111,529
Other property, plant and equipment	9	1,130	266
Total property, plant and equipment		2,876,563	2,084,743
Intangible assets	10	2,590	3,572
Total intangible assets		2,590	3,572
Other investments		3,825	3,501
Derivative financial instruments	20	69,184	675
Deferred tax assets		36	36
Restricted cash		4,780	-
Loans receivable from joint venture	13	74,213	60,229
Associated companies and joint ventures	14	39,359	15,218
Total other non-current assets		191,397	79,659
Total non-current assets		3,070,550	2,167,974
Loans receivable from pool participants	13	45,998	34,865
Inventories	11	10,094	6,661
Trade and other receivables	12	616,348	201,123
Derivative financial instruments	20	1,424	252
Cash and cash equivalents	15	174,440	100,075
Total current assets		848,304	342,976
Total assets		3,918,854	2,510,950

As at 31 December 2022	Note	2022 USD '000	2021 USD '000
Share capital	16	5,035	3,703
Share premium	16	1,023,996	704,834
Contributed surplus	16	537,112	537,112
Other reserves	17	73,650	5,150
Treasury shares	16	(12,675)	(12,832)
Retained earnings/(accumulated losses)		381,886	(125,955)
Total shareholders' equity		2,009,004	1,112,012
Borrowings	19	1,455,171	1,082,829
Derivative financial instruments	20	-	306
Total non-current liabilities		1,455,171	1,083,135
Borrowings	19	320,116	248,374
Derivative financial instruments	20	93	21
Current income tax liabilities		4,737	2,018
Trade and other payables	21	129,733	65,390
Total current liabilities		454,679	315,803
Total liabilities		1,909,850	1,398,938
Total equity and liabilities		3,918,854	2,510,950

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2022			Share capital USD '000	Share premium USD '000	Con-tributed surplus USD '000	Trans-lation reserve USD '000	Hedging reserve USD '000	Treasury shares USD '000	Capital reserve USD '000	Share-based payment reserve USD '000	Retained earnings/(accumulated losses) USD '000	Total USD '000
	Note											
Balance at 1 January 2022			3,703	704,834	537,112	(35)	348	(12,832)	-	4,837	(125,955)	1,112,012
<u>Transactions with owners</u>												
Issue of common shares (net of capitalised equity raise costs)	16		376	97,170	-	-	-	-	-	-	-	97,546
Acquisition of subsidiaries	3		921	206,459	-	-	-	12,832	-	-	-	220,212
Equity-settled share-based payment			-	-	-	-	-	-	-	1,760	-	1,760
Share options exercised			-	-	-	-	-	2,893	(710)	(724)	-	1,459
Purchase of treasury shares cum issuance of shares	16		35	15,533	-	-	-	(15,568)	-	-	-	-
Dividends paid	29		-	-	-	-	-	-	-	-	(243,748)	(243,748)
<u>Total comprehensive income</u>												
Profit for the financial year			-	-	-	-	-	-	-	-	751,589	751,589
Other comprehensive income			-	-	-	64	68,110	-	-	-	-	68,174
Balance at 31 December 2022			5,035	1,023,996	537,112	29	68,458	(12,675)	(710)	5,873	381,886	2,009,004

For the financial year ended 31 December 2021			Share capital USD '000	Share premium USD '000	Con-tributed surplus USD '000	Trans-lation reserve USD '000	Hedging reserve USD '000	Treasury shares USD '000	Share-based payment reserve USD '000	Accumulated losses USD '000	Total USD '000
	Note										
Balance at 1 January 2021			3,703	704,834	537,112	(34)	(15,973)	(13,001)	1,859	(70,462)	1,148,038
<u>Transactions with owners</u>											
Equity-settled share-based payment			-	-	-	-	-	169	2,978	-	3,147
<u>Total comprehensive income/(loss)</u>											
Loss for the financial year			-	-	-	-	-	-	-	(55,493)	(55,493)
Other comprehensive (loss)/income			-	-	-	(1)	16,321	-	-	-	16,320
Balance at 31 December 2021			3,703	704,834	537,112	(35)	348	(12,832)	4,837	(125,955)	1,112,012

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2022	Note	2022 USD '000	2021 USD '000
Cash flows from operating activities			
Profit/(loss) for the financial year		751,589	(55,493)
Adjustments for:			
- income tax expense		6,678	4,390
- depreciation and amortisation charges		209,219	151,679
- (gain)/loss on disposal of vessel		(23,391)	4,935
- gain on disposal of subsidiaries	9	(2,092)	-
- interest income		(6,977)	(2,355)
- interest expense		93,559	39,004
- capitalised financing fees written off		-	4,496
- other finance expense		2,516	3,333
- share of (profit)/loss of equity-accounted investees, net of tax		(24,152)	1,768
- equity-settled share-based payment transactions		1,760	3,147
Operating cash flow before working capital changes		1,008,709	154,904
Changes in working capital:			
- inventories		(265)	(1,433)
- trade and other receivables		(319,944)	(37,462)
- trade and other payables		45,935	(5,128)
Cash generated from operations		734,435	110,881
Income tax paid		(4,986)	(4,443)
Net cash provided by operating activities		729,449	106,438

For the financial year ended 31 December 2022	Note	2022 USD '000	2021 USD '000
Cash flows from investing activities			
Interest income received		4,172	877
Loan to joint venture	13	(11,500)	(13,500)
Loan to pool participants	13	(10,812)	(34,704)
Acquisition of subsidiaries, net of cash acquired	3	4,195	-
Acquisition of other investments		(324)	(3,501)
Equity investment in joint venture	14	(1,814)	(10,213)
Purchase of intangible assets	10	(248)	(367)
Proceeds from disposal of assets held for sale		-	11,000
Proceeds from disposal of property, plant and equipment		255,809	29,191
Proceeds from disposal of subsidiaries	9	15,882	-
Dividend received from associated company	14	1,825	-
Purchase of property, plant and equipment	9	(447,137)	(26,663)
Net cash used in investing activities		(189,952)	(47,880)

(continued on next page)

Consolidated Statement of Cash Flows (continued)

For the financial year ended 31 December 2022	Note	2022 USD '000	2021 USD '000
Cash flows from financing activities			
Proceeds from borrowings from external financial institutions		440,257	622,685
Proceeds from borrowings from a related corporation		3,750	18,750
Repayment of borrowings to external financial institutions		(415,901)	(622,085)
Repayment of borrowings to a related corporation		(22,500)	-
Repayment of borrowings to non-related parties		(558)	(390)
Repayment of lease liabilities		(231,086)	(39,771)
Payment of financing fees		(1,990)	(5,106)
Interest paid to external financial institutions		(87,843)	(29,869)
Interest paid to a third party		(24)	(33)
Proceeds from exercise of employee share options		1,459	-
Proceeds from equity raise		97,780	-
Payment of equity raise costs		(1,170)	-
Dividends paid	29	(243,748)	-
Other finance expense paid		(3,558)	(3,335)
Net cash used in financing activities		(465,132)	(59,154)
Net increase/(decrease) in cash and cash equivalents			
		74,365	(596)
Cash and cash equivalents at beginning of the financial year		100,075	100,671
Cash and cash equivalents at end of the financial year	15	174,440	100,075

Significant non-cash transactions

On 27 January 2022, the Group acquired Chemical Tankers Inc and its subsidiaries ("CTI") by way of issuance of new shares of the Company together with the Company's existing treasury shares. The fair value of the net assets of CTI acquired amounted to USD 221.1 million. Refer to **Note 3**.

Reconciliation of Liabilities arising from Financing Activities

	Non-cash changes - USD '000							31 December 2022 USD '000
	1 January 2022 USD '000	Financial cash flows (i) USD '000	Additional leases capitalised during the year	Acquisition of subsidiaries	Disposal of subsidiaries	Interest expense	Fair value changes on cash flow hedges	
Bank borrowings	1,112,912	(421,349)	-	-	-	34,813	-	726,376
Loan from a related corporation	18,750	(19,453)	-	-	-	703	-	-
Loan from non-related parties	4,391	(582)	-	-	-	1,620	-	5,429
Finance and other lease liabilities	195,150	128,789	1,895	702,423	(46,604)	61,829	-	1,043,482
Derivative financial instruments	(327)	4,707	-	-	-	(5,406)	(68,110)	(69,136)

	Non-cash changes - USD '000							31 December 2021 USD '000
	1 January 2021 USD '000	Financial cash flows (i) USD '000	Additional leases capitalised during the year	Interest expense	Capitalised financing fees written off	Fair value changes on cash flow hedges	Other finance expense	
Bank borrowings	1,110,527	(24,389)	-	22,278	4,496	-	-	1,112,912
Loan from a related corporation	-	18,489	-	261	-	-	-	18,750
Loan from non-related parties	4,781	(423)	-	33	-	-	-	4,391
Finance and other lease liabilities	191,986	(42,863)	36,226	9,801	-	-	-	195,150
Derivative financial instruments	15,991	(6,633)	-	6,631	-	(16,321)	5	(327)

(i) The cash flows make up the net amount of proceeds from borrowings, repayments of borrowings, interest expense and financing fees paid as reported in the statement of cash flows.

Notes to the Consolidated Financial Statements

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. General information

1.1 General information

Hafnia Limited (the "Company") is listed on the Oslo Stock Exchange and incorporated and domiciled in Bermuda. The address of its registered office is Washington Mall Phase 2, 4th Floor, Suite 400, 22 Church Street, HM 1189, Hamilton HM EX, Bermuda.

The principal activity of the Group relates to the provision of global maritime services in the product and chemical tankers market.

2. Significant Accounting Policies

2.1 Basis of preparation

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.

2.2 Changes in accounting policies

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

The Group has applied the following IFRSs,

amendments to and interpretations of IFRS for the first time for the annual period beginning on 1 January 2022:

Amendments:

- *Amendments to IFRS 3: Reference to the Conceptual Framework*
- *Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements to IFRS 2018-2020*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Group has adopted Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract from 1 January 2022. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Group has analysed all contracts existing at 1 January

2022 and determined that none of them would be identified as onerous applying the revised accounting policy – i.e. there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

A number of new standards, interpretations, and amendments to standards will become effective for annual periods beginning after 1 January 2023, and early adoption is permitted. In preparing these financial statements, the Group has not early adopted any new or amended standards or interpretations, except for Amendments to IAS 1: Classification of Liabilities as Current or Non-current, which were issued in January 2020 and deferred to no earlier than 1 January 2024. In previous years, the Group had early adopted Amendments to IAS 1 from 1 January 2020.

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

2.3 Critical accounting estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain

critical accounting estimates and assumptions discussed below.

Certain amounts included in or affecting the consolidated financial statements and related disclosures are estimated, requiring the Group to make assumptions with respect to values or conditions which cannot be known with certainty at the time the consolidated financial statements are prepared. A critical accounting estimate or assumption is one which is both important to the portrayal of the Group's financial condition and results and requires management's most difficult, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management evaluates such estimates on an ongoing basis, using historical results and experience, consideration of relevant trends, consultation with experts and other methods considered reasonable in the particular circumstances.

The following is a summary of estimates and assumptions which have a material effect on the financial statements.

(a) Useful life and residual value of assets

The Group reviews the useful lives and residual values of its vessels at least at each financial year-end and any adjustments are made on a prospective basis. Residual value is estimated as the lightweight tonnage of each vessel multiplied by the expected scrap value per ton. If estimates of the residual values are revised, the amounts of depreciation charges in the future periods will be changed.

There was no significant change to the estimated residual values of any vessel for the financial years ended 31 December 2022 and 31 December 2021.

The useful lives of the vessels are assessed periodically based on the condition of the vessels, market conditions and other regulatory requirements. If the estimates of useful lives for the vessels are revised or there is a change in useful lives, the amounts of depreciation charges recorded in future periods will be changed.

(b) Impairment/Reversal of impairment of non-financial assets

Property, plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired or a reversal of previously recognised impairment charge may be required. The recoverable amount of an asset, and where applicable, a cash-generating unit ("CGU"), is determined based on the higher of fair value less costs to sell and value-in-use calculations prepared on the basis of management's assumptions and estimates.

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets under various modes of deployment, and the selection of discount rates. Changes to these estimates may significantly impact the impairment charges recognised, and future changes may lead to reversals of any previously recognised impairment charges. The Group views that the forecast of future freight rates, representing

the main driver of recoverable amounts of the Group's vessels to be inherently difficult to estimate. This is further complicated by the volatility in oil prices caused by geopolitics and macroeconomic forces, together with the cyclical nature of freight rates prevailing in the tankers market.

See **Note 9** for further disclosures on estimation of the recoverable amounts of vessels.

(c) Revenue recognition

All freight voyage charter revenues and voyage expenses are recognised on a percentage of completion basis. Load-to-discharge basis is used in determining the percentage of completion for all spot voyages and voyages servicing contracts of affreightment. Under the load-to-discharge method, freight voyage charter revenue is recognised evenly over the period from the point of loading of the current voyage to the point of discharge of the current voyage.

Management uses its judgement in estimating the total number of days of a voyage based on historical trends, the operating capability of the vessel (speed and fuel consumption), and the distance of the trade route. Actual results, however, may differ from estimates.

Demurrage revenue is recognised as revenue from voyage charters in profit or loss, based on past experience of demurrages recovered over total estimated claims issued to customers historically.

(d) Extension and purchase options in measurement of lease liabilities

The contracts of certain leased-in vessels contain purchase and/or extension options exercisable by the Group. The Group assesses at lease commencement date, or re-assesses when there are significant changes in circumstances within its control, whether it is reasonably certain to exercise the option(s). Such assessment requires management judgement and affects the measurement of right-of-use assets and related lease liabilities.

2.4 Revenue and income recognition

Revenue comprises the fair value of consideration received or receivable for the rendering of services in the ordinary course of the Group's activities, net of rebates, discounts and off-hire charges, and after eliminating sales within the Group.

(a) Rendering of services

Revenue from rendering of services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

Revenue from time charters, accounted for as operating leases, is recognised rateably over the rental periods of such charters, as services are performed.

Revenue from freight voyage charters is recognised rateably over the estimated length

of the voyage within the respective reporting period, in the event the voyage commences in one reporting period and ends in the subsequent reporting period. The Group determines the percentage of completion of freight voyage charter using the load-to-discharge method. Under the load-to-discharge method, freight voyage charter revenue is recognised rateably over the period from the point of loading of the current voyage to the point of discharge of the current voyage.

Revenue from chemical tankers freight voyage charter is recognised under the load-to-discharge method on individual contract basis.

Losses arising from time or voyage charters are provided for in full as soon as they are anticipated.

The Group has vessels which participate in commercial pools in which other vessel owners with similar, high-quality, modern and well-maintained vessels also participate. These pools employ experienced commercial charterers and operators who have established relationships with customers and brokers, while technical management is arranged by each vessel owner. The managers of the pools negotiate charters with customers primarily in the spot market. The earnings allocated to vessels are aggregated and divided on the basis of a weighted scale, or pool point system, which reflects comparative voyage results on hypothetical benchmark routes. The pool point system considers various factors such as size, fuel consumption, class notation and other capabilities. Pool revenues are recognised when

the vessel has participated in a pool during the period and the amount of pool revenue for the period can be estimated reliably.

(b) Management fees

Revenue from the provision of management support services is recognised over time based on the period of services provided.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

2.5 Group accounting Subsidiaries**(1) Consolidation**

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been aligned where necessary to ensure consistency with the policies adopted by

the Group.

(2) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, and any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or

at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired, is recorded as goodwill.

The excess of (i) fair value of the net identifiable assets acquired over the (ii) consideration transferred; the amount of any non-controlling interest in the acquiree; and the acquisition-date fair value of any previous equity interest in the acquiree; is recorded in profit or loss during the period when it occurs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

In case the Group acquires an asset or a group of assets (including any liabilities assumed) that does not constitute a business, then the transaction is outside the scope of IFRS 3 because it cannot meet the definition of a business combination. Such transactions are accounted for as asset acquisitions in which the cost of acquisition is generally allocat-

ed between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Transactions for assets acquisition do not give rise to goodwill or a gain on a bargain purchase.

(3) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control or joint control. Significant influence is presumed to exist when the Group holds 20% or more of the voting rights of another entity.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting (net of accumulated impairment losses).

The acquisition method of accounting is used to account for new and incremental acquisitions in associated companies and joint ventures.

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated companies and joint ventures over the Group's share of the fair value of the identifiable net assets of the associated companies or joint ventures and is included in the carrying amount of the investments.

Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised in profit or loss during the period when it occurs.

In applying the equity method of accounting, the Group's share of its associated companies' and joint ventures' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-ac-

quisition movements and distributions received from associated companies and joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint venture including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has incurred obligations or has made payments on behalf of the associated company or joint venture.

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associated companies and joint ventures to ensure consistency of accounting policies with those of the Group.

Investments in associated companies and joint ventures are derecognised when the Group loses significant influence or joint control. Any retained interest in the equity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures in which significant influence or joint control is retained are

recognised in profit or loss.

2.6 Property, plant and equipment measurement

- (a)
- (1) Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.
 - (2) The cost of an item of property, plant and equipment initially recognised includes expenditure that is directly attributable to the acquisition of the item. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring the asset.
 - (3) The acquisition cost capitalised to a vessel under construction is the sum of the instalments paid plus other directly attributable costs incurred during the construction period including borrowing costs. Vessels under construction are not depreciated and reclassified as vessels upon delivery from the yard.
 - (4) If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.
- (b) **Depreciation**
- (1) Depreciation is calculated using a straight-line method to allocate the depreciable amounts of property, plant and equipment, after taking into account the residual

values over their estimated useful lives. The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at least annually. The effects of any revision are recognised in profit or loss when the changes arise. The estimated useful lives are as follows:

Vessels	
- Tankers	25 years
- Scrubbers	5 years
- Dry docking	2.5 to 5 years

A proportion of the price paid for new vessels is capitalised as dry docking. These costs are depreciated over the period to the next scheduled dry docking, which is generally 30 to 60 months. At the commencement of new dry docking, the remaining carrying amount of the previous dry docking will be written off to profit or loss.

(2) Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. The remaining carrying amount of the old component as a result of a replacement will be written off to profit or loss.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment, including scrubbers and dry docking that has already been recognised, is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item

can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

2.7 Intangible assets

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

IT infrastructure and customer contracts

IT infrastructure and customer contracts acquired through business combinations are initially recognised at fair value. These intangibles are subsequently carried at amortised cost less accumulated impairment losses using the straight-line method over their individual estimated useful lives of 5 years.

**2.8 Financial assets
(a) Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. Other financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit

or loss (FVTPL), which are recognised at fair value. Transaction costs for financial assets at FVTPL are recognised immediately as expenses.

(b) Classification

The Group classifies its financial assets at amortised cost and at FVTPL. The classification depends on the business model in which a financial asset is managed and its contractual cash flows characteristics. Management determines the classification of its financial assets at initial recognition. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. The Group holds the following classes of financial assets:

(1) Financial assets at amortised cost

A financial asset is classified as measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. They are presented as "trade and other receivables" (**Note 12**), "loans receivable from joint venture", "loans receivable from pool participants" (**Note 13**) and "cash and cash equivalents" (**Note 15**) in the consolidated balance sheet.

(2) FVTPL financial assets

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL.

(3) Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

The Group has presented its equity investments as non-current assets on the balance sheet which will be reclassified to current assets in the event management intends to dispose the assets within 12 months after the balance sheet date.

(c) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered

includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

(d) Subsequent measurement

Financial assets at FVTPL are subsequently

carried at fair value. Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at FVTPL including the effects of currency translation are recognised in profit or loss.

(e) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cashflows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(f) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(g) Impairment

For financial assets measured at amortised cost and contract assets, the Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for expected credit loss (ECL) at an amount equal to the lifetime expected credit loss if there has been a significant increase in credit risk since initial

recognition. If the credit risk has not increased significantly since initial recognition, the Group recognises an allowance for ECL at an amount equal to 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

For trade receivables and contract assets, the Group applied the simplified approach permitted by IFRS 9, which requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortised cost and contract as-

sets are deducted from the gross carrying amount of these assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, informed credit assessment and other forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if the debtor is under significant financial difficulties, or when there is default or significant delay in payments. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of ECL decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no

impairment been recognised in prior periods.

2.9 Financial liabilities

Financial liabilities are classified and measured at amortised cost. Directly attributable transaction costs are recognised in profit or loss as incurred.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.10 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recov-

erable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The impairment is then allocated to each single vessel on a pro-rata basis, based on the carrying amount of each vessel in the CGU with the limit of the higher of fair value less cost of disposal and value in use. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset (or CGU) other than goodwill is reversed if, and only if, there has been a change in the estimate of the asset's (or CGU's) recoverable amount since the last impairment loss was recognised. The carrying amount of the asset (or CGU) is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation and depreciation) had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of impairment loss for an asset (or CGU) other than goodwill is recognised in profit or loss.

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption

value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

The Group derecognises a borrowing when its contractual obligations are discharged, cancelled, or expired. The Group also derecognises a borrowing when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a borrowing, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.12 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction of vessels. This includes those costs on borrowings acquired specifically for the construction of vessels, as well as those in relation to general borrowings used to finance the construction of vessels.

Borrowing costs are capitalised in the cost of the vessel under construction. Borrowing

costs on general borrowings are capitalised by applying a capitalisation rate to the construction expenditure that are financed by general borrowings.

2.13 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, and are derecognised when the Group's obligation has been discharged or cancelled or expired.

2.14 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The fair value of derivative financial instruments represents the amount estimated by banks or brokers that the Group will receive or pay to terminate the derivatives at the balance sheet date.

For derivative financial instruments that are not designated or do not qualify for hedge accounting, any fair value gains or losses are recognised in profit or loss as a finance item. In particular, gains and losses on currency derivatives are presented in profit

or loss as 'foreign currency exchange gain/(loss) – net', whilst gains and losses on other derivatives are presented in profit or loss as 'derivative gain/(loss) – net', unless the gains and losses are material.

The Group designates certain financial instruments in qualifying hedging relationships and documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedging transactions.

The Group also documents its assessment, both at hedge inception and on a periodic basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items prospectively.

For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate is not affected as a result of IBOR reform.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item and no hedge ineffectiveness is deemed to exist. In circumstances when the terms of the hedged item do not match exactly the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness of hedging relationship.

Cash flow hedges – interest rate derivatives

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates. For the purpose of hedge accounting, management designated a portion of the nominal value of loans to be hedged by the total notional value of the interest rate swaps. There is no imbalance that would create ineffectiveness and cause the relationship to be inconsistent with the purpose of hedge accounting.

The Group has also entered into several interest rate caps that entitle the Group to receive interest payments when the floating interest rate goes above the strike rate. Since 2020, these interest rate caps were discontinued as hedging instruments and any fair value changes are recorded in profit or loss.

The fair value changes on the effective portion of interest rate derivatives designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of these interest rate derivatives are recognised immediately in profit or loss.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interbank offered rates (IBOR) reform for the purpose of asserting that the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

The Group will no longer apply the amendments to its highly probable assessment of the hedged item when the uncertainty arising from interest rate benchmark reform with respect to the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

To determine whether the designated forecast transaction is no longer expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

Hedges directly affected by interest rate benchmark reform

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from interest rate benchmark reform

For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate is not affected as

a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the contractual cash flows of the respective item or instrument; or (ii) when the hedging relationship is discontinued.

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

The basis for determining the contractual cash flows of the hedged item or the hedging instrument may be modified as required by

the IBOR reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change

For these modifications, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform when there is no longer uncertainty about the cash flows of the hedged item or the hedging instrument.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual

cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and

- the original hedging instrument is not derecognised

These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If other changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship.

If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in other comprehensive income for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

2.15 Freight forward agreements

The Group has entered into freight forward agreements to manage its exposure to freight rates. Further details of derivative financial instruments are disclosed in **Note 20**.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instruments is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group does not apply hedge accounting and therefore all changes in fair values of forward freight agreements used for economic hedges are recognised in profit or loss.

2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices and the quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques such as discounted cash flow analyses. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

The fair value of interest rate derivatives is calculated as the present value of the estimated future cash flows, discounted at actively quoted interest rates. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying amounts of current financial assets and liabilities, measured at amortised cost, approximate their fair values, due to the short term nature of the balances. The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at current market interest rates, determined as those that are available to the Group at balance

sheet date for similar financial instruments.

2.17 Leases

(a) When a group company is the lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

For leases of vessels, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of its relative stand-alone prices. However, for leases of property and other equipment, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the applicable incremental borrowing rate. Generally, the Group uses the incremental borrowing rates as the discount rates. The Group determines the incremental borrowing rates by obtaining interest rates from various external financing sources.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- exercise price under a purchase option that the Group is reasonably certain to exercise
- lease payments in an optional renewal pe

- period if the Group is reasonably certain to exercise an extension option; and
- payment of penalties for early termination of a lease unless the Group is reasonably certain that it will not terminate early

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from a change in an index or rate
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the Group's assessment of whether it will exercise a purchase, extension or termination option

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets as a part of total property, plant and equipment and lease liabilities in 'borrowings' in the consolidated balance sheet.

Short-term and low value leases

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

(b) When a group company is the lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

Finance leases

Leases of assets in which the Group transfers (leases out) substantially all risks and rewards incidental to ownership of the leased asset to the lessees are classified as finance leases. The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the consolidated balance sheet as finance lease receivables. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income, included as part of revenue, is recognised over the lease term using the net investment method, which reflects a constant periodic rate of return.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Operating leases

Leases of assets in which the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Assets leased out under operating leases are included in property, plant and equipment. Rental income (net of any incentives given to lessee) is recognised on a straight-line basis over the lease term.

Intermediate leases

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, the sub-lease is then classified as an operating lease.

(c) Sale and leaseback

A sale and leaseback transaction is where the Group transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor.

Where the buyer-lessor obtains control of the transferred asset, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the Group.

Where the buyer-lessor does not obtain control of the transferred asset, the Group continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds.

2.18 Inventories

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

The cost of inventories includes purchase costs, as well as any other costs incurred in bringing inventory on board the vessel. Inven-

ories are accounted for on a first-in, first-out basis, and stated at lower of cost and net realisable value. Consumption of inventories is recognised as an expense in profit or loss when the usage occurs.

2.19 Income taxes

The tax expense for the period comprises current and deferred taxes. Tax is recognised as income or expense in profit or loss, except to the extent that it relates to items recognised in other comprehensive income in which case the tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Positions taken in tax returns are evaluated periodically, with respect to situations in which applicable tax regulations are subject to interpretation, and provisions are established where appropriate, on the basis of amounts expected to be paid to the tax authorities. In relation to accounting for tax uncertainties, where it is more likely than not that the final tax outcome would be favourable to the Group, no tax provision is recognised until payment to the tax authorities is required, and upon which a tax asset, measured at the expected recoverable amount, is recognised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. How-

ever, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is recognised on temporary differences arising on income earned from investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Employee benefits

Employee benefits are recognised as an

expense, unless the cost qualifies to be classified as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) Share-based payment

During the financial years ended 31 December 2021 and 2022, the Group introduced Long Term Incentive Plan (LTIP) 2021 and LTIP 2022 respectively. 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.

2.21 Foreign currency translation (a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States Dollars, which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date, are recognised in profit or loss.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions, which are subject to an insignificant risk of change in value.

2.23 Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

2.24 Dividends

Interim dividends are recognised in the financial year in which they are declared payable and final dividends are recognised when the dividends are approved for payment by the directors and shareholders respectively.

2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation whereby as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the settlement amount can be made. When the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

For leased-in assets, the Group recognises a provision for the estimated costs of reinstatement arising from the use of these assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

2.26 Financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts and treated

as contingent liabilities until such time as they become probable that the Group will be required to make a payment under the guarantee. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2.27 Assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense in profit or loss. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management who are responsible for allocating resources and assessing performance of the operating segments.

2.29 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, and the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3. Acquisition of Subsidiaries

On 27 January 2022, the Group completed the acquisition of 100% of equity interest in Chemical Tankers Inc and its subsidiaries ("CTI"), including CTI's fleet of 32 vessels, in exchange for the Company's equity instruments ("Acquisition of CTI"). The acquisition was accounted for as an asset acquisition that did not constitute a business and which was satisfied by way of issuance of new shares of the Company together with the Company's existing treasury shares.

In exchange for all outstanding shares in CTI, CTI's shareholders received a total of 99,199,394 common shares in the Company, consisting of 92,112,691 newly issued shares and 7,086,703 of treasury shares. Since the consideration for the acquisition was satisfied by way of issuance of the Company's equity instruments, the accounting of the fair value of the consideration settled follows the guidance of IFRS 2 *Share-based Payment*. At the acquisition date, ordinary shares and the existing treasury shares of the Company were issued to CTI's shareholders, and the fair value of issued shares was deemed to be the fair value of the CTI's net assets acquired.

As a matter of practical expediency, management accounted for the acquisition by utilising the carrying amounts of CTI's assets and liabilities as at 31 January 2022, adjusted for fair value adjustments. The financial effect of the acquisition from 27 January 2022 to 31 January 2022 was deemed immaterial to the financial position of the Group.

The fair value of CTI's net assets acquired was assessed at USD 221.1 million. Equity settlement of the transaction resulted in an increase in share capital of USD 0.9 million and share premium of USD 207.4 million, while reducing balance of treasury shares by USD 12.8 million. The effects of CTI acquisition resulted in increases in the Group's assets, liabilities and equity by USD 943.0 million, USD 721.9 million and USD 221.1 million respectively.

(a) Assets acquired and liabilities assumed

A summary of the acquired assets and liabilities of CTI is presented below.

	CTI balances acquired at fair values 2022 USD '000
Property, plant and equipment	893,009
Restricted cash	6,050
Cash and cash equivalents	4,195
Inventories	3,168
Trade and other receivables	36,584
Trade and other payables	(19,435)
Borrowings	(702,423)
Total net assets acquired	221,148

(b) Consideration transferred

The following table summarises the acquisition date fair value of each class of consideration transferred.

	USD '000
Common shares issued	208,316
Treasury shares transferred	12,832
Less: Cost of issuing new common shares	(936)
Net consideration transferred in the form of issued common shares and treasury shares	220,212

(c) Measurement of fair values

The fair value of acquired vessels was estimated based on independent third-party valuation reports close to the acquisition date, which made reference to comparable transaction prices of similar vessels.

The carrying values of acquired borrowings approximate their fair values as the bank borrowings bear floating interest rates and were re-priceable at three-month intervals.

Other acquired items represent working capital items whose carrying values approximate fair values due to short period of maturity.

4. Revenue

	2022	2021
	USD '000	USD '000
Revenue from time charter	136,498	64,891
Revenue from voyage charter	1,696,046	746,326
Total revenue	1,832,544	811,217

The Group's revenue is generated from the following main business segments: LR2 Product Tankers, LR1 Product Tankers, MR Product Tankers, Handy Product Tankers, Chemical-Handy Product Tankers, Chemical-MR Product Tankers and Chemical-Stainless Product Tankers. During the year, the Group exited the Chemical-Stainless segment after disposing of its Chemical-Stainless vessels that were previously acquired through the acquisition of CTI. The table below presents disaggregation of revenue by business segments.

	LR2 USD '000	LR1 USD '000	MR USD '000	Handy USD '000	Chemical-Handy USD '000	Chemical-MR USD '000	Chemical-Stainless USD '000	Total USD '000
2022								
Revenue	100,447	699,821	632,258	90,612	192,097	87,700	29,609	1,832,544
2021								
Revenue	54,540	236,461	413,116	107,100	-	-	-	811,217



Time charter hire income is recognised on a straight-line basis over the term of the time charter period. Voyage charter revenue is recognised on a load-to-discharge basis, evenly over the period from the point of loading of the current voyage to the point of discharge of the current voyage.

As a practical expedient, contract costs to obtain the contract, including voyage costs to arrive to the point of loading ('ballast leg' costs) are expensed in profit or loss as incurred since the amortisation period of the asset is less than one year.

Payments for trade receivables generally are due immediately or within 7 days from the invoice date. Information about trade receivables from contracts with customers and contract assets is presented in **Note 12**.

5. Expenses by Nature

	2022 USD '000	2021 USD '000
Fuel oil consumed (Note 11)	347,483	253,479
Port costs	103,367	124,082
Brokers' commission expenses	27,080	23,440
Other voyage expenses	7,918	7,281
Voyage expenses	485,848	408,282
Employee benefits (Note 6)	167,098	125,175
Maintenance and repair expenses	70,584	48,117
Insurance expenses	11,832	8,416
Other vessel operating expenses	14,389	10,751
Vessel operating expenses	263,903	192,459
Support service fee	19,181	3,866
Employee benefits (Note 6)	37,766	28,790
Other operating expenses	2,577	10,323
Other expenses	59,524	42,979

6. Employee Benefits

	2022 USD '000	2021 USD '000
Wages and salaries (Note 5)	204,864	153,965

7. Income Taxes

Based on the tax laws in the jurisdictions in which the Group and its subsidiaries operate, shipping profits are exempted from income tax. Non-shipping profits are taxed at the prevailing tax rate of each tax jurisdiction where the profit is earned.

Certain of the Group's vessels are subject to the tonnage tax regime in Denmark, whose effect is not significant.

	2022 USD '000	2021 USD '000
Income tax expense		
Tax expense attributable to profit is made up of:		
Current income tax	5,785	2,229
Changes in estimates related to prior years	893	2,161
	6,678	4,390

There is no income, withholding, capital gain or capital transfer taxes payable in Bermuda. The income tax expense reconciliation of the Group is as follows:

	2022 USD '000	2021 USD '000
Reconciliation of effective tax rate		
Profit/(loss) before income tax	758,267	(51,103)
Tax calculated at a tax rate of 0% (2021: 0%)	-	-
Effect of:		
- Tax on non-shipping income	5,785	2,229
- Changes in estimates related to prior years	893	2,161
Income tax expense	6,678	4,390

The Group's shipping profits are essentially exempted from income tax, as granted by various ship registrars across the world. Tax losses incurred in the generation of exempted shipping profits are therefore not deductible against future taxable income.

8. Earnings per Share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the financial year.

	2022 USD '000	2021 USD '000
Net profit/(loss) attributable to equity holders of the Company (USD '000)	751,589	(55,493)

(a) Basic earnings/(loss) per share

Issued common shares at 1 January	370,244,325	370,244,325
Effect of share options exercised satisfied from treasury shares	66,374	-
Effect of shares issued for acquisition of CTI	83,736,555	-
Effect of new shares issued	25,551,838	-
Effect of treasury shares purchased	(1,708,209)	(7,117,103)
Weighted-average number of ordinary shares at 31 December	477,890,883	363,127,222
Basic earnings/(loss) per share (USD per share)	1.57	(0.15)

(b) Diluted earnings/(loss) per share

Weighted-average number of ordinary shares (basic)	477,890,883	363,127,222
Effect of share options on issue	11,185,991	-
Weighted-average number of ordinary shares at 31 December	489,076,874	363,127,222
Diluted earnings/(loss) per share (USD per share)	1.54	(0.15)

Diluted earnings per share is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, and the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

As at 31 December 2021, the diluted weighted-average earnings per share was equivalent to the basic earnings per share, as 10,294,731 share options had been excluded from the calculations as their effects would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

9. Property, Plant and Equipment

	Vessels USD '000	Dry docking and scrubbers USD '000	Right-of-use assets USD '000	Others USD '000	Total USD '000
<u>Cost</u>					
At 1 January 2022	2,874,159	116,673	188,983	380	3,180,195
Acquisition of CTI's property, plant and equipment (Note 3(a))	876,246	16,754	-	9	893,009
Additions	406,828	39,320	1,895	980	449,023
Disposal of vessels	(400,805)	(20,870)	-	-	(421,675)
Disposal of CTI's vessel owning subsidiaries (Note 9(b))	(57,770)	(1,256)	-	-	(59,026)
Write off on completion of dry docking cycle	-	(12,620)	-	-	(12,620)
At 31 December 2022	3,698,658	138,001	190,878	1,369	4,028,906
<u>Accumulated depreciation and impairment charges</u>					
At 1 January 2022	964,625	53,259	77,454	114	1,095,452
Depreciation charge	133,116	29,228	45,520	125	207,989
Disposal of vessels	(126,945)	(11,032)	-	-	(137,977)
Disposal of CTI's vessel owning subsidiaries (Note 9(b))	(457)	(44)	-	-	(501)
Write off on completion of dry docking cycle	-	(12,620)	-	-	(12,620)
At 31 December 2022	970,339	58,791	122,974	239	1,152,343
Net book value 31 December 2022	2,728,319	79,210	67,904	1,130	2,876,563

	Vessels USD '000	Dry docking and scrubbers USD '000	Right-of-use assets USD '000	Others USD '000	Total USD '000
<u>Cost</u>					
At 1 January 2021	2,950,354	110,007	152,757	103	3,213,221
Additions	8,981	17,405	36,226	277	62,889
Disposal of vessel	(85,176)	(3,467)	-	-	(88,643)
Write off on completion of dry docking cycle	-	(7,272)	-	-	(7,272)
At 31 December 2021	2,874,159	116,673	188,983	380	3,180,195
<u>Accumulated depreciation and impairment charges</u>					
At 1 January 2021	921,216	40,106	45,381	78	1,006,781
Depreciation charge	94,758	23,593	32,073	36	150,460
Disposal of vessel	(51,349)	(3,168)	-	-	(54,517)
Write off on completion of dry docking cycle	-	(7,272)	-	-	(7,272)
At 31 December 2021	964,625	53,259	77,454	114	1,095,452
Net book value					
At 31 December 2021	1,909,534	63,414	111,529	266	2,084,743

(a) During the year, the Group acquired 12 LR1 vessels from Scorpio Tankers Inc ("Scorpio") for cash consideration. Acquisition of the vessels was subsequently financed via a sale-and-leaseback facility arrangement entered with an external financial institution (see **Note 19**).

(b) During the year, the Group disposed six Handy vessels, four LR1 vessels and eight of CTI's Chemical-Stainless vessels to external parties.

Two of the Chemical-Stainless vessels, Hafnia Spark and Hafnia Stellar, were deemed to be sold even though physical title over the vessels has not been transferred, as control over the vessels has been transferred to the buyers. These vessels were financed by sale-and-leaseback arrangements that did not meet the criteria for sale as prescribed by IFRS 15 *Revenue with customers* (see **Note 19**).

Another two Chemical-Stainless vessels, Hafnia Sirius and Hafnia Sky, were disposed via the disposal of the vessel owning subsidiaries in October 2022. These subsidiaries were acquired on 27 January 2022 through the CTI acquisition. The effects of the disposal on the financial position of the Group as at 31 December 2022 are as follows:

	USD '000
Property, plant and equipment	(58,525)
Trade and other receivables	(1,869)
Borrowings	46,604
Net assets	<u>(13,790)</u>

Net consideration received, satisfied in cash	15,882
Net cash inflows	15,882
Gain on disposal of subsidiaries	2,092

(c) The Group organises the commercial management of the fleet of vessels into five individual commercial pools: LR, MR, Handy, Chemical-Handy and Chemical-MR. Each individual commercial pool constitutes a separate cash-generating unit ("CGU"). For vessels outside commercial pools and deployed on a time-charter basis, each of these vessels constitutes a separate CGU. Any time-chartered in vessels which are recognised as ROU assets by the Group and subsequently deployed in the commercial pools are included as part of the pool CGUs.

As at 31 December 2022, the Group assessed whether these CGUs had indicators of impairment by reference to internal and external factors according to its stated policy set out in **Note 2.3(b)**.

The Group obtained valuation reports from independent ship brokers to assess whether fair value of vessels as per valuation reports exceed their carrying values at the reporting date. As the fair market values of the Group's vessels exceed their respective carrying amounts, and together with other macroeconomic and geopolitical factors that favoured the product and chemical tanker businesses at the reporting date, the Group concluded that there were no indicators

of impairment for the vessels held-owned and leased that were deployed in their respective CGUs.

In FY2021, the Group concluded there were impairment indicators, and proceeded to test the recoverable amounts of vessels deployed in their respective CGUs. The recoverable amounts of each pool CGU and individual vessel CGU were assessed by management based on value in use computations. In determining the value of use, expected cash flows of each CGU were discounted to their present values. This required significant management judgement over assumptions used relating to forecasted spot freight rates, forecasted operating costs and discount rates applied. As a result of the assessment, the recoverable amounts of the pool CGUs and individual vessel CGUs were found to be in excess of the carrying amounts of vessels and ROU assets deployed in these CGUs. Accordingly, no impairment loss was recognised in 2021.

(d) The Group has mortgaged vessels with a total carrying amount of USD 2,807.5 million (2021: USD 1,972.9 million) as security over the Group's bank borrowings.

10. Intangible Assets

Intangible assets are the fair values of IT infrastructure and customer contracts acquired in the course of acquisition of businesses from Hafnia Management A/S and subsidiaries.

	Customer contracts USD '000	IT infrastructure USD '000	Total USD '000
<u>Cost</u>			
At 1 January 2021	3,728	2,070	5,798
Additions	-	367	367
At 31 December 2021	3,728	2,437	6,165
Additions	-	248	248
At 31 December 2022	3,728	2,685	6,413
<u>Accumulated amortisation charge</u>			
At 1 January 2021	(1,159)	(215)	(1,374)
Amortisation charge	(752)	(467)	(1,219)
At 31 December 2021	(1,911)	(682)	(2,593)
Amortisation charge	(752)	(478)	(1,230)
At 31 December 2022	(2,663)	(1,160)	(3,823)
Net book value			
31 December 2021	1,817	1,755	3,572
31 December 2022	1,065	1,525	2,590

11. Inventories

	2022 USD '000	2021 USD '000
Fuel oil	1,471	1,166
Lubricating oils	8,623	5,495
	10,094	6,661

The cost of inventories recognised as expenses and included in "voyage expenses" amounted to USD 347.5 million (2021: USD 253.5 million).

12. Trade and other Receivables

	Note	2022 USD '000	2021 USD '000
Trade receivables			
- non-related parties		419,064	118,467
Less: Allowance made for trade receivables			
- non-related parties	25(b)	-	-
Trade receivables – net		419,064	118,467
Prepayments		21,602	9,287
Pool working capital		75,362	42,300
Other receivables			
- non-related parties		100,320	31,069
		616,348	201,123

The carrying amounts of trade and other receivables, principally denominated in United States Dollars, approximate their fair values due to the short period to maturity.

Included within trade and other receivables as at 31 December 2022 are contract assets of USD 99.5 million (2021: USD 27.5 million). These contract assets relate to the Group's rights to consideration for proportional performance from voyage charters in progress at the balance sheet date. These contract assets are transferred to trade receivables when the rights to such consideration become unconditional, typically when the Group has satisfied its performance obligations upon completion of the voyage. As voyage charters in progress have an expected duration of less than one year, the Group applies the practical expedient available under IFRS 15 and does not disclose information about remaining performance obligations as at balance sheet date. There were no impairment losses recognised on contract assets (2021: USD Nil).

During the year, two of the Chemical-Stainless vessels, Hafnia Spark and Hafnia Stellar, were deemed to be sold even though physical title over the vessels have not been transferred, as control over the vessels have been transferred to the buyers. Included within other receivables are USD 49.9 million of receivables from the buyers to be used to repay the associated lease liabilities outstanding for Hafnia Spark and Hafnia Stellar up to and until legal completion of the sale of these vessels (see **Note 9** and **Note 19**).

13. Loans Receivable from Joint Venture and Pool Participants

The Group and CSSC (Hong Kong) Shipping Company Limited ("CSSC Shipping") are joint venture partners in Vista Shipping Pte. Ltd. (formerly known as Vista Shipping Limited), which builds and operates LR1 and LR2 product tanker vessels.

As part of financing for the newbuilds under the joint venture, each joint venture partner provides to the joint venture a shareholder's loan to finance 50% of the initial payment instalments for the product tanker vessels.

In 2021, two orders for LR2 vessels were made through the joint venture. As part of financing for the LR2 newbuilds under the joint venture, each

joint venture partner contributed a shareholder's loan to finance the pre-delivery instalments for the four LR2 newbuilds.

In 2022, the joint venture partners provided additional financing of USD 23.0 million.

The loans receivable from the joint venture are unsecured, bear interest at three-month USD LIBOR plus 3% margin per annum and have no fixed terms of repayment. As the Group does not expect the joint venture to settle the loans within the next 12 months, the loans receivable are classified as "non-current" receivables. In substance, the Group considers these loan receivables as an extension of the Group's investments in joint venture. The carrying amounts of the loan receivables approximate their fair values since the interest rates are re-priceable at three-month intervals.

In July 2021, the Group provided a working capital loan to the commercial pools. The loan receivables attributable to the Group's own vessels operating in the pools have been eliminated against the Group's vessels' share of the loan. The resulting loan receivables presented on the balance sheet are due from the Group's pool participants.

In 2022, the Group provided additional financing to commercial pools of USD 15.0 million.

The loan receivables from the pool participants are unsecured, bear interest at three-month USD LIBOR plus 4.8% margin per annum and are repayable within the next 12 months. The loan receivables are classified as "current" receivables. The carrying amounts of the loan receivables approximate their fair values since the interest rates are re-priceable at three-month intervals.

	2022	2021
	USD '000	USD '000
Loans receivable from pool participants	45,998	34,865
Loans receivable from joint venture	74,213	60,229

14. Associated Companies and Joint Ventures

	2022 USD '000	2021 USD '000
Interest in associates	-	1,863
Interest in joint ventures	39,359	13,355
	39,359	15,218

(a) Interest in associates

The Group, through its wholly owned subsidiary Hafnia Tankers ApS, had a 40% interest in Hafnia Management A/S and its subsidiaries ("Hafnia Management"). Hafnia Management A/S was incorporated in Denmark.

In December 2022, Hafnia Management was dissolved following a voluntary liquidation and the cash proceed was distributed back to the Group and deducted against investment cost. The deficit of USD 36,555 was recorded in current year's profit or loss.

The following table summarises the profit for the year and other financial information according to Hafnia Management's own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Hafnia Management.

Hafnia Management	2022 USD '000	2021 USD '000
Percentage ownership interest	40%	40%
Current assets	4,562	4,361
Current liabilities	-	(172)
Net assets (100%)	4,562	4,189

Net assets (40%)	1,825	1,676
Other adjustments	-	187
Cash distribution on liquidation	(1,825)	-
Group's share of net assets (40%)	-	1,863
Other income	-	162
Expenses	(92)	-
(Loss)/profit and total comprehensive income (100%)	(92)	162
(Loss)/profit and total comprehensive income (40%)	(37)	65
Group's share of total comprehensive income (40%)	(37)	65

(b) Interest in joint ventures

(1) Vista Shipping Pte. Ltd. and its subsidiaries ("Vista Shipping") is a joint venture in which the Group has joint control and 50% ownership interest. Vista Shipping is domiciled in Singapore and structured as a separate vehicle in shipowning, with the Group having residual interest in its net assets. Accordingly, the Group has classified its interest in Vista Shipping as a joint venture. In accordance with the agreement under which Vista Shipping was established, the Group and the other investor in the joint venture have agreed to provide shareholders' loans in proportion to their interests to finance the newbuild programme as described in **Note 13**.

The following table summarises the financial information of Vista Shipping as included in its own consolidated financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Vista Shipping.

	2022	2021
	USD '000	USD '000
Percentage ownership interest	50%	50%
Non-current assets	275,964	255,580
Current assets	57,618	15,665
Non-current liabilities	(268,921)	(192,430)
Current liabilities	(13,667)	(73,251)
Net assets (100%)	50,994	5,564
Group's share of net assets (50%)	25,497	2,782
Revenue	78,275	25,601
Other income	617	190
Expenses	(34,690)	(30,152)
Profit/(loss) and total comprehensive income/(loss) (100%)	44,202	(4,361)
Profit/(loss) and total comprehensive income/(loss) (50%)	22,101	(2,181)
Prior year share of profit/(loss) not recognised	614	(12)
Group's share of total comprehensive income/(loss) (50%)	22,715	(2,193)

(2) In July 2021, the Group and Andromeda Shipholdings Ltd ("Andromeda Shipholdings") entered into a joint venture, H&A Shipping Ltd ("H&A Shipping") in which the Group has joint control and 50% ownership interest. H&A Shipping is domiciled in the Republic of the Marshall Islands and structured as a separate vehicle in shipowning, with the Group having residual interest in its net assets. Accordingly, the Group has classified its interest in H&A Shipping Ltd as a joint venture. In accordance with the agreement under which H&A Shipping was established, the Group and the other investor in the joint venture have

agreed to provide equity in proportion to their interests to finance the newbuild programme.

The following table summarises the financial information of H&A Shipping as included in its own consolidated financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in H&A Shipping.

	2022	2021
	USD '000	USD '000
Percentage ownership interest	50%	50%
Non-current assets	66,091	41,885
Current assets	4,136	1,261
Non-current liabilities	(54,981)	(32,234)
Current liabilities	(4,573)	(2,417)
Net assets (100%)	10,673	8,495
Group's share of net assets (50%)	5,337	4,247
Shareholder's loans	7,667	5,853
Alignment of accounting policies	858	473
Carrying amount of interest in joint venture	13,862	10,573
Revenue	11,109	2,414
Other income	266	5
Expenses	(9,198)	(1,969)
Profit and total comprehensive income (100%)	2,177	450
Profit and total comprehensive income (50%)	1,089	225
Alignment of accounting policies	385	135
Group's share of total comprehensive income (50%)	1,474	360

15. Cash and Cash Equivalents including Restricted Cash

	2022 USD '000	2021 USD '000
Cash at bank and on hand	174,440	100,075
Restricted cash	4,780	-
	179,220	100,075
Less: Restricted cash	(4,780)	-
Cash and cash equivalents in the statements of cash flows	174,440	100,075

The restricted cash represents amounts placed in debt service reserve accounts. This restricted cash is not available to finance the Group's day to day operations.

16. Share Capital and Contributed Surplus

	Number of shares	Share capital USD '000	Share premium USD '000	Total USD '000
At 1 January 2022	370,244,325	3,703	704,834	708,537
Shares issued for acquisition of CTI	92,112,691	921	206,459	207,380
New shares issued	37,600,000	376	97,170	97,546
Purchase of treasury shares cum issuance of shares	3,431,577	35	15,533	15,568
At 31 December 2022	503,388,593	5,035	1,023,996	1,029,031
At 1 January 2021 and 31 December 2021	370,244,325	3,703	704,834	708,537

(a) Authorised share capital

The total authorised number of shares is 750,000,000 (2021: 600,000,000) common shares at par value of USD 0.01 per share.

In August 2022, the total authorised number of shares was increased by 150,000,000 shares with a par value of USD 0.01 per share.

(b) Issued and fully paid share capital

On 27 January 2022, the Company issued 92,112,691 new common shares in the Company, as part of the purchase consideration for the acquisition of CTI. Refer to **Note 3**.

On 9 May 2022, the Company issued 37,600,000 new common shares at a private placement at subscription price of NOK 25 per share, raising net proceeds of USD 97.5 million.

On 26 August 2022, the Company entered into a share lending agreement with BW Group Limited ("BW Group"), whereby BW Group lent 3,431,577 shares of the Company. The borrowed shares were redelivered by way of the Company issuing new shares to BW Group at a subscription price of USD 0.01 per share. Following this transaction, the Company had 3,431,577 newly issued shares and 3,431,577 treasury shares. This allows the Company to promptly deliver existing shares held in treasury to employees who exercise their vested options under the share options granted to management personnel in 2019 for Tranche 1, Tranche 2, Tranche 3 and Tranche 4.

All issued common shares are fully paid. The newly issued shares rank pari passu with the existing shares.

(c) Share premium

The difference between the consideration for common shares issued and their par value is recognised as share premium.

USD 1.2 million of fees and expenses incurred for the issuance of new common shares were deducted against share premium in 2022.

(d) Contributed surplus

Contributed surplus relates to the amount transferred from share capital account when the par value of each common share was reduced from USD 5 to USD 0.01 per share in 2015. Contributed surplus is distributable, subject to the fulfilment of the conditions as stipulated under the Bermudian Law.

(e) Treasury shares

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group. As at 31 December 2022, the Group held 2,793,797 of the Company's shares (2021: 7,086,703).

(f) Capital reserve

The deficit refers to the reversal of the cost of the treasury shares acquired, recorded in the treasury shares account against the option price on those shares upon exercise of employee share options during the year.

17. Other Reserves

(a) Composition:

	2022	2021
	USD '000	USD '000
Share-based payment reserve	5,873	4,837
Hedging reserve	68,458	348
Capital reserve	(710)	-
Translation reserve	29	(35)
	73,650	5,150

(b) Movements of the reserves

	2022	2021
	USD '000	USD '000
Hedging reserve		
At beginning of the financial year	348	(15,973)
Fair value gains on cash flow hedges	73,516	9,693
Reclassification to profit or loss	(5,406)	6,628
At end of the financial year	68,458	348

More information about derivatives used as hedges is disclosed in **Note 20**.

18. Share-Based Payment Arrangements

(a) Description of share-based payment arrangements

(i) 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 Company. On 16 January 2019, 1 March 2019, 1 June 2019, 1 August 2019 (collectively known as "LTIP 2019"), 25 February 2020, 8 March 2021 and 15 March 2022, 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 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")	1,834	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 1 March 2019 ("Tranche 2")	207	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 1 June 2019 ("Tranche 3")	1,183	3 years' service condition from grant date of Tranche 1	16 January 2025
Option grant to key management personnel on 1 August 2019 ("Tranche 4")	207	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 25 February 2020 ("LTIP 2020")	3,432	3 years' service condition from grant date	25 February 2026
Option Grant to key management personnel on 8 March 2021 ("LTIP 2021")	3,432	3 years' service condition from grant date	8 March 2027
Option Grant to key management personnel on 15 March 2022 ("LTIP 2022")	1,849	3 years' service condition from grant date	15 March 2028

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

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

(ii) Restricted share units (equity-settled)

On 15 March 2022, the Group granted a total of 462,357 restricted share units ("RSU 2022") to key management and senior employees. All restricted share units are to be settled by physical delivery of shares to the employees when they vest on 15 March 2025.

(b) Measurement of grant date fair values**(i) Measurement of grant date fair values of share options**

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

	Share option programme						
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	LTIP 2020	LTIP 2021	LTIP 2022
Grant date	16 January 2019	1 March 2019	1 June 2019	1 August 2019	25 February 2020	8 March 2021	15 March 2022
Share price (NOK)	24.03	24.17	24.47	24.67	20.57	16.55	20.01
Exercise price (NOK)	27.81	27.81	27.81	27.81	23.81	19.16	23.16
Time to maturity (years)	4.5	4.4	4.1	4.0	4.5	4.5	4.5
Risk free rate	2.54%	2.54%	1.93%	1.78%	1.24%	1.02%	2.24%
Volatility	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Dividends	-	-	-	-	-	-	-
Annual tenure risk	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Share options granted	1,833,958	207,278	1,183,063	207,278	3,431,577	3,431,577	1,849,428
Fair value at grant date (USD)	1,610,382	182,009	976,425	169,317	2,249,146	2,036,068	1,263,630

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

(ii) Measurement of grant date fair values of restricted share units

The following inputs were used in the measurement of the fair values at the grant dates of the restricted share units.

	Restricted share units RSU 2022
Grant date	15 March 2022
Grant date fair value (NOK)	20.01
Grant date fair value (USD)	2.21
Annual tenure risk	7.50%
Restricted share units granted	462,357
Fair value at grant date (USD)	808,875

(c) Reconciliation of outstanding share options

Movements in the number of unissued common shares under option are as follows:

	At the beginning of the year	Granted during the year	Exercised during the year	At the end of the year
2022				
LTIP 2019	3,431,577	-	(637,780)	2,793,797
LTIP 2020	3,431,577	-	-	3,431,577
LTIP 2021	3,431,577	-	-	3,431,577
LTIP 2022	-	1,849,428	-	1,849,428
Total	<u>10,294,731</u>	<u>1,849,428</u>	<u>(637,780)</u>	<u>11,506,379</u>
2021				
LTIP 2019	3,431,577	-	-	3,431,577
LTIP 2020	3,431,577	-	-	3,431,577
LTIP 2021	-	3,431,577	-	3,431,577
Total	<u>6,863,154</u>	<u>3,431,577</u>	<u>-</u>	<u>10,294,731</u>

19. Borrowings

	2022 USD '000	2021 USD '000
<u>Current</u>		
Loan from a related corporation	-	18,750
Loan from non-related parties	673	390
Bank borrowings	103,807	178,211
Finance lease liabilities	170,731	6,715
Other lease liabilities	44,905	44,308
	<u>320,116</u>	<u>248,374</u>
<u>Non-current</u>		
Loan from non-related parties	4,756	4,001
Bank borrowings	622,569	934,701
Finance lease liabilities	798,273	70,977
Other lease liabilities	29,573	73,150
	<u>1,455,171</u>	<u>1,082,829</u>
Total borrowings	<u>1,775,287</u>	<u>1,331,203</u>

Bank borrowings

As at 31 December 2022, bank borrowings consist of seven credit facilities from external financial institutions and a related corporation, amounting to USD 473 million, USD 374 million, USD 216 million, USD 106 million, USD 100 million, USD 84 million and USD 39 million respectively (2021: USD 473 million, USD 374 million, USD 216 million, USD 106 million, USD 100 million, USD 84 million and USD 39 million respectively).

These facilities are secured by the Group's fleet of vessels except the USD 100 million (2021: USD 100 million) facility, which is unsecured. The table below summarises key information of the bank borrowings:

Facility amount	Carrying amount USD '000	Maturity date
USD 473 million facility	195,859	
- USD 413 million term loan		2026
- USD 60 million revolving credit facility		2026
USD 374 million facility	188,214	
- USD 274 million term loan		2028
- USD 100 million revolving credit facility		2028
USD 216 million facility	158,945	2027
USD 106 million facility	99,518	2025
USD 100 million facility*	-	
- USD 50 million revolving credit facility		2023
USD 84 million facility	61,787	
- USD 68 million term loan		2026
- USD 16 million revolving credit facility		2026
USD 39 million facility	22,053	
- USD 30 million term loan		2025
- USD 9 million revolving credit facility		2025

*The USD 50 million term loan under this facility has been fully repaid as at 31 December 2022

On 21 December 2022, the USD 50 million revolving credit facility under the USD 100 million facility was extended until June 2023

On 18 March 2022, the Group closed the USD 70 million upsizing of its existing USD 216 million facility

On 22 March 2021, the Group refinanced the USD 676 million and USD 128 million facilities. These two facilities were extinguished and replaced with the new USD 374 million facility

On 1 July 2021, the Group entered into a USD 100 million unsecured facility.

On 17 December 2021, the Group refinanced the USD 266 million facility. This facility was extinguished and replaced with the USD 84 million and USD 106 million facilities.

Finance lease liabilities

As at 31 December 2022, the finance lease liabilities consist of various facilities provided by external leasing houses under sale-and-leaseback contracts. Under these contracts, the vessels were legally sold to external leasing houses and leased back by Hafnia. As the sale of vessels under these sale and leaseback arrangements did not meet the criteria for sale as prescribed by IFRS15 *Revenue with customers*, the vessels were not derecognised from the Group's balance sheet. These transactions were treated as financing arrangements since lease inception, with the proceeds received from the external leasing houses reflected as finance lease liabilities.

On 28 February 2022, the Group entered into a USD 414 million sale-and-leaseback facility agreement with ICBC Leasing ("USD 414 million SLB facility") to finance the purchase of 12 LR1 vessels from Scorpio.

On 27 January 2022, the Group completed the acquisition of CTI's fleet of vessels which were entirely financed by sale and leaseback financing arrangements from eight external leasing houses (the "CTI vessels facilities"). Refer to **Note 3**.

During the year, the Group disposed of eight Chemical-Stainless vessels which were financed by such sale-and-leaseback arrangements. The borrowings relating to two of these Chemical-Stainless vessels, Hafnia Spark and Hafnia Stellar, have not been derecognised from the Group's balance sheet as the legal obligations towards the leasing houses still exist. The borrowings amounted to USD 49.3 million as at 31 December 2022.

Another four LR1 vessels (Hafnia Arctic, Hafnia Asia, Hafnia Africa and Hafnia Australia) are also on such sale and leaseback financing arrangements (the "Hafnia Tankers finance leases") and the Group has assumed the related borrowings since the merger with Hafnia Tankers during 2019.

Facility amount	Carrying amount US\$ '000	Maturity date
USD 414 million SLB facility	383,533	2032
CTI vessels facilities	512,334	2023–2033
Hafnia Tankers finance leases	73,137	2025–2030

Interest rates

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

	2022	2021
Bank borrowings	6.0%	1.8%
Finance lease liabilities	7.4%	5.2%

The exposure of borrowings to interest rate risk is disclosed in **Note 25**.

Maturity of borrowings

The non-current borrowings have the following maturity:

	2022 USD '000	2021 USD '000
Later than one year and not later than five years	974,953	988,298
Later than five years	480,218	94,531
	1,455,171	1,082,829

Carrying amounts and fair values

The carrying values of bank borrowings and finance lease liabilities approximate their fair values as they bear floating interest rates and are re-priceable at one to three month intervals.

The loan from a related corporation bears floating interest at a nominal rate of USD three-month LIBOR plus margin of 2.80%. The carrying value approximates the fair values as the interest rate is re-priceable at three-month intervals.

Financial and non-financial covenants

The Group has bank borrowings and finance lease liabilities that contain financial and non-financial covenants. Any breach of covenants will result in bank borrowings and lease liabilities becoming payable on demand. The Group was in compliance with financial and non-financial covenants as at 31 December 2022 and 31 December 2021.





20. Derivative Financial Instruments

	2022 USD '000		2021 USD '000	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges				
- Interest rate swaps	69,136	-	654	327
Non-hedging instruments				
- Interest rate caps	726	-	21	-
- Forward freight agreements	308	93	60	-
- Forward foreign exchange contracts	438	-	192	-
	70,608	93	927	327
Analysed as:				
Non-current	69,184	-	675	306
Current	1,424	93	252	21
	70,608	93	927	327

Cash flow hedges

Interest rate derivatives

The Group has entered into interest rate swap contracts that qualify for hedge accounting. The Group pays interest at fixed rates varying from 0.46% to 2.15% (2021: 0.46% to 2.15%) per annum and receives interest at a floating rate based on three-month USD LIBOR.

The notional principal amount of these outstanding interest rate swaps as at 31 December 2022 amounted to USD 949.0 million (2021: USD 716.0 million) and the amounts mature in more than one year from the balance sheet date. Of these USD 899.0 million matures within 2-5 years, and USD 50.0 million matures after 5 years.

Non-hedging instruments

Interest rate derivatives

As at 31 December 2022, the Group has existing interest rate caps with a strike of 3.00% against the three-month USD LIBOR. The interest rate caps have a notional amount of USD 225.0 million (2021: USD 300.0 million) with the last cap expiring in 2023. The changes in fair values of the interest rate caps are recognised in profit or loss.

Forward foreign exchange contracts

The Group has entered into forward foreign exchange contracts to swap United States Dollars for Singapore Dollars with an external financial institution. The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 December 2022 and 31 December 2021 comprise the following:

Currency	2022 USD '000		2021 USD '000	
	Notional amounts in local currency	USD equivalent	Notional amounts in local currency	USD equivalent
Singapore Dollars	22,580	16,404	25,605	18,792

As at 31 December 2022, these forward foreign exchange contracts will mature within nine (2021: 12) months from the balance sheet date. No hedge accounting is adopted and the fair value changes of these forward exchange contracts are recorded in profit or loss.

Freight forward agreements

The Group has entered into a number of forward freight agreements in order to hedge its spot voyage exposure for its vessels trading in the pools. As at 31 December 2022, the Group has outstanding positions with a notional amount of USD 7.3 million (2021: USD 2.4 million), which will mature in the next one year. No hedge accounting is adopted and the fair value changes of these freight forward agreements are recorded in profit or loss.

21. Trade and other Payables

	2022 USD '000	2021 USD '000
Trade payables		
- non-related parties	45,124	29,498
Accrued operating expenses	72,344	30,431
Other payables		
- related corporations	6,675	5,569
- non-related parties	5,590	(108)
	129,733	65,390
Analysed as:		
Non-current	-	-
Current	129,733	65,390

The carrying amounts of trade and other payables, principally denominated in United States Dollars, approximate their fair values due to the short period to maturity.

The other payables due to related corporations are unsecured, interest-free and are repayable on demand.

Information about the Group's exposure to currency and liquidity risks is included in **Note 25**.

22. Leases – as Lessee

Leases as lessee under IFRS 16

The Group leases vessels, office spaces, and other equipment from external parties under non-cancellable operating lease agreements. The leases have varying terms including options to extend and options to purchase.

Starting from 1 January 2019, the leased-in vessels are recognised as right-of-use assets and lease liabilities on the balance sheet under IFRS 16, except for leases of low value items relating to IT equipment and other assets with lease terms of less than 12 months.

Information about leases for which the Group is a lessee is presented below.

(1) Right-of-use assets

Right-of-use assets related to leased-in vessels are presented as part of total property, plant and equipment (Note 9).

	USD '000
Cost	
At 1 January 2021	152,757
Additions	36,226
At 31 December 2021	188,983
Additions	1,895
At 31 December 2022	190,878
Accumulated depreciation	
At 1 January 2021	45,381
Depreciation charge	32,073
At 31 December 2021	77,454
Depreciation charge	45,520
At 31 December 2022	122,974
Net book value	
At 31 December 2021	111,529
At 31 December 2022	67,904

(2) Amounts recognised in profit or loss

	2022 USD '000	2021 USD '000
Interest expense on lease liabilities	3,768	4,549
Expenses relating to short-term leases for vessels, included in charter hire expenses	1,040	1,890
Expenses relating to short-term leases for offices, included in rental expenses	1,613	1,522

(3) Amounts recognised in statement of cash flows

	2022 USD '000	2021 USD '000
Total cash outflow for leases	48,643	33,161

(4) Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liability of USD 139.6 million (2021: USD 133.8 million).

(5) Operating lease commitments under IFRS 16

The Group leases vessels and office space from non-related parties. These leases have varying terms including options to extend and options to purchase.

Future minimum lease payments under non-cancellable operating leases committed at the reporting date have been recognised as lease liabilities under IFRS 16.

23. Commitments

Operating lease commitments – where the Group is a lessor

The Group leases vessels to non-related parties under non-cancellable operating lease agreements. The Group classifies these leases as operating leases as the Group retains substantially all risks and rewards incidental to ownership of the leased assets.

In 2022, the Group recognised revenue from time charters of USD 136.5 million (2021: USD 64.9 million) as part of revenue (**Note 4**).

The undiscounted lease payments under operating leases to be received after 31 December are analysed as follows:

	2022 USD '000	2021 USD '000
Less than one year	65,878	39,597
One to two years	11,712	11,680
Two to three years	11,680	11,712
Three to four years	8,960	11,680
Four to five years	-	8,000
	98,230	82,669

Capital commitments

The Group has equity interests in joint ventures and is obliged to provide its share of working capital for the joint ventures' newbuild programme through either equity contributions or shareholder's loans.

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

	2022 USD '000	2021 USD '000
Less than one year	83,450	25,057
One to two years	-	87,200
	83,450	112,257

24. Financial Guarantee Contracts

The Company's policy is to provide financial guarantees only to the wholly owned subsidiaries or joint ventures. At 31 December 2022, the Company has issued financial guarantees to certain banks in respect of credit facilities granted to subsidiaries (see **Note 19**). These bank borrowings amount to USD 726.4 million (2021: USD 1,112.9 million) at the balance sheet date.

The Company and CSSC Shipping have issued a joint financial guarantee to certain banks in respect of credit facilities granted to joint venture, Vista Shipping. Bank borrowings provided to the joint venture amounts to USD 130.8 million (2021: USD 141.6 million) at the balance sheet date. Corporate guarantees given will become due and payable on demand if an event of default occurs.

The Company and a joint venture partner, Andromeda Shipholdings have issued a joint financial guarantee to certain banks in respect of credit facilities granted to H&A Shipping. Bank borrowings provided to the joint venture amounts to USD 42.3 million (2021: USD 21.5 million) at the balance sheet date. Corporate guarantees given will become due and payable on demand if an event of default occurs.

In addition, the Company issued a financial guarantee to a bank in respect of the USD 50.0 million (2021: USD 50.0 million) receivables purchase agreement facility granted to the commercial pools. Any liability arising is limited to the recourse lenders have against the Company after considering the recourse waterfall mechanism in place in the facility agreement, where the Company is the final avenue of recourse. The Company has appraised such liability to be remote.

25. Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk); credit risk; liquidity risk and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk management is handled by the Group as part of its operations. The management team identifies, evaluates and manages financial risks in close co-operation with all operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of derivative and non-derivative financial instruments.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Group. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

A fundamental reform of major interest rate benchmarks is being undertaken globally to replace or reform IBOR with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has significant exposure to IBORs on its financial instruments that will be replaced or reformed as part of this market-wide initiative. The Group anticipates that IBOR reform will have significant operational, risk management and accounting impacts. The Group evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at the reporting date. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates. IBOR benchmark rates are quoted each day and IBOR cash flows are exchanged with its counterparties as usual. However, the Group's cash flow hedging relationships currently extend beyond the anticipated cessation dates for US Dollar

LIBOR (June 2023). The Group expects that US dollar LIBOR will be replaced by US SOFR. Any uncertainty may impact the hedging relationship, for example its effectiveness assessment and highly probable forecast transaction assessment.

The Group holds derivatives for risk management purposes. These derivatives have floated legs that are indexed to US dollar LIBOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. While ISDA has provided fallback provisions for the cessation of IBOR, the Group plans to negotiate the modifications of the derivatives in conjunction with the hedged instruments to minimise hedge ineffectiveness. No derivative instruments have been modified as at 31 December 2022.

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amount of contracts that have yet to transition to an alternative benchmark rate and the amount of such contracts that include an appropriate fallback clause. The Group considers a contract to have yet to transition to an alternative benchmark rate if the interest rate under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if there is a fallback clause that deals with the cessation of the existing IBOR (referred to as 'unreformed contract'). As at 1 January 2022 and at 31 December 2022, the Group does not yet have any contracts with appropriate fallback clauses.

The Group applies the amendments to IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark reform issued in September 2019 to these hedging relationships directly affected by IBOR reform, so as to continue hedge accounting.

The Group is in the process of establishing policies for amending the interbank offered rates on its existing floating-rate loan portfolio indexed to IBORs that will be replaced as part of IBOR reform. The Group expects to participate in bilateral negotiations with the counterparties to begin amending the contractual terms of its existing floating-rate financial instruments. However, the exact timing will vary depending on the extent to which standardised language can be applied and the extent of bilateral negotiations between the Group and its counterparties. The Group expects that these contractual changes will be amended in a uniform way.

Price risk

The shipping market can be subject to significant fluctuations. The Group's vessels are employed under a variety of chartering arrangements including time charters and voyage charters.

In 2022, approximately 8% (2021: 8%) of the Group's shipping revenue was derived from vessels under fixed income charters (comprising time charters).

The Group is exposed to the risk of variations in fuel oil costs, which are affected by the global political and economic environment. Historically, fuel expenses have been the most significant expense. Under a time

charter, the charterer is responsible for fuel costs, therefore, fixed income charters also reduce exposure to fuel price fluctuations.

In 2022, fuel oil costs comprised 46% (2021: 42%) of the Group's operating expenses (excluding depreciation). If price of fuel oil has increased/decreased by USD 1 (2021: USD 1) per metric ton with all other variables including tax rate being held constant, the net results will be lower/higher by USD 421,170 (2021: USD 468,023) as a result of higher/lower fuel oil consumption expense.

In addition to securing cash flows through time charter contracts, the Group has entered into forward freight agreements to limit the risk involved in trading in the spot market. Details of the Group's outstanding forward freight agreements are disclosed in **Note 20**.

Currency risk

The functional currency of most of the entities in the Group is United States Dollars ("USD"). The Group's operating revenue, and the majority of its interest-bearing debt and contractual obligations for vessels under construction are denominated in USD. The Group's vessels are also valued in USD when trading in the second-hand market.

The Group is exposed to foreign currency exchange risks for administrative expenses incurred by offices or agents globally, predominantly in Monaco, Denmark and Singapore. Further, the Group is required to pay port charges in currencies other than USD. However, foreign currency exposure in port charges is minimal as any increase

is usually compensated by a corresponding increase in freight, particularly in the tanker sector through industry-wide increases in Worldscale flat rates.

At the balance sheet date, the Group has cash and cash equivalents denominated in DKK and EUR.

Details of the Group's outstanding forward exchange contracts are disclosed in **Note 20**.

At 31 December 2022 and 31 December 2021, the Group has assessed that it has insignificant exposure to foreign currency risks.

Interest rate risk

The Group adopts a policy of ensuring that between 50% and 75% of its interest rate risk exposure is at a fixed-rate or limited to a certain threshold. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the

hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- (1) the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- (2) differences in repricing dates between the swaps and the borrowings.

The Group has interest-bearing financial liabilities in the form of borrowings from external financial institutions at variable rates.

The Group manages its cashflow interest rate risks by swapping a portion of its floating rate interest payments to fixed rate payments using interest rate swaps.

Cash flow sensitivity analysis for variable rate instruments

If the interest rates has increased/decreased by 50 basis points, with all other variables including tax rate being held constant, the net results will be lower/higher by approximately USD 6.7 million (2021: USD 1.9 million) as a result of higher/lower interest expense on the portion of the borrowings that is not covered by the interest rate swap instruments. Total equity would have been higher/lower by USD 14.4 million (2021: USD 10.5 million) mainly as a result of fair value gain/loss from the interest rate swaps assuming these swaps remain effective.

Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group entered into interest rate agreements to limit exposure to interest rate fluctuations. The details of these exposures are disclosed in **Note 20**. As at 31 December 2022, the notional principal amount of these interest rate swaps represents approximately 55% (2021: 63%) of the Group's borrowings on floating interest rates.

As at the reporting date, the interest rate profile of interest-bearing financial instruments, as reported to the management, was as follows:

	Nominal amount	
	2022	2021
	USD '000	USD '000
Variable rate instruments		
Financial assets	112,493	94,933
Financial liabilities	1,716,589	1,140,007
Effect of interest rate swaps	(949,047)	(715,958)
	880,035	518,982

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, cash and cash equivalents and loan receivables from joint venture and pool participants. The maximum exposure is represented by the carrying value of each financial asset on the balance sheet.

Financial assets that are neither past due or impaired

The Group performs periodic credit evaluations of its charterers. The Group has implemented policies to ensure cash funds are deposited and derivatives are entered into with banks and internationally recognised financial institutions with a good credit rating and the vessels are fixed to charterers with an appropriate credit rating who can provide sufficient guarantees.

There is no class of financial assets that is past due and/or impaired.

Trade receivables and contract assets

The Group applies the simplified lifetime approach and uses a provision matrix to determine the ECLs of trade receivables and contract assets. It is based on the Group's historical observed default rates and is adjusted by a current and forward-looking estimate based on current economic conditions.

Credit risk is concentrated on several charterers. The Group adopts the policy of dealing only with customers with appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

The allowance for impairment made arose mainly from the provision of charter services to a customer which had met with significant financial difficulties during the financial year ended 31 December 2018. This allowance was subsequently written off in the financial year ended 2021 when the receivables were deemed irrecoverable by management.

The Group has determined that the ECL provision estimated based on an allowance matrix of 0.3% to 1% for trade receivables aged "Past due up to three months" and "Past due for more than six months", respectively, as at 31 December 2022 and 31 December 2021 was found to be insignificant. Accordingly, no ECL allowance was recorded by the Group.

The age analysis of trade receivables and contract assets is as follows:

	2022	2021
	USD '000	USD '000
Current (not past due)	335,186	57,761
Past due 0 to 3 months	50,598	48,082
Past due for more than 3 months	33,280	12,624
Less: Allowance for impairment	-	-
	419,064	118,467

The movement in the allowance for impairment in respect of trade receivables and contract assets is as follows:

	2022	2021
	USD '000	USD '000
Allowance for impairment as at 1 January 2022 and 1 January 2021	-	1,594
Write-off of allowance for impairment	-	(1,594)
Allowance for impairment as at 31 December 2022 and 31 December 2021	-	-

Loans receivable from joint venture and pool participants/other receivables due from non-related parties

The Group has used a general 12-month approach in assessing the credit risk associated with other receivables and loans issued to the joint venture and to pool participants.

The loans extended to the joint venture form an extension of the Group's investment in product tankers via co-ownership with another strategic investor. As the vessels owned by the joint venture generate positive cash flows and the outlook remains positive, management considers the credit risk of loans issued to the joint venture as low. As a result of the qualitative assessment performed, no ECL provision has been recognised.

The loans extended to the pool participants form part of the Group's commercial pool operation, which is operated in partnership with external pool participants. As the vessels contributed by the Group and its pool participants to be managed and traded by the commercial pools generate positive cash flows and the outlook remains positive, management considers the credit risk of loans issued to the external pool participants as low. As a result of the qualitative assessment performed, no ECL provision has been recognised.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet operating and capital expenditure needs. To address the inherent unpredictability of short-term liquidity requirements, the Group maintains sufficient cash for its daily operations in short-term cash deposits with banks, has access to the unutilised portions of revolving credit facilities and enters into trade receivables factoring agreement (with limited recourse to the Company) with financial institutions.

The maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows is as follows:

	Less than 1 year USD '000	Between 1 and 2 years USD '000	Between 2 and 5 years USD '000	Over 5 years USD '000
At 31 December 2022				
Trade and other payables	129,733	-	-	-
Interest payments	84,031	70,127	139,534	77,722
Borrowings	105,811	105,811	498,862	21,947
Finance lease liabilities and other lease liabilities	217,654	97,635	288,012	455,326
	537,229	273,573	926,408	554,995

	Less than 1 year USD '000	Between 1 and 2 years USD '000	Between 2 and 5 years USD '000	Over 5 years USD '000
At 31 December 2021				
Trade and other payables	65,390	-	-	-
Derivative financial instruments	5,429	2,391	923	-
Interest payments	27,521	21,420	38,919	4,494
Borrowings	198,961	129,745	719,654	91,646
Finance lease liabilities and other lease liabilities	51,023	51,328	83,244	16,693
	348,324	204,884	842,740	112,833

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings.

The Group is in compliance with all externally imposed capital requirements.

(e) Accounting classifications and fair values

The following tables present assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (1) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (2) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- (3) inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Carrying amount			Fair value				
	Note	Fair value hedging instruments/ Mandatorily at FVTPL - others USD '000	Financial assets at amortised cost USD '000	Total USD '000	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
At 31 December 2022								
Financial assets measured at fair value								
Forward foreign exchange contracts	20	438	-	438	-	438	-	438
Forward freight agreements	20	308	-	308	-	308	-	308
Interest rate swaps used for hedging	20	69,136	-	69,136	-	69,136	-	69,136
Interest rate caps	20	726	-	726	-	726	-	726
		<u>70,608</u>	<u>-</u>	<u>70,608</u>				
Financial assets not measured at fair value								
Loans receivable from joint venture	13	-	74,213	74,213				
Loans receivable from pool participants	13	-	45,998	45,998				
Trade and other receivables ¹	12	-	594,746	594,746				
Restricted cash		-	4,780	4,780				
Cash and cash equivalents	15	-	174,440	174,440				
		<u>-</u>	<u>894,177</u>	<u>894,177</u>				

¹ Excluding prepayments

	Note	Carrying amount			Fair value			
		Fair value- hedging instruments USD '000	Other financial liabilities USD '000	Total USD '000	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
At 31 December 2022								
Financial liabilities measured at fair value								
Forward freight agreements	20	(93)	-	(93)	-	(93)	-	(93)
Financial liabilities not measured at fair value								
Bank borrowings	19	-	(726,376)	(726,376)	-	(726,376)	-	(726,376)
Finance lease liabilities	19	-	(969,004)	(969,004)	-	(969,004)	-	(969,004)
Loan from non-related parties	19	-	(5,429)	(5,429)	-	(5,429)	-	(5,429)
Trade payables	21	-	(129,733)	(129,733)				
		-	(1,830,542)	(1,830,542)				

	Note	Carrying amount			Fair value			
		Fair value hedging instruments/ Mandatorily at FVTPL - others USD '000	Financial assets at amortised cost USD '000	Total USD '000	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
At 31 December 2021								
Financial assets measured at fair value								
Forward foreign exchange contracts	20	192	-	192	-	192	-	192
Forward freight agreements	20	60	-	60	-	60	-	60
Interest rate swaps used for hedging	20	654	-	654	-	654	-	654
Interest rate caps	20	21	-	21	-	21	-	21
		<u>927</u>	<u>-</u>	<u>927</u>				
Financial assets not measured at fair value								
Loans receivable from joint venture	13	-	60,229	60,229				
Loans receivable from pool participants	13	-	34,865	34,865				
Trade and other receivables ¹	12	-	191,836	191,836				
Cash and cash equivalents	15	-	100,075	100,075				
		<u>-</u>	<u>387,005</u>	<u>387,005</u>				

¹ Excluding prepayments

	Note	Carrying amount			Fair value			
		Fair value- hedging instruments USD '000	Other financial liabilities USD '000	Total USD '000	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
At 31 December 2021								
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	20	(327)	-	(327)	-	(327)	-	(327)
Financial liabilities not measured at fair value								
Bank borrowings	19	-	(1,112,912)	(1,112,912)	-	(1,112,912)	-	(1,112,912)
Finance lease liabilities	19	-	(77,692)	(77,692)	-	(77,692)	-	(77,692)
Loan from a related corporation	19	-	(18,750)	(18,750)	-	(18,750)	-	(18,750)
Loan from non-related parties	19	-	(4,391)	(4,391)	-	(4,391)	-	(4,391)
Trade payables	21	-	(65,390)	(65,390)	-	-	-	-
		-	(1,279,135)	(1,279,135)	-	-	-	-

The Group has no Level 1 and Level 3 financial assets or liabilities as at 31 December 2022 and 2021.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. These financial instruments are included in Level 2, as all significant inputs required to fair value an instrument are observable.

(f) Offsetting financial assets and financial liabilities

The Group's financial assets and liabilities are not subjected to enforceable master netting arrangements or similar arrangements. Financial derivatives, financial assets and financial liabilities are presented separately on the consolidated balance sheet, without netting off of balances.

26. Holding Corporations

In May 2022, following series of equity shares placement to other shareholders, BW Group lost control over Hafnia Limited but remains the single largest shareholder of the Group. Since the loss of control, the Company does not have ultimate and immediate holding corporations. Previously, the Company's ultimate and immediate holding corporation was BW Group Limited, incorporated in Bermuda, which is wholly owned by Sohmen family interests.

27. Related Party Transactions

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

	2022	2021
	USD '000	USD '000
<u>Sale and purchase of services</u>		
Support service fees paid/payable to a related corporation	5,791	4,877
Interest paid/payable to a related corporation	703	261
Rental paid/payable to a related corporation	699	853

Key management remuneration for the financial year ended 31 December 2022 amounted to USD 6,361,317 (2021: USD 5,916,266).

Related corporations refer to corporations controlled by Sohmen family interests.

Remuneration structure for CEO

	CEO, Mikael Skov	
	2022	2021
	USD	USD
<u>Fixed</u>		
Salary (annual) including pension	864,167	850,000
Customary benefits	-	-
<u>Variable</u>		
Cash bonus (paid in the year)	566,670	680,000
Retention bonus	-	1,700,000

With reference to **Note 18** Share-based payment arrangements, for LTIP 2022, the CEO has received 731,688 options (2021: 1,357,632) and 182,922 RSUs (2021: Nil). The CEO does not receive a pension as part of the remuneration package. This is considered to be included in the fixed salary. Non-monetary benefits can include standard employment benefits such as newspaper, telephone, laptop and internet access.

28. Segment Information

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

The management considers the business to be organised into seven main operating segments:

- (a) Long Range II ('LR2')**
- (b) Long Range I ('LR1')**
- (c) Medium Range ('MR')**
- (d) Handy size ('Handy')**
- (e) Chemical Handy size ('Chemical-Handy')**
- (f) Chemical Medium Range ('Chemical-MR')**
- (g) Chemical Stainless ('Chemical-Stainless')**

The operating segments are organised and managed according to the size of the product tanker vessels.

The LR2 segment consists of vessels between 85,000 DWT and 124,999 DWT in size and provides transportation of clean petroleum oil products.

The LR1 segment consists of vessels between 55,000 DWT and 84,999 DWT in size and provides transportation of clean and dirty petroleum products.

The MR and Chemical-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 and Chemical-Handy segment consists 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.

The Group exited the Chemical-Stainless segment after disposing of its Chemical-Stainless vessels that were previously acquired through the acquisition of CTI.

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 Group's capital and liquidity position that is centrally managed for the benefit of various activities, are not allocated to segments.



HAFNIA YARRA
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	LR2 USD '000	LR1 USD '000	MR USD '000	Handy USD '000	Chemical- Handy USD '000	Chemical- MR USD '000	Chemical- Stainless USD '000	Total USD '000
2022								
Revenue	100,447	699,821	632,258	90,612	192,097	87,700	29,609	1,832,544
Voyage expenses	(27,013)	(278,570)	(89,667)	(16,623)	(44,648)	(28,089)	(1,238)	(485,848)
TCE Income	73,434	421,251	542,591	73,989	147,449	59,611	28,371	1,346,696
Other operating income	516	9,815	11,831	4,485	872	1,419	516	29,454
Vessel operating expenses	(15,022)	(70,719)	(97,077)	(19,959)	(38,058)	(13,406)	(9,661)	(263,902)
Technical management expenses	(1,296)	(6,230)	(8,343)	(1,966)	(3,776)	(1,167)	(849)	(23,627)
Charter hire expenses	-	(13,605)	(19,549)	-	-	-	-	(33,154)
Operating EBITDA	57,632	340,512	429,453	56,549	106,487	46,457	18,377	1,055,467
Depreciation charge	(13,769)	(58,012)	(91,457)	(10,833)	(22,694)	(9,140)	(1,959)	(207,864)
								847,603
Unallocated								(89,336)
Profit before income tax								758,267
Segment assets	285,073	939,721	1,289,297	158,400	518,458	213,410	-	3,404,359
Segment assets include:								
Additions/adjustments to:								
- vessels/vessels under construction	46	250,050	5,738	(70,046)	177,355	461,356	-	824,499
- dry docking	9	9,923	1,686	(6,232)	6,542	9,400	-	21,328
- right-of-use assets	-	1,895	-	-	-	-	-	1,895
Segment liabilities	5,259	13,811	22,253	2,061	6,150	11,142	-	60,676

	LR2 USD '000	LR1 USD '000	MR USD '000	Handy USD '000	Total USD '000
2021					
Revenue	54,540	236,461	413,116	107,100	811,217
Voyage expenses	(3,331)	(133,281)	(213,309)	(58,361)	(408,282)
TCE Income	51,209	103,180	199,807	48,739	402,935
Other operating income	91	10,205	3,854	1,390	15,540
Vessel operating expenses	(13,705)	(54,305)	(95,937)	(28,512)	(192,459)
Technical management expenses	(1,141)	(4,461)	(7,838)	(2,574)	(16,014)
Charter hire expenses	-	(9,200)	(13,703)	-	(22,903)
Operating EBITDA	36,454	45,419	86,183	19,043	187,099
Depreciation charge	(13,762)	(39,579)	(82,143)	(14,940)	(150,424)
					36,675
Unallocated					(87,778)
Loss before income tax					(51,103)
Segment assets	274,433	506,599	1,247,910	227,700	2,256,642
Segment assets include:					
Additions/adjustments to:					
- vessels/vessels under construction	(12)	(69,604)	4,719	(11,298)	(76,195)
- dry docking	(180)	(1,616)	7,874	588	6,666
- right-of-use assets	-	16,698	19,528	-	36,226
Segment liabilities	1,820	18,968	32,855	6,743	60,386

Reportable segments' assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. For the purposes of monitoring segment performance and allocating resources between segments, management monitors vessels, vessels under construction, dry docking, inventories, and trade and other receivables that can be directly attributable to each segment.

	2022 USD '000	2021 USD '000
Segment assets	3,404,359	2,256,642
Unallocated items:		
Cash and cash equivalents	174,440	100,075
Restricted cash	4,780	-
Trade and other receivables	217,764	130,750
Derivative financial instruments	70,608	926
Property, plant and equipment	1,130	266
Intangible assets	2,590	3,572
Associated companies and joint venture	43,183	18,719
Total assets	3,918,854	2,510,950

Reportable segments' liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. These liabilities are allocated based on the operations of the segments. Certain trade and other payables are allocated to the reportable segments. All other liabilities are reported as unallocated items.

	2022 USD '000	2021 USD '000
Segment liabilities	60,676	60,386
Unallocated items:		
Borrowings	1,775,287	1,331,204
Current income tax liabilities	4,737	2,018
Trade and other payables	69,057	5,003
Derivative financial instruments	93	327
Total liabilities	1,909,850	1,398,938

Geographical segments' revenue

The Group's vessels operate on an international platform with individual vessels calling at various ports across the globe. The Group does not consider the domicile of its customers as a relevant decision-making guideline and hence does not consider it meaningful to allocate vessels and revenue to specific geographical locations.

Major customers

Revenues from the top five major customers of the Group across all operating segments represents approximately USD 432.1 million (2021: USD 158.9 million) of the Group's total revenues.

29. Dividends Paid

	2022 USD '000	2021 USD '000
Interim dividend paid in respect of Q1 2022 of USD 0.0210 per share	10,499	-
Interim dividend paid in respect of Q2 2022 of USD 0.1862 per share	93,100	-
Interim dividend paid in respect of Q3 2022 of USD 0.2801 per share	140,149	-
	243,748	-

The directors have declared a final dividend of USD 0.3157 per share or USD 159.0 million for the financial year ended 31 December 2022.

The total interim dividends paid in FY2022 amounted to USD 0.4869 per share or USD 243.7 million.

Under the Bermuda Companies Act, dividends cannot be paid if there are reasonable grounds for believing that (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the Company's assets would thereby be less than its liabilities.

The Company has acted in accordance with the provisions of the Bermuda Companies Act when declaring dividends.

30. Events Occurring after Balance Sheet Date

On 25 January 2023, Oaktree Capital Management (OCM) sold 25,200,000 shares of the Company (approximately 5.01% of the Company's outstanding shares) at NOK 50.0 per share through a private placement. Following

completion of the placement, OCM holds 25,038,624 shares in the Company (equal to approximately 4.97% of the Company's outstanding shares).

On 3 February 2023, Hafnia sold LR1 vessel Hafnia Arctic to an external buyer for net sales proceeds of USD 32.8 million.

On 8 February 2023, Hafnia sold LR1 vessel Hafnia Kronborg to an external buyer for net sales proceeds of USD 20.5 million.

On 9 February 2023, Hafnia sold LR1 vessel Hafnia Columbia to an external buyer for net sales proceeds of USD 20.5 million.

On 28 February 2023, the options under LTIP 2020 had vested. In order to for the Company to be able to promptly deliver existing shares to employees exercising their vested options under LTIP 2020, the Company has entered into a share lending agreement with BW Group whereby BW Group will lend 3,431,577 shares of the Company to be held in treasury. On 1 March 2023, the Company settled these borrowed shares by way of issuing 3,431,577 new ordinary shares to BW Group. Following the issuance of the new ordinary shares, there are 506,820,170 issued shares in the Company, each with a nominal value of USD 0.01, all of which have been validly and legally issued and fully paid.

In March 2023, the Group re-financed four Chemical-Handy vessels via sale and leaseback financing arrangements with CMB Financial Leasing. These transactions were accounted for as an extinguishment of existing finance lease liabilities and the recognition of new finance lease liabilities based on the new borrowing terms.

31. Climate-Related Risks Consideration

The Group identified climate-related risks related to the global transition towards low-carbon or carbon-neutral solutions, marine environmental factors and industry-led decarbonisation policies. The Group assesses transition risks in strategic planning, fleet development and capital expenditure plans for next-generation and existing fleet transition planning. Physical risks from climate events influence the Group's voyage

planning and operation strategies. Maritime activities affect the marine environment and the Group identifies better management of ballast water contamination, accidental oil spills and underwater noise pollutions to be key strategies. International Maritime Organisation (IMO) targets to halve international shipping GHG emissions by 2050 may also impact the Group's strategy and its financial performance.

In assessing the impact of climate-related risks on the Group's financial statements, the Group considers if there are near to medium term financial impacts arising from the aforementioned risks. Presently the Group incurs certain operating or capital expenditures to mitigate such climate-related risks and policies. In 2020 and 2021, Hafnia, via the Vista joint venture, ordered four Aframax LR2 vessels equipped with high-pressure LNG propulsion technology, due for delivery in 2023. Adopting Liquefied Natural Gas (LNG) as a fuel was one of the first steps in addressing our ambition for a greener future. Switching to LNG as a fuel provides significant benefits, such as improving overall air quality and reducing GHG emissions.

Notwithstanding, there remains the risk that evolving demands for stronger protection over the environment, evolving laws and regulations and evolving decarbonisation policies may have a significant impact to the Group's useful lives and residual values and valuation of vessels, and also the financial performance in the future. The Group continues to monitor and assess the potential impact of such developments on its operation and financial performance.

32. Authorisation of Financial Statements

These financial statements were authorised for issue by the Board of Directors of Hafnia Limited on 30 March 2023.

33. Listing of Companies in the Group

Name of companies	Principal activities	Place of incorporation	Equity holding 2022(%)	Equity holding 2021(%)
BW Aldrich Pte. Ltd.	Shipowning	Singapore	100	100
BW Clearwater Pte. Ltd.	Shipowning	Singapore	100	100
BW Causeway Pte. Ltd.	Dormant	Singapore	100	100
BW Fleet Management Pte. Ltd.	Ship-management	Singapore	100	100
BW Stanley Pte. Ltd.	Shipowning	Singapore	100	100
Hafnia Pools Pte. Ltd.	Chartering	Singapore	100	100
Komplementaranpartsselskabet Straits Tankers	Investment	Denmark	100	100
K/S Straits Tankers	Investment	Denmark	100	100
Straits Tankers Pte. Ltd.	d Dormant	Singapore	-	100
BW Silvermine Pte. Ltd.	Dormant	Singapore	100	100
BW Pacific Management Pte. Ltd.	Agency office	Singapore	100	100
Hafnia Pte. Ltd.	Management company	Singapore	100	100
Hafnia Tankers Marshall Islands LLC	Investment	Marshall Islands	100	100
Hafnia Tankers Singapore Holding Pte Ltd	Investment	Singapore	100	100
Hafnia Tankers Singapore Sub-Holding Pte Ltd	Shipowning	Singapore	100	100
Hafnia Tankers ApS	Corporate support	Denmark	100	100
Hafnia Tankers Shipholding Beta Pte. Ltd.	Dormant	Singapore	100	100
Hafnia Tankers Shipholding Alpha Pte Ltd	Shipowning	Singapore	100	100
Hafnia One Pte. Ltd.	Shipowning	Singapore	100	100
Hafnia Tankers Singapore Pte Ltd	Investment	Singapore	100	100
Hafnia Tankers Shipholding Singapore Pte. Ltd.	Shipowning	Singapore	100	100
Hafnia Tankers Shipholding 2 Singapore Pte. Ltd.	Shipowning	Singapore	100	100

Name of companies		Principal activities	Place of incorporation	Equity holding 2022(%)	Equity holding 2021(%)
Hafnia Tankers Chartering Singapore Pte. Ltd.		Chartering	Singapore	100	100
Hafnia Tankers International Chartering Inc.		Chartering	Marshall Islands	100	100
Hafnia Tankers Services Singapore Pte. Ltd.		Ship-management	Singapore	100	100
Hafnia Management A/S	f	Ship-management	Denmark	-	40
Hafnia Bunkers ApS	f	Ship-management	Denmark	-	40
Hafnia Handy Pool Management ApS	f	Ship-management	Denmark	-	40
Hafnia MR Pool Management ApS	f	Ship-management	Denmark	-	40
Hafnia SARL		Corporate Support	Monaco	100	100
Hafnia Holding Limited	a	Investment	Bermuda	100	100
Hafnia Holding II Limited	a	Investment	Bermuda	100	100
Hafnia Middle East DMCC	b	Ship-management	UAE	100	-
Hafnia Chemical Tankers Pte. Ltd.	b	Shipowning	Singapore	100	-
Vista Shipping Pte. Ltd.		Investment	Singapore	50	50
Vista Shipholding I Pte. Ltd.		Shipowning	Singapore	50	50
Vista Shipholding II Pte. Ltd.		Shipowning	Singapore	50	50
Vista Shipholding III Pte. Ltd.		Shipowning	Singapore	50	50
Vista Shipholding IV Pte. Ltd.		Shipowning	Singapore	50	50
Vista Shipholding V Pte. Ltd.		Shipowning	Singapore	50	50
Vista Shipholding VI Pte. Ltd.		Shipowning	Singapore	50	50
Vista Shipholding VII Pte. Ltd.		Shipowning	Singapore	50	50
Vista Shipholding VIII Pte. Ltd.		Shipowning	Singapore	50	50
Vista Shipholding IX Pte. Ltd.	a	Shipowning	Singapore	50	50
Vista Shipholding X Pte. Ltd.	a	Shipowning	Singapore	50	50
Vista Shipping HK Limited		Investment	Hong Kong	50	50
Vista Shipping US, LLC		Investment	United States	50	50
H&A Shipping Ltd	c	Investment	Marshall Islands	50	50

Name of companies		Principal activities	Place of incorporation	Equity holding 2022(%)	Equity holding 2021(%)
Yellow Star Shipping Ltd	c	Shipowning	Liberia	50	50
Green Stars Shipping Ltd	c	Shipowning	Liberia	50	50
Chemical Tankers Inc	e	Investment	Marshall Islands	100	-
Chemical Tankers ApS	e	Corporate Support	Denmark	100	-
Chemical Tankers SubHoldCo Inc	e	Investment	Marshall Islands	100	-
Chemical Tankers (A-Ships) Inc	e	Investment	Marshall Islands	100	-
Chemical Tankers 1 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 2 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 3 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 4 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 5 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 6 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 7 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 8 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 9 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 10 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 11 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 12 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 13 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 14 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 15 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 16 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 17 Inc	e	Shipowning	Marshall Islands	100	-

Name of companies		Principal activities	Place of incorporation	Equity holding 2022(%)	Equity holding 2021(%)
Chemical Tankers 18 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 19 Inc	e	Dormant	Marshall Islands	100	-
Chemical Tankers 20 Inc	e	Dormant	Marshall Islands	100	-
Chemical Tankers 21 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 22 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 23 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 24 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 25 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 26 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 27 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 28 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 29 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 30 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 31 Inc	e	Dormant	Marshall Islands	100	-
Chemical Tankers 32 Inc	e	Dormant	Marshall Islands	100	-
Chemical Tankers 35 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 36 Inc	e	Shipowning	Marshall Islands	100	-
Chemical Tankers 37 Inc	e	Dormant	Marshall Islands	100	-

(a) This company was registered in 2021

(b) This company was registered in 2022

(c) This company was incorporated as the result of the Group entering into a joint venture with Andromeda Shipping in 2021

(d) This company was struck off on 27 January 2022

(e) The acquisition of CTI was completed on 27 January 2022

(f) This company has been dissolved after voluntary liquidation on 9 December 2022

HAFNIA LIMITED
(Incorporated in Bermuda)

**COMPANY FINANCIAL
STATEMENTS**

For the Financial Year
ended 31 December

2022

Statement of Comprehensive Income

For the financial year ended 31 December 2022	Note	2022 USD '000	2021 USD '000
Dividend from a subsidiary		385,835	41,622
Gain from liquidation of subsidiary	8	-	900
Other operating expenses	4	(1,626)	(837)
Operating profit		384,209	41,685
Interest income		166	202
Interest expense		(30)	(30)
Other finance expense		(43)	(38)
Finance income – net		93	134
Profit before income tax		384,302	41,819
Income tax expense	5	-	-
Profit after tax, representing total comprehensive income for the financial year		384,302	41,819

Balance Sheet

As at 31 December 2022	Note	2022 USD '000	2021 USD '000
Subsidiaries	8	1,491,148	1,153,459
Joint venture	9	-	10,213
Loans receivable from subsidiary	7	4,900	4,900
Total non-current assets		1,496,048	1,168,572
Other receivables	6	165,588	111,746
Loans receivable from subsidiary	7	8,427	8,266
Cash and cash equivalents	10	1,940	*-
Total current assets		175,955	120,012
Total assets		1,672,003	1,288,584
Share capital	11	5,035	3,703
Share premium	11	1,023,996	704,834
Contributed surplus		537,112	537,112
Merger reserve		(76,657)	(76,657)
Share-based payment reserve		5,873	4,837
Capital reserve		(710)	-
Treasury shares		(12,675)	(12,832)
Retained earnings		188,226	47,672
Total shareholders' equity		1,670,200	1,208,669
Other payables	13	1,803	79,915
Total liabilities		1,803	79,915
Total equity and liabilities		1,672,003	1,288,584

*Amount less than USD 1,000.

Statement of Changes in Equity

For the financial year ended 31 December 2022	Note	Share capital USD '000	Share premium USD '000	Con-tributed surplus USD '000	Merger reserve USD '000	Treasury shares USD '000	Share-based payment reserve USD '000	Capital reserve USD '000	Retained earnings USD '000	Total USD '000
Balance at 1 January 2022		3,703	704,834	537,112	(76,657)	(12,832)	4,837	-	47,672	1,208,669
<u>Transactions with owners</u>										
Issue of common shares (net of capitalised equity raise costs)	11	376	97,170	-	-	-	-	-	-	97,546
Acquisition of subsidiaries (net of capitalised costs)	3	921	206,459	-	-	12,832	-	-	-	220,212
Equity-settled share-based payment		-	-	-	-	-	1,760	-	-	1,760
Share options exercised		-	-	-	-	2,893	(724)	(710)	-	1,459
Purchase of treasury shares cum issuance of shares	11	35	15,533	-	-	(15,568)	-	-	-	-
Dividend paid	18	-	-	-	-	-	-	-	(243,748)	(243,748)
<u>Total comprehensive income</u>										
Profit after tax, representing total comprehensive income for the financial year		-	-	-	-	-	-	-	384,302	384,302
Balance at 31 December 2022		5,035	1,023,996	537,112	(76,657)	(12,675)	5,873	(710)	188,226	1,670,200

For the financial year ended 31 December 2021	Note	Share capital USD '000	Share premium USD '000	Con-tributed surplus USD '000	Merger reserve USD '000	Treasury shares USD '000	Share-based payment reserve USD '000	Retained earnings USD '000	Total USD '000
Balance at 1 January 2021		3,703	704,834	537,112	(76,657)	(13,001)	1,859	5,853	1,163,703
<u>Transactions with owners</u>									
Equity-settled share-based payment		-	-	-	-	169	2,978	-	3,147
<u>Total comprehensive income</u>									
Profit after tax, representing total comprehensive income for the financial year		-	-	-	-	-	-	41,819	41,819
Balance at 31 December 2021		3,703	704,834	537,112	(76,657)	(12,832)	4,837	47,672	1,208,669

Statement of Cash Flows

For the financial year ended 31 December 2022	2022 USD '000	2021 USD '000
Cash flows from operating activities		
Profit for the financial year	384,302	41,819
Adjustments for:		
- interest income	(166)	(202)
- gain from liquidation of subsidiary	-	(900)
- dividend income	(385,835)	(41,622)
Operating cash flows before working capital changes	(1,699)	(905)
Changes in working capital:		
- other receivables	110,042	194
- other payables	(107,758)	710
Net cash provided by/(used in) operating activities	585	(1)
Cash flows from investing activities		
Interest received	5	-
Proceeds from liquidation of subsidiary	-	900
Loan to subsidiary	-	(4,900)
Equity investment in joint venture	-	(10,213)
Net cash provided by/(used in) investing activities	5	(14,213)
Cash flows from financing activities		
Proceeds from exercise of employee share options	1,350	-
Amount due to subsidiary	-	14,213
Net cash provided by financing activities	1,350	14,213
Net increase/(decrease) cash and cash equivalents	1,940	(1)
Cash and cash equivalents at beginning of the financial year	*-	1
Cash and cash equivalents at end of the financial year	1,940	*-

*Amount less than USD 1,000.

Significant non-cash transactions

During 2022, USD 243.7 million of dividends payment to shareholder were settled by subsidiaries for and on behalf of the Company.

On 27 January 2022, the Company acquired Chemical Tankers Inc and its subsidiaries ("CTI") by way of issuance of new shares of the Company together with the Company's existing treasury shares. The fair value of the net assets of CTI acquired amounted to USD 221.1 million. Refer to **Note 3**. Immediately following that, a subsidiary, Hafnia Holding II Limited, purchased all of the shares of CTI from the Company at a consideration measured by fair value of the net assets of CTI acquired on the acquisition date. The liability of Hafnia Holding II Limited owing to the Company for CTI has not been settled as at 31 December 2022.

The net proceeds from the issuance of 37,600,000 new common shares on 9 May 2022 were received by a subsidiary on behalf of the Company.

On 26 September 2022, USD 600 million of receivables due from a subsidiary was settled in exchange for the subsidiary's issued share capital.

Notes to the Financial Statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements

1. General Information

Hafnia Limited (the "Company"), 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.

On 16 January 2019, a wholly-owned subsidiary of Hafnia Limited (formerly known as BW Tankers Limited), BW Tankers Corporation, merged with Hafnia Tankers Limited ("Hafnia Tankers"), a fellow subsidiary of BW Group Limited ("BW Group"). The merger was effected through a share swap arrangement, where newly issued shares of BW Tankers Limited were exchanged for all outstanding shares of Hafnia Tankers Limited. On 21 January 2019, BW Tankers Corporation was merged with BW Tankers Limited without consideration in a simplified parent and subsidiary merger. BW Tankers Limited, the surviving entity, then changed its name to Hafnia Limited.

The principal activity of the Company is that of investment holding.

These financial statements were authorised for issue by the Board of Directors of Hafnia Limited on 30 March 2022.

2. Significant Accounting Policies

2.1 Basis of preparation

The 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.

2.2 Changes in accounting policies Amendments to published standards effective in 2022

The Company has adopted the new standards and amendments to published standards as of 1 January 2022. Changes in the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards and amendments.

The adoption of these new or amended standards did not result in substantial changes in the Company's accounting policies and had no material effect on the amounts reported in the financial statements for the current or prior financial years.

2.3 Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Estimates, assumptions and judgements are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no estimates and assumptions which have a material effect on the financial statements.

2.4 Revenue and income recognition Dividend income

Dividend income is recognised when the right to receive payment is established.

2.5 Investments in subsidiaries

Subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiaries are carried at cost less accumulated impairment losses in

the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.6 Financial assets

(a) Recognition and initial measurement

Other receivables are initially recognised when they are originated. Other financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss (FVTPL), which are recognised at fair value. Transaction costs for financial assets at FVTPL are recognised immediately as expenses.

(b) Classification

The Company classifies its financial assets at amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are presented as "Other receivables" and "Cash and cash equivalents" in the balance sheet.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

(c) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cashflows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(d) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(e) Impairment

For financial assets measured at amortised cost and contract assets, the Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for expected credit loss

(ECL) at an amount equal to the lifetime expected credit loss if there has been a significant increase in credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company recognises an allowance for ECL at an amount equal to 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

For trade receivables and contract assets, the Company applied the simplified approach permitted by IFRS 9, which requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased

significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience, informed credit assessment and other forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if the debtor is under significant financial difficulties, or when there is default or significant delay in payments. The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

2.7 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently carried

at amortised cost using the effective interest method, and are derecognised when the Company's obligation has been discharged or cancelled or expired.

2.8 Impairment of non-financial assets

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset (or CGU) other than goodwill is reversed if, and only if, there has been a change in the estimate of the asset's (or CGU's) recoverable amount since the last impairment loss was recognised. The carrying amount of the asset (or CGU) is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation and depreciation) had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of impairment loss for an asset (or CGU) other than goodwill is recognised in profit or loss.

2.9 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities measured at amortised costs approximate their fair values due to the short term nature of the balances.

2.10 Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in United States Dollars, which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date, are recognised in profit or loss.

2.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand short-term bank deposits, which are subject to an insignificant risk of change in value.

2.12 Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

2.13 Dividend to Company's shareholders

Interim dividends are recognised in the financial year in which they are declared payable and final dividends are recognised when the dividends are approved for payment by the directors and shareholders respectively.

2.14 Financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.



3. Acquisition of Subsidiaries

On 27 January 2022, the Company completed the acquisition of 100% of equity interest in Chemical Tankers Inc and its subsidiaries ("CTI"), including CTI's fleet of 32 vessels in exchange for the Company's equity instruments ("Acquisition of CTI"). The acquisition was accounted for as an asset acquisition that did not constitute a business combination and which was satisfied by way of issuance of new shares of the Company together with the Company's existing treasury shares.

In exchange for all outstanding shares in CTI, CTI's shareholders received a total of 99,199,394 common shares in the Company, consisting of 92,112,691 newly issued shares and 7,086,703 of treasury shares. Since the consideration for the acquisition was satisfied by way of issuance of the Company's equity instruments, the accounting of the fair value of the consideration settled follows the guidance of IFRS 2 *Share-based Payment*. At the acquisition date, ordinary shares and the existing treasury shares of the Company were issued to CTI's shareholders, and the fair value of issued shares was deemed to be the fair value of the CTI's net assets acquired.

The fair value of CTI's net assets acquired was assessed at USD 221.1 million. Equity settlement of the transaction resulted in an increase in share capital of USD 0.9 million and share premium of USD 207.4 million, while reducing balance of treasury shares by USD 12.8 million.

Immediately following the acquisition, a subsidiary, Hafnia Holding II Limited, purchased all of the shares of CTI from the Company at a consideration measured at fair value of the net assets of CTI.

4. Expenses by Nature

	2022 USD '000	2021 USD '000
Administrative expenses	692	21
Other expenses	934	816
Total other operating expenses	1,626	837

5. Income Taxes

No provision for tax has been made for the year ended 31 December 2022 and 2021 as the Company does not have any income that is subject to income tax based on the tax legislation applicable to the Company.

There are no income, withholding, capital gains or capital transfer taxes payable in Bermuda.

6. Other Receivables

	2022 USD '000	2021 USD '000
Other receivables		
- subsidiary	165,580	111,738
- non-related parties	8	8
	165,588	111,746

Other receivables due from subsidiary represent dividends receivable.

The carrying amounts of other receivables approximate their fair values.

Information about the Company's exposure to credit risk is disclosed in **Note 15**.

7. Loans Receivable from Subsidiary

	2022 USD '000	2021 USD '000
Loans receivable from subsidiary	13,327	13,166
Analysed as:		
- Non-current	4,900	4,900
- Current	8,427	8,266
	13,327	13,166

The loans receivable from subsidiary refer to amounts provided to Hafnia Tankers Marshall Islands LLC ("HTMI LLC") for on-lending to a joint venture company, Vista Shipping Pte. Ltd., for making payments for newbuild instalments and other vessel related expenses.

The non-current loan relates to a loan agreement offered to HTMI LLC and matures on 31 December 2025. It is unsecured, non-interest bearing and repayable on the earlier of (i) the maturity date or (ii) repayment from Vista Shipping Pte. Ltd. to HTMI LLC, whenever the subsidiary has surplus cash, and at the subsidiary's discretion to settle the loan outstanding. The Company has not disclosed the fair value since the timing of repayment can be variable, and the sum involved is not material to the overall financial statements.

The current loan relates to a loan agreement offered to HTMI LLC. It is unsecured, bears interest at 6% per annum and is repayable on demand.

8. Subsidiaries

	2022 USD '000	2021 USD '000
Equity investments at cost	1,257,966	657,966
Receivables from subsidiaries	233,182	495,493
	1,491,148	1,153,459

The receivables from subsidiaries originated from re-organisation of entities in prior years. Accordingly, these receivables are classified within "Subsidiaries" and are stated at amortised cost. These receivables are unsecured, interest-free, and settlement is at the absolute discretion of the subsidiaries. As the Company does not expect these receivables to be settled within the next 12 months, they have been classified as "non-current".

Details of the subsidiaries held directly by the Company are as follows:

Name of companies	Principal activities	Place of incorporation	Equity holding 2022	Equity holding 2021
Hafnia Pte. Ltd.	Management company	Singapore	100%	100%
Hafnia Tankers Marshall Islands LLC	Investment	Marshall Islands	100%	100%
Hafnia Holding Limited	Investment	Bermuda	100%	100%
Hafnia Holding II Limited	Investment	Bermuda	100%	100%

Impairment assessment

The Company assesses whether there are any indicators of impairment of investments in subsidiaries at each reporting date.

Management has used the fair value less cost to sell approach to determine the recoverable amounts for its investment in subsidiaries. For this purpose, the net assets of the subsidiaries were used and where needed, adjusted to reflect their fair values, and this involves restating the carrying values of the vessels held by subsidiaries to their fair values based on independent third-party valuation reports. Other items within the net assets computation are primarily current monetary items, whose carrying values already approximate their fair values. From the Compa-

ny's assessment of the fair values of the subsidiaries, and together with the prevailing market conditions affecting the subsidiaries owning and operating the product and chemical tanker businesses, the Company concluded none of the subsidiaries faced any indication of impairment as at 31 December 2022.

In 2021, the Company found indication of impairment for subsidiaries and estimated the recoverable amounts of subsidiaries using the basis as described above. For this purpose, the vessels held by subsidiaries were restated to their recoverable amounts based on the value in use approach. The value in use was determined with reference to the future cash flows projections of vessels held by Hafnia Pte. Ltd. And its subsidiaries, discounted at 6.9%. The discount rate took into account the time value of money and the risks specific to the vessels' estimated cash flows. Cash flows were projected based on past experiences and actual operating results. Charter rates were included based on actual contractual charter rates and forecast rates upon contract expiry for the remaining useful lives of the vessels. The projected cash outflows took into account existing and projected vessels' voyage and operating expenses. Other items within the net assets computation were primarily current monetary items, whose carrying values already approximated their fair values.

Based on the assessment, no impairment loss was recognised in prior year's profit or loss by the Company.

Liquidation of subsidiary

On 25 January 2021, the Certificate of Cancellation of subsidiary, Hafnia Tankers LLC ("HT LLC") was filed with the Registrar of Corporations in the Republic of the Marshall Islands. Prior to liquidation, HT LLC was an intermediate holding company of several subsidiaries; and the Company recorded an investment cost of USD 348,470,000 in HT LLC. The Company also recorded liabilities of USD 407,668,000 owing to HT LLC that arose from re-organisation of group entities in 2021, subsequent to the merger of Hafnia Limited with Hafnia Tankers Limited in January 2019, and another payable of USD 10,524,000 owing to HT LLC. As part of the liquidation procedure, all liabilities owing to HT LLC were forgiven, after the investment cost in HT LLC was written off. The Company considered the net effect of USD 69,722,000 as return on capital and was deducted against investment in subsidiaries. Only the cash proceed of USD 900,000 returned on liquidation of HT LLC was taken to current year's profit or loss.

The effect of the liquidation is as follows:

	USD '000
Extinguishment of loan liability owing to HT LLC	407,668
Forgiveness of payables owing to HT LLC	10,524
Equity investment written off	(348,470)
Return on capital	(69,722)
Cash distribution from HT LLC	900
Net gain from liquidation of subsidiary	900



9. Joint Venture

	2022 USD '000	2021 USD '000
Equity investments at cost	-	10,213

In July 2021, the Company and Andromeda Shipholdings Ltd ("Andromeda Shipholdings") entered into a joint venture, H&A Shipping Ltd ("H&A Shipping") in which the Company has joint control and 50% ownership interest. H&A Shipping is domiciled in the Republic of the Marshall Islands and structured as a separate vehicle in shipowning. Accordingly, the Company has classified its interest in H&A Shipping Ltd as a joint venture. In accordance with the agreement under which H&A Shipping is established, the Company and the other investor in the joint venture have agreed to provide equity in proportion to their interests to finance the newbuild programme.

On 16 March 2022, the Company's shareholdings in H&A Shipping was sold and transferred to its subsidiary, Hafnia Holding Limited at the same carrying cost.

10. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and short-term bank deposits.

Cash and cash equivalents are principally denominated in USD.

11. Share Capital and other Reserves

	Number of Shares	Share capital USD'000	Share premium USD'000	Total USD'000
At 1 January 2022	370,244,325	3,703	704,834	708,537
Shares issued for acquisition of CTI	92,112,691	921	206,459	207,380
New shares issued	37,600,000	376	97,170	97,546
Purchase of treasury shares cum issuance of shares	3,431,577	35	15,533	15,568
At 31 December 2022	503,388,593	5,035	1,023,996	1,029,031
At 1 January 2021, 31 December 2021	370,244,325	3,703	704,834	708,537

(a) Authorised share capital

The total authorised number of shares is 750,000,000 (2021: 600,000,000) common shares at par value of USD 0.01 per share.

In August 2022, the total authorised number of shares was increased by 150,000,000 shares with a par value of USD 0.01 per share.

(b) Issued and fully paid share capital

On 27 January 2022, the Company issued 99,199,394 ordinary shares in the Company, consisting of 92,112,691 newly issued common shares and 7,086,703 treasury shares, for the acquisition of CTI.

On 9 May 2022, the Company issued 37,600,000 new common shares at a subscription price of NOK 25 per share, raising net proceeds of USD 97.5 million.

On 26 August 2022, the Company entered into a share lending agreement with BW Group Limited ("BW Group"), whereby BW Group will lend 3,431,577 shares of the Company. The borrowed shares were redelivered by way of the Company issuing new shares to BW Group at a subscription price of USD 0.01 per share. Following this transaction, the Company had 3,431,577 newly issued shares and 3,431,577 treasury shares. This allows the Company to be able to promptly deliver existing shares held in treasury to employees exercising their vested options under the share options granted to management personnel in 2019 for Tranche 1, Tranche 2, Tranche 3 and Tranche 4.

All issued common shares are fully paid. The newly issued shares rank pari passu with the existing shares.

(c) Share premium

The difference between the consideration for common shares issued and their par value is recognised as share premium.

USD 1.2 million of fees and expenses incurred for the issuance of new common shares were capitalised against share premium in 2022.

(d) Contributed surplus

Contributed surplus relates to the amount transferred from share capital account when the par value of each common share was reduced from USD 5 to USD 0.01 per share in 2015. Contributed surplus is distributable, subject to the fulfilment of the conditions as stipulated under the Bermudian Law.

(e) Treasury shares

The reserve for the Company's treasury shares comprises the cost of the Company's shares held. At 31 December 2022, the Company held 2,793,797 of its own shares (2021: 7,086,703).

(f) Capital reserve

The deficit refers to the reversal of the cost of the treasury shares acquired, recorded in the treasury shares account against the option price on those shares upon exercise of employee share options during the year.

12. Share-Based Payment Arrangements

(a) Description of share-based payment arrangements

(i) Share option programme (equity-settled)

The Company 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 Company. On 16 January 2019, 1 March 2019, 1 June 2019, 1 August 2019 (collectively known as "LTIP 2019"), 25 February 2020, 8 March 2021 and 15 March 2022, the Company 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 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")	1,834	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 1 March 2019 ("Tranche 2")	207	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 1 June 2019 ("Tranche 3")	1,183	3 years' service condition from grant date of Tranche 1	16 January 2025
Option grant to key management personnel on 1 August 2019 ("Tranche 4")	207	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 25 February 2020 ("LTIP 2020")	3,432	3 years' service condition from grant date	25 February 2026
Option Grant to key management personnel on 8 March 2021 ("LTIP 2021")	3,432	3 years' service condition from grant date	8 March 2027
Option Grant to key management personnel on 15 March 2022 ("LTIP 2022")	1,849	3 years' service condition from grant date	15 March 2028

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

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

(ii) Restricted share units (equity-settled)

On 15 March 2022, the Group granted a total of 462,357 restricted share units ("RSU 2022") to key management. All restricted share units are to be settled by physical delivery of shares to the employees when they vest on 15 March 2025.

(b) Measurement of grant date fair values**(i) Measurement of grant date fair values of share options**

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	Tranche 4	LTIP 2020	LTIP 2021	LTIP 2022
Grant date	16 January 2019	1 March 2019	1 June 2019	1 August 2019	25 February 2020	8 March 2021	15 March 2022
Share price (NOK)	24.03	24.17	24.47	24.67	20.57	16.55	20.01
Exercise price (NOK)	27.81	27.81	27.81	27.81	23.81	19.16	23.16
Time to maturity (years)	4.5	4.4	4.1	4.0	4.5	4.5	4.5
Risk free rate	2.54%	2.54%	1.93%	1.78%	1.24%	1.02%	2.24%
Volatility	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Dividends	-	-	-	-	-	-	-
Annual tenure risk	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Share options granted	1,833,958	207,278	1,183,063	207,278	3,431,577	3,431,577	1,849,428
Fair value at grant date (USD)	1,610,382	182,009	976,425	169,317	2,249,146	2,036,068	1,263,630

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

(ii) Measurement of grant date fair values of restricted share units

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

	Restricted share units RSU 2022
Grant date	15 March 2022
Grant date fair value (NOK)	20.01
Grant date fair value (USD)	2.21
Annual tenure risk	7.50%
Restricted share units granted	462,357
Fair value at grant date (USD)	808,875

(c) Reconciliation of outstanding share options

Movements in the number of unissued common shares under option are as follows:

	At the beginning of the year	Granted during the year	Exercised during the year	At the end of the year
2022				
LTIP 2019	3,431,577	-	(637,780)	2,793,797
LTIP 2020	3,431,577	-	-	3,431,577
LTIP 2021	3,431,577	-	-	3,431,577
LTIP 2022	-	1,849,428	-	1,849,428
Total	10,294,731	1,849,428	(637,780)	11,506,379
2021				
LTIP 2019	3,431,577	-	-	3,431,577
LTIP 2020	3,431,577	-	-	3,431,577
LTIP 2021	-	3,431,577	-	3,431,577
Total	6,863,154	3,431,577	-	10,294,731



13. Other Payables

	2022 USD '000	2021 USD '000
Other payables		
- related corporations	10	78,592
- non-related parties	441	-
Loan payable to related corporation	1,106	1,076
Accrued operating expenses	246	247
	1,803	79,915

The carrying amounts of other payables, principally denominated in United States Dollars, approximate their fair values due to the short period to maturity.

The other payables to related corporations are unsecured, interest-free and are repayable on demand.

The loan payable to a related corporation is unsecured, interest-free and has no fixed terms of repayment.

Information about the Company's exposure to currency and liquidity risks is included in **Note 15**.

14. Financial Guarantee Contracts

The Company's policy is to provide financial guarantees only to the wholly-owned subsidiaries or joint ventures of the Group. At 31 December 2022, the Company has issued financial guarantees to certain banks in respect of credit facilities granted to subsidiaries. These bank borrowings amount to USD 726.4 million (2021: USD 1,112.9 million) at the balance sheet date.

The Company and CSSC (Hong Kong) Shipping Company Limited, have issued a joint financial guarantee to certain banks in respect of credit facilities granted to the joint venture, Vista Shipping. Bank borrowings provided to the joint venture amounts to USD 130.8 million (2021: USD 141.6 million) at the balance sheet date. Corporate guarantee given will become due and payable on demand if an event of default occurs.

The Company and Andromeda Shipholdings Ltd have issued a joint financial guarantee to certain banks in respect of credit facilities granted to a joint venture, H&A Shipping. Bank borrowings provided to the joint venture amounts to USD 42.3 million (2021: USD 21.5 million) at the balance sheet date. Corporate guarantees given will become due and payable on demand if an event of default occurs.

In addition, the Company issued a limited financial guarantee to a bank in respect of the USD 50.0 million (2021: USD 50.0 million) receivables purchase agreement facility granted to the commercial pools. Any liability arising is limited to the recourse lenders have against the Company after considering the recourse waterfall mechanism in place in the facility agreement, where the Company is the final avenue of recourse. The Company has appraised such liability to be remote.

15. Financial Risk Management

Financial risk factors

The Company's activities expose it to a variety of financial risks. The Company's overall risk management programme focuses on the unpredictabil-

ity of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company.

(a) Market risk – Currency risk

The Company's business operations are not exposed to significant foreign exchange risk as it has no significant regular transactions denominated in foreign currencies.

(b) Credit risk

The Company's credit risk is primarily attributable to other receivables, loans receivable from subsidiaries and cash and cash equivalents. Other receivables are neither past due nor impaired. The maximum exposure is represented by the carrying value of each financial asset on the balance sheet.

The Company has used a general 12-month approach in assessing the credit risk associated with loans receivable from subsidiaries.

The Company performs ongoing credit risk assessment of subsidiaries to make sure they have sufficient resources to make settlement of its liability to the Company. In this regard, the Company is of the opinion that the credit risk of default is low.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company maintains sufficient cash for its daily operations via short-term cash deposits at banks and funding from a subsidiary. Unless there is a liquidity need, the Company allows the vessel owning and operating subsidiaries to retain their surplus cash from operations.

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date on an undiscounted basis.

**Less than
1 year
USD '000**

At 31 December 2022

Other payables	1,803
----------------	--------------

At 31 December 2021

Other payables	79,915
----------------	--------

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividends paid, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2022 and 2021.

(e) Accounting classifications and fair values

The following tables present assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (1)** quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (2)** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- (3)** inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Note	Carrying amount		Fair value			
		Financial assets at amortised cost USD '000	Total USD '000	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
At 31 December 2022							
Financial assets not measured at fair value							
Other receivables	6	8	8				
Loans receivable from subsidiary	7	13,327	13,327	-	13,327	-	13,327
Cash and cash equivalents	10	1,940	1,940				
		<u>15,275</u>	<u>15,275</u>				

	Note	Carrying amount		Fair value			
		Other financial liabilities USD '000	Total USD '000	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
At 31 December 2022							
Financial liabilities not measured at fair value							
Other payables	13	1,803	1,803				
		<u>1,803</u>	<u>1,803</u>				

	Note	Carrying amount		Fair value			
		Financial assets at amortised cost USD '000	Total USD '000	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
At 31 December 2021							
Financial assets not measured at fair value							
Other receivables	6	8	8				
Loans receivable from subsidiary	7	13,166	13,166	-	13,166	-	13,166
Cash and cash equivalents	10	*-	*-				
		13,174	13,174				

	Note	Carrying amount		Fair value			
		Other financial liabilities USD '000	Total USD '000	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
At 31 December 2021							
Financial liabilities not measured at fair value							
Other payables	13	79,915	79,915				
		79,915	79,915				

*Amount less than USD 1,000.

(f) Offsetting financial assets and financial liabilities

The Company's financial assets and liabilities are not subjected to enforceable master netting arrangements or similar arrangements.

16. Holding Corporations

In May 2022, following series of equity shares placement to other shareholders, BW Group lost control over Hafnia Limited but remains the single largest shareholder of the Group.

Since the loss of control, the Company does not have ultimate and immediate holding corporations. Previously, the Company's ultimate and immediate holding corporation was BW Group Limited, incorporated in Bermuda, which is wholly owned by Sohmen family interests.

17. Related Party Transactions

Related party information has been disclosed elsewhere in the financial statements.

18. Dividends Paid

	2022 USD '000	2021 USD '000
Interim dividend paid in respect of Q1 2022 of USD 0.0210 per share	10,499	-
Interim dividend paid in respect of Q2 2022 of USD 0.1862 per share	93,100	-
Interim dividend paid in respect of Q3 2022 of USD 0.2801 per share	140,149	-
	243,748	-

The directors have declared a dividend of USD 0.3157 per share or USD 159.0 million for the financial year ended 31 December 2022.

The total interim dividends paid in FY2022 amounted to USD 0.4869 per share or USD 243.7 million.

Under the Bermuda Companies Act, dividends cannot be paid if there are reasonable grounds for believing that (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the Company's assets would thereby be less than its liabilities.

The Company has acted in accordance with the provisions of the Bermuda Companies Act when declaring dividends.

19. New or Revised Accounting Standards and Interpretations

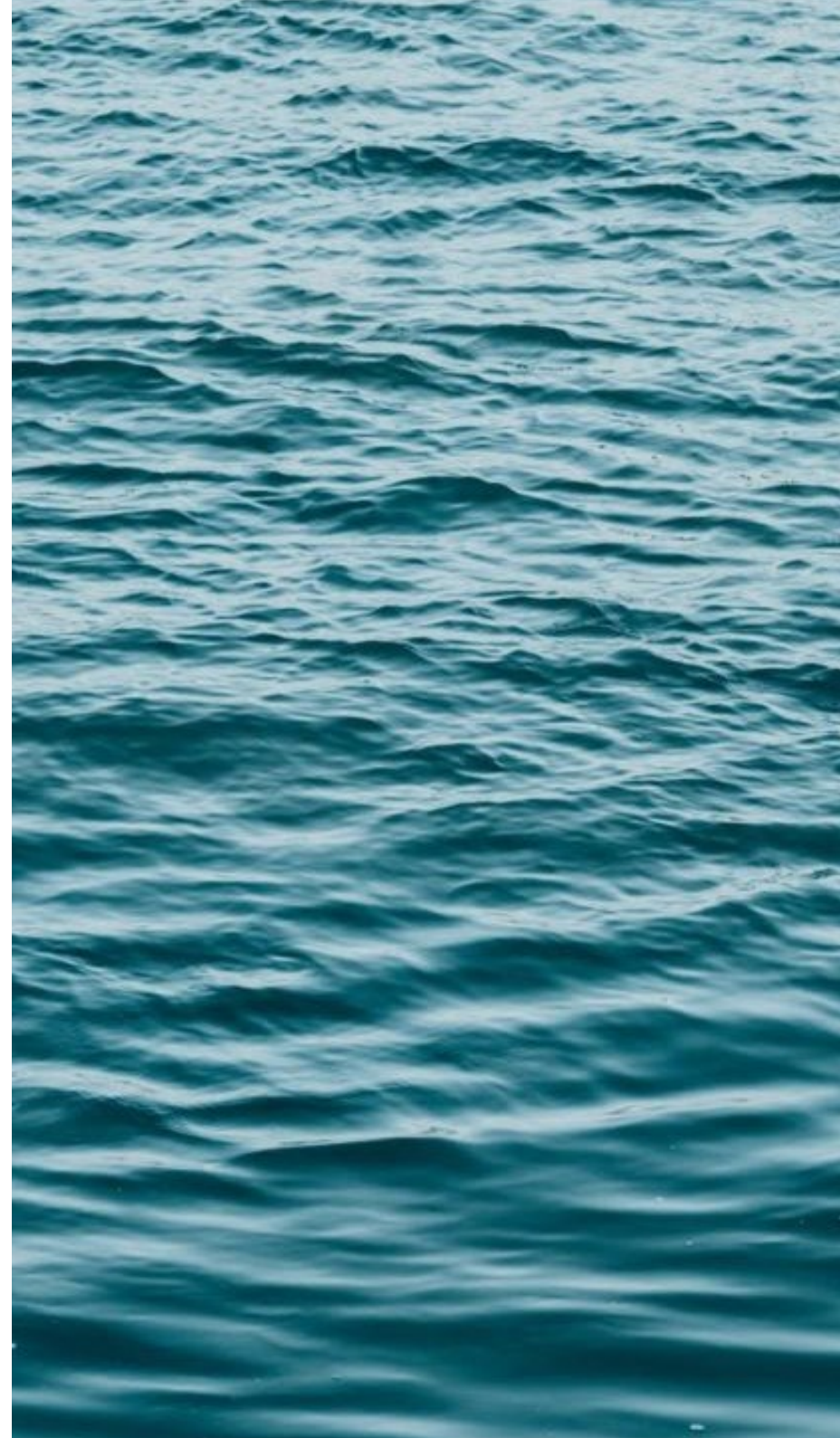
A number of new standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

20. Events Occuring after Balance Sheet Date

On 25 January 2023, Oaktree Capital Management (OCM) sold 25,200,000 shares of the Company (approximately 5.01% of the Company's outstanding shares) at NOK 50.0 per share through a private placement. Following completion of the placement, OCM holds 25,038,624 shares in the Company (equal to approximately 4.97% of the Company's outstanding shares).

On 28 February 2023, the options under LTIP 2020 had vested. In order to for the Company to be able to promptly deliver existing shares to employees exercising their vested options under LTIP 2020, the Company has entered into a share lending agreement with BW Group whereby BW Group will lend 3,431,577 shares of the Company to be held in treasury. On 1 March 2023, the Company settled these borrowed shares by way of issuing 3,431,577 new ordinary shares to BW Group. Following the issuance of the new ordinary shares, there are 506,820,170 issued shares in the Company, each with a nominal value of USD 0.01, all of which have been validly and legally issued and fully paid.



xes

Annexes



ESG Content Index



nex

ESG Accounting Policies

Topic	1 January to 31 December 2022
Scope & consolidation	<p>The adoption of the terminology Scope 1 and Scope 2 follows the guidelines of the GHG Protocol as below:</p> <ul style="list-style-type: none"> • Scope 1 accounts for the Company's direct emissions from owned or controlled sources • Scope 2 accounts for the Company's emissions from purchased or acquired electricity, steam, heat and cooling <p>The data included in this report apply to Hafnia Ltd. and its controlled subsidiaries. Data collected for each company and office have been internally verified and are subject to control from an external carbon accountant prior to publication.</p> <p>For Scope 1 calculations, according to the GHG Protocol, a Control approach has been used, accounting for all vessels operated by Hafnia, whether these are owned by the Company or not. Emissions deriving from ships that have been sold during the year have been taken into account for the entire time they were operated by Hafnia. For the first time, and following the Green House Gas (GHG) Protocol, we are reporting the emissions coming from vessels sold during the year until we hand them over.</p> <p>Further assumptions for the calculations have been:</p> <ul style="list-style-type: none"> • Data from associates or joint ventures are not taken into account in the calculations • Data relating to bare-boat agreements are included in the calculations • Data relating to time-charter agreements are not included in the calculations • Data related to vessels over which we have technical control are reported into the calculations • Data related to ships we partially own, but for which we are not responsible for in terms of technical control or management are not reported in the calculations <p>Technical management of an asset on behalf of third parties follows the same consolidation approach. Thus, data are consolidated by the asset owner/lessee who has operational control over the asset.</p>
Direct GHG emissions (Scope 1)	<p>Direct GHG emission from Hafnia's activities, Scope 1, is the sum of all six Kyoto Gases: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ converted into CO₂ equivalents. As of today, the only GHG emissions imputable to Hafnia are from CO₂.</p> <p>The Scope 1 emissions have been calculated based on 113 vessels and ten vessels sold during the year.</p> <p>Data collected for Scope 1 emissions, across the full 2022 calendar year have been externally approved by March 31 2023 by the Recognised Organisation (RO) to be compliant with IMO DCS.</p>
Indirect GHG (Scope 2) – location-based	<p>Indirect GHG emissions, Scope 2, is the CO₂e emitted from purchased electricity, steam and cooling in our offices in Singapore, Copenhagen, Dubai, Monaco and Houston.</p> <p>The calculation is based on consumed electricity, district heating and cooling bought from a third party multiplied by the location-based IEA CO₂ equivalent emission factors.</p>



Hafnia Languedoc – the first of four dual-fuel LNG equipped Newbuild vessels – delivered in March 2023

ESG Index

ESG Reporting under the GRI Standards

GRI 2021	Disclosure Title		Page in the report / Disclosure
Universal Standards			
GRI 2: General Disclosures	The organisation and its reporting practices		
	2-1	Organisational details	p. 9 - 13 Hafnia operates in more than 122 countries
	2-2	Entities included in the organisation's sustainability report	p. 206-209
	2-3	Reporting period, frequency and contact point	p. 117, 121, 43
	2-4	Restatements of information	p. 55, 236
	2-5	External assurance	None
	Activities and workers		
	2-6	Activities, value chain and other business relationships	p. 13, 19, 26-31
	2-7	Employees	p. 74 Method used: Headcount, calculation has been conducted at the end of the reporting year"
	Governance		
	2-9	Governance structure and composition	p. 91 - 94
	2-10	Nomination and selection of the highest governance body	p. 96 - 97
	2-11	Chair of the highest governance body	p. 93
	2-12	Role of the highest governance body in overseeing the management of impacts	p. 49, 91 - 92, 107
	2-13	Delegation of responsibility for managing impacts	p. 49
	2-14	Highest governance body's role in sustainability reporting	Board of Directors
	2-15	Conflicts of interest	p. 106-109
	2-16	Communication of critical concerns	p. 44, 86
	2-17	Collective knowledge of highest governance body in sustainable reporting	On a quarterly basis for ESG matters
	2-18	Evaluation of the performance of the highest governance body	Self-assessment evaluation
	2-19	Remuneration policies	p. 97
2-20	Process to determine remuneration	p. 97, no external consultants	
2-21	Annual total compensation ratio and percentage increase	Not reported	

GRI 2021	Disclosure Title		Page in the report / Disclosure
Universal Standards			
GRI 2: General Disclosures	Strategy, policies and practices		
	2-22	Statement on sustainable development strategy	p. 49, 51
	2-23	Policy commitments	p. 82 - 86
	2-24	Embedding policy commitments	p. 82 - 86
	2-25	Processes to remediate negative impacts	p. 86
	2-26	Mechanisms for seeking advice and raising concerns	p. 86
	2-27	Compliance with laws and regulations	p. 82 - 86
	Stakeholder Engagement		
2-29	Approach to stakeholder engagement	p. 47	
GRI 3: Material Topics 2021	Material Topics		
	3-1	Process to determine material topics	p. 45
	3-2	List of material topics	p. 45
	3-3	Management of material topics	p. 45, 49
Topic Standards			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	p. 144 - 149
	201-2	Financial implications and other risks and opportunities due to climate change	p. 99 - 102
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not applicable
	202-2	Proportion of senior management hired from the local community	33.3 % of the EMT members'nationality is the one of the country they work on
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption Significant risks related to corruption	p. 85
	205-2	Communication and training about anti-corruption policies and procedures	p. 85
	205-3	Confirmed incidents of corruption and actions taken	None

GRI 2021	Disclosure Title		Page in the report / Disclosure	
Topic Standards				
GRI 206: Anti-Competitive Behaviour 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 44	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	p. 55	
GRI 304: Biodiversity 2016	304-2	Significant impact of activities, products and services on biodiversity	p. 58 - 65	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	p. 55 Methodology consistent with Fourth IMO GHG Study	
	305 -5	Reduction of GHG emissions associated to Scope 1	p. 52 - 55	
	305-2	Energy indirect (Scope 2) GHG emissions	p. 55	
	305-4	GHG emissions intensity ratio for the organisation	p. 52 - 55, EE0I=11.01	
	305-5	Reduction of GHG emission applicable to scope 2	Not applicable	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	p. 63	
GRI 306: Waste 2020	306-1 306-2 306-5	Waste generation, management and significant waste-related impacts	p. 63 - 65	
	306-3	Waste generated	p. 64	
	GRI 401: Employment	401-1	New employee hires and employee turnover	p. 74
		401-3	Parental leave	p. 80

GRI 2021	Disclosure Title		Page in the report / Disclosure
Topic Standards			
GRI 403: Occupational Health and safety 2018	403 1-10	Occupational health and safety management system	p. 66 - 70
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	p. 76
	404-2	Programs for upgrading employee skills and transition assistance programs	p. 76-77
	404-3	Percentage of employees receiving regular performance and career development by gender and employee category	p. 76
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees by gender and age group	p. 74 - 75, 78 - 80
	405-2	Ratio of basic salary and remuneration of women to men, based on average pay for each gender group	Not reported
GRI 410: Security Practices 2016	410-1	Security training on human rights policies or procedures	p. 81, 84
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	p. 81, 84

ESG Reporting under the SASB Marine Transportation Standards

Topic	SASB	Disclosure Title	Page in the report / Disclosure
Greenhouse Gas Emissions	TR-MT-110.a.1	Gross global Scope 1 emissions	p. 55
	TR-MT-110.a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emission reduction targets, and an analysis of performance against those targets	p. 51 - 55
	TR-MT-110.a.3	Total energy consumed, percentage heavy fuel oil and percentage of renewable	24,053,927,774 Megajoule (MJ), 83%, 0%
	TR-MT-110.a.4	Average energy efficiency design index (EEDI) for new ships	EEDI for new ships will be available end of April
Air Quality	TR-MT-120.a.1	Air emissions of the following pollutants: NOx (excluding N2O), Sox and particulate matter (PM10)	p. 63
Ecological Impacts	TR-MT-160.a.1	Shipping duration in marine protected areas (MPAs) or areas of protected conservation status	Not reported
	TR-MT-160.a.2	Percentage of fleet implementing ballast water exchange	8.8 %
	TR-MT-160.a.2	Number of spills and releases to the environment	p. 62
	TR-MT-160.a.3	Number of spills and releases to the environment	p. 64
		Aggregate volume of spills and releases to the environment	2,100 Gallon US (gal US)
Employee Health & Safety	SASB TR-MT-320.a.1	Employee lost time incident rate (LTIR)	p. 68
Accident & Safety Management	SASB TR-MT-540.a.1	Number of marine casualties, percentage classified as very serious	p. 67
	SASB TR-MT-540.a.2	Number of conditions of Class or Recommendations	p. 19
	SASB TR-MT-540.a.3	Number of port state control deficiencies	p. 68
		Number of port state control detentions	2 Port state control detentions

Topic	SASB	Disclosure title	Page in the report / Disclosure
Business Ethics	SASB TR-MT-510.a.1	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	43 Calls at ports listed in the Transparency International's Corruption Perception Index
	SASB TR-MT-510.a.2	Total amount of monetary losses result of legal proceedings associated with bribery or corruption	None
Activity Metric	TR-MT-000.A	Number of shipboard employees	p. 74
	TR-MT-000.B	Total distance traveled by vessels	p. 63
	TR-MT-000.C	Operation days	p. 19
	TR-MT-000.D	Deadweight tonnage	p. 19
	TR-MT-000.E	Number of vessels in total shipping fleet	p. 19
	TR-MT-000.F	Number of vessel port calls	p. 19

TCFD Reporting

Governance		
a)	Describe the board's oversight of climate-related risks and opportunities.	At Hafnia, ESG and Climate Strategy, and Governance are prioritised from the top and anchored with the Board of Directors and our Leadership Group. The Board discusses and includes sustainability considerations into our corporate strategy, governance, risk profile and decision making. The ESG performance and sustainability-linked topics are discussed between the Board and CEO on a quarterly basis. The Audit Committee oversees our climate related-risks and opportunities as well as our ESG disclosures, processes, controls and external assurance.
b)	Describe management's role in assessing and managing risks and opportunities.	Management reviews climate-related risks and opportunities on an ongoing basis, as part of its responsibilities for enterprise risk management. Risks and opportunities identified are integrated into Hafnia's Climate Risk assessment and evaluated over time, considering the possible impacts for our business in the short and long term.
Strategy		
a)	Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term.	Climate-related risks and opportunities have been identified for short-, medium-, and long-term and the results have been synthesised in the Risks and Opportunities table. Refer to the Chapter 3
b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Refer to the Chapter 3.3.
c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Following the recommendations of TCFD, Hafnia considered two climate risk scenarios, a 1.5 degree Celsius and a 3.0-degree Celsius scenario. Hafnia is investing into climate reduction pathways required to achieve the targets including the IMO's and Paris Agreement's current 2030 and 2050 reduction goals. The strategy will continuously evolve and adapted to ensure resilience of our business both in the short and long term.

Risk Management		
a)	Describe the organisation's processes for identifying and assessing climate-related risks.	Our company assessed the transitional and physical risks within each scenario and identified the impacts, opportunities, and mitigation strategy within each of the major risk categories. A formal Climate Risk Review had been conducted, including management workshops, led by an external advisory. A summary of the outcomes is included in Chapter 3.3
b)	Describe the organisation's processes for managing climate-related risks.	Various management approaches are used for addressing climate-related risks. This includes measurement, mitigation and adaptation strategies. The climate-related risks are also integrated into our Enterprise Risk Management system, to further assess which initiatives can tangibly and effectively manage them.
c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate-related risks are fully integrated into Hafnia's risk management approach and will be assessed by the Board and Management on an ongoing basis.
Metrics & Targets		
a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	GHG emissions are measured in CO2 equivalents. Risk categories are defined, and proper measurements developed for an effective measurement of risk management.
b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Refer to Chapter 2.2
c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Refer to Chapter 2.2



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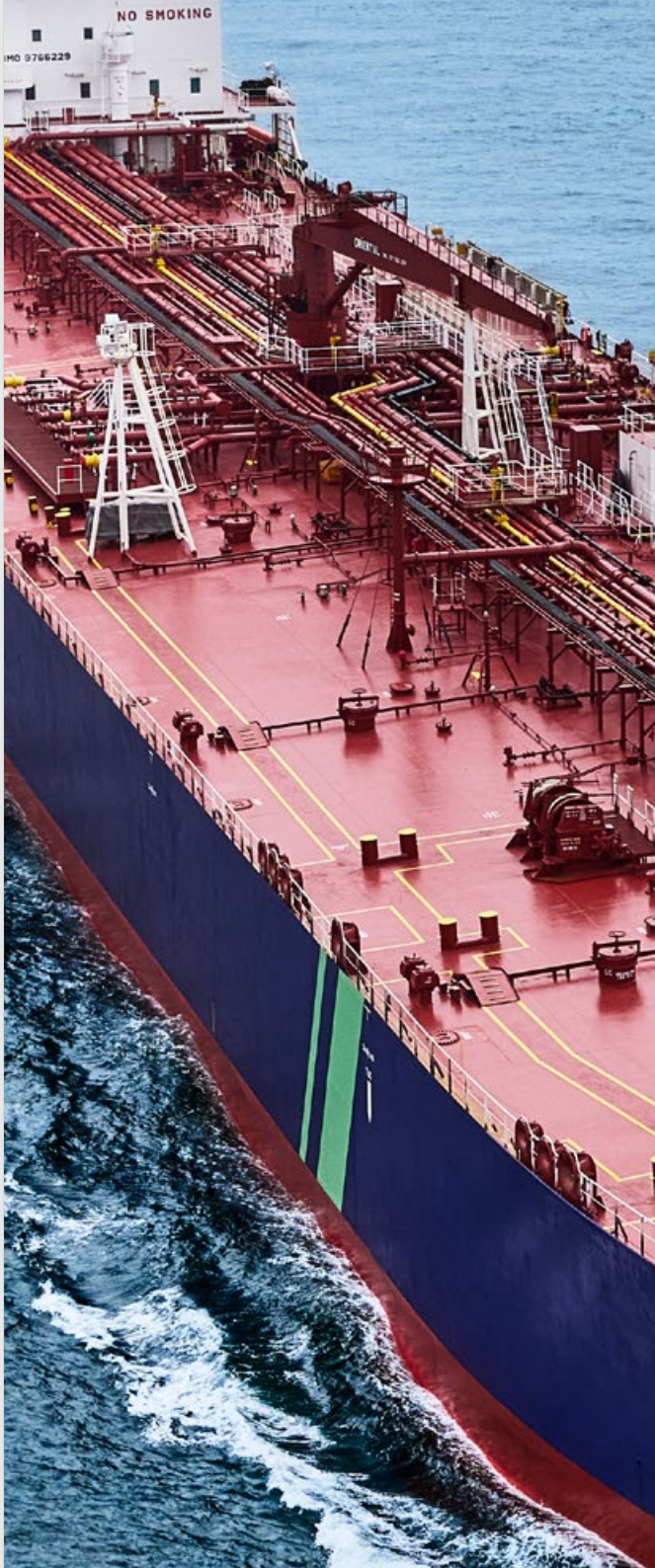
Annexes

Safe Harbour Review



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Disclaimer Regarding Forward-Looking Statements in the Annual Report

This annual 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.



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Annexes

Glossary



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Glossary

Term	Definition
ABS	American Bureau of Shipping
AER	Annual Efficiency Ratio
Bareboat Charter	An arrangement where charterer has possession and control of the vessel, including the right to appoint the crew
Bermuda Companies Act	The Companies Act 1981, as amended, of Bermuda
Bunkers	Fuel used on vessels to run its engines
BWTS	Ballast Water Treatment System
Chemical Tanker	Vessel suitable for carrying clean petroleum products and wide range of chemicals
Chemical-Handy	Chemical handy size, class of chemical tankers with cargo carrying capacity between 25,000 dwt and 39,999 dwt
Chemical-Handy Pool	The Chemical-Handy pool for Chemical-Handy vessels (one of seven commercial tanker pools the Group operates as a pool manager for)
Chemical-MR	Chemical medium range, class of chemical tankers with cargo carrying capacity between 40,000 dwt and 54,999 dwt
Chemical-MR Pool	The Chemical-MR pool for Chemical-MR vessels (one of seven commercial tanker pools the Group operates as a pool manager for)
CII	Carbon Intensity Indicator
Coating	Coatings applied to product tanker tanks, allowing the vessel to load refined oil products
Commercial Management	An arrangement to manage a vessel's commercial operation on behalf of the shipowner
Corporate Governance Code	Corporate Governance Code

Term	Definition
CTI	Chemical Tankers, Inc
DEI	Diversity, Equity and Inclusion
Demurrage	A charge payable to the shipowner by the charterer of a vessel upon failure in discharging the vessel within the time agreed
DIBE	Diversity, Equity and Belonging
DIBE	Diversity Inclusion Belonging and Equity
DNV	International classification society
DSG	Diversity Study Group
Dwt	Deadweight ton, a measure of the carrying capacity of a vessel
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EEXI	Energy Efficiency Existing Ship Index
EMS	Environmental Management System
EMT	Executive Management Team
ESG	Environmental, Social and Governance
EU ETS	European Emission Trading System
EUR	The lawful currency of the participating member states in the European Union
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GSI	Guangzhou Shipyard International Co., Ltd
Hafnia	Hafnia Limited

Term	Definition
Handy	Handy size, class of product tankers with cargo carrying capacity between 25,000 dwt and 39,999 dwt
Handy Pool	Handy pool for Handy vessels (one of seven commercial tanker pools the Group operates as a pool manager for)
HMD	Hyundai Mipo Dockyard
HSEQ	Health, safety, environment and quality
IASB	International Accounting Standards Board
IBIA	International Bunker Industry Association
IFRS	International Financial Reporting Standards as adopted by the European Union
IMO	International Maritime Organisation
ISM Code	International Safety Management Code
ISPS	International Ship and Port Facility Security
JMU	Japan Marine United
KPI	Key Performance Indicator, a performance measure that evaluates an organisation's progress towards its long-term goals
KPMG	KPMG Singapore LLP
LG	Leadership Group
LNG	Liquefied Natural Gas carriers
LOTO	Lock out, tag out (LOTO) is a safety procedure used to ensure that dangerous equipment is properly shut off and not able to be started up again prior to the completion of maintenance or repair work.
LPG	Liquefied Petroleum Gas carriers

Term	Definition
LR1	Long Range I, class of product tankers with cargo carrying capacity between 55,000 dwt and 84,999 dwt
LR1 Pool	The LR1 pool for LR1 vessels (one of seven commercial tanker pools the Group operates as a pool manager for)
LR2	Long Range II, class of product tankers with cargo carrying capacity between 85,000 dwt and 124,999 dwt
LR2 Pool	The LR2 pool for LR2 vessels (one of seven commercial tanker pools the Group operates as a pool manager for)
LTIF	Lost Time Incident Frequency
LTIP	The long-term incentive plan established by the Board of Directors
MACN	Maritime Anti-Corruption Network
MIF	Maritime Industry Framework
MLC	Maritime Labour Convention
MPAs	Marine Protected Areas
MR	Medium range, class of product tankers with cargo carrying capacity between 40,000 dwt and 54,999 dwt
MR Pool	MR pool for MR vessels (one of seven commercial tanker pools the Group operates as a pool manager for)
MT	Metric ton

Term	Definition
Net Loan-to-value (LTV)	A leverage ratio, measured by vessel bank and finance lease debt (excluding debt for vessels sold but pending legal completion) less cash divided by broker vessel values (100% owned vessels)
NOK	Norwegian kroner, the lawful currency of Norway
OPEC	Organisation of the Petroleum Exporting Countries
Oslo Stock Exchange	Oslo Børs, a stock exchange operated by a Norwegian stock exchange being part of Euronext and operated by Oslo Børs ASA
P&I Club	Protection & Indemnity club
Pool or Pools	Specialized Pool, Handy Pool, MR Pool, LR1 Pool, LR2 Pool, Chemical-Handy Pool, Chemical-MR Pool, collectively
PPE	Personal Protection Equipment
Product Tanker	Vessel suitable for carrying clean petroleum products, edible oils and very light chemical cargo grades
PSC	Port State Control
SASB	Sustainability Accounting Standards Board
Scorpio	Scorpio Tankers Inc
SGD	Singapore Dollar, the lawful currency of Singapore
SMA	Singapore Maritime Academy
Specialized	Specialized, class of product tankers with cargo carrying capacity below 20,000 dwt

Term	Definition
Specialized Pool	Specialized pool for specialized vessels (one of seven commercial tanker pools the Group operates as a pool manager for)
Spot Market	Market exposed to short term fluctuations in charter rates where vessels are contracted for a single voyage
SPP	SPP Shipbuilding
STX	STX Offshore & Shipbuilding Co., Ltd
TCE	Time Charter Equivalent, a standard income reporting measure used in the shipping industry, representing voyage income less voyage expenses
TCFD	Taskforce on Climate-related Financial Disclosure
Technical Management	To manage a vessel's technical operations and crew on behalf of the shipowner
Time Charter	An arrangement where charterer undertakes to hiring of a vessel for a stated period of time but the shipowner is responsible for crewing the vessel
Tonne-mile	A measure of one tonne of freight moved over a distance of one mile
TRCF	Total Recordable Case Frequency
USD	The lawful currency of the United States



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.

Term	Definition
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 Group 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.
Chemical-Handy Pool	The Chemical-Handy pool for Chemical-Handy vessels (one of seven commercial tanker pools the Group operates as a pool manager for)
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.



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Fleet List



Fleet List

 **Fleet** as of 31 Dec 2022

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Handy

06

MR

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LR1

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LR2

06

Chemicals - Handy

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Chemicals - MR

06

Newbuilds

04

Handy

Name	Capacity (Dwt)	Month-Year Built	Shipyard	Flag	Ownership
Hafnia Bering	39.067	Apr/15	HMD	Singapore	Owned
Hafnia Magellan	39.067	May/15	HMD	Singapore	Owned
Hafnia Malacca	39.067	Jul/15	HMD	Singapore	Owned
Hafnia Soya	38.700	Nov/15	HMD	Singapore	Owned
Hafnia Sunda	39.067	Sep/15	HMD	Singapore	Owned
Hafnia Torres	39.067	May/16	HMD	Singapore	Owned

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MR

Beagle	44.995	Mar/19	JMU	Panama	TC-in ¹
Boxer	49.852	Jun/19	JMU	Singapore	TC-in ¹
Basset	49.875	Nov/19	JMU	Singapore	TC-in ¹
Bulldog	49.856	Feb/20	JMU	Singapore	TC-in ¹
Yellow Stars	49.999	Jul/21	HMD	Marshall Islands	50% ³
PS Stars	49.999	Jan/22	HMD	Marshall Islands	50% ³
BW Bobcat	49.999	Aug/14	SPP	Singapore	Owned
BW Cheetah	49.999	Feb/14	SPP	Singapore	Owned
BW Cougar	49.999	Jan/14	SPP	Singapore	Owned

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Name	Capacity (Dwt)	Month-Year Built	Shipyard	Flag	Ownership
BW Eagle	49.999	Jul/15	SPP	Singapore	Owned
BW Egret	49.999	Nov/14	SPP	Singapore	Owned
BW Falcon	49.999	Feb/15	SPP	Singapore	Owned
BW Hawk	49.999	Jun/15	SPP	Singapore	Owned
BW Jaguar	49.999	Mar/14	SPP	Singapore	Owned
BW Kestrel	49.999	Aug/15	SPP	Singapore	Owned
BW Leopard	49.999	Jan/14	SPP	Singapore	Owned
BW Lioness	49.999	Jan/14	SPP	Singapore	Owned
BW Lynx	49.999	Nov/13	SPP	Singapore	Owned
BW Merlin	49.999	Sep/15	SPP	Singapore	Owned
BW Myna	49.999	Oct/15	SPP	Singapore	Owned
BW Osprey	49.999	Oct/15	SPP	Singapore	Owned
BW Panther	49.999	Jun/14	SPP	Singapore	Owned
Hafnia Petrel	49.999	Jan/16	SPP	Singapore	Owned
Hafnia Puma	49.999	Nov/13	SPP	Singapore	Owned
Hafnia Raven	49.999	Nov/15	SPP	Singapore	Owned
BW Swift	49.999	Jan/16	SPP	Singapore	Owned
BW Tiger	49.999	Mar/14	SPP	Singapore	Owned
BW Wren	49.999	Mar/16	SPP	Singapore	Owned
Hafnia Andromeda	49.999	May/11	GSI	Malta	Owned
Hafnia Daisy	49.999	Aug/16	GSI	Malta	Owned
Hafnia Ane	49.999	Nov/15	GSI	Malta	Owned
Hafnia Crux	52.550	Feb/12	GSI	Denmark	Owned

Name	Capacity (Dwt)	Month-Year Built	Shipyard	Flag	Ownership
Hafnia Henriette	49.999	Jun/16	GSI	Malta	Owned
Hafnia Kirsten	49.999	Jan/17	GSI	Malta	Owned
Hafnia Lene	49.999	Jul/15	GSI	Malta	Owned
Hafnia Lise	49.999	Sep/16	GSI	Malta	Owned
Hafnia Leo	52.340	Nov/13	GSI	Malta	Owned
Hafnia Libra	52.384	May/13	GSI	Denmark	Owned
Hafnia Lotte	49.999	Jan/17	GSI	Malta	Owned
Hafnia Lupus	52.550	Apr/12	GSI	Denmark	Owned
Hafnia Mikala	49.999	May/17	GSI	Malta	Owned
Hafnia Nordica	49.994	Mar/10	Shin Kurushima	Malta	Owned
Hafnia Pegasus	50.326	Oct/10	GSI	Denmark	Owned
Hafnia Phoenix	52.340	Jul/13	GSI	Denmark	Owned
Hafnia Taurus	50.385	Jun/11	GSI	Malta	Owned
Clearocean Milano	50.485	Oct/21	HMD	Philippines	TC-in ¹
Clearocean Ginkgo	49.999	Aug/21	HMD	Singapore	TC-in ¹
Hafnia Andrea	49.999	Jun/15	HMD	Singapore	Owned
Dee4 Larch	49.737	Aug/16	Hyundai Vinashin	Denmark	TC-in ¹
Hafnia Caterina	49.999	Aug/15	HMD	Singapore	Owned
Orient Challenge	49.972	Jun/17	Hyundai Vinashin	Singapore	TC-in ¹
Orient Innovation	49.972	Jul/17	Hyundai Vinashin	Singapore	TC-in ¹

LR1

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Name	Capacity (Dwt)	Month-Year Built	Shipyard	Flag	Ownership
Hafnia Columbia	74.999	Jan/07	Dalian	Singapore	Owned
Hafnia Danube	74.999	Mar/07	Dalian	Singapore	Owned
Hafnia Hudson	76.574	Jun/07	Dalian	Singapore	Owned
Hafnia Kallang	74.000	Jan/17	STX	Singapore	Owned
Hafnia Kronborg	73.708	Mar/07	New Century	Singapore	Owned
Hafnia Nile	74.000	Aug/17	STX	Singapore	Owned
Hafnia Rhine	76.578	Mar/08	Dalian	Singapore	Owned
BW Seine	76.580	May/08	Dalian	Singapore	Owned
Hafnia Shinano	74.998	Oct/08	Dalian	Singapore	Owned
Hafnia Tagus	74.000	Mar/17	STX	Singapore	Owned
Hafnia Thames	74.999	Aug/08	Dalian	Singapore	Owned
Hafnia Yangtze	74.996	Jan/09	Dalian	Singapore	Owned
Hafnia Yarra	74.000	Jul/17	STX	Singapore	Owned
Hafnia Zambesi	74.982	Jan/10	Dalian	Singapore	Owned
Hafnia Africa	74.539	May/10	STX	Singapore	Owned
Hafnia Arctic	74.910	Jan/10	Brodosplit	Malta	Owned
Hafnia Asia	74.539	Jun/10	STX	Malta	Owned
Hafnia Australia	74.539	May/10	STX	Singapore	Owned

Name	Capacity (Dwt)	Month-Year Built	Shipyard	Flag	Ownership
Hafnia Hong Kong	75.000	Jan/19	GSI	Malta	50% ²
Hafnia Shanghai	75.000	Jan/19	GSI	Malta	50% ²
Hafnia Guangzhou	75.000	Jul/19	GSI	Malta	50% ²
Hafnia Beijing	75.000	Oct/19	GSI	Malta	50% ²
Sunda	79.902	Jul/19	Onomichi	Panama	TC-in ¹
Karimata	79.885	Aug/19	Onomichi	Panama	TC-in ¹
Hafnia Shenzhen	75.000	Aug/20	GSI	Singapore	50% ²
Hafnia Nanjing	74.999	Jan/21	GSI	Singapore	50% ²
Kamome Victoria	69.998	May/11	Minaminippon	Panama	TC-in ¹
Peace Victoria	77.378	Oct/19	Tsuneishi Zhoushan	Liberia	TC-in ¹
Hafnia Excelsior	74.665	Jan/16	STX	Singapore	Owned
Hafnia Executive	74.431	May/16	STX	Singapore	Owned
Hafnia Prestige	74.997	Nov/16	SPP	Singapore	Owned
Hafnia Providence	74.997	Aug/16	SPP	Singapore	Owned
Hafnia Pride	74.997	Jul/16	SPP	Singapore	Owned
Hafnia Excellence	74.613	May/16	STX	Singapore	Owned
Hafnia Exceed	74.665	Feb/16	STX	Singapore	Owned
Hafnia Expedite	74.634	Jan/16	STX	Singapore	Owned
Hafnia Express	74.663	May/16	STX	Singapore	Owned
Hafnia Excel	74.547	Nov/15	STX	Singapore	Owned
Hafnia Precision	74.997	Oct/16	SPP	Singapore	Owned
Hafnia Experience	74.670	Mar/16	STX	Singapore	Owned

LR2

Name	Capacity (Dwt)	Month-Year Built	Shipyard	Flag	Ownership
Hafnia Despina	115.000	Jan/19	Daehan	Singapore	Owned
BW Galatea	115.000	Mar/19	Daehan	Singapore	Owned
BW Larissa	115.000	Apr/19	Daehan	Singapore	Owned
BW Neso	115.000	Jul/19	Daehan	Singapore	Owned
BW Thalassa	115.000	Sep/19	Daehan	Singapore	Owned
BW Triton	115.000	Oct/19	Daehan	Singapore	Owned

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Chemical - Handy

Hafnia Almandine	38.506	Feb/15	HMD	Marshall Islands	Owned
Hafnia Amber	38.506	Feb/15	HMD	Marshall Islands	Owned
Hafnia Amethyst	38.506	Mar/15	HMD	Marshall Islands	Owned
Hafnia Ametrine	38.506	Apr/15	HMD	Marshall Islands	Owned
Hafnia Aventurine	38.506	Apr/15	HMD	Marshall Islands	Owned
Hafnia Andesine	38.506	May/15	HMD	Marshall Islands	Owned

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Name	Capacity (Dwt)	Month-Year Built	Shipyard	Flag	Ownership
Hafnia Aronaldo	38.506	Jun/15	HMD	Marshall Islands	Owned
Hafnia Aquamarine	38.506	Jun/15	HMD	Marshall Islands	Owned
Hafnia Axinite	38.506	Jul/15	HMD	Marshall Islands	Owned
Hafnia Amessi	38.506	Jul/15	HMD	Marshall Islands	Owned
Hafnia Azotic	38.506	Sep/15	HMD	Marshall Islands	Owned
Hafnia Amazonite	38.506	May/15	HMD	Marshall Islands	Owned
Hafnia Ammolite	38.506	Aug/15	HMD	Marshall Islands	Owned
Hafnia Adamite	38.506	Sep/15	HMD	Marshall Islands	Owned
Hafnia Aragonite	38.506	Oct/15	HMD	Marshall Islands	Owned
Hafnia Azurite	38.506	Aug/15	HMD	Marshall Islands	Owned
Hafnia Alabaster	38.506	Nov/15	HMD	Marshall Islands	Owned
Hafnia Achroite	38.506	Jan/16	HMD	Marshall Islands	Owned
<h1>Chemical - MR 06</h1>					
Hafnia Turquoise	49.000	Apr/16	STX	Marshall Islands	Owned
Hafnia Topaz	49.000	Jul/16	STX	Marshall Islands	Owned
Hafnia Tourmaline	49.000	Oct/16	STX	Marshall Islands	Owned
Hafnia Tanzanite	49.000	Nov/16	STX	Marshall Islands	Owned
Hafnia Viridian	49.000	Dec/15	Wilmar	Marshall Islands	Owned
Hafnia Violette	49.000	Mar/16	Wilmar	Marshall Islands	Owned

Newbuilds

04

Name	Capacity (Dwt)	Month-Year Built	Shipyard	Flag	Ownership
Hafnia Languedoc	110.000	Mar/23	GSI	Malta	50% ²
Hafnia Loire	110.000	Apr/23	GSI	Malta	50% ²
Hafnia Larvik	110.000	Jul/23	GSI	Malta	50% ²
Hafnia Lillesand	110.000	Oct/23	GSI	Malta	50% ²

¹ Time Chartered-in

² Owned through the Vista Joint Venture

³ Owned through the Andromeda joint venture

Subsequent fleet movements:

- On 3 February 2023, Hafnia sold the LR1 vessel Hafnia Arctic
- On 8 February 2023, Hafnia sold the LR1 vessel Hafnia Kronborg
- On 9 February 2023, Hafnia sold the LR1 vessel Hafnia Columbia
- On 16 March 2023, LR2 vessel Hafnia Languedoc has been delivered

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For all questions relating to
Hafnia's Annual Report 2022,
please contact:

Thomas Andersen,
Head of Investor Relations
tha@hafniabw.com