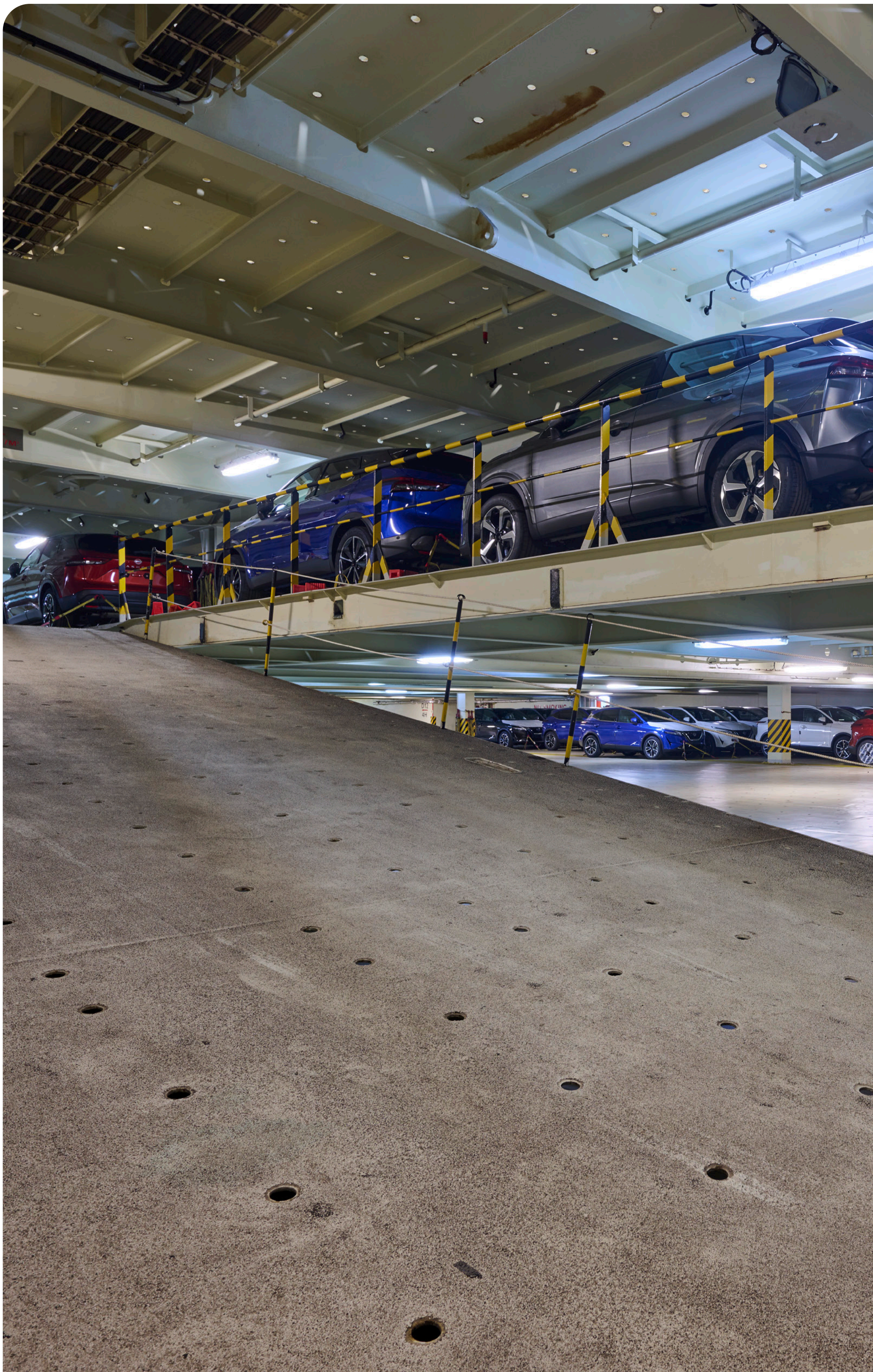
HÖEGH AUTOLINERS

Accounts and notes 2023



Content

Consolidated Financial Statements

Consolidated statement of comprehensive income

(USD 1 000)	Notes	2023	2022
Total revenues	2	1 446 075	1 270 320
Bunker expenses	3	(241 937)	(314 361)
Voyage expenses	3	(340 037)	(370 359)
Charter hire expenses	3	(9 480)	(21 325)
Running expenses	4	(100 076)	(100 361)
Administrative expenses	5	(19 035)	(17 201)
Operating profit before depreciation, amortisation and impairment (EBITDA)		**735 510**	**446 714**
Profit from associates and joint ventures	24	735	1 539
Gain on sale of assets	7	35 835	19 094
Depreciation	7/8	(145 565)	(151 470)
Operating profit before financial items		**626 515**	**315 877**
Interest income	9	12 218	963
Interest expenses	9	(33 338)	(31 235)
Income from other financial items	10	196	38 524
Expenses from other financial items	10	(7 727)	(10 552)
Profit before tax		**597 864**	**313 577**
Income tax expenses	11	(8 278)	(14 991)
Profit for the year		**589 585**	**298 585**
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Currency translation differences	24	(171)	(1 087)
Items that will not be reclassified to profit and loss:			
Remeasurement on defined benefit plans		(134)	120
Changes in fair value	15	(87)	(661)
Other comprehensive income, net of tax		**(392)**	**(1 627)**
Total comprehensive income for the period		**589 193**	**296 959**
Earnings per share basic (USD)	16	3.09	1.57
Earnings per share diluted (USD)	16	3.07	1.56

Consolidated statement of financial position (Assets)

(USD 1 000)	Notes	31.12.2023	31.12.2022
Assets			
Non-current assets			
Deferred tax assets	11	864	774
Vessels	7	1 032 499	988 629
Right-of-use assets	8	142 216	273 974
Newbuildings and projects	7	269 853	138 725
Equipment	7	13 913	15 656
Investments in associates and joint ventures	24	4 960	5 233
Other non-current assets	12	859	1 231
Other non-current financial assets	12	977	1 078
Total non-current assets		**1 466 140**	**1 425 300**
Current assets			
Bunker		43 416	47 800
Trade and other receivables	13	87 291	92 924
Prepayments	13	4 164	2 224
Cash and cash equivalents	14	458 333	183 940
Total current assets		**593 203**	**326 888**
Total assets		**2 059 344**	**1 752 187**

Consolidated statement of financial position (Equity and liabilities)

(USD 1 000)	Notes	31.12.2023	31.12.2022
Equity and liabilities			
Equity			
Share capital		443 898	443 898
Share premium reserve		289 384	289 384
Other paid-in equity		1 067	504
Retained earnings		677 380	329 187
Total equity	**16**	**1 411 730**	**1 062 973**
Non-current liabilities			
Pension liabilities	5	2 739	2 238
Deferred tax liabilities	11	37 053	36 437
Other non-current liabilities		90	90
Non-current interest bearing debt	18	296 198	227 894
Non-current lease liabilities	8	82 270	133 505
Total non-current liabilities		**418 350**	**400 164**
Current liabilities			
Current interest bearing debt	18	49 589	36 626
Trade and other payables	19	41 867	37 555
Income tax payable	11	5 566	5 106
Current accruals and provisions	20	50 452	44 475
Current lease liabilities	8	81 790	165 287
Total current liabilities		**229 264**	**289 050**
Total equity and liabilities		**2 059 344**	**1 752 187**

Oslo, 23 April 2024

The Board of Directors of Höegh Autoliners ASA

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Leif O. Høegh,
Chair

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Morten W. Høegh,
Deputy Chair

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Jan B. Kjærvik,
Board member

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Martine Vice Holter,
Board member

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Kasper Friis Nilaus,
Board member

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Kjersti Aass,
Board member

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Johanna Hagelberg,
Board member

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Gyrid Skalleberg Ingerø,
Board member

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Andreas Enger,
CEO

Consolidated statement of changes in equity

(USD 1 000)	Notes	Share capital	Share premium reserve	Other paid-in equity	Retained earnings	Total
Equity 01.01.2022		443 898	289 384	39	67 228	800 549
Share bonus program	6	-	-	465		465
Dividend		-	-		(35 000)	(35 000)
Profit of the period 2022		-	-		298 585	298 585
Other comprehensive income 2022		-	-		(1 627)	(1 627)
Equity 31.12.2022	**16**	**443 898**	**289 384**	**504**	**329 187**	**1 062 973**
Share bonus program	6	-	-	563	-	563
Dividend		-	-	-	(241 000)	(241 000)
Profit of the period 2023		-	-	-	589 585	589 585
Other comprehensive income 2023		-	-	-	(392)	(392)
Equity 31.12.2023	**16**	**443 898**	**289 384**	**1 067**	**677 380**	**1 411 730**

Consolidated statement of cash flows

(USD 1 000)	Notes	2023	2022
Cash flows from operating activities			
Profit before tax		597 864	313 577
Financial (income)/ expenses		28 651	2 300
Share of net income from joint ventures and associates		(735)	(1 539)
Depreciation and amortisation	7/8	145 565	151 470
Gain on sale of tangible assets	7	(35 835)	(19 094)
Tax paid (company income tax, withholding tax)		(5 931)	(1 108)
Cash flows provided by operating activities before changes in working capital		**729 578**	**445 606**
Changes in working capital			
Trade and other receivables	13	5 633	(11 469)
Bunker		4 384	(6 559)
Prepayments	13	(1 940)	(100)
Trade and other payables	19	4 312	(5 306)
Accruals and provisions	20	5 976	(7 429)
Other current liabilities		-	(5 918)
Other changes to working capital		(1 687)	(3 420)
Net cash flows provided by operating activities		**746 256**	**405 405**
Cash flows from investing activities			
Proceeds from sale of tangible assets	7	62 483	32 078
Investment in vessels and other tangible assets	7	(178 210)	(135 668)
Investments in joint ventures and associates		838	4 319
Interest received		12 211	754
Net cash flows used in investing activities		**(102 678)**	**(98 517)**
Cash flows from financing activities			
Proceeds from issue of debt		130 000	-
Proceeds from issue of shares		-	3 797
Repayment of debt	14/15/18	(51 228)	(153 211)
Repayment of lease liabilities	8/14/15	(161 022)	(115 539)
Interest paid on mortgage debt		(26 824)	(17 336)
Interest paid on lease liabilities		(15 368)	(17 889)
Other financial items		(3 380)	(8 859)
Dividend to shareholders		(241 000)	(35 000)
Net cash flows used in financing activities		**(368 821)**	**(344 036)**
Net change in cash and cash equivalents		**274 757**	**(37 148)**
Cash and cash equivalents beginning of period		183 940	228 416
Exchange differences in cash and cash equivalents		(364)	(7 327)
Cash and cash equivalents end of period	14	**458 333**	**183 940**
Non restricted cash, 31.12		457 299	183 481
Restricted cash, 31.12	14	1 033	459
Cash and cash equivalents end of period	14	**458 333**	**183 940**

Consolidated Financial Statements

Notes 2023

Basis of preparation

CORPORATE INFORMATION

Höegh Autoliners ASA (the “Company”) is a public limited liability company domiciled in Norway. The Company is listed on the Oslo Stock Exchange. The address of the Company’s registered office is Drammensveien 134, N-0277 Oslo, Norway. The consolidated financial statements of the Company for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and can be obtained at this address. The Group is a fully integrated RoRo entity. It is one of the world’s largest operators in the transportation of vehicles and high/heavy rolling cargo and operates a fleet of about 40 vessels in global trading systems from a worldwide network of offices.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the European Union (EU) (IFRS). Höegh Autoliners also provides additional disclosures in accordance with requirements in the Norwegian Accounting Act.

The consolidated financial statements were authorised for issue by the Board of Directors on 23 April 2024.

BASIS OF CONSOLIDATION

The consolidated financial statements include Höegh Autoliners ASA and its subsidiaries. Subsidiaries are all companies where the Group has a controlling interest. A controlling interest is where the Group has the power to govern the financial and operating policies. This is usually achieved when the Group owns, either directly or indirectly, more than 50% of the shares in the company, or through agreements, are able to exercise control over the company. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. Subsidiaries’ accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

FUNCTIONAL AND PRESENTATION CURRENCY

The Group’s presentation currency is USD. This is also the functional currency of the parent company and all significant companies in the Group. All financial information presented in USD has been rounded to the nearest thousands, except when otherwise indicated.

TRANSACTIONS AND BALANCES

All transactions in currencies other than USD are included in the accounts at the exchange rate on the date of the transaction. Monetary assets and liabilities in currencies other than USD are translated to USD according to the currency rates at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items included at historical cost denominated in currencies other than USD are translated at the exchange rate at the time of the original transaction.

SEGMENT REPORTING

The Group has two operating segments, Shipping services and Logistics services. The Logistics segment represents around 0.5% of the Group’s total revenue, profit or loss and assets. The Group has decided that the segment is not material to the Group for the period ended 31 December 2023 and has reported information as one combined segment.

CLASSIFICATION OF ITEMS IN THE BALANCE SHEET

Current assets and liabilities include items that fall due within one year after the balance sheet date, such as cash or cash equivalents, and items expected to be sold or consumed in the normal operating cycle. The short-term portion of long-term debt is classified as current liabilities. Financial investments made for the purpose of short-term returns are classified as current assets, while long-term investments of strategic nature are classified as fixed assets.

MATERIAL ACCOUNTING POLICIES

Accounting policies according to the list below are included in the relevant notes to the Consolidated Financial Statements:

Revenue recognition	Note 2
Voyage expenses	Note 3
Employee benefits	Note 5
Vessels, newbuildings and equipment	Note 7
Leases	Note 8
Taxes	Note 11
Financial instruments	Note 15
Share information and earnings per share	Note 16
Provisions	Note 20
Contingent liabilities	Note 22
Investments in associates	Note 24

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year, except for the new standards and amendments to IFRS applicable as of 1 January 2023, which have been adopted by the Group during the current financial year. The adopted new standards and amendments had no material impact on the Group’s consolidated financial statements.

Insurance Contracts (IFRS 17) and Insurance Contracts (Amendment to IFRS 17)
IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
The amendment requires entities to disclose their material rather than their significant accounting policies.
Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates) (Amendment to IAS 8)
The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
The amendments to IAS 12 Income Taxes requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities associated with:

- Right-of-use assets and lease liabilities, and
- Decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

OECD Pillar II rules (Amendments to IAS 12)
In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global AntiBase Erosion Proposal, or 'GloBE') to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. In May 2023, the IASB made narrow-scope amendments to IAS 12 which provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules.

The Group is within the scope of the Pillar II rules, however international shipping income is exempt, and based on preliminary assessment, the Group's financial statements will not be materially impacted by the rules, including the amendment to IAS 12 related to deferred taxes.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new or amendments to standards and interpretations have been issued and become effective for annual reporting periods beginning on or after January 1, 2024, and earlier adoption is permitted. The Group has not early adopted any new or amended standards effective for 2024 in preparing these accounts, and they are not expected to have a significant impact on the Group's consolidated financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
The amendments issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments are effective from annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group's financial statements.

Amendment to IAS 1: Non-current Liabilities with Covenants
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendment is effective for annual reporting periods beginning on or after 1 January 2024.

Amendments to IFRS 16: Lease liability in a Sale and Leaseback
The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective from annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group's financial statements.

Note 1 – Key sources of estimation uncertainty, judgments and assumptions

1.1 GENERAL

Preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting principles and reported amounts of assets and liabilities, revenues and expenses and accompanying disclosures. The estimates are based on management's best knowledge of available information at the time the financial statements are approved. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities, affected in future periods. Changes in accounting estimates are recognised in the period the changes occur. When changes to estimates also affect future periods, the effect is distributed between the current and future periods.

1.2 KEY SOURCES OF ESTIMATION UNCERTAINTIES AND ASSUMPTIONS

Residual value and remaining lifetime on assets
According to IAS 16, the Group is required to evaluate the estimate for residual value and useful remaining lifetime of its vessels on a yearly basis. For further disclosures, see Note 7.

1.3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following judgements have the most significant effect on the amounts recognised in the consolidated financial statements.

Determining the lease term of contracts with renewal and termination options – Group as a lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

Impairment of assets
The Group considers whether there are indicators of impairment. If indicators of impairment are present, the recoverable amount is estimated. The recoverable amount for the Group's main assets, vessels, is the higher of vessel-values provided by brokers and net present value of expected cash flows, based on the long-term forecasts discounted by the Group's WACC. For further disclosures, see Note 7.

1.4 OTHER KEY FACTORS

Climate change/risk
Climate risk has evolved over the past decade to become an important consideration within the Group's overall financial risk management. We see climate-related risks over the short, medium and long-term that might be of material concern for both the Group and its stakeholders. Climate change interacts with the Group's business by physically changing the environment we operate in and creating transition risks that the Group must build resilience against. As for any sustainability topic considered to be material, the Group's approach is transparency through its reporting and communication.

Aligned with the Task Force on Climate-Related Financial Disclosures (TCFD), the Group has, conducted a climate risk analysis informed by different temperature scenarios. Höegh Autoliners faces significant risks and opportunities linked to climate change and governmental actions to reduce greenhouse gas (GHG) emissions and create low-carbon and climate-resilient economies. These risks and opportunities are integrated in the Group's risk management and strategy processes and embedded in the governance structures.

As a global shipping company, the Company is operating within a sector contributing significantly to global CO2 emissions. The Company has clear targets when it comes to the decarbonisation of our own operations, with a target of reducing our carbon intensity by more than 30 percent by 2030 from a 2019 level, and to be net zero by 2040. Höegh Autoliners acknowledge that climate change, including the actions and measures taken by regulatory institutions and industry participants may impose a significant financial impact on our business. The future emission and environmental regulations are necessary for the maritime industry to reduce its carbon footprint. Non-compliance with these regulations may lead to fines or even non-approval of documentation of compliance. While there are still uncertainties around future environmental regulations, carbon taxes for shipping within the EU have been implemented, as shipping was phased into the EU Emission Trading System (EU ETS) from 2024. This will increase operational cost for Höegh Autoliners if the Company fails to recoup the cost from its customers.

In preparing these consolidated financial statements the Company has considered the impact of both physical and transitional risks related to climate change, as well as our plans to mitigate against those risks on the current valuation of our assets and liabilities. The impact of climate change to these consolidated financial statements is based on Höegh Autoliners' current understanding based on the status of the work done so far.

Climate risk and impairment test and useful lives
The impairment test for vessels has included an analysis of which measures will be necessary to achieve GHG emissions reduction targets. It is expected that decarbonisation measures will contain activities that have a greater degree of uncertainty than a traditional maintenance and upgrade program for the vessels, and thereby the cash flow effects related to such activities. We are continuously working with our long-term efforts to improve our energy efficiency.

Energy efficiency improvements won't decarbonise shipping operations alone but combined with a transition of our fleet and adaptation of alternative fuels, our decarbonisation targets are achievable.In order to meet IMO's 2030 carbon intensity target, its annual operational carbon intensity indicator (CII) targets and the coming FuelEU Maritime regulations, improved energy efficiency will be important. Höegh Autoliners can comply with these regulations by either running on low/zero-carbon fuels, reduce operational speed, implement fuel saving measures or renew its fleet. Reaching the Group's net-zero target by 2040 implies a significant transition of the current fleet, including additions of zero-carbon ready vessels, and disposal of legacy tonnage. With the delivery of the new Aurora class vessels, with its cutting edge design, Höegh's fleet will be in a very good position to meet the above mentioned regulations.

From 1 January 2024, the EU's Emissions Trading System (EU ETS) was extended to cover CO2 emissions from all large ships (of 5 000 gross tonnage and above) entering EU ports, regardless of the flag they fly. This system is an emissions cap-and-trade system where the cap is a threshold which defines the total amount of greenhouse gases that can be emitted by an operator. It is reduced annually, at fixed intervals, in line with EU's climate target. The cap is expressed in emission allowances, where one allowance gives the right to emit one tonne of CO2eq (carbon dioxide equivalent). Operators are not allowed to generate more greenhouse gas emissions than their allowances can cover. If they do, heavy fines will be imposed. Shipping companies will have to purchase and surrender (use) EU ETS emissions allowances for each tonne of reported CO2 (or CO2 equivalent) emissions in the scope of the EU ETS system. Companies covered by the EU ETS must surrender (use) their allowances corresponding to their emissions within 30 September the following year. Emission allowances are auctioned, and companies can buy and sell them through secondary markets.

The Group has included costs related to EU ETS allowances and fuel efficiency measures in the impairment model. The transition to a low-carbon economy can also affect future revenue for the Group's vessels, however due to the limited knowledge available for the future cash flow effects on revenue, the impairment test has not included any potential effect on future income cash flow.

The Group has reviewed that the growth rates and projected cash flows, used in assessing whether the vessels are impaired, are consistent with the climate-related risk assumptions and the actions the Group is taking to mitigate against those risks. The Group seeks to maximise each vessels value across its operational life. Given the climate change transition risks, the useful lives of property, plant and equipment, including vessels, are appropriate given the potential physical and obsolescence risks associated with climate change and the actions the Group is taking to mitigate against those risks and the targets that the Group set for 2040.

As of year-end 2023, Höegh Autoliners has not identified any stranded assets or changes to useful lives for material assets, however external factors such as changes in demand from customers and other stakeholders, may impact this.

Our disclosures on climate-related risks are based on various scenarios for the years 2025, 2030 and 2040. On the basis of these reviews, we have not identified any significant impact from climate-related risks on the Group's going concern assessment nor the viability of the Group for the next 12 months following the balance sheet date.

Reference is made to note 7 Vessels, newbuildings, equipment and right-of-use assets for further information on assumptions used for impairment and useful lives. For more information on climate related risks and opportunities, see the chapter on Sustainability in this report.

Note 2 — Total revenues

ACCOUNTING POLICIES

Höegh Autoliners provides RoRo transportation on deep sea and short sea markets as well as terminal related services. The Group also hires out some of its vessels on a time charter (TC) basis when necessary. The Group has the following major revenue streams:

- Voyage revenue
- Time charter revenue
- Terminal related revenue

Revenues from shipping activities are recognised when the control of goods or services agreed in the contract has been transferred to the customer (satisfaction of performance obligation). Revenues are measured at the fair value of the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected by third parties.

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations. For the Group, a contract with a customer is defined as the Bill of Lading document. Most of the services the Group provides are invoiced upon the issuance of the Bill of Lading.

Each customer contract could initiate recognition of contract assets and liabilities. Historically, the Group has applied terms as deferred (accrued) income and prepayments to capture the information included in the term contract liabilities. The same is the case with other receivables to capture the information included in the term contract assets. Disclosures with regards to contract balances are presented below. The main contract liability for the Group is deferred (accrued) income where the Group has yet to perform the freight service for future periods (remaining voyage) but has received payment (or the payment is due) from the customers in excess of revenue recognised.

Voyage revenues (Freight revenues)
All voyage revenue is recognised in accordance with IFRS 15 by estimating the total income for a vessel on a voyage. All estimates are based on regular updates based on the progress of each voyage and the revenue is recognized over time on the basis of progress on fulfillment, as the customer is receiving and consuming the benefits of the transport services as the Group performs. The measure of progress is the number of days incurred compared to estimated total days for the applicable voyage. The voyage revenues measured at year-end give a faithful depiction of the transfer of services.

Time charter revenues
Time charter revenue is accounted for as operating lease under IFRS 16. The performance obligation for time charter revenue is satisfied over the period the vessel is available to the lessee, hence the revenue is recognised on a straight-lined basis over the term of the charter arrangement. Revenue from vessels on time charter is recognised as a time charter per day less days off hire as applicable.

Terminal related revenues
The performance obligation for terminal related services is satisfied at the point in time when the service delivery is complete, and revenue is recognised at this time.

Total revenues, cash flow and contract balances from contracts with customers have been disaggregated into category of services and presented in the tables below:

Category of services (USD 1 000)	Income statement 2023	Cash flow 2023	Income statement 2022	Cash flow 2022
Net freight revenues	1 242 701		1 016 818	
Other surcharges	199 389		249 615	
Freight revenues	**1 442 090**	**1 447 723**	**1 266 433**	**1 252 305**
Time charter (TC) revenues	-	-	-	2 658
Terminal related revenues	3 985	3 985	3 887	3 887
Total revenues	**1 446 075**	**1 451 708**	**1 270 320**	**1 258 851**
Other income	-	-	-	-
Total income	**1 446 075**	**1 451 708**	**1 270 320**	**1 258 851**
Recognition principle (USD 1 000)				
Services transferred over time	1 442 090		1 266 433	
Services transferred at point in time	3 985		3 887	
Total revenues	**1 446 075**		**1 270 320**	

Other surcharges are primarily bunker surcharges, and surcharges related to handling of cargo.

(USD 1 000)	Notes	31.12.2023	31.12.2022
Freight receivables in Ro/Ro operations		153 471	160 363
Unearned freight income		75 563	77 135
Net freight receivables in Ro/Ro operations	**13**	**77 908**	**83 228**
Freight receivables in Other operations		2 489	2 936
Net freight receivables in Other operations	**13**	**2 489**	**2 936**

The Group receives payments from customers according to agreed payment terms. Freight receivables are non-interest bearing and are generally on terms of 30 to 90 days. Due to the nature of the Group’s services, where the customers are invoiced at the beginning of the voyage, there are no material contract assets at year-end.

Parts of deferred freight income at year-end represents a contract liability for those situations where the Group has yet to perform the freight service for future periods (remaining voyage), but has received payment (or the amount is due) from the customers in excess of revenue recognised. Amounts included in the deferred income at year-end, are recognised as revenue when the Group performs under the contracts, normally within the next few months, as the average voyage is around 50 days. Under the payment terms generally applicable to the Group’s revenue generating activities, prepayments are received only to a limited extent.

Note 3 – Bunker, voyage and charter hire expenses

Voyage expenses

Voyage expenses are variable costs relating to vessel operation and transshipment. The activity in 2023 with less vessels in operation and fewer port calls have decreased total voyage expenses. There has been a reduction of transshipment expenses due to the regulations of cargo to Russia.

Charter hire expenses

The decrease in charter hire expenses is due to less short time vessels hired in and less use of space charters in 2023 compared to 2022.

Bunker expenses (USD 1 000)	2023	2022
Total bunker consumption (1 000 mt)	354	375
Average price (USD/mt)	683	838
Total	**241 937**	**314 361**

Voyage expenses (USD 1 000)	2023	2022
Loading	62 566	69 664
Discharging	69 368	74 225
Port cost	61 068	69 063
Canal cost	57 168	51 243
Transhipment	21 571	36 134
Claims and insurance	2 458	2 159
Equipment	1 491	6 451
Commission*	44 863	43 492
Terminal	3 393	3 711
Other	16 091	14 214
Total	**340 037**	**370 359**

** Including administrative expenses related to regional and local offices.*

Charter hire expenses (USD 1 000)	2023	2022
Charter hire and space charter expenses on short-term time charter contracts	9 480	21 325
Total	**9 480**	**21 325**

Note 4 — Running expenses

Running expenses are the costs of managing the vessel, including crew wages, management fees, insurance, spares, repairs and maintenance.

(USD 1 000)	2023	2022
Sea personnel expenses	42 583	46 007
Spares, Repair & Maintenance	12 422	12 112
Consumables	13 280	13 618
Insurance	12 393	11 694
Ship management other	19 399	16 930
Total	**100 076**	**100 361**

Note 5 — Administrative expenses, pensions and other long-term employee benefits

Administrative expenses (USD 1 000)	2023	2022
Salaries	10 078	9 957
Payroll taxes	1 477	1 351
Pension expenses	331	362
Other administrative expenses	7 149	5 531
Total	**19 035**	**17 201**

Administrative expenses

Salaries to office personnel and other office and administrative expenses related to Head office are presented as “Administrative expenses”. Administrative expenses related to Regional and Local offices are presented as “Voyage expenses”.

Number of employees	2023	2022
Office	410	390
Sea personnel *	1 168	1 172
Total	**1 578**	**1 562**

** Salary to sea personnel is presented as “Running expenses”. For further information see Note 4.*

Auditor's fee (USD 1 000)	2023	2022
Statutory audit	457	382
Assurance services and other audit related services	115	84
Tax services	7	4
Other services	186	34
Total	765	504

Amounts excluded value added tax.

For details on remuneration to executive management and board of directors, see Remuneration report published on our website.

Pensions and other long-term employee benefits

Accounting policies

Pensions
The Group provides defined contribution plans, defined benefit plans and other post-employment benefits. The contribution plans comprise plans whereby the Group makes annual contributions to the employees' pension plan, which is the expense for the period. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold enough assets to pay all employees the benefits relating to employee service in the current and prior period. Contributions to the plan are expensed as pension costs. Norwegian employers are obliged to have an occupational pension scheme for their employees under the Act on Mandatory occupational pension. The Group is in compliance with these regulations. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on a set of assumptions. The Group has no significant benefit plans or other post-employment benefits.

Share bonus program
The Group has a long-term incentive plan which is a share bonus program for key personnel. Under the program key personnel are granted award shares that will be converted to shares based on certain conditions being fulfilled. The costs related to the program will be expensed over the vesting period of 36 months and recognised as salary expense with a corresponding entry to equity. For more information about the share bonus program, see Note 6.

The following tables summarise the components of expenses recognised in the statement of comprehensive income and the liabilities recognised in the statement of financial position for the significant plans in the Group.

Pension expenses (USD 1 000)	2023	2022
Norway		
Defined contribution plan	*400*	*433*
Total Norway	400	433
Other countries	1 107	925
Total pension expenses*	1 507	1 358

** Of the total pension expenses USD 0.4 million (2022: USD 0.4 million) is reported as administrative expenses, the remaining is reported as voyage expenses.*

Net pension liabilities (USD 1 000)	31.12.2023	31.12.2022
Norway	93	93
Other countries	2 646	2 145
Total net pension pension liability	2 739	2 238

Note 6 — Share bonus program

A share bonus program was introduced for certain key employees in November 2021, to promote the long-term growth and profitability of the Company by providing an opportunity to acquire an ownership interest in the Company. The program is a share bonus scheme where award shares are assigned on certain terms and conditions, and after a vesting period of three years, will be converted to shares in the Company. Award shares are assigned annually at the Board's discretion.

The share bonus program is subject to continued employment and the granted shares are subject to a lock-up period of two years following the end of the vesting period.

The award share gives the employee no rights whatsoever and the award share has no value. The award share is used in the award calculation method for determining the amount of bonus shares which shall be granted to the employee after the award shares have vested. The calculation of bonus shares is based on the difference between the share price at the award date and the share price at the vesting date, adjusted for any dividend payment in the period between award date and vesting date. The fair value of the award shares is estimated by using the Black Scholes option price model.

The first award was granted in 2021. The total fair value of the 2021 award shares was calculated to be USD 1.4 million at the award date, which is expensed over the vesting period of three years. For 2022, the share bonus program gave an income statement effect of USD 465 thousand related to the expense of the 2021 award shares.

On 20 December 2022, a second award under the share bonus program was granted. In the calculation of the fair value of these award shares, the closing share price at the award date was NOK 63.60 and the strike price was NOK 61.32, calculated as an average of the share price the last 5 trading days before the award date. The volatility was based on three years historical volatility (56%) at peer with a dividend yield of 7%. The total fair value of the 2022 award shares was calculated to be USD 0.3 million at the award date, which will be expensed over the vesting period of three years, starting from January 2023.

On 13 December 2023, a third award under the share bonus program was granted. In the calculation of the fair value of these award shares, the closing share price at the award date was NOK 86.30 and the strike price was NOK 89.10, calculated as an average of the share price the last 5 trading days before the award date. The volatility was based on three years historical volatility (46%) at peer with a dividend yield of 19%. The total fair value of the 2023 award shares has been calculated to be USD 0.05 million at the award date, which will be expensed over the vesting period of three years, starting from January 2024.

For 2023, the share bonus program gave an income statement effect of USD 465 thousand related to the expense of the 2021 award shares and USD 98 thousand related to the 2022 award shares, a total of USD 563 thousand.

The following table shows the number of award shares issued under the Share bonus program, the number of award shares outstanding as at 31 December 2023 and the year in which the award shares will vest.

Share bonus program (USD 1 000)	2021	2022	2023
Outstanding at beginning of period	-	1 038 317	1 131 759
Awarded during the period	1 038 317	93 442	82 069
Exercised during the period	-	-	-
Outstanding at end of period	**1 038 317**	**1 131 759**	**1 213 828**
Vesting date			
29 November 2024	1 038 317	-	-
20 December 2025	-	93 442	-
13 December 2026	-	-	82 069
Outstanding at end of period	**1 038 317**	**93 442**	**82 069**

Costs share bonus program (USD 1 000)	2023	2022
2023 award	-	-
2022 award	98	-
2021 award	465	465
Total cost	**563**	**465**

Note 7 — Vessels, newbuildings, equipment and right-of-use assets

ACCOUNTING POLICIES

Vessels, newbuildings and equipment
Fixed assets are recorded at cost less accumulated depreciation and impairments. For newbuilding contracts, the cost price includes all the costs incurred in the development and construction process, including borrowing costs, construction supervision costs and technical costs. For vessels that have been purchased in the second-hand market, the cost price includes expenses directly related to the acquisition. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are reversed, and any gain or loss on the sale or disposal is included in the statement of comprehensive income.

Vessels
The depreciation is calculated on a straight-line basis and adjusted for impairment if applicable. The RoRo vessels have an expected useful life of 30 years. Vessels are depreciated to estimated scrap value. Expected economic life and estimated scrap values of the vessels are reviewed and evaluated at each balance sheet date. If new evaluations materially differ from earlier estimates the depreciation is changed accordingly.

Ordinary repairs and maintenance costs are expensed as incurred. Docking cost/classification costs are capitalised and amortised over the period until the next anticipated docking/inspection. Costs that do not meet the capitalisation criteria are expensed as repairs and maintenance costs.

Newbuildings
Instalments on newbuilding contracts are capitalised as "Newbuildings" when they are paid. Upon delivery, newbuildings are reclassified to vessels and are subject to depreciation.
The acquisition cost includes direct investments, cost incurred during the construction period and borrowing cost. Borrowing costs are capitalised during the construction period.

Assets held for sale
Assets are 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 their fair value less cost of sale. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Equipment
Depreciation is calculated on a straight-line basis with the following estimated useful life:

- Vessel equipment 10 years
- Office equipment 3-5 years
- Vehicles 5 years
- IT-system 10-15 years

Impairment of non-financial assets
The carrying amount of tangible assets is tested for impairment whenever there are indications that the value of these assets may have been impaired. If the carrying amount of an asset is higher than the recoverable amount, an impairment loss will be recognised in the statement of comprehensive income. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value-in-use. The recoverable amount is determined separately for all assets, but if not possible, this will be determined together with the cash-generating unit to which the asset belongs. All vessels participating in the Group's RoRo operations are considered part of a single cash-generating unit as this is the smallest strategically identifiable group of assets.

Impairment losses recognised in prior periods are reversed when indications of impairment no longer exist or have decreased. A loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying value recognised if no impairment charges had been recognised in prior periods and normal depreciation and amortisation policies had been applied.

2023 (USD 1 000)	Vessels	Newbuilding & Projects *	Equipment	Right-of-use Assets	Total
Cost at 01.01	2 061 803	138 725	31 869	466 840	2 699 237
Additions	149 167	134 623	821	5 591	290 202
Transfer from newbuilding and projects	12 488	(12 488)	-	-	-
Newbuilding interest	-	9 114	-	-	9 114
Remeasured leases	-	-	-	27 802	27 802
Reclassification to assets held for sale	-	-	-	-	-
Disposals	(106 391)	(122)	(6 919)	(187 314)	(300 745)
Cost at 31.12	**2 117 067**	**269 853**	**25 771**	**312 919**	**2 725 610**
Accumulated depreciation and impairment at 01.01	(1 073 175)	-	(16 213)	(192 866)	(1 282 254)
Depreciation	(91 259)	-	(2 563)	(51 743)	(145 565)
Disposals	79 866	-	6 918	73 905	160 689
Accumulated depreciation and impairment at 31.12	**(1 084 568)**	**-**	**(11 858)**	**(170 703)**	**(1 267 130)**
Net carrying amount at 31.12	**1 032 499**	**269 853**	**13 913**	**142 216**	**1 458 480**
Book value sold assets	26 525	122	1		26 648
Sales price	62 481	-	2		62 483
Gain / (loss)	**35 955**	**(122)**	**1**		**35 835**

** Newbuildings & Projects include installments related to the Aurora newbuilding program.*

Two leased vessels, Höegh Berlin and Höegh Tracer, were purchased in Q1 2023, and a third leased vessel, Höegh Trapper, was purchased in Q2 2023. These purchases are reflected above as disposals of right-of-use assets and additions to vessels. One more purchase option has been declared in 2023, for the vessel Höegh Jacksonville, which will be purchased in Q1 2024. Höegh Bangkok was delivered to new owners in Q4 2023.

Note 7 – Vessels, newbuildings, equipment and right-of-use assets *cont.*

2022 (USD 1 000)	Vessels	Newbuilding & Projects *	Equipment	Right-of-use Assets	Total
Cost at 01.01	2 006 672	13 131	28 252	379 061	2 427 116
Additions	52 923	133 830	857	79 833	267 443
Transfer from newbuilding and projects	6 131	(9 345)	3 214	-	-
Newbuilding interest	-	1 969	-	-	1 969
Remeasured leases	-	-	-	78 854	78 854
Reclassification to assets held for sale	-	(442)	-	-	(442)
Disposals	(3 923)	(417)	(455)	(70 908)	(75 702)
Cost at 31.12	**2 061 803**	**138 725**	**31 869**	**466 840**	**2 699 237**
Accumulated depreciation and impairment at 01.01	(990 084)	-	(13 854)	(149 887)	(1 153 825)
Depreciation	(87 014)	-	(2 772)	(61 684)	(151 470)
Disposals	3 923	-	413	18 705	23 041
Accumulated depreciation and impairment at 31.12	**(1 073 175)**	**-**	**(16 213)**	**(192 866)**	**(1 282 254)**
Net carrying amount at 31.12	**988 629**	**138 725**	**15 656**	**273 974**	**1 416 984**
Net carrying amount vessels held for sale at 01.01	12 084	-			12 084
Sold vessels	(12 084)	(442)			(12 527)
Reclassified	-	442			442
Net carrying amount at 31.12 **	**-**	**-**	**-**		**-**
Book value sold assets	12 084	859	41		12 985
Sales price	32 067	-	11		32 078
Gain / (loss)	**19 983**	**(859)**	**(30)**		**19 094**

** Newbuildings & Projects mainly relate to Aurora newbuildings investments.*

*** One vessel was reclassified as asset held for sale at 31 December 2021 and has been sold in January 2022.*

Three vessel leases have been extended by two and three years, resulting in a total increase in leased assets of USD 74 million. Two leased vessels, Höegh Beijing and Höegh St. Petersburg, were purchased in 2022, reflected above as disposal of right-of-use assets and addition to vessels. Further two purchase options have been declared in 2022, for the vessels Höegh Tracer and Höegh Trapper, which will be purchased in Q1 and Q2 2023, resulting in a combined increase to leased assets of USD 54 million.

Additions
Out of total additions to vessels of USD 162 million (USD 59 million in 2022), USD 15 million (USD 7 million in 2022) is related to capitalised drydocking costs.
The purchases of the vessels Höegh Berlin, Höegh Tracer and Höegh Trapper amounts to USD 141 million.

Disposals
One vessel was disposed of in 2023 (one in 2022), Höegh Bangkok, owned by Höegh Autoliners Shipping AS.

Assets held for sale
No vessel has been classified as held for sale at 31 December 2022 and 31 December 2023.

Depreciation
The residual value and useful lifetime of the fleet is evaluated yearly. There is no change in the residual values in 2023.

Charter Out
Per year-end 2023 the Group has none of its vessels chartered out (none in 2022).

The Group is expecting to receive no charter hire income in the years 2024-2028.

Charter In
Per year-end 2023 the Group has three vessels chartered in on time charter contracts (three in 2022). In addition, the Group has 3 vessels on bareboat charter (6 in 2022). The contract lengths are up to 6 years. Leased vessels are from 2019 recognised according to IFRS 16 Leases, see note 8 for further information on right-of-use assets.

Impairment / Reversal of impairment

Fleet
All Ro-Ro vessels in the Group operate in one cash generating unit with the purpose of maximising profit as a total. The impairment assessment is therefore based on the value in use principle for all the vessels in operation, and not vessel-by-vessel. The pool (cash generating unit) includes leased vessels and hence the impairment assessment also apply to these. See Note 8 for further details on right-of-use assets.

Continued improvement to market conditions, in combination with a tight capacity market were main drivers for rising market values for vessels. The market values for the vessels have increased by 14% through 2023, and are 107% higher than the carrying values at year-end 2023. Market values of the vessels higher than the vessels carrying values is an indication that impairment loss recognised in prior periods may no longer exist or has been reduced. In 2021 the Group reversed USD 96.2 million of previously recognised impairment losses for the vessels in the fleet. The reversal resulted from a positive change in the estimates used to determine the vessels recoverable amounts since the impairment loss was initially recognised.

The increase in the market values of the vessels in 2023, together with the expected positive development in freight rates and volumes the next few years, support the assessment that no impairment indicators exist at year-end 2023.

A Weighted Average Cost of Capital (WACC) is applied as the Group's discount rate, calculated to 9.37% for 2023 (9.28% in 2022).

Right-of-use assets
For further information on right-of-use assets, see Note 8 Leases and Note 15 for liquidity analysis.

Newbuildings
In January 2022, the Group signed a contract with China Merchants Heavy Industry for four fixed and eight optional multi-fuel and zero carbon ready Aurora class vessels. In April 2022, a contract for further four vessels was signed. In July 2023, the Group exercised the option to build another four Aurora class vessels. This brings the number of total vessels under the newbuilding program to twelve (12) vessels. The Group has an option to build another four vessels (vessels 13-16), as well as slot reservations for additional four vessels (vessels 17-20). The contract for twelve fixed vessels has a total value of USD 1.2 billion, of which USD 943 million is financed by loans and leases and the remaining USD 284 million from equity. As of 31 December 2023 a total of USD 234 million has been paid of the equity part. The Group expects delivery of two Aurora vessels every six months starting from the second half of 2024.

Equipment
Equipment consists of vessel equipment, cars, office furniture and IT equipment.

Note 8 — Leases

Accounting policies

Leases
A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For all leases where the Group is a lessee, a right-of-use asset and lease liability is recognised in the balance sheet at the date at which the leased asset is available for use by the Group. The lease liability is measured as the present value of future lease payments, including extension options considered reasonably certain to be exercised. When deciding on whether the Group is reasonably certain to exercise options, all facts and circumstances are taken into consideration. Extension and termination options are included in a number of vessels, property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the options are held only by the Group and not by the lessor.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for all leases in the Group, the Group's incremental borrowing rate is used. A corresponding right-of-use asset is recognised including lease payments and any direct costs incurred at the commencement date. Lease payments are reflected as interest expense and a reduction in lease liabilities. The right-of-use assets are depreciated over the shorter of each contract's term and the assets' useful life.

Only short-term leases (lease term of 12 months or less and do not include a purchase option) and leases of low value assets are exempted from recognition. Low value assets comprise smaller IT and office equipment. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Contracts may contain both lease and non-lease components. However, for non-lease components that are not specified in the lease contract, the Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. This applies for time charter leases where the lease payment includes running expenses which are not specified. All other non-lease components are accounted for separately.

A sub-lease agreement is evaluated with reference to the right-of-use asset in the head lease.

Right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group leases offices, vessels and different machinery. The office leases typically run for 5-10 years, most of them without any options to extend. Some leases are adjusted based on consumer price indexes annually. The vessel leases are in general for periods up to 12 years, most of them with options to extend. Leased machinery is roll trailers used for loading and discharging of cargo, and typically run for 5 years with no extension options. Included in Other is trucks and forklifts, with lease periods of 3-5 years. The Group leases IT and office equipment with contract terms of one to three years.

These leases are short-term and/or leases of low value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

For information on leases where the Group is a lessor, see Charter out section in Note 7.

Amounts recognised in the balance sheet
The balance sheet shows the following amounts related to leases:

Right-of-use assets (USD 1 000)	31.12.2023	31.12.2022
Premises	8 282	9 184
Vessels	125 531	255 089
Machinery	8 355	9 537
Other	48	164
Total	**142 216**	**273 974**

Lease liabilities (USD 1 000)	31.12.2023	31.12.2022
Non-current	82 270	133 505
Current	81 790	165 287
Total	**164 060**	**298 792**

The additions to the right-of-use assets in 2023 were USD 5.6 million (2022: USD 79.8 million), mainly related to new office leases and extended machinery leases. Further USD 28 million (2022: 79 million) were added to right-of-use assets from remeasurements of existing leases, of which USD 1 million relates to variable vessel leases, and USD 26 million is from the decision to exercise purchase option for the vessel Höegh Jacksonville. Three leased vessels, Höegh Berlin, Höegh Tracer and Höegh Trapper, were purchased during 2023. There were no other disposals of right-of-use assets in 2023, apart from expired leases related to offices and machinery.

Amounts recognised in profit / (loss) (USD 1 000)	2023	2022
Depreciation charges for right-of-use assets:		
- Premises	3 107	2 868
- Vessels	43 556	54 400
- Machinery	4 963	4 300
- Other	116	116
Total depreciation charges for right-of-use assets	**51 743**	**61 684**
Interest on lease liabilities	15 368	17 889
Expenses relating to short-term leases	9 733	16 289
Expenses relating to leases of low-value	75	110

The total cash outflow for leases in 2023 was USD 176.4 million, including USD 15 million in interest (2022: USD 133.3 million, including USD 18 million in interest), and includes the purchase price for the three leased vessels purchased in 2023 (two leased vessels purchased in 2022).

See Note 15 for reconciliation of liabilities arising from financial activities.

The lease agreements do not impose any covenants. Right-of-use assets may not be used as security for borrowing purposes.The Group can not draw any debt on right-of-use assets. The Group has limited exposure to variable lease payments, other than change in SOFR rate. The potential future lease payments should the Group exercise extension options, would increase the lease liabilities with USD 12 million (2022: USD 44 million). The Group has not provided any residual value guarantees related to its lease agreements.

Note 9 — Interest income and expenses

Interest income (USD 1 000)

	2023	2022
Interest income from banks	11 666	759
Other interest income	552	204
Total	**12 218**	**963**

Interest expenses (USD 1 000)

	2023	2022
Interest mortgage debt	27 085	15 089
Capitalised interest on newbuildings	(9 114)	(1 969)
Interest on lease liabilities*	15 368	17 889
Other interest expenses	-	226
Total	**33 338**	**31 235**

** For further details on interest on lease liabilities, see Note 8.*

Note 10 — Other financial items

Income from other financial items (USD 1 000)

	2023	2022
Debt modification gain*	-	20 869
Other financial items**	196	17 655
Total	**196**	**38 524**

Expenses from other financial items (USD 1 000)

	2023	2022
Loss on currency exchange	1 665	5 308
Other financial items**	6 062	5 244
Total	**7 727**	**10 552**

** The debt modification gain is related to the refinancing in June 2022, where the modifications to the debt were accounted for as an adjustment to the existing liability. The liability was restated to the net present value of the revised cashflows discounted at the original effective interest rate.*
See note 18.

*** Income from other financial items in 2023 and 2022 mainly relate to remeasurement of lease liabilities. Expenses from other financial items for 2023 consist mainly of commitment fees and amortisation of debt modification gain from 2022. Expenses from other financial items for 2022 include amortisation of debt modification from 2021 and arrangement fee for the refinancing concluded in June 2022.*

Note 11 — Tax

Accounting policies

Income tax

The current tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Taxes payable with long-term maturity are recognised at present value. The tax expense consists of taxes payable and changes in deferred tax.

Tax assets and liabilities for the current and prior periods are calculated to the amount expected to be reimbursed from or paid to the tax authorities. Tax rates and tax laws used to compute the amount are those that are approved at the balance sheet date.

Deferred tax is calculated on temporary differences between tax and accounting values of assets and liabilities that exist at the balance sheet date. Deferred taxes are recognised using the liability method in accordance with IAS 12. Deferred tax assets are recognised for all deductible temporary differences, unused tax credits carried forward and unused tax losses carried forward to the extent it is probable that future taxable profits may be used against deductible temporary differences and unused tax losses carried forward. Deferred tax assets and deferred tax liabilities are offset, if the entity has a legal enforceable right to offset against the carrying amounts, and the deferred tax is related to the same taxable unit and the same tax jurisdiction.

Current tonnage tax scheme

Höegh Autoliners Shipping AS, Höegh Autoliners Shipping II AS, Höegh Autoliners Shipping 769-3 AS, Höegh Autoliners Shipping 769-4 AS, Höegh Autoliners Shipping 769-7 AS and Höegh Autoliners Shipping 769-8 AS are all subject to the Norwegian tonnage tax scheme. The scheme is approved by the ESA (EFTA Surveillance Authority). According to the system, net operating revenue derived from the shipping industry will not be taxed and can be distributed without taxation. Instead of paying tax on income derived from the shipping operations, companies within this system have to pay a tonnage fee based on the size of the vessels. The fee is recognised as an operating expense. Höegh Autoliners Shipping Pte Ltd is taxed under a tonnage tax scheme in Singapore where shipping-related earnings are tax-free.

Financial income is taxed according to the ordinary Norwegian tax scheme; however, it is only a portion of interest expenses and net currency gain/ loss that gives the right to tax deductions. Dividends and capital gains are taxed according to the Norwegian exemption model.

Ordinary taxation
All the Norwegian companies within the Group, with the exception of Höegh Autoliners Shipping AS, are subject to 22 % Norwegian company tax. From 1 January 2024 the corporate tax rate remains at 22%.

Tonnage tax payable
Tonnage tax is assessed and paid according to net tonnage operated during the year. Current year's tonnage tax is assessed at USD 0.4 million (USD 0.4 million in 2022) and is classified under other operating expenses.

Singapore tax scheme
Höegh Autoliners Shipping Pte. Ltd is taxed under a tonnage tax scheme in Singapore where shipping related earnings are tax free, with exception of interest that are subject to 7% witholding tax.

Income tax for the year (USD 1 000)	2023	2022
Current tax	(5 426)	(4 783)
Tax in subsidiaries outside Norway	(2 261)	(1 275)
Change in deferred tax	(1 479)	(8 923)
Currency effect on deferred tax and adjustments previous periods	888	(11)
Tax expense	**(8 278)**	**(14 991)**

Reconciliation of actual tax expense against expected tax expense in accordance with the ordinary Norwegian income tax rate of 22% (USD 1 000)	2023	2022
Profit / (loss) before tax	597 864	313 577
Estimated tax at 22% income tax rate	(131 530)	(68 986)
Tax effect of non taxable income within the tonnage tax scheme in Norway and Singapore	131 843	64 137
Other tax payable	(2 418)	(505)
Permanent differences / deferred tax assets not recognised	(6 173)	(9 637)
Tax expense	**(8 278)**	**(14 991)**
Effective tax rate for the Group	1 %	5 %

Income tax payable (USD 1 000)	31.12.2023	31.12.2022
Tonnage tax	378	429
Current tax for the year	5 188	4 678
Tax payable (maturity within 1 year)	**5 566**	**5 106**

Note 11 — Tax *cont.*

Deferred tax assets (liabilities) (USD 1 000)	31.12.2023	31.12.2022
Fixed assets	105	(11)
Non-current debt / receivables	(37 290)	(36 572)
Pension liabilities *	132	91
Loss carried forward	-	55
Deferred tax assets (liabilities)	**(37 053)**	**(36 437)**
Deferred tax assets subsidiaries outside Norway	864	774
Total	**(36 189)**	**(35 663)**

** For further information see Note 6.*

	31.12.2023	31.12.2022
Deferred tax liabilities at 01.01.	(35 663)	(26 705)
Charged to the income statement	(591)	(8 923)
Charged to other comprehensive income	64	(35)
Deferred tax liabilities at 31.12.	**(36 189)**	**(35 663)**

Deferred tax assets / (tax) within the tonnage tax scheme (USD 1 000)	31.12.2023	31.12.2022
Current assets	-	-
Non-current debt / receivables	13 476	6 445
Loss carried forward	67 432	65 134
Deferred tax assets not recognised	(80 908)	(71 579)
Deferred tax assets / (liabilities)	**-**	**-**

Loss carried forward within the tonnage tax scheme is not recognised because there are uncertainties related to the Company's ability to utilise these losses carried forward. There is no time restriction for the utilisation of the losses carried forward.

Note 12 — Other non-current financial assets

Other non-current financial assets (USD 1 000)	31.12.2023	31.12.2022
Pension plan assets	19	36
Investments in other companies	850	938
Other non-current financial assets	108	104
Total	**977**	**1 078**

Pension plan assets
The pension plan assets mainly relate to the defined benefit plans in China and Philippines.

Investments in other companies
Shares in other companies are measured at fair value through other comprehensive income.

Other non-current assets (USD 1 000)	31.12.2023	31.12.2022
Rental deposits	856	1 228
Other	3	3
Total	**859**	**1 231**

Note 13 — Trade, other receivables and prepayments

Trade and other receivables (USD 1 000)	Note	31.12.2023	31.12.2022
Freight receivables		78 142	83 282
Provision for impairment on trade receivables		(234)	(54)
Net freight receivables	**2**	**77 908**	**83 228**
Agents		(892)	(147)
Other trade receivables		2 489	2 936
Tax and public duties		1 392	1 119
Unsettled claims		5 136	-
Receivables related companies		-	990
Other receivables		1 258	4 798
Total		87 291	92 924

For accounting policy related to provision for impairment on trade receivables, see note 15.

Total outstanding (USD 1 000)	31.12.2023	31.12.2022
Not due	50 621	54 776
1 -15	17 570	10 279
16-30	7 092	1 664
31-60	1 962	4 376
61-	897	12 186
Total	78 142	83 282

Prepayments (USD 1 000)	31.12.2023	31.12.2022
Prepayments administration	2 006	1 405
Other prepayments	2 157	819
Total	4 164	2 224

Note 14 — Financial risk

The Group is exposed to the following financial risks from its ordinary operations:

- Market risk
  - Cash flow interest rate risk
  - Fair value interest rate risk
  - Foreign exchange rate risk
  - Bunker price risk
- Credit risk
- Liquidity risk
- Climate risk

The Group's risk management guidelines are established to identify, analyse and monitor the various risks and to set the appropriate frameworks. The guidelines are reviewed regularly to consider changes in the market conditions and the Group's activities. The Board of Directors has the overall responsibility for the establishment and control of the Group's framework for financial risk management. The Group's Audit Committee controls that management follows the guidelines set by the Board.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise four types of risk: cash flow interest rate risk, fair value interest rate risk, currency risk and other price risk, such as bunkers risk.The Group buys and sells financial derivatives in order to mitigate risks from movements in interest rates. Changes in the market value of financial derivatives are recognised through the income statement (Fair value accounting). The Group does not apply IFRS hedge accounting.

Cash flow interest rate risk
The Group's interest rate risk arises from long-term borrowings at floating rate and the risk is therefore a cash flow interest rate risk. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. The interest rate swaps are measured at fair value and changes in fair value are recognised through the statement of comprehensive income. As of year-end 2023 the Group had no interest rate swaps.

For 2023, a change in interest rate of 1 percentage point would have no effect on the Group's profit before tax and equity, through the impact of net floating rate borrowings, due to average net floating borrowings being approximately zero (2022: reduced profit of USD 1.5 million).

Fair value interest risk
The interest rate risk can be reduced through interest rate swaps. The Group currently evaluates the exposure to interest rate risk as limited, and at year-end 2023, the Group did not have any interest rate swaps.

IBOR reform
The Group's loan facility and lease liabilities were until 30 June 2023 interest bearing with LIBOR as reference rate, when LIBOR was replaced with SOFR. The switch from LIBOR to SOFR did not result in any material costs.

Foreign exchange rate risk
The Group is exposed to currency fluctuations to a limited extent as a greater part of its income and expenses (including financial and capital expenses) are in USD The largest non-USD cost is in EUR and relates to port and cargo operations. The Group's mortgage debt is denominated in USD. The Group has no active currency hedges as of 31.12.2023. For further information see Note 15.

FX sensitivity	Year-end 2023	Max Last 12M	Min Last 12M	Sensitivity	Cash effect Fwd12M
Currency (USD / NOK) *	10.17	11.25	9.83	10% NOK appreciation vs USD	-2.61 USDm

** reduced/(increased) USD expenses for the next 12 months when USD/NOK forward is decreased by 10%.*

FX sensitivity	Year-end 2022	Max Last 12M	Min Last 12M	Sensitivity	Cash effect Fwd12M
Currency (USD / NOK) *	9.86	10.93	8.65	10% NOK appreciation vs USD	-2.46 USDm

** reduced/(increased) USD expenses for the next 12 months when USD/NOK forward is decreased by 10%.*

Note 14 — Financial risk *cont.*

The Group has cash and bank deposits in the following currencies:

Cash and bank deposits (USD 1 000)	31.12.2023	31.12.2022
United States Dollar	428 110	161 793
Norwegian Kroner	11 879	7 693
Pound Sterling	434	1 270
Euro	9 532	5 379
Japanese Yen	887	878
Other currencies	7 491	6 926
Total	**458 333**	**183 940**

The equivalent of USD 1 million (USD 0.5 million in 2022) of these deposits was held in restricted accounts in respect of employee taxes.

Applied currency rates	Currency	31.12.2023	Average	31.12.2022
Pound Sterling	USD/GBP	0.79	0.81	0.83
Japanese Yen	USD/JPY	141.48	136.68	131.88
Norwegian Kroner	USD/NOK	10.17	10.01	9.86
Euro	USD/EUR	0.90	0.92	0.94

Bunker price risk
The Group has Bunker Adjustment Factor (BAF) clauses in most commercial contracts designed to adjust for changes in bunker prices. Due to time lag, the Group will not be fully compensated in periods of rapidly changing prices, but it will give reasonable compensation in most periods. The Group has no bunkers derivatives at year-end 2023.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transaction and other financial instruments. When relevant, the Group will only have derivatives with sound financial institutions.

Normal credit period for freights is from 25 to 30 days. For new larger customers a credit analysis is conducted. The majority of the largest customers have had a long relationship with Höegh Autoliners. Bad debt has remained at a very low and stable level in recent years. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The maximum exposure risk is represented by the carrying amounts that are carried in the balance sheets. For further information about receivables see Note 13.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to liquidity management is to ensure, to the extent possible, that the liquidity at any time can meet on-going obligations, both under normal and stressful conditions. The liquidity reserve shall be kept solid with targeted minimum cash holding relative to the size of the operation, cash flow development and capital commitments. The Group will seek to have the majority of its liquidity in bank deposits. Total cash and bank deposits at 31 December 2023 amount to USD 458 million.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

For further information see Note 17 and 19.

Per 31.12.2023 (USD 1 000)	Note	< 1 year	1 - 5 years	> 5 years	Total
Mortgage debt (interest included)	18	72 965	340 501	-	413 466
Lease liabilities (interest included)*	8	91 345	68 473	45 387	205 205
Trade and other payables	19	40 238	-	-	40 238
Total		204 548	408 974	45 387	658 908

Per 31.12.2022 (USD 1 000)	Note	< 1 year	1 - 5 years	> 5 years	Total
Mortgage debt (interest included)	18	58 525	195 288	85 962	339 774
Lease liabilities (interest included)*	8	180 071	121 855	52 346	354 272
Trade and other payables	19	31 095	-	-	31 095
Total		269 691	317 142	138 308	725 141

** See Note 7 and 8 for further information.*

Fair value of the Group's credit facility approximates the facility's amortised cost, as the issuers borrowing costs are considered to be according to marked rates. No financial assets or liabilities are subject to offsetting, enforceable master netting agreements or similar agreements.

Climate risk

Climate risk has evolved over the past decade to become an important consideration within overall financial risk management. There are several short, medium and long-term climate risks that are of material concerns for the Group and its stakeholders. Through these material topics related to climate change, they interact with the Group's business by physically changing the environment and creating transition risks that the Group must build resilience against. Aligned with the Task Force for Climate Change Disclosures (TFCD), the Group has, through a process of identifying, assessing and prioritising its climate risks and opportunities, performed a climate risk analysis using different climate scenarios. Höegh Autoliners faces significant risks and opportunities linked to climate change and governmental actions to reduce greenhouse gas (GHG) emissions and create low-carbon and climate-resilient economies. These risks and opportunities are integrated in the Group's risk management and strategy processes and embedded in the governance structures.

As a global shipping company, Höegh Autoliners acknowledge that the climate change, including the actions and measures taken by regulatory institutions and industry participants may impose a significant financial impact to our business. The future emission and environmental regulations are necessary for the maritime industry to reduce its footprint. Non-compliance with these regulations may lead to fines or even non-approval of documentation of compliance. There is uncertainty around future environmental regulations, however, carbon taxes have been implemented in the EU from 2024 through the EU Emission Trading System (ETS). The EU ETS will increase operational cost for Höegh Autoliners.

For more information on climate related risks and opportunities, see the section on Sustainability in this report.

Note 15 — Financial instruments

Accounting policies

Financial assets

Financial assets are initially recognised at fair value when the Group becomes a party to the contractual provisions of the asset, unless the fair value differs from the transaction value. The subsequent measurement of the financial assets depends on what category they are classified into at inception. The Group classifies its financial assets into the following main categories for subsequent measurement; Debt instrument at amortised cost, debt instruments at fair value through other comprehensive income (with cumulative gains and losses reclassified to profit or loss upon derecognition) and equity instruments designated measured at fair value through other comprehensive income (with gains and losses remaining in other comprehensive income).

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined applying commonly used valuation techniques. As of 31 December 2023, the Group holds financial instruments classified in level three in the valuation hierarchy.

Amortised cost

This category includes assets that are held in order to collect contractual cash flows, and where the contractual terms give right to cash flows that are solely related to principal and interests on the principal amount outstanding. This includes mainly loans to associate companies and trade receivables. Loans and trade receivables are non-derivative financial assets with fixed or agreed payments that are not traded in an active market. Such assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Trade and other receivables are carried at the original invoice amount, less an allowance made for doubtful receivables. Impairment is performed when there is objective evidence that the Group will be unable to recover balances in full.

Financial assets at fair value through other comprehensive income

Investments in shares not held for trade purposes, are classified as investments in fair value through other comprehensive income. Dividends from these companies are recognised through profit or loss unless they clearly represent a recovery of part of the investment, in which case they are recognised in other comprehensive income.

Financial assets at fair value through profit or loss

This category includes financial assets that are held for trading and financial assets that on initial recognition are designated as fair value through profit or loss. Derivatives are also categorised as held for trading unless they are designated as effective hedging instruments as defined by IFRS 9. The Group uses derivative financial instruments such as interest rate swaps to manage its risks associated with interest rates. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value are recognised in the statement of comprehensive income as other financial items. The fair value of bunker caps is determined using the market value at the balance sheet date. The Group has not designated any derivatives as hedging instruments under IFRS 9.

Financial liabilities

Financial liabilities are after initial recognition measured at amortised cost using the effective interest method, except for financial liabilities recognised through profit or loss, including derivatives. Financial liabilities at fair value through profit or loss is calculated by discounting future cash flows.

Interest-bearing bank loans and other debt classified as financial liabilities are initially recognised at fair value when the Group becomes party to the contractual provisions of the instrument. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. In the case of recognising a new liability, the fees are treated as part of the amortised cost.

Financial liabilities are presented as current if the liabilities are due to be settled within 12 months after the balance sheet date, whereas liabilities with the legal right to be settled more than 12 months after the balance sheet date are classified as non-current liabilities.

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets may be impaired. Financial assets are impaired when there is objective evidence that the Group is not likely to recover all the amounts in connection with contractual terms related to loans and receivables.

The amount of expected credit losses recognised as a loss allowance depends on the extent of credit deterioration since initial recognition:

- 12-month expected credit losses, which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality, or
- Full lifetime expected credit losses, which applies when a significant increase in credit risk has occurred on an individual or collective basis

Impairment reversals are recorded when the amount of impairment losses in future periods is reduced, and the reduction can be linked objectively to an event that occurs after the impairment was recognised. A reversal will only be recorded to the extent that the carrying value does not exceed what the amortised cost would have been if the impairment had not been made. Impairment reversals are presented as income or as a reduction of expenses.

Derecognition of financial instruments

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial liabilities are derecognised from the balance sheet when the contractual obligation expires, is discharged or cancelled. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest income and other financial items and interest and other finance expenses.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Cash and cash equivalents

Cash includes cash in hand and bank deposits, including restricted bank accounts for deposits in respect of employee taxes. For further disclosures, see Note 14.

Note 15 — Financial instruments *cont.*

Financial instruments by category 2023

Assets (USD 1 000)	Note	Assets at amortised cost	Assets at fair value through P&L	Assets at fair value through OCI *	Other	Total
Investments in other companies	12	-	-	850	-	850
Other non-current financial assets	12	19	-	-	108	127
Trade and other receivables	13	87 291	-	-	-	87 291
Cash and cash equivalents	14	458 333	-	-	-	458 333
Assets 31.12.2023		**545 643**	**-**	**850**	**108**	**546 601**

** Assets at fair value through OCI is without reclassification to the P&L. The investments in Other Companies correspond to shares in the company NSA U.K. Ltd., where fair value changes of this investment are classified as Other Comprehensive Income (OCI). As the shares are not listed and there are no observable prices, the discounted cash flow model has been applied to estimate the equity value of NSA U.K. Ltd.*

Liabilities (USD 1 000)	Note	Financial liabilities at amortised cost	Liabilities at fair value through P&L	Financial Liabilities at fair value through OCI	Other	Total
Non-current interest bearing debt	18	296 198	-	-	-	296 198
Current interest bearing debt	18	49 589	-	-	-	49 589
Non-current lease liabilities	8	82 270	-	-	-	82 270
Trade and other payables (excl. non-fin. liab.)	19	40 238	-	-	-	40 238
Current lease liabilities	8	81 790	-	-	-	81 790
Liabilities 31.12.2023		**550 084**	**-**	**-**	**-**	**550 084**

Financial instruments by category 2022

Assets (USD 1 000)	Note	Assets at amortised cost	Assets at fair value through P&L	Assets at fair value through OCI *	Other	Total
Investments in other companies	12	-	-	938	-	938
Other non-current financial assets	12	36	-	-	104	140
Trade and other receivables	13	92 924	-	-	-	92 924
Cash (and cash equivalents)	14	183 940	-	-	-	183 940
Assets 31.12.2022		**276 900**	**-**	**938**	**104**	**277 942**

Liabilities (USD 1 000)	Note	Other financial liabilities at amortised cost	Liabilities at fair value through P&L	Financial Liabilities at fair value through OCI	Other	Total
Other non-current liabilities		-	-	-	90	90
Non-current interest bearing debt *	18	227 894	-	-	-	227 894
Current interest bearing debt *	18	36 626	-	-	-	36 626
Non-current lease liabilities	8	133 505	-	-	-	133 505
Trade and other payables (excl. non-fin. liab.)	19	31 095	-	-	-	31 095
Current lease liabilities	8	165 287	-	-	-	165 287
Liabilities 31.12.2022		**594 407**	**-**	**-**	**90**	**594 497**

** The mortgage debt was refinanced in July 2022, see Note 18 for further details.*

Note 15 — Financial instruments *cont.*

Fair value measurement

The following tables presents the Group`s financial assets and liabilities measured at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1**: Quoted prices in active markets for identical assets or liabilities.
- **Level 2**: Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices).
- **Level 3**: Inputs for the assets or liabilities that are not based on observable market data.

Financial instruments at fair value 31.12.2023 (USD 1 000)	Level 1	Level 2	Level 3	Total
Investment in other companies	-	-	850	850
Total assets	-	-	850	850

Financial instruments at fair value 31.12.2022 (USD 1 000)	Level 1	Level 2	Level 3	Total
Investment in other companies	-	-	938	938
Total assets	-	-	938	938

Reconciliation of liabilities arising from financial activities

Liabilities 2023 (USD 1 000)	Note	31.12.2022	Cash flows	Non - cash changes			31.12.2023
				Fair value changes	Other changes*	New liability	
Non-current interest bearing debt	18	227 894	-	-	(48 550)	116 853	296 198
Current interest bearing debt	18	36 626	(51 228)	-	51 044	13 147	49 589
Non-current lease liabilities	8	133 505	-	-	(55 100)	3 865	82 270
Current lease liabilities	8	165 287	(161 022)	-	75 798	1 726	81 790
		563 312	**(212 249)**	**-**	**23 193**	**135 591**	**509 847**

** Other changes relate mainly to reclassifications of non-current and current portions of lease liabilities and interest bearing debt and remeasured lease liabilities due to changes in index, rates, extensions of leases and decisions to excercise purchase options.*

Liabilities 2022 (USD 1 000)	Note	31.12.2021	Cash flows	Non - cash changes			31.12.2022
				Fair value changes**	Other changes*	New liability	
Non-current interest bearing debt	18	359 704	(52 711)	(15 629)	(22 470)	-	227 894
Current interest bearing debt	18	85 280	(100 500)	(5 240)	16 086	-	36 626
Non-current lease liabilities	8	201 893	-	-	(123 061)	54 672	133 505
Current lease liabilities	8	72 940	(115 539)	-	182 725	25 161	165 287
		719 817	**(268 750)**	**(20 869)**	**53 280**	**79 833**	**563 312**

** Other changes relate mainly to reclassifications of non-current and current portions of lease liabilities and interest bearing debt and remeasured lease liabilities due to changes in index, rates, extensions of leases and decisions to excercise purchase options.*
*** Fair value changes relate to debt modification from the refinancing, see note 10.*

Note 16 – Share information and earnings per share

Accounting policy

Transaction costs related to equity transactions are recognised directly in equity after the deduction of tax.

Basic earnings per share is calculated by dividing net profit or loss attributable to equity holders of the Company after non-controlling interest, by the weighted average number of total outstanding shares during the financial year.

Diluted earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company after non-controlling interest, by the weighted average number of total outstanding shares (adjusted for average number of own shares) during the financial year, after adjusting for all dilutive potential shares. The potential shares arising from the Company's equity-settled, share-based compensation plan are included in the calculation of diluted earnings per share. See Note 6 for more information on the share-based compensation plan.

The Company's number of shares is as follows:	2023	2022
Total shares at 31 December	190 769 749	190 769 749
Own shares at 31 December	-	-

Earnings per share USD	31.12.2023	31.12.2022
Weighted average number of ordinary shares for the purpose of basic earnings per share	190 769 749	190 769 749
Effect of dilutive potential ordinary shares:		
- Share options	1 578 090	761 791
Weighted average number of ordinary shares for the purpose of diluted earnings per share	192 347 839	191 531 540
Profit for the period attributable to the owners of the parent	589 585 444	298 585 388
Earnings per share basic	3.09	1.57
Earnings per share diluted	3.07	1.56

The Company has no own shares at 31 December 2023.
The Board of directors has proposed dividend to be paid for 2023 according to the dividend policy.

Note 17 — Management of capital

The Group's financial policies and guidelines are developed to secure sound financial flexibility for the Group to be able to support commercial activity and growth. Targets are set at levels which will give the Group sufficient strength through business cycles. The Group focus on a number of financial ratios, among others;

Book equity ratio
The Group's book equity ratio is targeted to be between 40-55%. The book equity at year-end 2023 is above the set target.

Working capital
The Group's working capital is targeted to be above zero excluding short-term lease liabilities. The ratio per year-end 2023 is above the set target (2022: above the set target).

Liquidity reserve
The aim is to keep a solid liquidity reserve with minimum cash holding relative to the size of the operation, cash flow development and capital commitments. The Group is targeting a minimum liquidity reserve of 12 months of debt service and unfinanced capital commitments, of which a part may consist of available credit facilities. The liquidity reserve year-end 2023 is above the set target.

Höegh Autoliners ASA has covenants in the loan agreement regarding minimum book equity ratio, working capital and minimum liquidity. The Group is in compliance with these ratios on a consolidated basis as per year-end 2023.

The Group aims to maximise shareholder return over time. To maintain or adjust the capital structure, the Group may adjust dividend distribution or issue new shares. According to the dividend policy, Höegh Autoliners targets to distribute quarterly dividends to shareholders of around 100% of cash generation after amortisation of debt facilities, capital expenditure and payable taxes. Any declaration of dividends will be at the discretion of the Board of Directors considering also the outlook and the Company's financial position. There are no restrictions on dividend payments in the loan agreement.

Equity ratio (USD 1 000)	31.12.2023	31.12.2022
Total equity	1 411 730	1 062 973
Total assets	2 059 344	1 752 187
Equity ratio	69 %	61 %

Note 18 — Non-current and current interest bearing debt

Refinancing of debt

Höegh Autoliners refinanced its USD 1 000 million Facility maturing 30 January 2025, on 28 June 2022. The refinancing included extended maturity until January 2028, reduced annual amortisations, reduced interest rate and a reduction of pledged vessels. The refinancing was accounted for as a debt modification, as the discounted cash flows under the new terms (revised cash flows discounted with the original effective interest rate) showed a difference in net present value of USD 20.9 million (gain). The liability was therefore restated and an adjustment to the amortised cost calculation of the loan will be amortised as a catch-up in the profit or loss until the maturity in 2028 (debt modification accounting). In addition, arrangement fee of USD 4.4 million was expensed.

The refinanced facility consists of USD 300 million in term loan Facility A and a Revolving Credit Facility (RCF) of USD 100 million. In addition, a Facility B of USD 280 million in term loan for the purpose of financing delivery of Aurora Newbuilds has been signed. A down payment on the existing facility of USD 82 million was made in connection with the refinancing. In December 2022, a Facility C of USD 130 million was signed, which has been utilised in 2023 to purchase three vessels. As of 31 December 2023, the RCF and Facility B have not been drawn. Höegh Autoliners complies with all loan covenants at 31 December 2023.

In addition to the financial covenants, the Group also has clauses in the loan agreement related to sustainability margin adjustments. The clauses will give an adjustment of the margin based on the fleet's sustainability score, being a verified cgDIST score per vessel.

2023 - Interest bearing debt (USD 1 000)	Non-current	Current	Total
Interest bearing debt	299 837	49 783	349 620
Arrangement fee mortgage debt	(3 639)	(423)	(4 062)
Accrued interest	-	229	229
Total interest bearing debt 31.12	**296 198**	**49 589**	**345 787**

2022 - Interest bearing debt (USD 1 000)	Non-current	Current	Total
Interest bearing debt	231 847	36 636	268 483
Arrangement fee mortgage debt	(3 953)	(167)	(4 120)
Accrued interest	-	157	157
Total interest bearing debt 31.12	**227 894**	**36 626**	**264 520**

Mortgage debt (USD 1 000)	Maturity	Outstanding amount
USD 810 million senior secured	January 2028	359 272
Total mortgage debt 31.12.2023		**359 272**

Security

The USD 810 million senior secured term loan and revolving credit facility is secured by mortgages in the majority of the Group's vessels, with a book value of USD 704 million (2022: USD 604 million). In addition, the debt is secured by an assignment of earnings and insurances.

Weighted average effective interest rates of total borrowings	2023	2022
Mortgage debt	8.76 %	4.24 %

Note 19 — Trade and other payables

Trade and other payables (USD 1 000)	31.12.2023	31.12.2022
Suppliers	33 471	26 381
Prepaid TC on vessels chartered out	1 629	6 460
Public duties payable and holiday pay	6 767	4 714
Total	41 867	37 555

Note 20 — Current accruals and provisions

Accounting policy
Provisions are recognised when the Group has a legal or constructive obligation as a result of past events. The recognition of the provision is that it is likely (more likely than not) that a future event will lead to a financial settlement as a result of this commitment, and that the size of the amount can be measured reliably. Provisions are evaluated at each balance sheet date and reflects the best estimate of the obligation. When the effect of time is significant, the provision will be the present value of future payments to cover the obligation.

Current accruals and provisions (USD 1 000)	31.12.2023	31.12.2022
Accrued voyage expenses	25 030	32 806
Accrued crew expenses	1 455	1 928
Accrued running expenses	16 279	8 036
Other current provisions	7 688	1 705
Total	50 452	44 475

Accruals
All voyages are continuously estimated with regards to the expenses incurred at any given time during the voyage. The difference between actually invoiced expenses and the cost estimate is presented as accrued expenses at the balance sheet date.

Other current provisions (USD 1 000)	31.12.2023	31.12.2022
Provision 01.01	1 705	1 954
Charged/(credited) to the income statement:		
Additional provisions	7 688	1 705
Unused amounts reversed	(234)	(128)
Used during year	(1 472)	(1 826)
Provision 31.12	7 688	1 705

Note 21 — Transactions with related parties

The Group had three vessels under US flag with Maersk Lines Ltd during 2023. All three vessels are owned as individual US Trusts. Each vessel is on bareboat charter to Maersk Lines from the Trusts and Höegh Autoliners Shipping AS have the vessels on time charter from Maersk Lines Ltd. A.P. Møller-Maersk A/S sold its shares in Höegh Autoliners on 27 November 2023 and was thereafter not considered a related party. Transactions in the table below between Maersk and Höegh Autoliners Shipping AS for 2023 are for the period 1 January to 27 November 2023.

Höegh Autoliners ASA holds a 36.45% interest in ParCar AS and has no outstanding receivable as of 31.12.2023 (2022: USD 1 million). ParCar Shipholding AS, which is 100% owned by ParCar AS, leases Höegh Copenhagen on a bareboat lease to Höegh Autoliners Shipping AS.

The main transactions are listed in the table below (USD 1 000):

Supplier	Receiver	Type of agreement	2023	2022
Maersk Lines Ltd.	Höegh Autoliners Shipping AS	Technical Management	21 433	18 881
Höegh Autoliners Shipping AS	Maersk Lines Ltd.	Shipping services	47 248	27 368
ParCar Shipholding AS	Höegh Autoliners Shipping AS	Bareboat lease	6 917	7 075

Year-end balances from sales/purchase of goods or services with related parties are as follows (USD 1 000):

Supplier	Receiver	31.12.2023	31.12.2022
Maersk Lines Ltd.	Höegh Autoliners Shipping AS	-	1 413
Höegh Autoliners Shipping AS	Maersk Lines Ltd.	-	20 543

All Höegh Autoliners commercial subsidiaries make cargo bookings on behalf of Höegh Autoliners AS. Most of the commercial companies are cost-plus-based where the company's income is based on a percentage of the expenses. Based on this transfer pricing principle Höegh Autoliners Shipping AS has from the various commercial subsidiaries expensed USD 17 million (USD 17 million in 2022) as voyage expenses.

Main transactions with other related parties Höegh Capital Partners Ltd delivered consultancy services amounting to TUSD 5 in 2023 (2022: TUSD 5). Outstanding payables to Höegh Capital Partners Ltd was TUSD 0.7 at the end of 2023 (2022: TUSD 26).

Note 22 — Contingent liabilities

Accounting policies

Contingent liabilities comprise:

- A possible obligation arising as a result of past events where the obligation depends on some uncertain future event
- A present obligation that is not recognised in the accounts since it is not probable that the obligation will result in a payment being made
- Liabilities that cannot be measured reliably

Contingent liabilities are not recognised in the accounts except for contingent liabilities acquired as part of the purchase of a business. Contingent liabilities acquired as part of the purchase of a business are recognised in the accounts at fair value even if the liability is not likely to materialise. Contingent liabilities are not recognised in the financial statement, but if material, disclosed in the accompanying notes.

A contingent asset is defined as a possible asset, that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the entity. Contingent assets are not included in the annual accounts, but information is provided if there is a reasonable certainty that the benefit in question will accrue to the Group.

Regular claims are made against the Group as a result of its ordinary operations. These are usually cargo claims for damages to the cargo on board the vessels. The Group is of the opinion that none of the on-going cases will lead to significant commitments for the Group.

Since 2012 the Group has been subject of the global cartel investigation in the PCTC industry, and this is still ongoing. The Group accepted a settlement of USD 21 million in a plea agreement in the United States of America in 2017, and it cannot be excluded that more fines and damage claims may come from this investigation in the future. Any potential fines or damage claims could be material for the Group.

Alleged breaches of anti-trust regulations in Brazil On 23 March 2022, The Administrative Council for Economic Defence (CADE) in Brazil issued a fine of approximately BRL 26 million (USD 5.5 million) to Höegh Autoliners for alleged breaches of anti-trust regulations dating back to 2000-2012. Since Höegh Autoliners did not have any turnover in Brazil in the relevant period, the fine is calculated on a “virtual turnover” principle, based on Brazil’s relevance in the world-wide PCTC market. The decision (including the “virtual turnover” calculation) may be challenged before the Appellate Court in Brazil. Höegh Autoliners disagrees with CADE’s decision and after reviewing its merits, the Company will proceed with an appeal. No provision has been made in the financial statements as of 31 December 2023.

Note 23 — Commitments and guarantees

Capital commitments

At the end of 2023, the Group has capital commitments relating to a newbuilding contract with China Merchants Heavy Industry.
In January 2022, the Group signed a contract with China Merchants Heavy Industry for four fixed and eight optional multi-fuel and zero carbon ready Aurora class vessels. In April 2022, a contract for further four vessels was signed. In July 2023, the Group exercised the option to build another four Aurora class vessels. This brings the number of total vessels under the newbuilding program to twelve (12) vessels. The Group has an option to build another four vessels (vessels 13-16), as well as slot reservations for additional four vessels (vessels 17-20). The contract for twelve fixed vessels has a total value of USD 1.2 billion, of which USD 943 million is financed by loans and leases and the remaining USD 284 million from equity As of 31 December 2023 a total of USD 234 million has been paid of the equity part.

The Group expects delivery of two Aurora vessels every six months starting from the second half of 2024.

Guarantees

Below is a list of guarantees in addition to guarantees given for related parties:

Guarantees for customs clearance have been provided for some ports in which the Group operates, as well as guarantees for rent for some of the offices.

Höegh Autoliners ASA has provided performance guarantees in relation to sale-leasebacks of the vessels Höegh Copenhagen, Höegh Jeddah and Höegh Jacksonville. Guarantees have also been provided for the shipbuilding contracts and the related lease financings.

Höegh Autoliners ASA has provided a guarantee in relation to the payments for the rent for the office at Drammensveien 134.

For securities related to the loan facility, see note 18.

Note 24 — Investment in associates and joint ventures

Accounting policies

Associated companies are all entities in which the Group has significant influence but not control, generally companies owned between 20% and 50%. Interests in associated companies are reported according to the equity method. The consolidated accounts include the Group's share of profit from associated companies accounted for according to the equity method from the date significant influence is achieved and until such influence ceases. The Group's share of its associates' profits and losses is presented net as a separate line, as part of operations in the statement of comprehensive income and is added to the capitalised value of the investments together with its share of equity movement not recognised in the statement of comprehensive income. When the Group's share of the loss exceeds the investment in an associated company, the Group reduces the carrying value to zero and further losses are not recorded unless the Group has an obligation or an intention to cover this loss.

The Group has investments in the following associates and joint ventures accounted for using the equity method.

Company	Voting share/ ownership % 31.12.2023	Voting share/ ownership % 31.12.2022	Nature of relationship	Country	Carrying amount 2023 (USD 1 000)	Carrying amount 2022 (USD 1 000)
Höegh Northern Terminal Ltd.	50	50	Joint venture	UK	-	-
ParCar AS	36.45	36.45	Associate	Norway	4 960	5 233
Sum					**4 960**	**5 233**

Specified financial information

- ParCar AS is a company investing in a shipowning company providing the vessel Höegh Copenhagen on a bareboat lease to Höegh Autoliners Shipping AS

Reconciliation to carrying amounts (USD 1 000):	ParCar Group
Net assets 31.12.2021	24 966
Other adjustments*	(2 981)
Profit/(loss) for the period	4 223
Dividends paid	(2 506)
Repaid capital	(9 344)
Net assets 31.12.2022	**14 357**
Group share in %	36.45 %
Carrying amount 31.12.2022	**5 233**
Net assets 31.12.2022	14 357
Other adjustments*	(468)
Profit/(loss) for the period	2 017
Dividends paid	(2 300)
Repaid capital	-
Net assets 31.12.2023	**13 607**
Group share in %	36.45 %
Group's share	4 960
Carrying amount 31.12.2023	**4 960**

** Mainly currency translation differences*

2023 Summarised financial information (USD 1 000)	Assets	Liabilities	Equity	Revenues	Profit/(loss) for the year
Höegh Northern Terminal Ltd.*	65	112	(46)	268	(7)
ParCar Group **	44 657	30 615	14 042	-	2 017

** Figures from unaudited financial statements 2023*

*** Figures from audited financial statements 2023*

2022 Summarised financial information* (USD 1 000)	Assets	Liabilities	Equity	Revenues	Profit/(loss) for the year
Höegh Northern Terminal Ltd.*	65	112	(46)	268	(7)
ParCar Group **	47 254	32 896	14 358	-	4 223

** Figures from unaudited financial statements 2022*

*** Figures from audited financial statements 2022*

The following illustrates summarised financial information of the Group's investment in the associated companies and joint ventures:

Investment in joint ventures (USD 1 000)	2023	2022
Carrying amount 31.12	-	-
Profit/(loss)	-	-

Investment in associates (USD 1 000)	2023	2022
Carrying amount 31.12	4 960	5 233
Profit/(loss)	735	1 539
Currency translation differences (OCI)	(171)	(1 087)
Total carrying amount of investments joint ventures and associates 31.12.	4 960	5 233

Note 25 — List of subsidiaries

Company	Country	Principal activity	Owner share % * 2023	2022
Höegh Autoliners ASA	**Norway**	**Holding company**		
Höegh Autoliners Management AS	**Norway**	**Management company**	**100**	**100**
Höegh Autoliners Shipping Pte. Ltd.	**Singapore**	**Ship owning company**	**100**	**100**
HFS China Ltd.	**China**	**Crewing office**	**51**	**51**
HFS Philippines Inc.**	**Philippines**	**Crewing office**	**25**	**25**
Höegh Autoliners Logistics AS	**Norway**	**Holding company**	**100**	**100**
S.A.S. Autotrans Logistics	France	Logistics operation	100	100
Höegh Autoliners B.V.	The Netherlands	Holding company	100	100
Höegh Autoliners Shipping AS	**Norway**	**Ship owning company**	**100**	**100**
Alliance Norfolk Trust	USA	Ship owning company	100	100
Alliance St. Louis Trust	USA	Ship owning company	100	100
Alliance Fairfax Trust	USA	Ship owning company	100	100
Höegh Autoliners Shipping II AS	**Norway**	**SPV for entering into shipbuilding contracts**	**100**	**100**
Höegh Autoliners Shipping 269-3 AS	**Norway**	**SPV for entering into shipbuilding contracts**	**100**	**100**
Höegh Autoliners Shipping 269-4 AS	**Norway**	**SPV for entering into shipbuilding contracts**	**100**	**100**
Höegh Autoliners Shipping 269-7 AS	**Norway**	**SPV for entering into shipbuilding contracts**	**100**	**100**
Höegh Autoliners Shipping 269-8 AS	**Norway**	**SPV for entering into shipbuilding contracts**	**100**	**100**
Höegh Autoliners Shipping 269-9 AS	**Norway**	**SPV for entering into shipbuilding contracts**	**100**	**-**
Höegh Autoliners Shipping 269-10 AS	**Norway**	**SPV for entering into shipbuilding contracts**	**100**	**-**
Höegh Autoliners Shipping 269-11 AS	**Norway**	**SPV for entering into shipbuilding contracts**	**100**	**-**
Höegh Autoliners Shipping 269-12 AS	**Norway**	**SPV for entering into shipbuilding contracts**	**100**	**-**
Höegh Autoliners Shipping III AS	**Norway**	**Ship owning company**	**100**	**-**
Höegh Autoliners Shipping IV AS	**Norway**	**Holding company**	**100**	**-**
Höegh Autoliners AS	**Norway**	**Commercial operation**	**100**	**100**
Alliance Navigation LLC.	USA	Commercial operation	100	100
Höegh Autoliners Germany GmbH	Germany	Commercial operation	100	100
Höegh Autoliners Pty. Ltd.	India	Commercial operation	100	100
Höegh Autoliners K.K.	Japan	Commercial operation	100	100
Höegh Autoliners North America Inc.	USA	Commercial operation	100	100
Höegh Autoliners PTY Ltd.	South Africa	Commercial operation	100	100
Höegh Autoliners Spain S.L.	Spain	Commercial operation	100	100

Company	Country	Principal activity	Owner share % * 2023	Owner share % * 2022
Höegh Autoliners S.A.S.	France	Commercial operation	100	100
Leif Höegh & Co China Ltd.***	China	Commercial operation	100	100
Höegh Autoliners Panama S. A.	Panama	Commercial operation	100	100
Höegh Technical Management Holding Pte Ltd.	**Singapore**	**Holding company**	**100**	**100**
Höegh Technical Management Inc.	Philippines	Management company	100	100
Höegh Autoliners Technical Operations AS	**Norway**	**Management company**	**100**	**100**

** For the above listed companies one share has one vote at the General Meeting.*

*** Although the maximum foreign ownership under Philippine law stands at 25 %, the terms of the agreement under which the entity was established, gives Höegh 100 % control over HFS Philippines Inc. consequently, Höegh consolidates this entity.*

**** The operation in China takes place from this company in the name Höegh Autoliners*

Note 26 — Events after the balance sheet date

Dividend

On 7 February 2024, the Board of Directors resolved to declare a dividend of USD 1.8871 per share. The dividend was paid out in March 2024. From Q1 2024, the Company's target is to distribute quarterly dividends to shareholders of around 100% of quarterly cash generation after amortization of debt facilities, capital expenditure and payable taxes. Any declaration of dividends will be at the discretion of the Board of Directors considering also the outlook and the Company's financial position. Dividends will be declared in USD and paid in NOK.

Fleet update

On 27 February 2024, the Company through its subsidiary Höegh Autoliners Shipping AS, announced an agreement for the sale of the owned vessel Höegh Chiba (IMO 9303558) for a price of USD 61 million. Höegh Chiba (6 000 CEU) was built at DSME shipyard in 2006. She is sailing under the NIS flag and is expected to be debt-free at the time of delivery. The vessel will be delivered to the new owner by August 2024. Expected financial gain from the sale is USD 28 million.

On 27 February 2024, the Company, through its subsidiary Höegh Autoliners Shipping AS, also announced that it had declared an option to purchase the vessel Höegh Jeddah (IMO 9673381) from Ocean Yield for a purchase price of USD 43.2 million. The average market value of the vessel is USD 91 million (per 31 December 2023). Höegh Jeddah was built in 2014 with a capacity of 6 500 CEU. The transaction will be completed in September 2024, and the Company intends to finance the purchase price fully by mortgage debt through its fleet credit facility.

On 2 April 2024, the Company, through its subsidiary Höegh Autoliners Shipping Pte. Ltd, reached an agreement for the sale of the owned vessel Höegh Kobe (6 000 CEU) for a price of USD 59 million. The vessel will be delivered to the new owner by July 2024. Expected financial gain from the sale is USD 25 million.

Refinancing

Höegh Autoliners entered into two new credit facilities in March 2024; a USD 720 million credit facility for the purpose of refinancing the existing USD 810 million Credit Facility, and a new USD 200 million Revolving Credit Facility for general corporate purposes. The refinancing included extended maturity until March 2030, reduced annual amortisations, reduced interest rate and reduced the amount of pledged vessels. The new USD 200 million Revolving Credit Facility is non-amortising with maturity in March 2028. The facility is currently undrawn and will serve as an additional liquidity reserve and provide flexibility for future capital allocation.

Alternative Performance Measures

Höegh Autoliners presents certain financial measures, which, in accordance with the “Alternative Performance Measures” guidance issued by the European Securities and Markets Authority, are not accounting measures

defined or specified in IFRS and are, therefore, considered alternative performance measures. Höegh Autoliners believes that alternative performance measures provide meaningful supplemental information to the financial

measures presented in the consolidated financial statements prepared in accordance with IFRS and increase the understanding of the profitability of Höegh Autoliners’ operations. In addition, they are seen as useful indicators

of the Group’s financial position and ability to obtain funding. Alternative performance measures are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures, which should not be viewed in isolation or as a substitute to the IFRS financial measures.

Definitions of Alternative Performance Measures (APMs) This section describes the non-GAAP financial alternative performance measures (APM) that are used in the quarterly and annual reports.

EBITDA is defined as Total revenues less Operating expenses. EBITDA is used as an additional measure of the Group’s operational profitability, excluding the impact from depreciation, amortisation, financial items and taxes.

Adjusted EBITDA is defined as EBITDA excluding items in the profit or loss which are not regarded as part of the underlying business. Example of such costs are redundancy costs, cost related to anti-trust investigation and other non-recurring one offs.

Net interest-bearing debt (NIBD) is defined as interest-bearing liabilities less cash and cash equivalents.

Reconciliation of Total revenues to EBITDA and Adjusted EBITDA (USD million)	2023	2022	2021
Total revenues (incl other income)	1446	1 270	947
Operating expenses	-710	-824	-743
EBITDA	**736**	**447**	**203**
Anti-trust expenses	-	1	7
Adjusted EBITDA	**736**	**448**	**210**

Net interest bearing debt (USD million)	31 Dec 2023	31 Dec 2022	31 Dec 2021
Non-current interest bearing debt	296	228	**360**
Non-current lease liability	82	134	202
Current interest bearing debt	50	37	85
Current lease liability	82	165	73
Less Cash and cash equivalents	458	184	228
Net interest bearing debt	**52**	**379**	**491**

Parent Company Accounts

Statement of income (USD 1 000)	Notes	2023	2022
Operating expenses	2	(1 863)	(1 598)
Operating loss		**(1 863)**	**(1 598)**
Interest income		4 650	618
Interest income group companies	3	62 846	39 408
Interest expenses	3	(27 085)	(19 588)
Reversal of impairment on investment in shares	3	-	11 072
Other financial income/(expenses)	3	5 680	(1 374)
Profit before tax		**44 227**	**28 537**
Income tax expenses	4	(11 611)	(13 150)
Profit of the year		**32 616**	**15 387**

Statement of financial position (USD 1 000)

	Notes	31.12.2023	31.12.2022
Assets			
Non-current assets			
Deferred tax assets	4	4 555	-
Investments in group and other companies	5	1 307 696	1 010 475
Non-current receivables group companies	6	220 681	756 076
Total non-current assets		**1 532 933**	**1 766 551**
Current assets			
Current receivables group companies	7	24 318	41 261
Other receivables		394	1 453
Cash	8	65 395	111 366
Total current assets		**90 107**	**154 080**
Total assets		**1 623 040**	**1 920 631**
Equity and liabilities			
Equity			
Share capital	9	443 898	443 898
Share premium reserve	9	289 384	289 384
Other paid-in equity	9	1 067	504
Retained earnings	9	141 856	666 240
Total equity		**876 206**	**1 400 027**
Non-current liabilities			
Deferred tax	4	-	36 896
Non-current interest bearing debt	10	303 486	237 547
Total non-current liabilities		**303 486**	**274 443**
Current liabilities			
Current interest bearing debt	10	51 953	38 990
Current payables group companies	7	26 151	158 796
Tax payable	4	5 093	2 478
Other current liabilities	11	360 150	45 897
Total current liabilities		**443 347**	**246 160**
Total equity and liabilities		**1 623 040**	**1 920 631**

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Oslo, 23 April 2024

The Board of Directors of Höegh Autoliners ASA

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Leif O. Høegh,
Chair

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Morten W. Høegh,
Deputy Chair

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Jan B. Kjærvik,
Board member

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Martine Vice Holter,
Board member

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Kasper Friis Nilaus,
Board member

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Kjersti Aass,
Board member

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Johanna Hagelberg,
Board member

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Gyrid Skalleberg Ingerø,
Board member

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Andreas Enger,
CEO

Statement of cash flows (USD 1 000)	Notes	2023	2022*
Cash flows from operating activities			
Profit before tax		**44 227**	**28 537**
Financial (income)/ Expenses		(46 090)	(19 063)
Reversal of impairment on investment in shares	3	-	(11 072)
Net change in current receivables/payables from/to Group companies	7	(162 594)	188 015
Net change in other current assets/liabilities		473	(981)
Dividend income	3	838	914
Interest received	3	30 508	18 448
Interest paid	3	(26 824)	(17 435)
Tax paid	4	(1 823)	-
Net cash flows provided from operating activities		**(161 284)**	**187 362**
Cash flows from investing activities			
Investments in subsidiaries, associates and joint ventures	5	372 055	3 406
Issuance of debt to group companies and associates	6	(130 000)	(120 000)
Repaid on loans to group companeis and associates	6	39 182	83 912
Net cash flows provided by investing activities		**281 237**	**(32 682)**
Cash flows from financing activities			
Proceeds from issue of equity	9	-	3 797
Proceeds from issue of debt	10	130 000	-
Repayment of debt	10	(51 228)	(153 211)
Other financial items		(3 190)	(365)
Dividend	9	(241 000)	(35 000)
Net cash flows (used in)/provided from financing activities		**(165 418)**	**(184 779)**
Net change in cash during the year		**(45 465)**	**(30 099)**
Cash 01.01		111 366	141 853
Exchange differences cash and cash equivalents		(505)	(388)
Cash 31.12	8	**65 395**	**111 366**

* *Cash flow figures for 2022 have been restated to align with current year presentation*

Parent company accounts

Notes 2023

Note 1 — Summary of significant accounting policies

BASIS OF PREPARATION

The accounts are prepared according to the Accounting Act and Generally Accepted Accounting Principles in Norway. The most important accounting principles adopted by the Company are described below.

CLASSIFICATION OF ITEMS IN THE BALANCE SHEET

Current assets and current liabilities consist of items that fall due within one year after the balance sheet date. Current assets are recognised at the lower of cost and fair value. Current debt is capitalised at nominal value at the recording date. Other items are classified as non-current assets/liabilities. Fixed assets are recognised at acquisition cost reduced by depreciation and impairments. Non-current debt is recognised at the nominal amount at the date of drawdown.

FOREIGN CURRENCY TRANSACTIONS

Functional and presentation currency
Höegh Autoliners ASA presentation and functional currency is US dollars (USD).

Transactions and balances
All transactions in currencies other than USD are included in the accounts at the exchange rate on the date of the transaction. Monetary assets and liabilities in currencies other than USD, are translated to USD according to the currency rates at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income. Non-monetary items included at historical cost denominated in currencies other than USD are translated at the exchange rate at the time of the original transaction.

NON-CURRENT INVESTMENTS

Shares/interests in subsidiaries and other companies are recorded according to the cost method. Dividend, group contributions and other distributions from subsidiaries are recognised in the same year as it is provided for in the accounts of the distributing company. If the dividend/group contribution shares are higher than the net result after the acquisition date, the excess distribution represents a refund of invested capital, and the distribution is subtracted from the value in the balance sheet of the parent company.

The impairment evaluation of the investment in subsidiaries compares the equity in the subsidiary with the carrying amount of the investment in the parent. The assessment also takes into account the excess Net present value of operations not reflected in the subsidiaries equity. The excess values of the subsidiaries are included when considering the ultimate parents investment in the immediate parent.

CURRENT INVESTMENTS

Financial instruments which are held for trading are valued at fair value in accordance with the Accounting Act § 5-8. Other short-term investments that are not held for trading (shares recognised as current assets) are valued at lower of acquisition cost and fair value on the balance sheet date. Dividends received and other distributions from companies are recognised as other financial income.

RECEIVABLES

Trade and other receivables are carried at the original invoice amount, less an allowance made for doubtful receivables. Provision is made when there is objective evidence that the Company will be unable to recover balances in full.

DEBT

Loans and receivables are non-derivative financial assets with fixed or agreed payments that are not traded in an active market. Such assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

TAX

The tax expenses consist of taxes payable and changes in deferred tax. Tax increasing and tax reducing temporary differences that are reversed or can be reversed in the same period are offset and netted in the accounts. Net deferred tax assets that are substantiated through future earnings are capitalised as intangible asset. Currency gains or losses related to deferred tax assets, deferred tax liabilities or taxes payables are presented as tax expense/income.

CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are not recognised in the financial statement, but if material, disclosed in the accompanying notes. A contingent asset is not recognized in the financial statements, but informed about if there is a certain degree of probability that it will be an advantage to the Company.

CASH

The cash flow statement is prepared according to the indirect method. Cash includes cash in hand and bank deposits. Cash is classified as current assets.

FINANCIAL RISK

For details and information on financial risk see Höegh Autoliners consolidated financial statement 2023.

Note 2 — Operating expenses

(USD 1 000)	2023	2022
Statutory audit	392	170
Remuneration to the board	295	403
Legal fees	381	383
Consultants	275	120
Insurance premiums	224	227
Other expenses	297	297
Total	**1 863**	**1 598**

The Company has no employees and therefore no wage expenses or pension liabilities. Both the CEO and the CFO are employed by the group company Höegh Autoliners Management AS. Details on the remuneration to the board can be found in the 2023 Remuneration report published on our website.

Note 3 — Interest income and expenses

Interest income group companies (USD 1 000)	2023	2022
Interest income	62 668	35 008
Arrangement fee	178	4 400
Total	**62 846**	**39 408**

Interest expenses (USD 1 000)	2023	2022
Interest mortgage debt	26 897	15 089
Arrangement fee	188	4 400
Other interest expenses	-	99
Total	**27 085**	**19 588**

Other financial items (USD 1 000)	2023	2022
Reversal of impairment on investment in shares*	-	11 072
Dividend from associated company	838	914
Currency gain/(loss)	1 560	(2 275)
Other financial expenses	3 282	(12)
Total	**5 680**	**9 698**

* *Reversal of impairment on the investment in Höegh Autoliners Management AS. For further information see Note 5.*

Note 4 — Tax

Income tax for the year (USD 1 000)	2023	2022
Current tax	(6 633)	(2 478)
Withholding tax	(769)	(494)
Change in deferred tax	(4 184)	(10 178)
Currency differences and adjustments prior years	(26)	-
Tax expense	**(11 611)**	**(13 150)**

Reconciliation of calculated and actual tax expense (USD 1 000)	2023	2022
Profit before tax	**44 227**	**28 537**
Tax at 22% statutory tax rate	(9 730)	(6 278)
Withholding tax	(769)	(494)
Permanent differences	1 986	1 815
Adjustments prior years	(26)	-
Currency differences	(3 073)	(8 193)
Tax expense	**(11 611)**	**(13 150)**

The currency effect is due to translation differences from NOK to USD, as the tax calculation is prepared in NOK.

Deferred tax (USD 1 000)	31.12.2023	31.12.2022
Deferred tax assets / (liabilities) *	4 555	(36 896)
Total deferred tax assets / (liabilities)	**4 555**	**(36 896)**

* *From 1 January 2024 the corporate tax rate remains at 22%. For 2023 there is a change to deferred tax not charged to the P&L, due to tax free transfer with continuity of loan notes to a subsidary.*

Note 5 — Investments in group and other companies

Investments in group companies (USD 1 000)

2023	Registered office	Ownership share in %	Voting share in %	Net profit 2023	Equity 31.12.2023	Carrying amount
Höegh Autoliners Management AS	Norway	100	100	155 578	1 244 725	1 304 997
Total						**1 304 997**

2022	Registered office	Ownership share in %	Voting share in %	Net profit 2022	Equity 31.12.2022	Carrying amount
Höegh Autoliners Management AS	Norway	100	100	2 983	759 124	1 007 775
Total						**1 007 775**

Investments in other companies (USD 1 000)

2023	Registered office	Owner / voting share	Net profit 2023*	Equity 31.12.2023*	Carrying amount
ParCar AS (group)	Norway	36.45%	2 017	14 042	2 700
Total					**2 700**

** Financial information from audited statutory financial statements 2023*

2022	Registered office	Owner / voting share	Net profit 2022*	Equity 31.12.2022*	Carrying amount
ParCar AS (group)	Norway	36.45%	4 223	14 358	2 700
Total					**2 700**

** Financial information from audited statutory financial statements 2022*

The increase in carrying amount of the investment in Höegh Autoliners Management AS is due to capital increases and repayment of capital during the year.

Höegh Autoliners ASA purchased 36.45% of the shares in ParCar AS in 2017 through a conversion of receivables. ParCar AS owns 100% of ParCar Shipholding AS, the owner of the vessel Höegh Copenhagen, a vessel leased to Höegh Autoliners Shipping AS on a 18-year bareboat lease.

Note 6 — Non-current receivables group companies

Non-current receivables group (USD 1 000)	31.12.2023	31.12.2022
Höegh Autoliners Shipping AS	-	481 458
Höegh Autoliners Shipping Pte Ltd.	-	151 567
Höegh Autoliners Shipping II AS	132 078	123 051
Höegh Autoliners Shipping III AS	88 603	-
Total	**220 681**	**756 076**

In 2023, a restructuring process was initiated in the Höegh Autoliners group to clean up and simplify the structure and operations by transferring vessels owned by Höegh Autoliners Shipping Pte Ltd in Singapore to Höegh Autoliners Shipping III AS. As part of this process, the non-current receivables on Höegh Autoliners Shipping AS and Höegh Autoliners Shipping Pte Ltd were transferred to another group company. The transfer of the receivables was done with tax continuity, according to The Regulation of the Tax Act chapter 11. The receivable on Höegh Autoliners Shipping III AS is related to the restructuring and transfer of receivables.

Note 7 — Current receivables/(payables) group companies

31.12.2023 (USD 1 000)	Current receivables	Current payables	Total
Höegh Autoliners Management AS	-	(12 818)	(12 818)
Höegh Autoliners Shipping AS	24 314	-	24 314
Höegh Autoliners Logistics AS	-	(13 333)	(13 333)
Höegh Autoliners Shipping III AS	4	-	4
Total	**24 318**	**(26 151)**	**(1 833)**

31.12.2022 (USD 1 000)	Current receivables	Current payables	Total
Höegh Autoliners Management AS	2 272	-	2 272
Höegh Autoliners Shipping AS	38 990	(145 112)	(106 122)
Höegh Autoliners Logistics AS	-	(13 333)	(13 333)
Höegh Autoliners Shipping II AS	-	(352)	(352)
Total	**41 261**	**(158 796)**	**(117 535)**

Note 8 — Cash

Höegh Autoliners ASA is primarily funded by other group companies. As payments are made and receivables are collected by other companies, the cash flow will reflect this situation. There are no restricted accounts in Höegh Autoliners ASA.

Note 9 — Equity

(USD 1 000)	Share capital	Share premium reserve	Other paid-in equity	Retained earnings	Total
Equity 01.01.2022	443 898	289 384	39	729 854	1 463 175
Share bonus program	-	-	465	-	465
Profit of the year	-	-	-	15 387	15 387
Dividend	-	-	-	(79 000)	(79 000)
Equity 31.12.2022	**443 898**	**289 384**	**504**	**666 240**	**1 400 027**
Share bonus program	-	-	563	-	563
Profit of the year	-	-	-	32 616	32 616
Dividend	-	-	-	(557 000)	(557 000)
Equity 31.12.2023	**443 898**	**289 384**	**1 067**	**141 856**	**876 206**

At the Annual General Meeting in April 2023, the Board of directors was authorised to resolve the distribution of dividends on the basis of the Company's annual accounts for 2022. The authorisation is valid until the Company's annual general meeting in 2023, but no longer than to and including 30 June 2024. Following this authorisation, a total of USD 601 million have been recognised in 2023 as dividend, whereof USD 241 million has been distributed to the shareholders during 2023 and USD 360 million has been recorded as current liabilities at 31 December 2023. The dividend of USD 360 million was paid to the shareholders in March 2024.

The Company's number of shares is as follows:	2023	2022
Total shares at 31 December	190 769 749	190 769 749

Nominal share value of NOK 14.80 (2022: NOK 14.80).

The largest shareholders at 31 December 2023:

Shareholders	Number of shares	% of shares
Leif Höegh & Co AS	79 267 841	41.55 %
Folketrygdfondet	8 206 940	4.30 %
Clearstream Banking S.A.	4 889 119	2.56 %
State Street Bank and Trust Comp	4 776 397	2.50 %
Goldman Sachs International	4 557 099	2.39 %
BNP Paribas	4 125 776	2.16 %
Skandinaviska Enskilda Banken AB	3 000 000	1.57 %
The Bank of New York Mellon	2 970 978	1.56 %
Other	78 975 599	41.40 %
Total number of shares	**190 769 749**	**100.00 %**

Shares owned or controlled by representatives of the Group at 31 December 2023:

Name	Number of shares	% of shares
Board of directors		
Leif O. Høegh *	39 633 920.5	21 %
Morten W. Høegh *	39 633 920.5	21 %
Martine Vice Holter	-	-
Jan B. Kjærvik	-	-
Kasper Friis Nilaus	-	-
Johanna Hagelberg	-	-
Kjersti Aass	4 500	0 %
Gyrid Skalleberg Ingerø	7 500	0 %
Thor Jørgen Guttormsen	-	-
Executive management		
CEO - Andreas Enger ***	1 242 135	1 %

* *Leif O. Høegh and his immediate family indirectly owns 50% of Leif Höegh & Co AS.*

** *Morten W. Høegh and his immediate family are the principal beneficiaries of trusts which have an indirect ownership of 50% of Leif Höegh & Co AS.*

*** *The CEO's shares are owned through Damgård Invest AS.*

As of 31 December 2023, the Company has not granted any loans, guarantees or made any other similar commitments to any of its Board Members or members of Management.

Note 10 — Non-current and current interest-bearing debt

31.12.2023 Interest-bearing debt (USD 1 000)	Non-current	Current	Total
Mortgage debt	303 486	51 724	355 210
Accrued interest	-	229	229
Total	**303 486**	**51 953**	**355 440**

31.12.2022 Interest-bearing debt (USD 1 000)	Non-current	Current	Total
Mortgage debt	237 547	38 833	276 380
Accrued interest	-	157	157
Total	**237 547**	**38 990**	**276 537**

Mortgage debt 31.12.2023 (USD 1 000)	Maturity	Outstanding amount
USD 810 million senior secured facility	January 2028	355 210

Security
The USD 810 million senior secured term loan and revolving credit facility is secured by mortgages in the majority of the Group's vessels, with a book value of USD 704 million. In addition, the debt is secured by an assignment of earnings and insurances.

Mortgage debt
The credit facility was refinanced in July 2022, with new maturity in January 2028. For more information, see Note 18 in the consolidated accounts.

Note 11 — Other current liabilities

Other current liabilities (USD 1 000)	31.12.2023	31.12.2022
Dividend *	360 000	44 000
Other current liabilities	150	1 897
Total	**360 150**	**45 897**

* *See also note 9 and 14.*

Note 12 — Contingent liabilities

The global car carrier anti-trust investigation in the PCTC industry, which was initiated in 2012, has been finalised in most of the relevant jurisdictions, notably the Japan, China, EU and the U.S. No fines have been invoked against the Group, save for the U.S., where the Group pleaded guilty to one offence, which entailed a fine. As before, the Group continues to cooperate fully with all relevant agencies. It is expected that the few remaining investigations and related matters may continue for another few years. Any potential fines or damage claims could be material for the Group.

Note 13 — Transactions with related parties

Höegh Autoliners ASA has a loan facility with a syndicate of banks. The subsidiary Höegh Autoliners Shipping AS is financed with a back-to-back loan from Höegh Autoliners ASA. In addition, the subsidiary Höegh Autoliners Shipping Pte. Ltd. has a long-term intercompany loan with Höegh Autoliners ASA. The interest rate and margin under the intercompany loan agreements are based on the conditions set out in the external loan agreement at the time these loans were granted. The mentioned conditions are updated from time to time following the external facility terms on such conditions.

See Note 6 and 7 for more details on intercompany balances.

Supplier	Receiver	Transaction type	2023 (USD 1 000)	2022 (USD 1 000)
Höegh Autoliners ASA	Höegh Autoliners Shipping AS	Interest on loan	42 739	23 691
Höegh Autoliners ASA	Höegh Autoliners Shipping Pte. Ltd.	Interest on loan	10 632	7 059
Höegh Autoliners ASA	Höegh Autoliners Shipping II AS	Interest on loan	9 027	3 051
Höegh Autoliners ASA	Höegh Autoliners Shipping III AS	Interest on loan	270	-

Höegh Autoliners ASA holds a 36.45% interest in ParCar AS and had no outstanding receivable as of 31.12.2023 (2022: USD 1.0 million).
ParCar Shipholding AS, which is 100% owned by ParCar AS, leases Höegh Copenhagen on a bareboat lease to Höegh Autoliners Shipping AS.

Höegh Capital Partners Ltd delivered consultancy services to Höegh Autoliners ASA amounting to USD 5 thousand in 2023 (2022: USD 5 thousand).
Outstanding payables to Höegh Capital Partners Ltd was USD 1 thousand at the end of 2023 (2022: USD 26 thousand).

Note 14 — Events after the balance sheet date

Dividend

On 7 February 2024, the Board of Directors resolved to declare a dividend of USD 1.887 per share amounting to USD 360 million.
The dividend was paid out in March 2024.

Refinancing

Höegh Autoliners entered into two new credit facilities in March 2024; a USD 720 million credit facility for the purpose of refinancing the existing USD 810 million Credit Facility, and a new USD 200 million Revolving Credit Facility (RCF) for general corporate purposes. The refinancing included extended maturity until March 2030, reduced annual amortisations, reduced interest rate and reduced the amount of pledged vessels. Of the new USD 720 million facility, USD 90 million will be drawn in connection with the purchase of Höegh Jacksonville and Höegh Jeddah in April and September 2024, and USD 280 million will be drawn in connection with the delivery of the Aurora newbuilds 1, 2, 5 and 6. The new USD 200 million RCF is non-amortising with maturity in March 2028.

Responsibility Statement

Höegh Autoliners ASA's consolidated financial statements for the period 1 January to 31 December 2023 have been prepared and presented in accordance with IFRS as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for Höegh Autoliners ASA for the period 1 January to 31 December 2023 have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards.

We confirm to the best of our knowledge that the consolidated and separate financial statements for the period 1 January to 31 December 2023 have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and results for the period viewed in their entirety, and that the Board of Directors' report includes a fair review of any significant events that arose during the period and their effect on the financial statements, any significant related parties' transactions and a description of the significant risks and uncertainties to which the Group and the parent company are exposed.

Oslo, 23 April 2024

The Board of Directors of Höegh Autoliners ASA

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Leif O. Høegh,
Chair

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Morten W. Høegh,
Deputy Chair

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Jan B. Kjærvik,
Board member

DocuSigned by:
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Martine Vice Holter,
Board member

DocuSigned by: Kasper Nilaus
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Kasper Friis Nilaus,
Board member

DocuSigned by: Kjersti Aass
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Kjersti Aass,
Board member

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Johanna Hagelberg,
Board member

DocuSigned by: Gyrid Ingerø
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Gyrid Skalleberg Ingerø,
Board member

DocuSigned by: Andreas Enger
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Andreas Enger,
CEO

To the General Meeting of Höegh Autoliners ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Höegh Autoliners ASA, which comprise:

- the financial statements of the parent company Höegh Autoliners ASA (the Company), which comprise the statement of financial position as at 31 December 2023, the statement of income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Höegh Autoliners ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 11 years from the election by the general meeting of the shareholders on 21 August 2013 for the accounting year 2013.

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.

The Group's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new key audit matters. Both *Impairment* *assessment for vessels and newbuildings* and *Revenue from contracts with customers* have the same characteristics and risks this year as the previous year and consequently both have been areas of focus also for the 2023 audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment assessment for vessels and newbuildings	
On 31 December 2023, the Group owned and operated 36 vessels, of which 30 owned and 6 chartered in and classified as Right-of-Use Assets, and 12 newbuildings. At the balance sheet date, owned and leased vessels and newbuildings had a net carrying amount of USD 1 427 883 thousand. The Group has not recognised an impairment on the vessels or newbuildings in 2023. Indicators of impairment for the vessels and newbuildings were assessed and management concluded that no such indicators were present. As a result, management has not performed an impairment test. We focused on management's impairment assessment for vessels and newbuildings due to the significant carrying value of these assets and the judgement inherent in the assessment of indicators of impairment. Refer to note 7 – Vessels, Newbuildings, Equipment and Right-of-Use Assets, where management explains how they assessed the value of the vessels and newbuildings.	We evaluated and challenged management's assessment of indicators of impairment and the process by which this was performed. We assessed management's accounting policy against IFRS Accounting Standards and obtained explanations from management as to how the specific requirements of the standards, in particular IAS 36 – Impairment of assets, were met. We also assessed the consistency year-on-year of the application of the accounting policy. As part of management's assessment, management compiled independent broker valuations for the vessels and newbuildings. We satisfied ourselves that the external brokers had both the objectivity and the competence to provide the estimate. To assess this, we interviewed selected brokers to understand how the estimates for fair value were compiled. We also satisfied ourselves that the brokers were provided with relevant facts to determine such an estimate, by testing key inputs such as build date, build location and certain key specifications back to the ships register. To assess other assumptions in the impairment indicator assessment, we interviewed management and challenged their conclusions. We also corroborated the underlying information against third party documentation. We considered that assumptions used by management were appropriate, with no indication of impairment identified. We also assessed management's process and results for identification and classification of CGUs to ensure they were appropriate and in accordance with relevant accounting standards. We read note 7 – Vessels, Newbuildings, Equipment and Right-of-Use Assets and assessed it to be in line with the requirements.

Revenue from contracts with customers

Total revenue from contracts with customers was USD 1 446 075 thousand for the year ended December 31, 2023. There is an inherent risk of errors when a revenue stream consists of large numbers of transactions that add up to material amounts. The inherent risk of errors increases from the complexity that sometimes accompany the requirements for management to use judgement, particularly to determine the transaction price and to decide when performance obligations are satisfied.

Revenue from contracts with customers has been an area of focus for the audit due to the amounts involved and inherent risk associated with large number of individual transactions, various customer agreements, BAF adjustment, volume rebates and third parties involved.

We refer note 2 - Total revenues where management explains the revenue streams and how they are accounted for.

We obtained an understanding of the revenue recognition process based on interviews with management and reviews of the Group’s process and policy documentation. We evaluated management’s application of revenue recognition principles and whether they were in accordance with the IFRS Accounting Standards. We found that we were able to agree with management about their accounting policies and that their assessments were reasonable.

To assess the accuracy of recorded revenue, we tested, on a sample basis, each revenue stream towards information such as contract terms, bill of lading reports, invoices, and bank payments. We found that the revenue was recorded accurately and in accordance with the underlying documentation.

Further, to assess the determined transaction prices, we obtained an understanding of the price for services and products, including BAF adjustments and volume discounts, where applicable, through interviews with management, walkthroughs and review of process descriptions. In addition, we obtained and read a selection of customer contracts to understand whether the determined prices were in accordance with the contract terms. We found no significant deviations in management's assessments.

Through interviews with management and review of a selection of sales documentation such as customer contracts, bill of lading and invoices, we obtained an understanding of the assumptions management assessed to decide on when the performance obligations were satisfied. We found that management’s assumptions were reasonable.

We read note 2 - Total revenues and assessed it to be in line with the requirements.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors’ report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors’ report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors’ report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors’ report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors’ report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of 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 concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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 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 judgment 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. We 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 control 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 and the Group's internal control.
- 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 and 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company and 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 a true and fair view.
- 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 the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, 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 auditor's 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 Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Höegh Autoliners ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300D7GNMPKTA4HD46-2023-12-31-en, 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 the 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

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 23 April 2024
PricewaterhouseCoopers AS

Peter Wallace
State Authorised Public Accountant
(electronically signed)

Auditor's report

Signers:

Name	*Method*	*Date*
Wallace, Peter William	BANKID	2024-04-23 09:00