Annual report 2023

hoeghautoliners.com

Content

Year 2023

Introduction

Höegh Autoliners ASA’s annual report is for the first time presented in a digital format in an attempt to improve the user experience and give a better overview of our report and its content.

The report is approved by the Board of Directors and complies with statutory requirements in Norwegian legislation and the requirements related to the Board of Directors’ report are fulfilled in various sections of the report.

The 2023 annual report has been prepared in accordance with the Global Reporting Initiative (GRI), GHG (Greenhouse Gas) Protocol, SASB Maritime standard and the EU Taxonomy. The sustainability statements should be read in combination with the GRI index to get a full overview of our reporting.

To provide our shareholders and other stakeholders with information on our climate-related risks and opportunities, we continue to use the Task Force on Climate-Related Financial Disclosures (TCFD). Höegh Autoliners will prepare its next year’s annual report in accordance with the Corporate Sustainability Reporting Directive (CSRD), and has as part of its preparations conducted current year’s double materiality assessment guided by the European Sustainability Reporting Standards (ESRS). Please refer to the double materiality assessment section for more details.

For the sustainability statements, the following has been applied:

Reporting of scope 1 emissions covers all of vessels under operational control, including owned vessels, time charters and bareboat charters. Reporting of scope 2 emissions covers all land-based offices under operational control. Reporting of waste data covers all vessels owned and/or technically operated by the Group. Health and safety data covers all vessels owned and/or technically operated by the Group, and land-based offices under operational control.

External assurance is carried out by PwC for Scope 1 and Scope 2 emissions. Their statement can be found in the appendix.

Höegh Autoliners is part of several sustainability related initiatives, coalitions, and partnerships, such as the United Nations Global Compact, First Movers Coalition, Maritime Anti-corruption network and Science Based Target initiative. This positions the Group to fulfill its strategy and goals, provide its customers with sustainable solutions and assist the decarbonisation of their supply chains.

The consolidated financial statements and accompanying notes in this report have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, effective December 31, 2001. The scope of the reporting is Höegh Autoliners's global operations for the period January 1 to December 31, 2023.

Letter from the CEO

I am delighted to announce that Höegh Autoliners is presenting the best financial results in the Company's history for the year 2023.

During the year, we continued to see the strong deep sea transportation demand, while on the other hand, the supply demand imbalance remained, characterised by limited capacity growth and operational disruptions such as port and canal delays and emergency rerouting. Consequently, this led to a huge capacity tightness, pushing the spot rate to a new high level.

Höegh Autoliners was well positioned to take advantage of the strong spot market, and together with several successful repricing of the contract portfolio, managed to achieve substantial rate and top line increases throughout the year. Additionally, the Company maintained control over the operating expenses, and with minimal exposure to the overheated charter market, delivered a strong operational result for the year 2023.

Building resilience and strategic positioning for the future

The strong market also provided a golden opportunity for the Company to build resilience for the future. This was achieved by a combination of securing income via longer term customer contracts with substantially higher rates and reducing capacity costs. The Company declared purchase option for Höegh Jacksonville and took delivery of three vessels: Höegh Berlin, Höegh Tracer and Höegh Trapper. This allowed us to significantly reduce the cash cost and limit our exposure to the overheated charter market. The Company also took advantage of the strong market to further optimise the fleet in preparation for the delivery of the newbuilds, by selling Höegh Bangkok, an unencumbered 16-year old vessel for USD 63 million, resulting in a USD 36 million accounting gain.

Sailing for sustainability

Höegh Autoliners firmly believes decarbonisation is where we can make the biggest impact, and our newbuilding program serves as a key factor in realising our ambition to be a net zero emissions operator by 2040. Our newbuilding program has proceeded with full speed since the concept launch in 2021, with the option for vessels 9 to 12 declared, including an option for installing ammonia engines on these vessels. The Company has secured committed financing for all of the ordered Aurora-class vessels on attractive terms.

In terms of construction, all the milestones have been reached well ahead of the original plan, and the Company expects to offer low emission transportation services to our customers onboard the Aurora class, the greenest and smartest vessels ever built, from August 2024.

We have taken relentless action to solidify our position as the preferred green PCTC carrier for our customers. More than 80% of our fleet received a CII rating of C and above – being one of the best vessel performances in the whole PCTC sector. We continued to offer low-carbon transport solutions using biofuels, with a remarkable 100% increase in biofuel volumes purchased and consumed during 2023 compared to 2022, indicating a clear increase in customers' interest for green transportation.

The Company actively took part in various initiatives and forums to further promote collaboration between organisations with a similar decarbonisation vision, as well as to gain access to cutting edge green capabilities and technology. We are now a member of NCE Maritime Cleantech, a world-renowned maritime commercial hub and a Mission Ambassador in the Mærsk McKinney Møller Center for Zero Carbon Shipping. The Company also formalised partnerships with several key ammonia suppliers worldwide such as Sumitomo, North Ammonia, Varo to realise our 100% net zero carbon shipping vision.

Committing to value creation for shareholders

The Company's shares continued to be one of the best-performing shares on the stock exchange during 2023, experiencing a 42% increase compared to 2022, outperforming the OSEBX main index in the same period. This solid development was a testament to the market's approval of our actions and our future plans. Shares have gradually attracted increased interest from investors all over the world, illustrated by the exponential growth in the number of shareholders and daily traded volumes.

The Company paid 50% of net profit adjusted for extraordinary items for the first three quarters in 2023, before updating the dividend policy to pay around 100% of free cash flow after Capex and debt services. This resulted in an over 400% increase in the dividend declared in March 2024, reaching USD 360 million and marking the best trading day ever for the Company. Given the current operational performance, Capex requirements, and debt profile, we expect to maintain a solid payout ratio in 2024.

Upskilling our people to meet our future needs

We have already taken significant, concrete steps towards our goal of zero emissions. This progress gives our people exciting career opportunities and to develop new skills in order to deliver green products to our customers, operate new vessel designs, adopt innovative technologies, and embrace new ways of working. A recent example of our commitment is our collaboration with Höegh LNG. This partnership aims to upskill our seafarers, equipping them with the necessary accreditations to operate LNG-ready vessels. We continue to focus on skills development and have introduced various tools and processes to support our teams in managing their own career paths. We continue to run and promote a range of internal development programs aimed at fostering growth and are proud that through our recent engagement survey results our people recognise these efforts.

None of these achievements would have been possible without the joint efforts of our seafarers and onshore employees, our customers, and our suppliers. I extend my heartfelt gratitude to each one of you for contributing to an outstanding 2023. Together, we are committed to sailing Höegh Autoliners into a solid future ahead.

Andreas Enger, CEO

Shareholder information →

Key figures

2023 was the best financial year in the Company's history. The strong deep sea transportation demand together with the imbalanced supply demand, characterised by limited capacity growth and operational disruptions, pushed the spot rate to a new high level.

1 446 USD million

Total revenues

736 USD million

EBITDA

590 USD million

Profit for the period

69 %

Equity ratio

Key figures consolidated accounts

USD million	2023	2022	2021
Total revenues	1 446	1 270	947
EBITDA	736	447	203
Profit for the period	590	299	125
EBITDA adjusted	736	448	211
Earnings per share, basic (USD)	3.09	1.57	0.92
Cash and cash equivalents	458	184	228
Cash flows from operations	746	405	158
Net interest bearing debt	52	379	491
Equity ratio	69%	61%	48%
Number of operating days	13 274	13 986	15 338
Net rate per CBM (USD)	77.8	62.5	50

Key highlights 2023

2023 was the best financial year in the Company's history.

The strong deep sea transportation demand together with the imbalanced supply demand, characterised by limited capacity growth and operational disruptions, pushed the spot rate to a new high level.

Höegh Autoliners was well positioned to take advantage of the strong spot market, and together with several successful repricing of the contract portfolio, managed to achieve substantial rate and top line increases.

2023

Feb

Joined Marine CleanTech, a maritime partnership working to develop energy-efficient and sustainable technologies for the maritime sector.

2023

March

- Purchase of the leased vessel Höegh Berlin.
- Delivery of Höegh Tracer, a vessel previously leased.
- Shareholder A.P. Møller-Maersk A/S reduced its stake from 26.4% to 19.1%.

2023

April

Signed a 5-year contract with a major Asian OEM for transport of cars from Asia to Europe.

2023

May

Shareholder Leif Höegh & Co AS reduced its stake from 47.97% to 41.55%.

2023

June

Purchase of Höegh Trapper.

2023

July

Declared option to build of four additional Aurora Class vessels (9-12).

2023

Aug

- Signed a 5-year contract with a major international car producer for transport of cars from the US to the Middle East.
- Signed a 5-year contract with a Japanese construction equipment manufacturer for transport of construction equipment from Asia to Europe.
- Formalised agreement with Kongsberg Digital to digitalise our fleet.

2023

Sept

- Signed a new contract with a major international car producer for the transport of cars, mainly EV's, from Asia to Europe and Asia to the US.
- Höegh Autoliners was included in the OBX index on the Oslo Stock Exchange.

2023

Oct

- Sale of Höegh Bangkok.
- Exercise of option to purchase the leased vessel Höegh Jacksonville.

2023

Nov

- Shareholder A.P. Møller-Maersk A/S sold its remaining stake in the Company.
- Release of Sustainability Linked Financing Framework.

2023

Dec

- Secured financing for the last four Aurora Class vessel (9-12) at attractive terms.
- Formalising partnership with Sumitomo Corporation to collaborate on the supply and delivery of clean ammonia.
- Strategic partnership with the leading global provider of ocean transportation solutions, VARO, with focus on supply of 100% advanced biofuel for deep sea transportation from Europe.
- Höegh Autoliners decided to temporarily stop Red Sea transits due to the risk level.

Meet the Aurora Class

In April 2021, Höegh Autoliners launched the design for the zero-carbon ready Aurora Class vessels and in January 2022, the Company announced the contract signing with China Merchants Heavy Industry. To date, contracts for building of 12 Aurora class vessels have been signed and the first two vessels will be delivered to Höegh Autoliners in Q3 2024. The Company expects delivery of two Aurora Class vessels every six months following this. Höegh Autoliners has an option to build another four vessels (vessels 13-16), as well as slot reservations for additional four vessels (vessels 17-20).

Höegh Autoliners wants to be the preferred green partner in deep sea shipping and is committed to building a more sustainable maritime industry in close cooperation with our partners and customers.

"The Aurora Class represents the future of our business as well as the future of the industry. We are proud of setting a gold standard by reducing our environmental footprint significantly and enabling our customers to decarbonise their supply chain as well," says Sebjørn Dahl, Chief Operations Officer.

Signing ceremony, China Merchants Heavy Industries shipyard.

Building of the Aurora Class, China Merchants Heavy Industries shipyard.

Designing the future of the maritime industry

Shipping is a capital-intensive industry and the vessels Höegh Autoliners designs today will be operating for up to 30 years. Therefore, flexibility is key as no one knows what the technology will look like in 10 years.

The Aurora Class will be the largest and most environmentally friendly car carrier in the industry and the first in the PCTC segment to receive DNV's ammonia and methanol-ready notations, and the main engine provided by MAN and the bridge system supplied by Kongsberg Maritime.

Designed to carry up to 9 100 cars, the multi-fuel and zero carbon ready Pure Car and Truck Carrier (PCTC) vessels will be the first in the PCTC segment to be able to operate on zero carbon ammonia. They signify a breakthrough in reaching Höegh Autoliners' ambitious net zero emissions target by 2040. The Aurora Class will cut carbon emissions per car transported by 58% from current average when the first vessel is put into commercial operations in August 2024. The first dual-fuel zero carbon ammonia Aurora Class vessel will be on the water in 2027.

The Aurora Class was designed with flexibility in mind. Designed for future cargo, the vessel's strengthened decks and enhanced internal ramp systems enable Electric Vehicles on all decks and provide more flexibility for heavier project cargo. Roll trailer capacity for HHBB cargo is 100% increased. The improved internal ramp systems are built for future cargo.

"We want to lead the way towards net zero emissions and have made significant headway with our transformational green fleet renewal strategy. Our zero carbon ready Aurora Class vessels will have DNV's "ammonia ready" and "methanol ready" notations, making the vessels the first in the segment to be ready to operate on zero carbon ammonia," says Leif O. Høegh, Chair.

Our Aurora story

2021

This was a pivotal year where we reset our ambition and attained the financial capacity to invest in a greener fleet of the future. The dawn of a new era in maritime history was marked by the launch of the design of the world's largest and most environmentally friendly PCTC vessels, our Aurora Class vessels, and our green fleet renewal program. This innovative idea promised a future of zero-carbon vessels, setting a new standard within the industry. The new Aurora Class vessels have been key to positioning Höegh Autoliners as a front runner in sustainable shipping.

Our Aurora story

2022

The year began with the realisation of our Aurora dream with a grand contract signing ceremony. The agreement was for a series of Aurora Class vessels, all designed to be zero-carbon ready. During the year, contract was signed for our first eight Aurora Class vessels, with options for another four vessels (9-12) and slot reservation for further four vessels (13-16). The financing for the first eight vessels was secured, marking a significant milestone in this ambitious project.

Our Aurora story

2023

The first Aurora Class vessels began to take shape with the commencement of steel cutting, symbolising the birth of a new generation of ships. Steel cutting for the next five vessels also commenced in 2023. The newbuilding program was extended to 12 Aurora Class vessels when the option to build four additional vessels was declared, including an option for installing ammonia engines on these vessels. Committed financing for all of the ordered Aurora Class vessels was secured on attractive terms. The Aurora project, once a mere concept, was now a tangible reality, sailing towards a sustainable future.

Our Aurora story

2024

Höegh Autoliners, one of the few global shipping companies to do so, secured access to four of the first 2-stroke ammonia engines produced in cooperation with MAN Energy Solutions and Hyundai Heavy Industries. By the end the year, the first two Aurora Class vessels will be delivered and ready to be put into operations. These state-of-the-art vessels will be a testament to years of planning and hard work and represent a pivotal part of our path to a net-zero emission future. Through our Aurora project we will demonstrate the feasibility of transitioning from conventional fuel to sustainable alternatives, reshaping the narrative of deep-sea shipping within only a few years.

Our Aurora story

2027

Fast forward to 2027, the Company is considering to launch the first Aurora Class vessels capable of running on ammonia straight from the yard. This will mark a major step on the path to zero emissions, aligning with the Company's ambitious 30 by 30 target.

About Höegh

Höegh Autoliners in brief

Höegh Autoliners is a leading global provider of ocean transportation services within the Roll-on Roll-off (RoRo) segment. We operate a global network of deep sea trades with Pure Car and Truck Carrier (PCTC) vessels.

36
vessels
30 owned and 6 chartered in

11
global trade routes
With more than 2 500 port calls every year

~ 1 200
seafarers
From China and the Philippines

~ 400
office employees
With 24 nationalities

About Höegh Autoliners

Höegh Autoliners ASA is a Norwegian Public Limited Liability Company. The Company is listed on the Oslo Stock Exchange.

Our corporate head office is located in Oslo, Norway, but we employ approximately 400 people from 24 nationalities who are working out of 16 offices around the globe. In addition, we employ around 1 200 seafarers, through our crewing offices in the Philippines and China.

We offer our customers safe and secure deep sea transportation of RoRo cargo such as cars, high and heavy machinery and breakbulk. Each year, we transport around 1.6 million car equivalent units (CEU) as well as other rolling and static cargo. Our vision is a zero emissions future, and we are working to reduce our carbon footprint and support decarbonising our customers' supply chain.

The Group currently operates a fleet of 36 Pure Car and Truck Carriers (PCTC) vessels, of which 30 are owned and 6 are chartered in, with capacity ranging from 2 000 to 8 500 CEU, with an average capacity of ~6 800 CEU. In April 2021, we launched the design of the world's largest and most environmentally friendly PCTC vessels, the Aurora Class. The Aurora Class has DNV's new "ammonia ready" notation, which makes it the first in the segment to be ready for operation on carbon neutral ammonia. Together with its capacity to carry up to 9 100 cars it will be the world's largest and most environmentally friendly car carrier to be built. The Group has signed contracts for twelve Aurora Class vessels and has options for further four vessels, and slot reservations for additional four vessels. The first two Aurora Class vessels will be delivered in the second half of 2024.

Höegh Autoliners is a fully integrated global organisation with considerable inhouse expertise

Commercial management

Operational management

Full technical services

Newbuilding project management

Crewing

The foundation for our company culture

Our vision is a zero emissions future and we are working to reduce our carbon footprint and support decarbonising our customers' supply chain.

Our values

Our values convey expected behaviours and express how the Company and the employees perform and act. They help to create a common company identity and a sense of commitment and belonging across cultures. They also help to strengthen, clarify and validate decisions and actions that serve the Company's long-term goals.

Bold

We are not afraid to make courageous decisions or take on difficult challenges. We aim to provide innovative offerings to our customers and are continuously seeking new solutions and concepts for the benefit of our customers, our business, the environment and the global society.

Agile

We are a proactive and diverse organisation, receptive to technology and competence demands whilst utilising our resources through effective collaboration. We are efficient and responsive in our service offerings.

Professional

We are committed to deliver the very best service to our customers. We are honest and open and treat our customers and colleagues worldwide with respect. We are consciously challenging ourselves to continually improve.

Our strategy

Building the leading green PCTC operator and the preferred partner for sustainability focused customers.

Four core strategic priorities 2022–2026

Customer centric
Deliver shipping services that create customer satisfaction and loyalty

Greener
Become the greener deep-sea operator to secure our future

Highly efficient
Reduce voyage costs and maintain lean operating model to reduce unit costs

Digitally enabled
Leverage digital tools to improve customer experience and improve efficiencies


Customer centric
Digitally enabled
The green partner for deep-sea shipping
Greener
Highly efficient

Corporate development goals

Our corporate purpose and development goals are aligned with the three core sustainability pillars.

Sailing for sustainability

Planet development goals

• Cut carbon emissions by more than 30% from 2019 to 2030* and reach net zero by 2040

• Partner with customers to create and grow the world's greenest deep-sea shipping services

• Raise the bar of asset life cycle management based on our responsible business philosophy

* The decarbonisation target refers to a more than 30% reduction in the Group's fleet efficiency measured by the capacity gross ton distance (cgDIST) by 2030 compared to 2019 (the "30 by 30 Target")

Empowering people to be their best

People development goals

• Cultivate and invest in diverse agile teams who learn together, collaborate globally and drive bold transformation for our business, partners and customers

• Promote the wellbeing of our people and local communities through relevant programmes and offers

• Adopt digital tools to continually develop our shipping heritage and support efficient and safe operations

Growing responsible business

Prosperity improvement goals

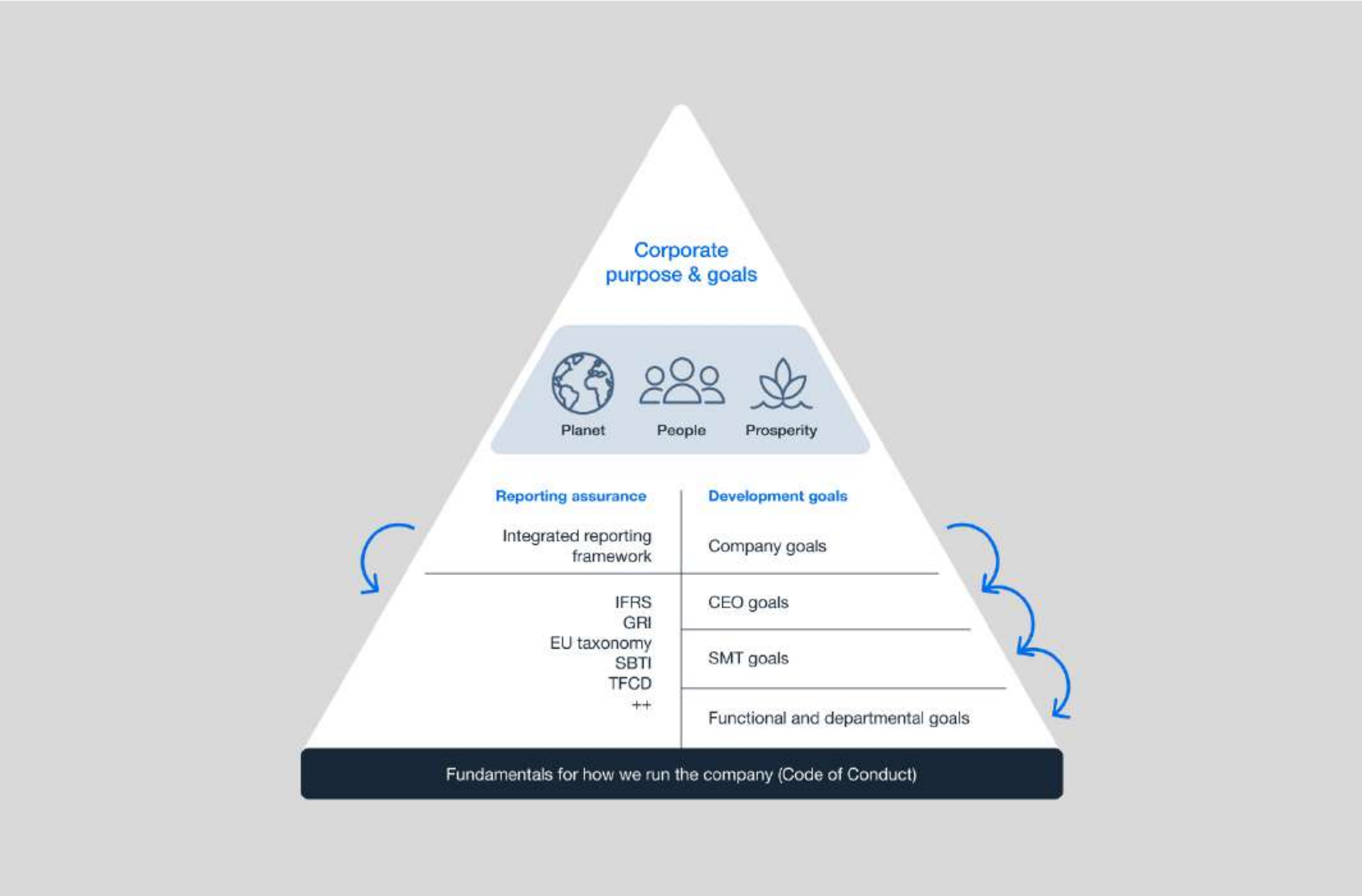
• Develop lasting relationships with customers sharing our business philosophy

• Ensure financial resilience by management of financial leverage and risks

• Optimise network and capacity to maximise available capacity while maintaining safe operations

Goals hierarchy

To achieve our strategy and corporate purpose, all goals are cascaded throughout the organisation, and assured through our integrated reporting framework.



All of our development goals are consistent with our corporate purpose and goals, updated on an annual basis. Goals for the CEO and management team (SMT) include both specific individual priorities and deliverables relevant to the function. Goals are further cascaded throughout the organisation with an appropriate mix of corporate and individual goals.

In parallel, our reporting framework ensures compliance with regulatory requirements, stakeholder expectations and voluntary commitments.

As a foundation for all our activities, our Code of Conduct states how all employees shall act to comply with our values, standards and commitments.

Our history

Höegh's shipowning history goes back to 1927 and since then the Company has been a pioneer in the international shipping industry.

1927

Mr. Leif Høegh founded Leif Höegh & Co. as a tanker owner, and since then the Company has been a pioneer in the international shipping industry. The owning and operation of oil tankers came to form the mainstay of Leif Höegh & Co from the early days. However, from a process of transition in the 1960s, the Company diversified into new activities, introducing new concepts for transportation.

1970-2000

Having operated combined oil/bulk/ore carriers (OBO), the Company now started transporting cars with lift on/lift off vessels. In 1970, a joint venture was formed with Ugland which shaped Höegh-Ugland Auto Liners (HUAL). This company became the basis for developing Höegh into a world leading RoRo operator.
In 1995, Höegh Fleet Services AS was established as a separate ship management entity, serving Leif Höegh & Co's fleet. In March 2000, Leif Höegh & Co acquired the other 50% of HUAL and five years later it was renamed to Höegh Autoliners.

2006

In 2006, the Company was restructured into two separate entities - Höegh Autoliners and Höegh LNG - with a common holding company (Leif Höegh & Co Limited). The ship management expertise is maintained in Höegh Fleet Services.

2008

In 2008, Höegh Autoliners relocated its shipowning activities from Bermuda to Norway. The same year the Company acquired a fleet of 12 car carriers from A.P. Moller - Maersk (APMM) and APMM became a minority shareholder holding 37.5 per cent of the shares in Höegh Autoliners. A year later APMM uses the option to purchase another 1.25 per cent of Höegh Autoliners.

Bilde av Höegh Autoliners.

2015-2016

In 2015-2016, Höegh Autoliners took delivery of the largest and greenest vessels in the market: the Horizon class with a capacity of 8 500 car equivalent units (CEU).

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2021

In 2021, a conversion to a public limited liability company and change of entity name from Höegh Autoliners Holdings AS to Höegh Autoliners ASA took place. In the same year, Höegh Autoliners completed its first carbon neutral voyage from Europe to South Africa. Later in 2021, the Company successfully completed a private placement and admission to trade on Euronext Growth.

2022

A contract with China Merchants Heavy Industry to build a series of its zero-carbon ready Aurora Class vessels was signed in January 2022. The Company uplisted to the main market on the Oslo Stock Exchange in May, only six months after the admission to trade on Euronext Growth. The Company commenced distribution of quarterly dividends to shareholders from August. Purchase options for three leased vessels were exercised and the Company joined the First Movers Coalition (FMC), committing to accelerate the demand for zero-carbon technology.

2023

Höegh Autoliners declared an option to build four additional Aurora Class vessels (9-12). The Company has an option to build another four vessels (vessels 13-16), as well as slot reservations for additional four vessels (vessels 17-20). As part of optimising its fleet, the Company sold Höegh Bangkok, and purchased Höegh Berlin. In addition, a purchase option for Höegh Jacksonville was declared. The Company also signed long-term contracts with several major customers. The Company was included in the OBX index on the Oslo Stock exchange, a milestone for the Company, less than three years after the listing.


HÖEGH AUTOLINERS

Executive Management

Höegh Autoliners' Executive Management Team is situated in the Corporate Head Office in Oslo.

Andreas Enger

Chief Executive Officer (CEO)

Andreas Enger took the position as CEO of Höegh Autoliners in September 2020. He joined Höegh Autoliners as CFO in September 2019. Until July 2019, he was a Partner at Deloitte holding roles as Head of Financial Advisory in Norway, Nordic lead of Monitor Deloitte and Chief Strategy Officer of Deloitte Nordic.

He has previously served as Chairman of Posten Norge AS (the Norwegian Postal Service), Chief Financial Officer of Norske Skog ASA, Executive management group member in charge of strategy and M&A at Petroleum Geo-Services ASA, Chairman & CEO of Peterson Packaging and Partner of McKinsey & Co. Andreas holds a MSc in Engineering Cybernetics from NTNU in Trondheim, Norway, and a MBA from INSEAD in Fontainebleau, France.

Sebjørn Dahl

Chief Operations Officer

Sebjørn Dahl joined Höegh in 1992. In 1996 he was appointed Vice President of Safety and Quality and Fleet Personnel. He was stationed in East Asia from 1998 where he was responsible for the establishment of Höegh offices in Manila, Philippines and Quanzhou, China. Sebjørn was appointed Executive Vice President in Höegh Fleet Services (HFS) in 2003 and in April 2011 he was appointed Chief HR Officer. In combination with this role Sebjørn was appointed President of HFS in August the same year and has been a member of the top management group since 2011. He was appointed Chief Operations Officer in March 2018. Sebjørn is educated at the Royal Norwegian Naval Academy and London Business School.

Per Øivind Rosmo

Chief Financial Officer (CFO)

Per Øivind Rosmo was appointed Chief Financial Officer (CFO) in September 2020. Per Øivind joined Höegh in 1988. In 1992 he was appointed Head of Reporting Accounting & Control in Bona Shipholding Ltd, a stock-listed Tanker Shipping Company. Following the sale of Bona Shipholding to Teekay Shipping Corp. in 1999, he was appointed General Manager for Teekay Shipping Norway AS. In 2001, Per Øivind returned to Höegh and has since 2003 been in charge of Reporting & Control, first in HUAL and later in Höegh Autoliners. Per Øivind holds a Master's degree from Norwegian School of Management (BI).

Lise Duetoft

Chief Strategy and Analytics Officer

Lise Duetoft was appointed the position as Chief Strategy and Analytics Officer in September 2020. Lise has worked as an Investment Director at Höegh Capital Partners (HCP) and serves as a director of Höegh Eiendom. Prior to joining Höegh Capital Partners, Lise held senior leadership roles in strategy, M&A and commercial development at European technology company Computacenter. Earlier in her career, Lise worked for McKinsey & Co as an Engagement Manager.

Lise brings with her more than 20 years of experience in business through a career focused on advising companies on corporate strategy, strategic investments, alliance opportunities and global M&A activity. Lise holds a B.Sc and M.Sc in International Business Administration and Modern Languages from Copenhagen Business School. She has also attended MBA and Corporate Finance programmes at Kellogg Graduate School of Management in Chicago and at London Business School.

Oskar Orstadius

Chief Sales Officer

Oskar Orstadius took the position as Chief Sales Officer in September 2020. Oskar joined Höegh Autoliners in 2012 as Head of Global Port and Cargo Operation. In 2014, he transferred to the commercial department as Head of Breakbulk and expanded our breakbulk portfolio. In 2018 he moved to Tokyo, Japan as Head of Asia to lead the teams in the South-east and East Asia region.

Oskar is educated as a Master Mariner at the Merchant Marine Academy in Kalmar, Sweden. Earlier in his career he served as an officer on board PCTC and Deep sea RoRo vessels. After his active career at sea, Oskar continued working within the PCTC industry in various operational roles including five years in Germany.

Laura Exner

Chief HR and Communications Officer

Laura Exner took the position of Chief HR and Communications Officer in January 2021. Laura has worked in Höegh Autoliners since February 2019 and has been responsible for HR and administration in Oslo, and later also Communications. Prior to this she has worked in a variety of roles within HR in PwC in Norway and in the UK.

She started her HR career in New Zealand in the public service. Laura is a Co-active Training Institute coach, certified in a number of assessment and leadership development tools and has completed ORSC (Organisational and Relationships Systems Coaching). Laura has a B.Sc. in Psychology from Canterbury University.

Espen Stubberud

Chief Trade and Capacity Officer

Espen Stubberud joined Höegh Autoliners in 2007 and has held various commercial and operational positions in the Company including one period in Hong Kong and one in the US. In 2016, he was appointed Head of Global Sales before being appointed Chief Trade and Capacity Officer in October 2017. Espen holds a Master's degree from the Norwegian School of Economics and Business Administration (NHH).

Sigve Sand

Chief Legal Officer

Sigve Reme Sand assumed the role of Chief Legal Officer at Höegh Autoliners in July 2023. He has been an integral part of the Company since 2018 when he joined as legal councel.

Prior to his tenure at Höegh Autoliners, Sigve gained valuable experience as a lawyer at the renowned Norwegian law firm BAHR. Following that, he served as a legal counsel for DNB Bank ASA, specializing in the bank's Ocean Industries division. Sigve completed his Master's degree in law at the University of Oslo, graduating in 2011.

Business areas

Höegh Autoliners is a global RoRo shipping company specialising in port-to-port ocean transportation of automobiles, mining equipment and breakbulk cargo. We are committed to making green shipping easier for our customers. Our shipping solutions are designed to meet the customers needs while reducing their carbon footprint.

Main trade routes

Höegh Autoliners is one of the world's leading RoRo operators, with eleven global deep-sea trades and one shortsea service in the Caribbean. With more than 2 500 port calls annually, we offer our customers a global network of ports.

East Asia to Africa

The East Asia to Africa trade caters for shipments from Japan, China and Singapore to destinations in South and East Africa. The service is offered on a monthly basis. A synchronised connection in Durban connects to the Indian Ocean Islands.

East Asia to Europe

Höegh Autoliners has been one of the pioneer carriers from East Asia to Europe, a trade which covers Japan, Korea and China with discharge in the Mediterranean, United Kingdom and Continental Europe. In Europe, we can furthermore offer an extensive network of ports on transhipment or inducement basis.

East Asia to North America and the Caribbean

The dedicated liner service caters for shipments to the US Gulf and East Coast and the Caribbean. The Caribbean ports are served via Kingston, Jamaica with cargo shipped to their final destination by Höegh Autoliners Shortsea Americas service. Solutions from Southeast Asia, Oceania and India can be offered on transhipment basis.

Europe to Africa, the Indian Ocean and Oceania

In this service, Durban is offered three times a month, the Indian Ocean Island of Reunion twice a month, Mauritius on a monthly basis and Madagascar every other month. Several ports in Australia are served up to four times a month, while Auckland is serviced twice a month. A direct call to Noumea is offered once a month.

Europe to the Caribbean and Mexico

The Europe to the Caribbean and Mexico service offers a wide range of ports from Bremerhaven (Germany), Southampton (the UK) to Kingston (Jamaica) and Veracruz (Mexico) including a strong coverage with ports in between.

Europe to the Middle East

The Europe to the Middle East route caters for shipments from Germany, Belgium, and the United Kingdom to destinations in the Middle East.

Europe to US East Coast

The Europe to US East Coast and Oceania trade connects Höegh Autoliners' main ports in Europe with Baltimore & Jacksonville and then directly to destinations in New Zealand as well as Australia after passing through the Panama Canal.

Middle East to Africa and the Americas

Höegh Autoliners has an extensive sailing schedule between the Middle East, Africa, and the Americas. On the Middle East's coast, we cover the areas from Jebel Ali (UAE) to Mumbai (India), Durban, and Jacksonville.

North America to Europe

Höegh Autoliners offers regular direct sailings from the US Gulf and East Coast to main ports in Europe including Bremerhaven and Antwerp.

North America to Oceania

Höegh Autoliners offers regular direct sailings from Baltimore and Jacksonville to Oceania. A range of destinations are served in both New Zealand and Australia via the Pacific Ocean.

North America to the Middle East and Asia

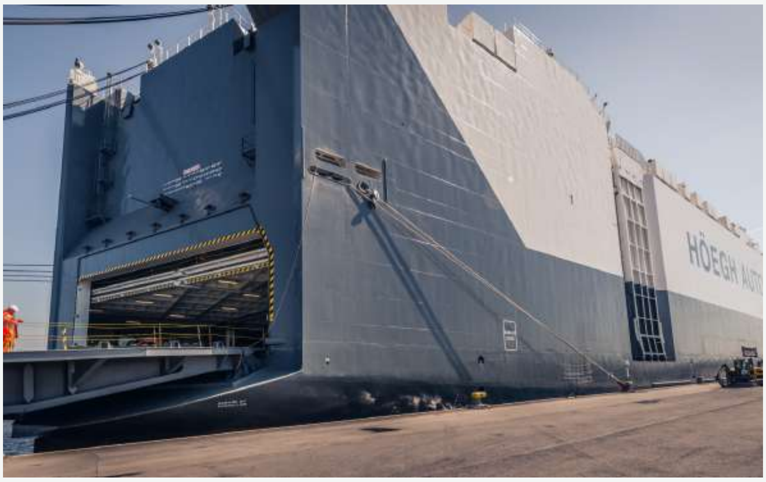
Höegh Autoliners has an expansive sailing schedule between North America, Mediterranean, the Middle East and Asia. On the east coast of North America we cover the area from Veracruz (Mexico) in the south to Wilmington, DE (USA) in the north. Our port coverage in the Middle East is extensive with direct sailings to both the Red Sea and Arabian Gulf.

Caribbean Shortsea service

The Caribbean Shortsea service offers a wide range of ports from Dégrad des Cannes, French Guiana in the south to Port Everglades, FL, USA in the north including a strong coverage with ports in between. With our deep sea service from Europe, the Middle East and the Far East we connect Latin America and Caribbean ports, we connect in the US; Baltimore and Jacksonville to join the Caribbean network. via dedicated hubs in Kingston, Jamaica and Pointe-à-Pitre, Guadeloupe into our shortsea service.

For more information on our trade routes, see our interactive trade map on our website.

Interactive trade map →



What we transport

With a fleet designed for maximum flexibility, we are able to cater for a wide range of cargo. Our customers range from global vehicle manufacturers to producers of high and heavy construction equipment and other rolling and non-rolling stock. Höegh Autoliners is also a leading carrier of second-hand vehicles.

Automotive shipping

With our commitment to innovation and customer satisfaction, Höegh Autoliners has established a leading position in the automotive transport industry. Car manufacturers worldwide transport their brand-new vehicles on RoRo shipping vessels. These vessels function like mobile parking structures, ensuring the secure anchoring of cars to their decks.

High and Heavy and Breakbulk shipping

Our vessels and specialized equipment ensure your out-of-gauge cargo's safe and efficient transportation. Our extensive rolltrailer fleet incorporates a wide range of cargo-carrying equipment, ensuring that we can accommodate diverse cargo sizes.

Trucks, Buses and Trailers shipping

Our Pure Car and Truck Carriers (PCTC) provide the ultimate solution for transporting a wide range of large rolling units, including trucks, buses, trailers, motorhomes, and caravans. With our vessels, we ensure seamless and efficient transportation for these diverse cargo types. One of the key advantages of our PCTC vessels is their wide ramps, which are specifically designed to facilitate easy manoeuvring and loading of wide and long units.

Railcars and Tramways shipping

Höegh Autoliners transports locomotives, railcars and tramways on board its vessels. Our modern 72-foot and 80-foot rolltrailers are equipped with rails, specially designed for stable and safe transportation of railcars.

Mining equipment shipping

Höegh Autoliners has extensive experience in transporting mining equipment for some of the world's most recognized manufacturers. We understand the unique requirements and challenges involved. Mining equipment is often heavy, and oversized, and requires specialized handling and transportation solutions.

Agricultural machinery shipping

Höegh Autoliners is a well-known leader in the transportation industry, offering exceptional services for the safe and efficient transportation of agricultural machinery and farming equipment. With our extensive experience in this specialized field, we understand the unique requirements and challenges associated with moving agricultural machinery, and we have developed tailored solutions to address them effectively. One of the key advantages of choosing

Höegh Autoliners for your agricultural machinery transportation needs is our ability to accommodate on-board driving.

Machinery shipping

Machinery and machine tools involve a wide range of cargo with different sizes and weights. By transporting the unit on rolltrailers we ensure the machines are safe and secure throughout the entire voyage.

Construction equipment shipping

Construction machinery comes in many shapes and forms and Höegh Autoliners has extensive experience in transporting this type of cargo. While construction machinery is commonly transported as rolling units, we also accommodate partly dismantled units.

Power equipment shipping

Power generation and distribution equipment is sophisticated high value cargo with large dimensions including generators, gas turbines, combined heat, and power units. The transportation of power generation and distribution equipment requires a comprehensive and meticulous approach. By relying on our advanced rolltrailers, adherence to manufacturer instructions, strict lashing procedures, and the implementation of our unique Double-wide rolltrailer concept and twin gooseneck, we ensure the safe and secure transportation of this valuable cargo to its intended destination.

Boats and yachts shipping

Due to the nature of this commodity, yachts and boats fit perfectly on Höegh's wide range of roll trailers. With lengths ranging from six to 24 metres, we can accommodate an extensive range on our vessels. Transportation of boats is either on their own trailer or on a roll trailer – with or without a cradle. Either way, our experienced cargo handling team will ensure the cargo is secure during its transport.

Equipment handling

Höegh Autoliners' fleet of rolltrailers are specially designed for smooth and safe transportation of breakbulk and project cargo. By rolling cargo on board the vessel, it reduces the risk of damage compared to lifting it. Furthermore, stowing your cargo under deck means no seawater will reach it during the transportation, so you can rely on less costly packing solutions.

Project cargo logistics

Höegh Autoliners specializes in the transportation of all types of project cargo, including construction and agricultural machinery, mining equipment, railcars, trucks, buses, and boats. We safely deliver close to 6 million cubic meters of high and heavy cargo annually, to over 3 000 destinations worldwide. Höegh Autoliners uses specialized rolltrailers that are designed to smoothly carry non-rolling cargo, ranging between 20 and 80 feet in size and up to 160 metric tonnes in weight.

Fleet presentation

As of 31 December 2023, Höegh Autoliners is operating a fleet of 36 vessels of which 30 are owned and 6 are chartered in.

In 2023, three vessels were purchased, the two Horizon class vessels Höegh Tracer and Höegh Trapper, and Höegh Berlin with capacity of 7 850 CEU. In addition, a purchase option for Höegh Jacksonville, a Category 1 vessel, was declared in October 2023.

The Company's deep sea network is now fully covered by owned vessels or long-term charters with attractive purchase options, supplemented by a limited use of space charters. A diversified and large fleet allows for economies of scale, as well as efficient and flexible services across the deep sea trade routes. With a current fleet with average carrying capacity of ~6 800 CEU, Höegh Autoliners has the largest average vessel size and lowest emissions within the car carrier industry. For more details on our fleet, see Fleet list here.

30 owned

of 36 vessels

6 leased

of 36 vessels

2 Aurora class vessels

to be delivered in 2024

Intention to further increase share of larger vessel types going forward due to three key benefits

Our Aurora class vessels will be the largest and most environmentally friendly car carriers in the industry, designed for future cargo with strengthened decks and enhanced internal ramp systems.

Flexibility of cargo types

Economies of scale

Lower emissions per unit transported

Vessels

Aurora class

Capacity (CEU): 9 100
Newbuilding program: 12

Horizon class

Capacity (CEU): 8 500
Owned: 6
Chartered: 0

Category 0

Capacity (CEU): 7 850
Owned: 9
Chartered: 1

Category 1

Capacity (CEU): 6 500
Owned: 7
Chartered: 2

<6 000

Capacity (CEU): <6 000
Owned: 8
Chartered: 3

>80%

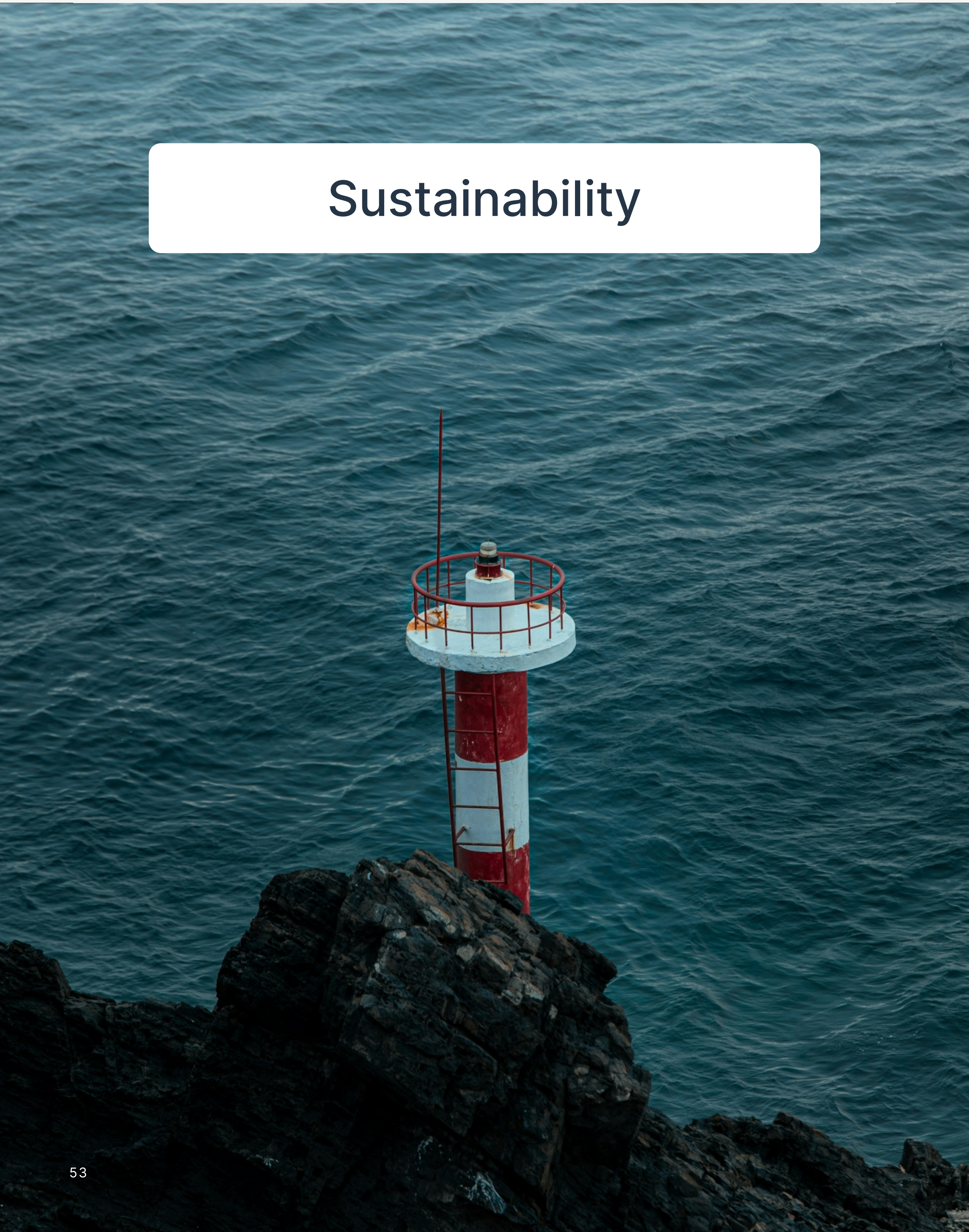
More than 80% of our fleet received a CII rating of C and above in 2023. We continue to work on optimising our fleet to improve our CII score in the future.

40%

Is how much more emission efficient our Horizon class vessels are compared to a standard PCTC vessel.

100%

Increase in biofuel volumes purchased and consumed during 2023 compared to 2022.



Sustainability

Double Materiality Assessment

Höegh Autoliners has conducted a double materiality assessment ensuring its corporate strategy remains robust and resilient against the increasing focus on sustainability.

Introduction

For this year's reporting, Höegh Autoliners has improved its double materiality assessment methodology, building on the assessment conducted in 2022. This was done in preparation for the next year's reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD) and guided by the European Sustainability Reporting Standards (ESRSes). The assessment focuses on both the company's impact on the environment and society, and the external sustainability-related risks and opportunities to the business. The 2023 reporting includes improvements in both the assessments of impact and financial materiality, as introduced by the ESRSes.

We have conducted stakeholder engagement with a broad group of stakeholders, both internal and external, to identify impacts, risks, and opportunities (IROs) across our value chain. To the extent possible, and to the best of our knowledge, we have quantified the IROs and enriched them with qualitative assessments to reasonably score and prioritise them. We believe that our methodology, adjusted to meet the requirements set out by the ESRSes, and the results presented below accurately represent our identified impacts, risks, and opportunities.

Mapping our material topics to corresponding ESRS topical standard

Höegh Autoliners material topics	**ESRS Topical standards**
Climate change	Climate change (E1)
Pollution	Pollution (E2)
Biodiversity and ecosystems	Biodiversity and ecosystems (E4)
Waste and green ship recycling	Resource use and circular economy (E5)
Health and safety	Own workforce (S1) Workers in the value chain (S2)
Employment	Own workforce (S1) Workers in the value chain (S2)
Human and labour rights	Own workforce (S1) Workers in the value chain (S2)
Diversity and inclusion	Own workforce (S1)
Business conduct and corporate culture	Business conduct (G1)

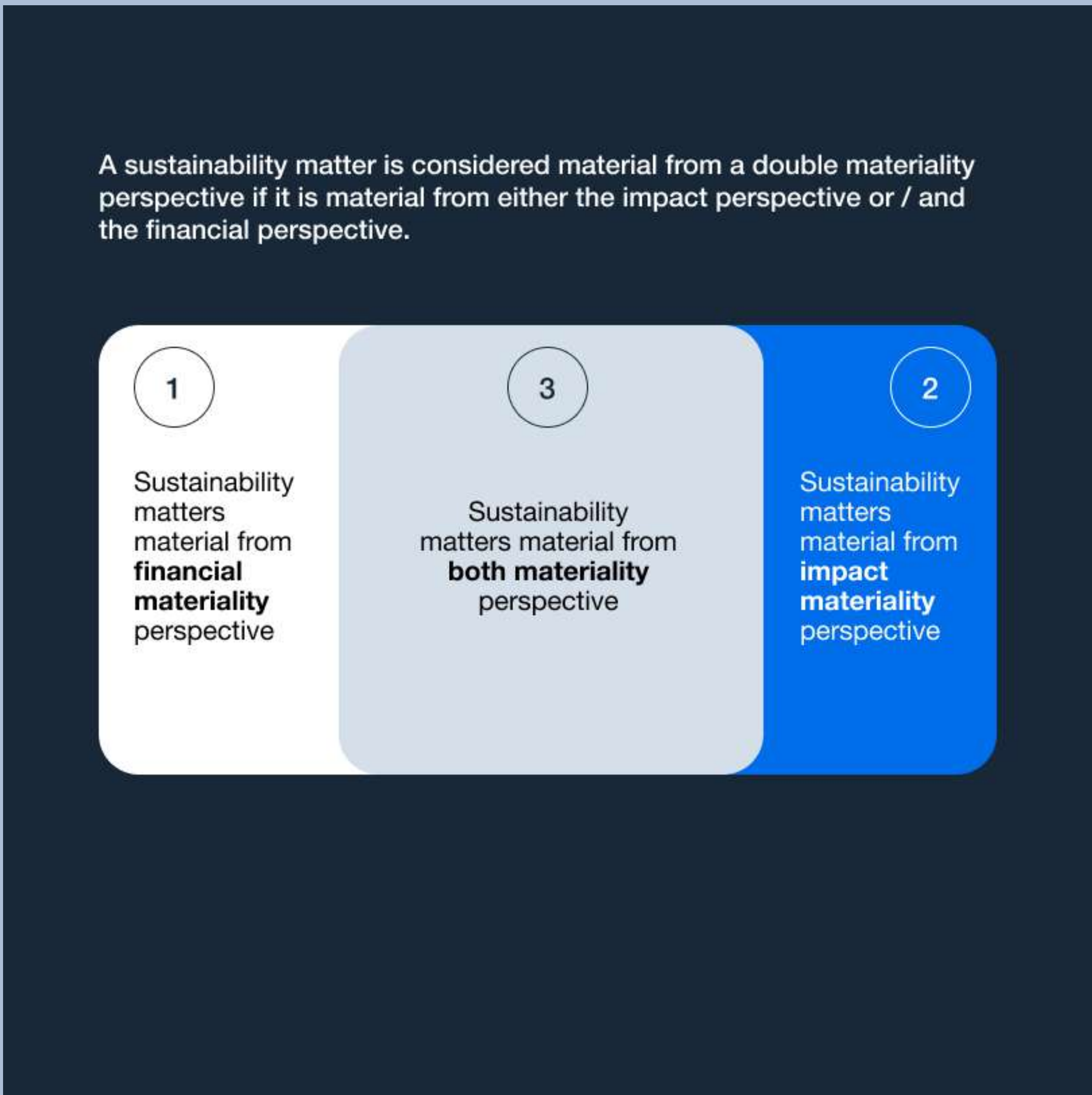
What is a double materiality assessment?

In prior year's materiality assessment, the focus has been on the impact materiality, meaning how an organisation is impacting the environment and the society. This could be negative impacts on climate change, or human rights and decent working conditions. IT could also be positive impacts through active work against anti-corruption in our supply chain. A double materiality approach includes the perspective of financial materiality, meaning the risks and opportunities from sustainability-related topics and events. This could be reputational risk caused by incidents or corruption, financial risks from implementation of new carbon taxes, or opportunities arising through development of sustainable shipping-services.

1. Financial materiality
A sustainability topic is material from a financial perspective if it triggers financial effects on organisations, ie., generates risks or opportunities that influence, or are likely to influence, the future cash flows and therefore, the organisation's enterprise value in the short, medium or long term, but are not captured by financial reporting at the reporting date.

2. Impact materiality

A sustainability topic is material from an impact perspective if the organisation is connected to actual or potential significant impacts on people or the environment and is related to the sustainability topic over the short, medium or long term. This includes impacts directly caused or contributed to by the undertaking and impacts which are otherwise directly linked to the undertaking's value chain.



Process steps

Our 2023 assessment have been improved compared to prior year's assessments. The process has been more formalised and a larger number stakeholders have been included. The following steps were conducted:

1. Mapping our value chain and establish longlist of ESG topics

Our starting point has been to map our value chain to help us identify key areas and activities that contribute to our environmental and social footprint. Through this mapping exercise, complemented by industry practice, media, and prevailing global sustainability reporting standards, we established a longlist of ESG topics that are relevant to our business operations, serving as a starting point for the identification of material topics.

2. Identifying important stakeholders and conduct stakeholder engagement

We acknowledge the importance of engaging with our stakeholders to gain insights into their expectations, concerns, and interests. We identify key stakeholders across our value chain, including internal stakeholders, customers, suppliers, investors, and regulators. Through stakeholder engagement activities such as interviews, workshops, and day-to-day discussions, we seek to understand their perspectives on sustainability impacts, risks and opportunities related to our organisation. In addition, we want to gather feedback on our current performance, and get insights to what is expected of a shipping company for the future.

3. Identifying impacts, financial risks, and opportunities

Building on insights gathered from our stakeholders, we identify actual and potential impacts to environment and society. This also includes the identification of financial risks and opportunities associated with sustainability-related development and events. Our aim has been to understand the magnitude and significance of these impacts, risks and opportunities on our business and our stakeholders.

4. Assessing and prioritising topics.

Impacts, risks, and opportunities identified are assessed and prioritised guided by the criteria set out in the ESRSes, and the assessment is disaggregated on a specific impact, risk, or opportunity level. For positive and negative impacts, scale, scope, likelihood, and level of irremediability(for negative impacts only) are considered. For risks and opportunities, financial magnitude and likelihood of occurrence are considered.

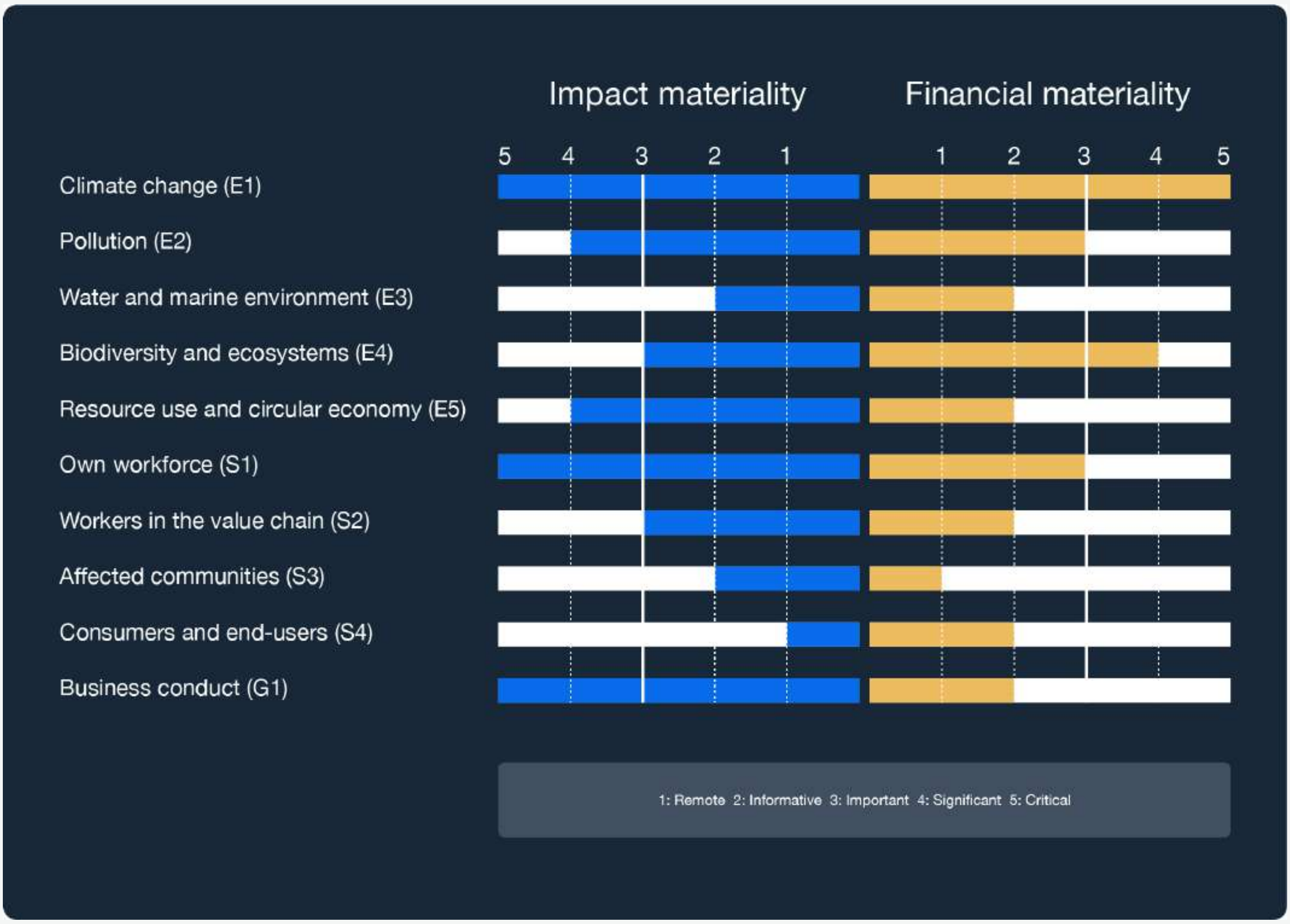
5. Validating and concluding on material topics.

Consolidated results of the double materiality assessment have been presented to and discussed with internal stakeholders and management.

Output from our double materiality assessment

Results

The results of the double materiality assessment highlight the areas where Höegh Autoliners is impacting the environment and society (impact materiality assessment) and where the organisation is exposed to sustainability-related risks and opportunities (financial materiality assessment). The results from this year's assessment are all over in line with last year's assessment. Topics standing out as the most important are climate change, own workforce, and business conduct. Other material topics are pollution, resource use and circular economy, biodiversity and ecosystems, and workers in the value chain.



Limitations and way forward

For this year's reporting, we are only reporting aggregated results of our assessment illustrating topics concluded to be material for our organisation. Presentation and reporting on a sub-topic and IRO level will be introduced in our next year's reporting, aligned with the disclosure requirements set out in the ESRSes. The structure of this report reflects the results of this year's DMA and the topical structure of the ESRSes, however, the disclosure requirements follow the GRI guidelines.

Methodology and approach to double materiality assessment

Approach and assumptions

Scope and boundary of our assessment

The boundary of our assessment is set to cover the full value chain (where information of the value chain has been available), with a focus on our own operations and our first-tier suppliers. On the impact side, actual and potential negative impacts, as well actual and potential positive impacts are included within the boundaries of the assessment. The same applies for the financial risks and opportunities on the financial side.

Presentation of our value chain →

Impacts	Risks and opportunities
To score the impacts on environment and society, we have applied the parameters described in the ESRS guidance: Scale, scope and irremediable character.	To score the risks and opportunities for our business, we have applied the parameters described in the ESRS guidance: Financial consequence and likelihood.
1. In the scoring process of the scale, we have assessed the magnitude of the impact on the environment or society. Scale was scored as low, medium or high.	1. In the scoring process of the Financial consequence, we have assessed the potential financial magnitude of financial metrics (such as revenues, OPEX, Capex) in case the risk or opportunity materialize. Financial consequence has been scored using low, medium and high.
2. In the scoring process of the scope, we have assessed the extent of the impact using indicators such as affected geographical areas, number of employees etc. Scope was scored as limited, medium or global.	2. Likelihood has been applied to capture how likely it is that the financial consequence will take place.
3. In the scoring process of the irremediable character, we have assessed the complexity of reversing the damage in terms of time frame and cost. This parameter is applicable for negative impacts only. Irremediability has been scored as easy to remediate, difficult/costly to remediate, or irreversible.	
For potential impacts, the parameter likelihood has been applied to capture how likely it is that the impact will take place.	

Likelihood has been scored from 1 to 5 (1 = remote, 2 = unlikely, 3 = likely, 4 = highly likely, 5 = near certain)

Time frames and scenarios

Time frames have been applied for both impacts, risks, and opportunities. We have used short-, mid- and long-term as guided by the ESRSes. Short-term is defined as 0-3 years, medium term is defined as 3-10 years and long-term is defined as more than 10 years.

Timeframes chosen for the double materiality assessment are based on Höegh Autoliners' corporate strategy, and financial budget period to ensure comparability between strategic periods and sustainability assessments. The rational builds on the longer cycles in the shipping sector, internal strategy and sustainability initiatives and a medium-term target by 2030. Höegh Autoliners also operates an asset base with expected lifetime of 30 years.

Thresholds

In addition to our quantitative assessment in our scoring process, we have also conducted qualitative assessments where IROs have been difficult, or impossible to score. This approach have resulted in a score for each IRO. Whether a sustainability topic is considered material or not, depends on its highest scored IRO for that specific topic. In addition, the risk of a topic becoming material due to aggregation of low-scoring IROs, is assessed.

The threshold for determining whether a sustainability topic is material for our organisation has been set at "important". All topics scored as "important", "significant" or "critical", either from an impact perspective, a financial perspective or both, are considered material.

Definition of thresholds

Remote

IROs that are unlikely to occur, and if they do occur, they will have a small impact or present minimal risk/opportunity. These IROs are typically of low priority and may not require immediate attention or extensive resources to address.

Informative

IROs that provide informative information or insights for understanding and managing IROs within the organisation. While not important, critical or significant, these objectives contribute to the overall risk management process and help stakeholders make informed decisions.

Important

IROs that have a notable impact on the organisation's operations, financial performance, reputation, or compliance with regulations. Addressing and managing these IROs is essential for achieving strategic objectives and maintaining stakeholder confidence.

Significant

IROs that can significantly affect the organisation's ability to achieve its goals, sustain its operations, or meet stakeholder expectations. Managing these risks effectively is critical for safeguarding the organisation's value and long-term success.

Critical

IROs that pose a severe threat or offer significant potential for the organisation. Addressing and mitigating these risks are paramount for ensuring business continuity, protecting stakeholder interests, and preserving the organisation's reputation and viability.

Stakeholder engagement overview

In this year's double materiality assessment, we have engaged with a larger group of stakeholders than we did in prior year's assessments. Internal stakeholders have included board members, C-level individuals, internal subject-matter experts and employees. External stakeholders have included customers, investors, financial institutions, NGOs and consultants. Engagements have included workshops, interviews, one-to-one discussions, meetings and reviews.

Our internal stakeholder engagement policy emphasises active engagement and understanding of stakeholders' positions and expectations. This ongoing dialogue shapes our sustainability efforts and processes and aligns with stakeholders' interests. Insights from these engagements inform our business model and strategy, due diligence processes and the double materiality assessment, guided by international norms and codes.

In 2023, Höegh Autoliners engaged in several policy debates related to sustainable shipping. COP28 was one of the arenas where the Company's CEO Andreas Enger was present and formed part of plenaries, panels and roundtable discussions around our vision for the future of shipping, and how we can contribute to decarbonise international shipping if we are able to create a level playing field with appropriate incentives for the uptake of greener fuel technologies.

Customers seek deeper partnerships to meet their decarbonisation commitments, driven by ambitious target setting and net-zero roadmaps, and compliance with increased regulation and reporting requirements. Our continuous discussions with the customers, and understanding their needs are crucial for our decarbonisation strategy to succeed.

Please refer to the table below for an overview of our key stakeholders, engagements and outcomes.

Key stakeholders	How we engage	Why we engage	Examples of outcomes from engagements
Marketplace			
Customers	Customer support and discussions in day-to-day operations	Understand our customers' expectations and requirements	Strategic partnerships for our segment leading green service offerings Development of solutions serving customer expectations and requirements
	Tender processes and contract renewals	Provide green and sustainable solutions to assist decarbonization of their supply chains	Longer contracts with customers sharing our business philosophy
	Sanctions screening	Risk management, reputational protection and ensure compliance with laws and regualtions	Business relationships with responsible counterparties Informed selection of customers
	Customer's ESG questionnaires	Understand our customers' expectations and requirements	Updated policies and procedures
Suppliers	Discussions through day-to-day operations	Understanding our suppliers sustainability impacts	Sustainable sourcing of goods and services
	Supplier questionnaires and on-site due diligence assessments	Ensure compliance with our code code of conduct throughout our supply chain	
	Sanctions screening	Risk management, reputational protection and ensure compliance with laws and regualtions	Informed selection of suppliers
Workplace			

Key stakeholders	How we engage	Why we engage	Examples of outcomes from engagements
Employees	Active engagement through the working environment committee (AMU) and communication through internal channels	Understand employees expectations and requirements	Action plans, improved working environment and updated internal policies adn procedures
	Yearly engagement surveys	Detect improvement areas	
	Traning and upskilling	Provide our employees with necessary knowledge and understanding	
Financial community			
Investors, analysts, banks, insurance	Regular investor updates	Build credibility and showcase our strategy and performance	Improved sustainability communication in all sources
	Annual and interim reporting	Keep new and existing investors updated on performance and plans	
	Investor meetings, presentations and roadshows	Understand expectations and requirements	A robust strategy to meet investors expectations
	ESG ratings	Promote transparency towards external stakeholders	Gap analysis and plans to improve current ESG ratings
Society			
Governments, regulators and International policy makers	Dialouge with governments and policy makers	Identify and address climate-related transition risks and opportunities	Set our decarbonisation strategy and plans on the agenda
	Regulatory tracking and analysis	Ensure compliance within operations and reporting	Resilient business model and strategy
Media	Regular external communication in several channels	Inform and build trust among stakeholders	Good reputation among stakeholders

Key stakeholders	How we engage	Why we engage	Examples of outcomes from engagements
Industry and sustainability associations	Direct dialouge with industry and sustainability associations	Assist the industry to engage policymakers	

Planet

As a shipping company operating worldwide, we need to take responsibility for the environment we operate in. Our strategy is shaped to best meet our commitments and to assist decarbonising our customers supply-chains.

Climate change and pollution

Decarbonising our shipping services

Höegh Autoliners is operating within a sector contributing significantly to global CO2 emissions. The sector is important for the global economy but is also among the hardest to abate when it comes to GHG emissions. We are having two clear targets for the decarbonisation of our own operations. The first target is to reduce our fleet carbon intensity by more than 30 percent by 2030 from a 2019 level. The second target is to become net zero by 2040. To meet the targets, Höegh Autoliners play an active role in bringing public authorities, customers, and suppliers together to work towards a future of zero-carbon shipping. We call for a level playing field, including appropriate carbon taxes and mechanisms that offset the current cost disadvantage of decarbonisation (e.g., contract for differences), incentivising the uptake of alternative fuels until it becomes a commercially viable choice.

The two focus areas when it comes to decarbonising our shipping operations are energy efficiency improvements on our existing fleet, and fleet transition including the uptake of alternative fuels.

Energy efficiency improvements (existing fleet)

We are continuously working with our long-term efforts to improve our energy efficiency, and 2023 has been a year where we have followed up on our commitment. We have ordered technical upgrades for 12 of our vessels, including new and enhanced propellers, propeller boss cap fins (PBCFs) and turbo charger deratings. These investments to our existing fleet, combined with optimising our operational performance are expected to enhance our energy efficiency and reduce our emissions. We also ordered cargo deck LED lights for 30 vessels to reduce overall energy consumption.

We experience an increased interest for biofuel from our customers, and in 2023, we have taken a record high delivery of around 10 380 MT of ISCC certified sustainable biofuel (B100), more than doubling our 2022 volumes. As we are expecting a continuous interest in biofuel going forward, we have partnered with the leading global provider of biofuels, VARO, for the supply of advanced biofuels for deep-sea transportation from Europe which is expected to continue during 2024.

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. We will continue to explore new and innovative ways to optimise our current fleet's energy efficiency, and to further reduce our own and our customers' environmental footprint.

Fleet transition and alternative fuels (fleet of the future)

Reaching our net-zero target by 2040 implies a significant transition of our fleet, including additions of zero-carbon ready vessels and disposal of legacy tonnage. In 2023, we exercised the option to build additional four multi-fuel and net zero carbon-ready Aurora class vessels (vessel 9-12). This move brings the newbuilding program, in which we have invested/committed about USD 1.3 billion, to twelve vessels, each with a capacity of 9 100 car equivalent units (CEU). The vessels are scheduled to be delivered between Q3 2024 and Q2 2027. This program will continue to make significant progress along with construction milestones that is well ahead of the original schedule. The first class-approved LNG/Ammonia tank was installed on our first Aurora vessel in Q4 2023, marking a significant milestone. The first two vessels are scheduled to be delivered in Q3 2024, and the vessels will be the largest and most carbon-efficient car carriers ever built.

We consider to launch vessel 9-12 as dual-fuel (Ammonia/MGO) vessels capable of running on Ammonia straight from the yard. As one of a few global shipping companies, Höegh Autoliners has secured access to four of the first 2-stroke ammonia engines produced and delivered in cooperation between MAN Energy Solutions and Hyundai Heavy Industries. This is a significant milestone on our path to zero.

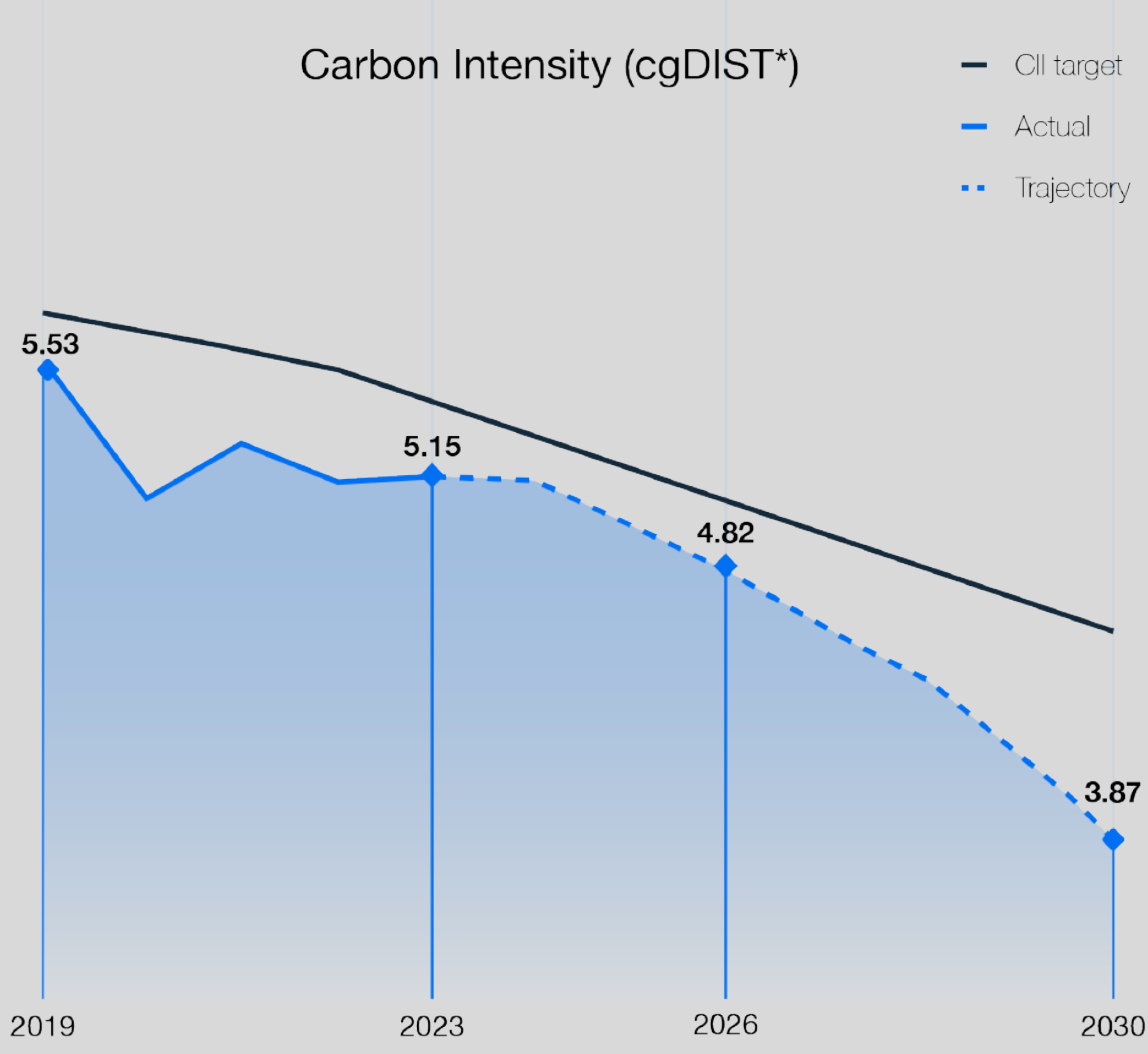
In 2023, we also took the opportunity to optimise our asset portfolio in preparation of the first Aurora delivery, where we sold one older vessel that was delivered to her new owners in Q4 2023. Going forward, we will actively look for further opportunities that supports our decarbonisation journey.

Carbon intensity performance 2023

Despite congestion and tough operational conditions our efforts in managing carbon intensity showed resilience. The carbon intensity, measured as "capacity gross ton distance (cgDIST)", ended up at 5,15 for the year 2023. This means that we have achieved a carbon intensity reduction of about 38% from a 2008 level – close to IMO’s GHG strategy target of reducing carbon intensity of international shipping by at least 40% by 2030, with the same baseline. This is a result of systematic work with emissions reductions and fleet improvements for more than a decade, resulting in substantial carbon savings and emissions cuts. Further, our fleet is compliant with IMO’s current CII, EEXI and EEDI requirements, with about 80% of our vessels achieving IMO’s CII ratings of C or higher. The current fleet carbon intensity and its target trajectory are well below the calculated CII trajectory for our fleet in accordance with IMO’s CII regulations.

The Company has already taken significant steps towards its decarbonisation targets, and going forward we expect to gain further momentum through our ongoing fleet renewal. We believe that our coming Aurora vessels, together with phasing out legacy tonnage, and modification to existing fleet, will contribute to further carbon intensity improvements over the coming years.

Note: Höegh Autoliners has replaced the term Annual Efficiency Ratio (AER) with Capacity gross ton distance (cgDIST) for its carbon intensity measure, aligning with the Poseidon Principles. The change of terminology doesn't affect past or future numbers, as the calculation method remains unchanged.

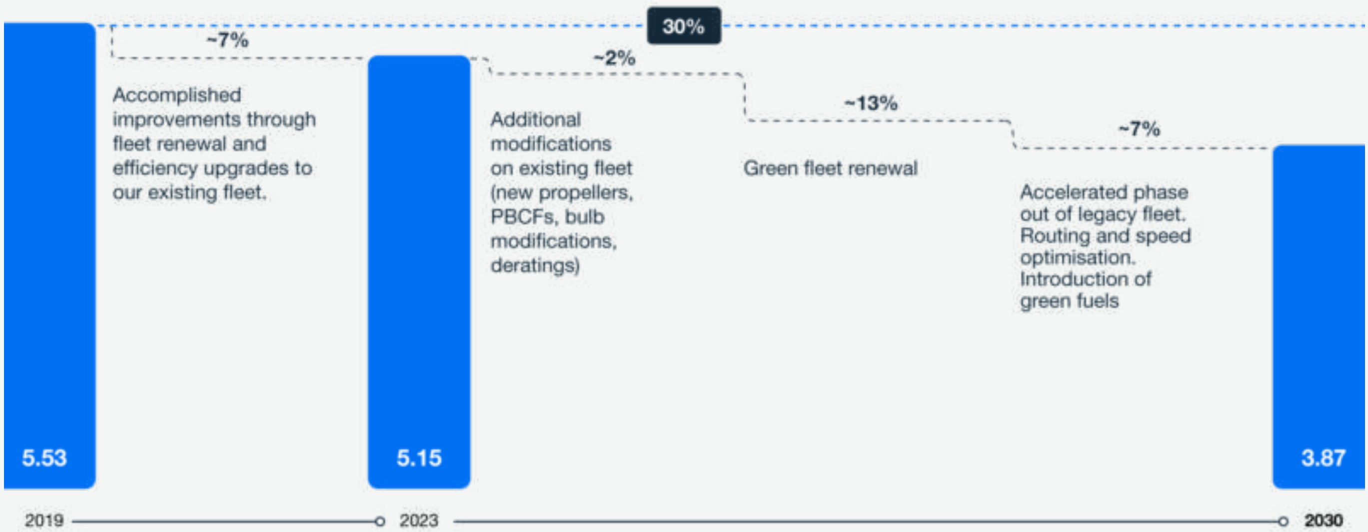


* cgDIST = gCO2 /(GT*Nm) where gCO2 is grams of CO2 emissions, GT is gross tonnage and Nm is nautical miles sailed

30 by 30 pathway

Fleet carbon intensity (cgDIST)

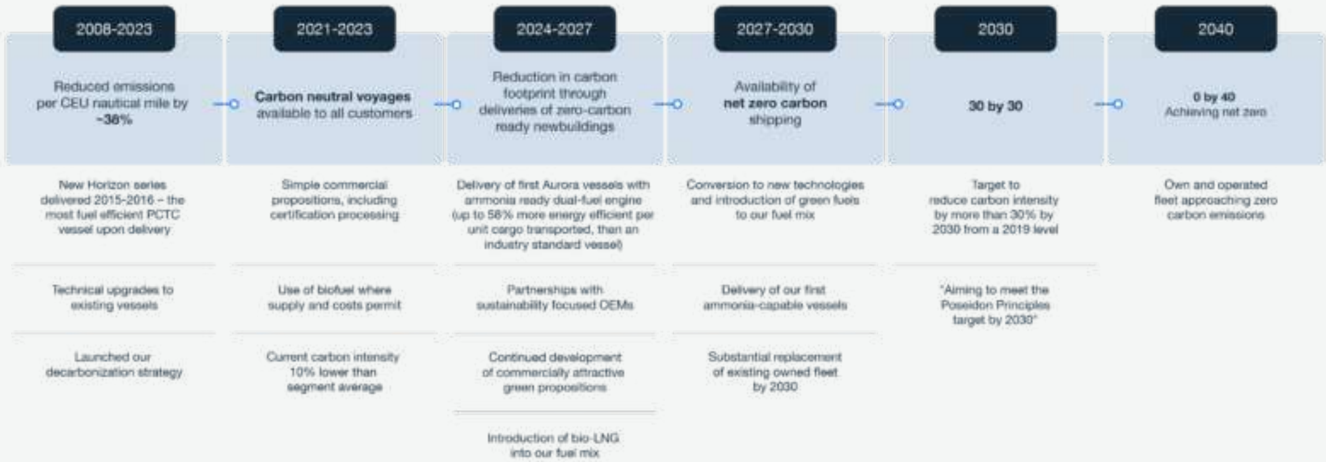
The reductions of the fleet carbon intensity over the past years show us that the initiatives we have implemented are working, and will help us reach our target of reducing carbon intensity by more than 30% by 2030, from a 2019 level. Aside from the expected effects from additional modifications on our existing fleet, we will over the coming years see larger effects from our green fleet renewal, including the phase-out of our legacy tonnage. Decarbonisation initiatives with their corresponding estimated carbon intensity reductions, are visualised below (future reductions are approximations)



The decarbonisation journey towards our 2030 and 2040 targets are highly dependent on the availability and the cost of alternative fuels. As we consider to launch our first ammonia-capable vessel in 2027, we are doing what we can to ensure availability of clean ammonia.

During the year, we have partnered with several ammonia suppliers for the supply and delivery of clean ammonia for our Aurora vessels. Until ammonia becomes available, we will continue to offer biofuel to our customers on a regular basis. We acknowledge that biofuel is unlikely to become the long-term solution for decarbonising shipping, however we view it as an important transition fuel until the technology and infrastructure makes alternative fuels available.

Our roadmap to net-zero



Partners on our Path to Zero

United Nations Global Compact

As a patron of the United Nations Global Compact (UNGC) we support the UN's 10 principles and 17 Sustainable Development Goals (SDG). We are committed to conducting business in a safe, responsible and transparent manner, and we have incorporated this into how we work and behave.

First Movers Coalition (FMC)

Höegh Autoliners has joined the First Movers Coalition (FMC) as one of few shipping companies to send a strong market demand signal for the emerging technologies essential for a net-zero transition. Höegh Autoliners has committed to running at least 5% of our deep sea operations on either green ammonia or green methanol by 2030. Led by the World Economic Forum and the US Government, the First Movers Coalition targets hard-to-abate sectors including aluminium, aviation, chemicals, concrete, shipping, steel, and trucking, responsible for 30% of global emissions.

Getting to zero coalition

The Getting to Zero Coalition is a powerful alliance of more than 200 organisations (including 160 companies) within the maritime, energy, infrastructure and finance sectors, supported by key governments and IGOs. The Coalition is committed to getting commercially viable deep sea zero-emission vessels powered by zero-emission fuels into operation by 2030 towards full decarbonisation by 2050 – maritime shipping's moon-shot ambition.

Miljøstiftelsen Zero

Miljøstiftelsen ZERO collaborates with companies in the maritime industry that are willing to lead the way by building zero-carbon vessels. ZERO works together with Höegh Autoliners on how to establish the frameworks needed to make those investments that contribute to enabling emission free international shipping. This includes the transition into alternative fuels, as well as regulatory conditions that make Norway attractive for such transitions.

Maritime CleanTech

We have joined Marine CleanTech, a maritime commercial partnership working to develop energy-efficient and sustainable technologies for the maritime sector. This partnership will accelerate the shift towards a sustainable future by creating possibilities for collaboration with organisations that share our vision and leveraging cutting-edge green technologies.

Kongsberg Digital

We have formalised an agreement with Kongsberg Digital to digitalise our fleet. This ensures installation of cutting-edge technology across nearly our entire fleet, including our 12 upcoming Aurora Class newbuildings. This is a strategic move that substantiates our commitment to leveraging digital solutions for increased efficiency and sustainability in the maritime industry.

Ammonia producers (LOIs)

We have formalised several LOIs with partners related to the supply and delivery of clean ammonia as a next generation sustainable maritime fuel for Höegh Autoliners' Aurora class vessels.

Varo

We have entered into strategic partnership with the leading global provider of ocean transportation solutions, VARO, aimed at advancing the decarbonisation of maritime sectors. The collaboration with VARO focuses on supplying 100% advanced biofuels for deep-sea transportation from Europe and marks another significant step in reducing our environmental footprint.

Höegh Autoliners' GHG emissions and pollution reporting

The emissions from consumption of fuel and refrigerants onboard our vessels are the sources to our scope 1 emissions. We are calculating the CO2 equivalents in accordance with the Greenhouse Gas Protocol and amounts to a total of 1 103 090 MT of CO2e.

Scope 2 emissions mainly consist of emissions from sourced electricity used for our local offices. We do report both location based and market based scope 2 emissions, of 324 MT of CO2e and 590 MT of CO2e respectively.

Höegh is for the first time presenting a complete scope 3 inventory, covering all categories assessed to be relevant. Previously, only category 3 (fuel and energy related activities not included in scope 1 and scope 2) and category 6 (business travel) was reported. That means that this year's scope 3 emissions are not directly comparable with the prior year's reporting for all categories. For category 1 and category 2, we have calculated and presented comparable figures for 2022.

For details on how our emissions are calculated, please refer to our methodology statement presented as a separate appendix to this annual report.

Science Based Target initiative (SBTi) update

In December 2022, SBTi released its maritime transportation sector guidance, the first science-based framework to support companies in the maritime transport sector to set near- and long-term science-based targets in line with 1.5°C.

Höegh Autoliners is currently in the process of assessing how the Company's latest decarbonisation targets aligns with the new requirements and aims to submit updated targets, based on the new guidance, for validation during 2024.

GHG emissions in MT CO_2e	2023	2022	2021
Scope 1 – Direct GHG emissions	1 103 090	1 198 413	1 331 340
Scope 2 – Location-based	324	324	276
Scope 2 – Market-based	590	511	486
Scope 3 – Category 1 (Purchased goods and services)	94 622	94 521	-
Scope 3 – Category 2 (Capital goods)	34 815	32 932	-
Scope 3 – Category 3 (Fuel- and energy-related activities not included in Scope 1 or Scope 2)	198 374	210 526	230 029
Scope 3 – Category 5 (Waste generated in Operations)	584	-	-
Scope 3 – Category 6 (Business travel)	2 661	3 549	3 300
Scope 3 – Category 7 (Employee commuting)	289	-	-
Total GHG emissions (Scope 1, 2 - location-based and 3)	1 434 759	1 540 232	1 564 945
Total GHG emissions (Scope 1, 2 - market-based and 3)	1 435 025	1 540 419	1 565 155
Biogenic emissions (From biofuel combustion)	27 617	12 189	733

Other emissions

Höegh Autoliners only uses fuels that are compliant with IMO Global Sulphur Cap, 2020. We have decided to not install any scrubbers onboard our vessels and we are not planning to do so going forward. Installing and using scrubbers will likely increase fuel consumption as it requires additional auxiliary power.

Sewage handling

Sewage treatment plant (STP) is installed in our vessels and adheres to MARPOL Guidelines Annex IV which provides the set of regulation regarding the proper sewage discharge of ships in marine waters. As stated in the guideline, ships are allowed to discharge treated and disinfected sewage to the sea when at least 12 nautical miles from the nearest land, with a speed of no less than 4 knots.

A company policy is also in place regarding sewage disposal to ensure compliance of the guidelines. In making sure that all vessel discharges are treated, each STP is approved by the

“Class Society” and verified annually to ensure all vessels are complying with the regulations.

Energy mix

In 2023, the total amount of energy consumed was 15 157 GJ. Out of this, 2% was consumed from biofuel (8 741 MT) which is a significant increase compared to our 2022 consumption of 3 858 MT, with the rest coming from fossil fuels in 2023. We are taking delivery of two dual-fuel zero-carbon ready Aurora class vessels in second half of 2024 and expect to introduce LNG into our fuel mix for 2024 and onwards. Bio-LNG will also be considered.

During the year, we have formalised several LOIs with partners related to the supply and delivery of clean ammonia as a next generation sustainable maritime fuel for Höegh Autoliners’ Aurora class vessels. We expect ammonia to be part of the energy mix during by 2027.

Other emissions to air (MT)	**2023**	**2022**	**2021**
Nitrogen Oxides (NOx)	28 200	30 524	33 695
Sulphur Oxides (SOx)	2 844	3 072	3 405
Particular Matter (PM)	2 384	2 567	2 847
Volatile Organic Compounts (VOC)	1 101	1 182	1 304
Carbon Monoxide (CO)	1 010	1 084	1 194
Black Carbon (BC)	98	105	115

Biodiversity and ecosystems

Preventing introduction of invasive alien species

One of the major challenges in marine environment is introduction of invasive species which Höegh Autoliners takes seriously. Our commitment of being at the forefront in environmental protection at sea is related to adapting and implementing necessary actions to avoid instances where these species are carried either in the vessel's ballast water or vessel's hull. To prevent invasion of unwanted guests, Höegh Autoliners takes necessary steps through compliant and effective Ballast Water Treatment System (BWTS) and Anti-fouling system. BWTS is installed on all of our vessels, well in advance of the September 2024 deadline set by the Ballast Water Management Convention for shipowners to have treatment systems on board their vessels. Anti-fouling paints of the highest standards are applied to both reduce the hull resistance, and the risk of spreading invasive species. Höegh works actively to ensure that there are limited damages to marine life during shipping activities, in particular when navigating through marine protected areas, environmental critical areas, and areas with protected conservation status. Preventing marine casualties is one of the top priorities for our environmental performance. This involves continuous crew awareness, training regarding safety navigation and vessel stability. These two activities crucial to avoid serious marine casualties.

Port state controls

Port state control (PSC) assesses the vessels' safety during operation including the crew's safety. For 2023 and 2025, we have a target of zero detentions and a maximum deficiency per inspection ratio of 0.70 which is the company standard as well.

In 2023, we underwent a total of 116 port state control inspections and received a total of 75 deficiencies. This means that we had a Def/Insp ratio of 0.65, which is below the Company's target of

Def/Ins ratio of 0.7. We have also experienced one (1) detention. Nevertheless, we are seeing a generally positive downward trend in our rolling 12-month period.

This positive trend is mainly due to the effective safety barriers implemented in 2023 such as: Crew safety awareness campaigns, regular pre-PSC inspections by Class and third-party inspectors and ship visits by the vessel managers and nautical managers. The targets going forward remains to be zero PSC detentions and a Def/Insp ratio of below 0.70 .

Year	2023	2022	2021
Travel days spent in marine protected areas and areas of protected conservation status	1 741	1 978	1 978
Marine casualties and zero defined as very serious marine casualties	12	0	0
PSC Inspections	116	108	101
Deficiencies	75	106	57
Detentions	1	2	0
Non-compliance of environmental laws and regulations	0	0	0
Share of fleet with ballast water treatment systems installed	100%	100%	94%

Waste

Waste from ships can include various types of materials and substances generated during the operation of a vessel, such as food waste, plastics, paper, glass, metal, oil, chemicals, and sewage. The amount and type of waste generated can vary depending on the size and type of the vessel, the duration of the voyage, and the activities carried out on board. Proper management of ship-generated waste is critical to prevent pollution and protect the marine environment.

Oil Spills

In 2023, Höegh Autoliners did not have any significant oil spills to the environment.

To continue to prevent oil spills from happening, all oil spill responses and checklists are in place in case of emergency situations. Our seafarers are equipped with adequate training and knowledge that prepares them in case of an oil spill. The target for 2024 and 2025 is zero incidents of oil spill. To achieve this goal, the following activities are conducted: enhanced crew awareness, regular PMS of the vessel and equipment maintenance (BWTS and OWS). These assure that the vessel is in good condition and performing at its best along with the best trained crews.

Waste management

It is the policy of the company to contribute to keeping the seas as clean as possible. All vessels in the fleet are following comprehensive garbage management plans, in compliance with the MARPOL guidance. The plan sets procedures for collection and storage, processing, and disposal of garbage onboard our vessels. It also ensures awareness of the crew through requirement of applicable training on proper garbage management. We have had an increased focus on garbage handling in our operations which has resulted in a lower amount of waste generated in 2023 compared to 2022. Generated waste on board the vessels are separated in containers in accordance with our policy and continuously practice a zero waste overboard principle, including waste disposal/recycling at approved shore facilities in ports.

Our targets for waste management in 2024 is to have newbuildings delivered with 100% LED lights onboard and a reduction of 5% plastic generation compared to prior year's levels

Breakdown of wastes in m^3	2023	2022	2021
Plastics	714	682	693
Aerosol cans	2	1	6
Bilge water	5 052	6 005	5 911
Carbon soot from economizer	5.34	4	1
Domestic waste	433	434	435
Expired pyrotechnics	2	1	3
Incinerator ash	25	26	24
Operational waste	274	216	217
Used batteries	3	1	34
Sludge / waste oil	5 591	6 043	5 840
Cooking oil	69	6	59
Food waste	149	170	173
Scrap iron from ER	17	24	23
Fluorescent lamp	19 500 pcs	24 194 pcs	17 540 pcs
Hazardous (except fluorescent lamps)	12 336 (98%)	13 613 (99%)	13 323 (98%)
Non-hazardous	254 (2%)	201 (1%)	255 (2%)
Total waste generated (m^3)	12 590	13 814	13 578

Green Ship Recycling

Resource use and circular economy principles are becoming increasingly important, with a focus on reducing waste and promoting the reuse and recycling of materials, including through responsible ship recycling practices, creating opportunities for companies that invest in sustainable practices and contributing to the protection and conservation of natural resources.

Ship recycling may have material impacts on the environment and society, including pollution, workers safety concerns, and resource depletion. Responsible practices are crucial to safeguard human health, the environment, and circular economy principles that minimise waste and encourage material reuse and recycling. It is expected that it will be an increased demand for ship recycling in the coming decade, as deliveries of newbuildings together with stricter environmental regulations will push owners to recycle older vessels earlier than planned. As part of our decarbonisation journey, we will phase out legacy tonnage at the end of the vessels' lifetime, which most likely will include ship recycling in the short term.

Höegh Autoliners have adopted responsible ship recycling practices, such as those outlined in the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, to reduce the social and environmental impact. This means that we are executing disposals of old vessels in a manner that is safe to both people and the environment, including obsolete vessells declared as total losses. Vessels are dismantled under strict requirements in approved shipyard facilities. Any recycling yard selected must comply with Höegh Autoliners Supplier Code of Conduct.

In working with qualified ship recycling facilities, they need to have established management systems, procedures, and techniques that do not pose health risks to workers or have a negative impact on a local community. By choosing established ship recyclers who have facilities that handle toxic waste responsibly and ensure proper safety procedures that protect workers, Höegh Autoliners maintains its strict safety standards when recycling vessels. It is also required by our Green Recycling Standard that any recycle facility should only use fully licensed and permitted facilities for downstream waste management

Since committing its first vessel to green recycling in 2009, the Group has only disposed ships through green recycling.

In 2023, Höegh Autoliners did not recycle any vessels.

The recycling facility is required to be certified in accordance with:

- "Statement of Compliance" in accordance with the 2009 Hong Kong convention and the IMO 2012 "guidelines for safe and environmentally sound ship recycling". (Issued by an IACS member Classification society)
- ISO 14001 Environmental management systems
- ISO 45001 Occupational Health and Safety
- ISO 9001 Quality Management

People

Occupational health & safety

To guide our work on minimising adverse social impact, we have a Health, safety, security and environment (HSSE) policy in place, covering all entities and employees of the Group. As we believe that all injuries and incidents are preventable, we do not compromise on our HSSE policy.

In 2022, the company was certified to have conformed to the Occupational Health and Safety Management System standard: ISO 45001:2018. In 2023 we had 23 first aid cases, 4 restricted work cases and 3 lost workday cases. Our target for 2024 and 2025 is to have zero casualties.

In offices and onboard vessels, we have organised safety committees that ensure that workers participate in all matters of importance for the maintenance of safe and healthy work practices.

In our continuous efforts regarding crew's occupational health and safety, we always comply and adhere to the labour laws. We always arrange physical examination for all seafarers at qualified medical centre prior to their service onboard and provide briefing for safety onboard prior to sign them on.

Seafarer Welfare and Safety initiatives

Aurora class readiness for our seafarers

During the year, have initiated a collaboration with Höegh LNG on running a specialised gas safety and handling training program for our officers, which is being conducted on their LNG-carrying vessels. The primary objective of this initiative is to adequately prepare our officers for the delivery of our Aurora Class vessels. Our focus remains steadfast on the safety and comprehensive training of our seafarers, as safety is of highest importance to Höegh Autoliners.

No overstay in 2023

Throughout 2023, no crew have stayed beyond the maximum period onboard of 11 months, as required by the Maritime Labour Convention.

Welfare fee

A dedicated welfare fee is allocated every quarter for seafarers onboard to purchase or renew related items for physical exercise and social activities etc.

Annual family event for seafarers

Seafarer Family is an annual event as part of the company's campaign to strengthen our relationship with our seafarers. After the pandemic, this was revived and conducted last June 2023.

Ongoing focus on health and safety

Compliance with ISO standards

A Seamless External Audit (ISO 9001, 14001 and 45001) was conducted in March 2023 and was an integral part of the ISO's PDCA (Plan, Do, Check, Act) to improve and check on what were originally established procedures and guidelines. As part of our efforts to raise awareness of OHS (Occupational Health and Safety) with emphasis on the health, we have established a sports program to encourage employees to try out different sports and promote an active lifestyle.

Training offerings

We enhanced our learning program with a compulsory e-learning module to underscore the significance and framework of ISO 45001. This module provides everyone with a clear understanding of the standards and outlines the responsibilities of employees in relation to Occupational Health and Safety (OHS). The training resulted in high engagement and surpassed required completion rates.

Moving forward

Our target moving forward is to continue all the learning activities with relevant annual updates, as well as including the core training as part of the mandatory onboarding training program.

Höegh Autoliners places a great deal of emphasis on the aversion of all types of incidents onboard.

During 2023, we have increased our focus on safety for our crew, and our focus on preventing incidents related to the use of power tools have resulted in zero (0) new incidents, and we are continuing to focus on proper safety awareness when using power tools as part of our campaign for 2024. During the year, the group experienced 10 LTIs (Lost Time Incidents). A Lost Time Incident is an injury to crew member, which affects the ability to work the subsequent shift on board. The Lost Time Incident Frequency (LTIF) of such injuries per million working hours was 1.66 in 2023. This is higher than our target of 0.7, and also a little bit higher than industrial standard target of 1.0. However, the incidents in 2023 were all categorised as minor, except one incident. we have recorded the following incidents:

- Back and leg injury due loss of control of a steel plate that during repair work.
- Splash of substance on the eyes
- Strain on leg muscles after extensive exercises
- Mooring line slipped, bosun injured and repatriated
- Chin injury as improper handling of grinding machine
- Sprained ankle when playing basket ball
- Mild electric shock when operating portable ventilator
- Finger injury due to finger caught between door and doorframe.
  Crew repatriated and hospitalised. Outer limb of one finger amputated
- Back pain due to improper lifting
- Lost balance during paining, fall causing shoulder dislocated

All except one is fully recovered by end December 2023, 1 crew had outer limb on finger amputated.

Improved sickness reporting was initiated in 2022 and we have continued the close dialogue with our pre-embarkation medical centres with focus on identifying pre-illness indicators. We achieved a Lost Time Sickness Frequency (LTSF) of 1.66 in 2023, significantly lower than last year's figure, with none of the illnesses experienced were classified as serious. All lost time incidents and sickness cases are continuously analysed to minimise the number of cases in the future.

Lost Time Reporting

LTIF – Lost time incident frequency

A Lost Time Incident is an injury to crew member, which affects the ability to work the subsequent shift on board. The frequency of such injuries is measured as number of incidents per million working hours.

LTSF – Lost time sickness frequency

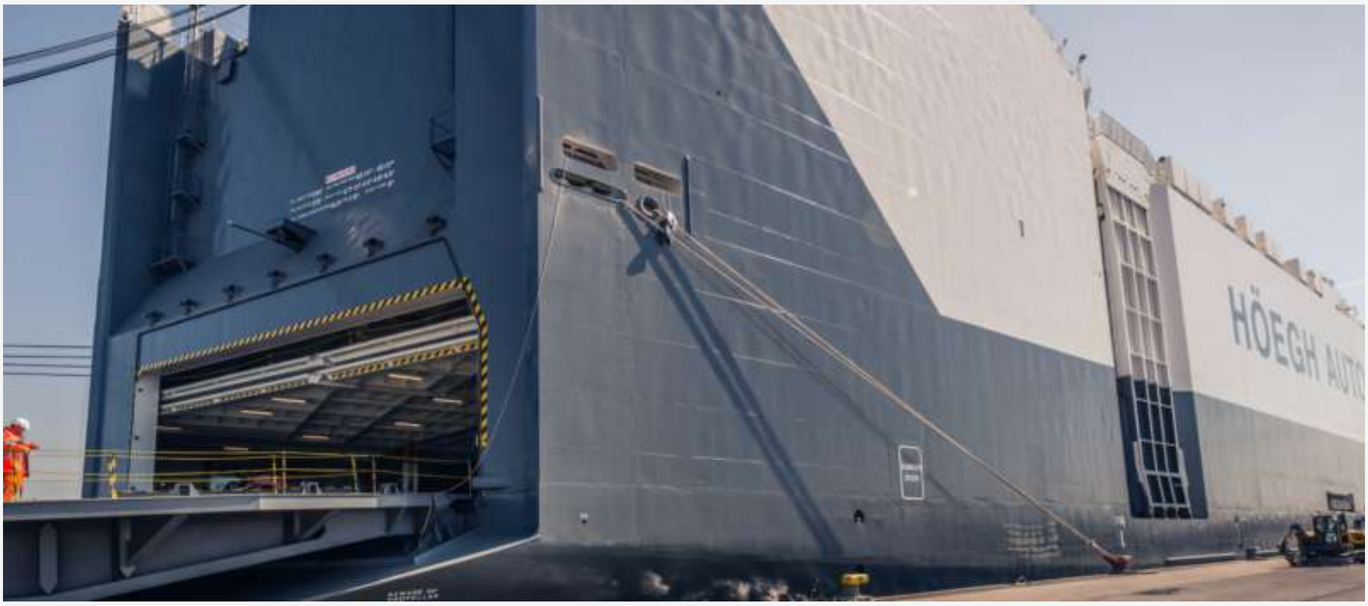
A Lost Time Sickness case is sickness to crew member, which affects the ability to work the subsequent shift on board. The frequency of such sickness is measured as number of incidents per million working hours. We initiated this reporting during 2022, with no comparable number for 2021.

NAF – Near accident frequency

Near accident reporting is considered as the main tool to identify potential hazards and prevent hazards from re-occurring in the future. By analysing the root cause of near accidents, we are able to determine what is the basic cause of a near accident and we can implement actions to create barriers that will prevent the hazards from re-occurring.

	2023	2022	2021
LTIF	1.66	1.01	0.79
LTSF	1.66	2.70	n/a*
NAF	46.72	9.28	n/a*

Number of incidents per million working hours.
* started reporting in 2022.



Employment

In 2023, our land-based employee headcount has increased by 69 additional positions, reaching 410 employees globally at the end of the year. Our employees coming from 24 different nations had an average age is 41 years, further strengthening our diverse population across the globe. We had 5 temporary employees who worked with IT and Operations project based on contractual employment set up. The total turnover rate for the year was 11.44%, with a voluntary turnover rate of 10.45%. Our target voluntary turnover rate is 10% using market references in our key locations some which have more mobile populations.

Höegh Autoliners adhere to local rules and regulations regarding parental leave so that both the primary caregiver and co-parents have the opportunity to take time off upon becoming parents, whether through a child's birth, surrogacy, or adoption. Our global parental leave policy ensures that all employees are granted the opportunity to spend time with their new born or adopted child even when leave is not provided by the government. Temporary and part-time employees receive the same benefits as permanent employees based on local market requirements. The percentage of employees who stay in the company following parental leave remains at 100%, and we have maintained our flexible work arrangements across our offices. Our DEI work is focused on ensuring that we have working practices that cater to a diverse workforce to maintain that percentage. In Manila where we have the largest number of employees and 59% of the population being women, we worked towards increasing the paid maternity leave to six months (180 days) which is 71% increase from the government-mandated period. We recognise how important it is to provide longer paid maternity leaves to support maternal and child health, to foster work-life balance, and to further strengthen gender equality in our workplace.

In 2023, we continued our annual employee engagement survey using the same format and we have maintained the overall positive engagement score of 80%. The survey addresses range of topics including work-life balance, communication, leadership support, career development, and overall engagement. The results provided insights into how opportunities for learning and development as well as trust in senior management and leaders in general have increased engagement. To fulfil our ambitious strategy, we are committed to improving and nurturing our culture and developing people-centered initiatives.

Employee data related to illness and incident prevention

Our principles implemented during the pandemic have been continued, to apply caution and share responsibility in the prevention of illness. A global absence rate of 1.51% due to illness was recorded in 2023, which continues to be at a low rate as the previous year. HR and global leaders work together to follow up on absences as it is a complex area with significant variations from country to country. As part of our commitment to ISO 45001 certification, we carry out preventive activities to minimise sickness absences by offering health checks, promoting good health & safety practices, and following up on any concerns to improve. Reviewing the office set-up both ergonomically and considering new ways of working in a hybrid set-up has been part of this process.

With our continued focus on wellbeing initiatives, we have achieved a lower sickness rate for onshore employees than the previous year.

Human Rights

We are committed to an organisational culture which is characterised by integrity, openness, and respect. Ethics and compliance are integral parts of what we do, and key human rights issues are incorporated into both our Code of Conduct and Supplier Code of Conduct.

As part of our work in accordance with the Norwegian Transparency Act, we have conducted due diligence assessment focused on compliance with basic human rights and decent working conditions, based on a proportional and risk-based mapping of our internal employees, operations, and our supply chain. Audits have been conducted in shipyards and key ports in 2023, and discussions have been held regarding working hours and benefits, including social insurances and wages, which continue to be monitored.

As a result of the due diligence assessments, we will implement additional measures to prevent or reduce negative effects on human rights and decent working conditions within our operations and supply chains. Our human rights policy is integrated into compliance-related training and live events required for all to ensure familiarity and create a sense of security and confidence among our employees, knowing that their rights are protected. We believe that this is a continuous process that contributes to upholding human rights and raising awareness regarding human rights issues within our organisation. For more information regarding our due diligence work, please refer to our separate Transparency Act report published on our website.

Labour rights

Höegh Autoliners recognises our responsibility to ensure fair business practices in our value chain and direct supply chain. Our recent engagement survey results provided positive response in our commitment to respect labour rights in all our activities, and to assist our stakeholders in fulfilling their labour rights obligations. Throughout our Human Rights Policy, Code of Conduct, and other company guidelines, we recognise the right to collective bargaining, the elimination of child and forced labour, and the elimination of discrimination in the workplace. A due diligence assessment of human rights was continued in 2023, and our commitment is expected to continue and be followed up annually through 2025.

Freedom of association and collective bargaining

All crew and onshore employees are free to organise, and partake in Collective Bargaining Agreements and negotiations through labour unions.

At present we do not have collective bargaining agreements for onshore employees, but they are employed on local contracts with employment handbooks based on local legislation. This ensures that employees are able to secure fair wages and working conditions, and that they can access legal protections in accordance with local laws and regulations. It also reduces the risk of labour disputes and ensures that all employees are treated fairly. In addition, we have global policies which allow for a standardised approach in many areas related to working arrangements.

Our crew members are contracted but treated as fixed employees by the Company in all respects. Crew working hours are in accordance with the requirements of MLC, STCW, and CBA. In terms of training and succession, all crew members are equally able to participate regardless of their nationality or gender. The Company's managed crewing office in China and the Philippines provides crew for the Company, with employment opportunities available to Chinese and Filipino crew.

Child labour, Forced and compulsory labour

We continue to have a target of zero incidents for child labour, forced or compulsory labour and non-compliance with laws and regulations for socioeconomic areas. The supplier assessment program covers child labour and socioeconomic compliance.

Year	2023	2022	2021
Incidents of child labour	0	0	0
Incidents of forced or compulsory labour	0	0	0
Reports of breach in the socioeconomic compliance area	0	0	0

Diversity and inclusion

Our aim is to ensure that everyone at Höegh Autoliners feels valued and included for who they are and how they can contribute to our strategy and operations at the highest level. This is anchored in our people goals and our DEI statement designed to empower our people to be their best, with targets identified towards 2025. Our career opportunities are promoted globally, and our learning and development offerings are available to everyone. As a result of our recent engagement survey, we received high scores comparable to the 75th percentile global norm group regarding inclusion, growth and development, and safety. Please refer to our report on diversity and inclusion for more information here.

Höegh Autoliners adheres to a zero-tolerance policy with respect to harassment and discrimination at work. Our industry is inherently a diverse and international one, with business being conducted across nationalities, regions, and with employees coming from a range of diverse backgrounds. It is therefore essential to build a robust company by fostering diversity and inclusion. We use our Code of Conduct as our ethical compass, to guide our mindset and behaviour. In 2023, we implemented our own Human Rights Policy to set guidelines in preventing discrimination, harassment, and gender-based violence, with an associated whistleblowing system called “Speeki”. It is a confidential and anonymous platform to address and respond to complaints and incidents of violence and harassment. We are committed to regularly evaluating our procedures and our methods of working in order to identify any areas in which we may exclude certain groups directly or indirectly.

Diversity

Our recent efforts to increase diversity balance within teams has resulted in 47% women and 53% men globally, closing the gap on our long-term goal of 50% diversity index. In 2023, 42 employees have changed roles or departments, and 80% of those promoted into leadership positions were women.

Learn more about our gender distribution across our locations and onshore employee categories here.

Risk analysis, targets, and progress

Recruitment

Updated risk analysis for 2024

We have focused our recruitment efforts during 2023 to ensure a diverse pipeline to mitigate the risk of homogeneous candidate pool. Some related risks include:

- There has been a lower % of women candidates in historically underrepresented roles and departments such as Strategy, Information Technology, and Operations. Women seafarers make up a small percentage of our crew.
- We have identified a risk around training for hiring leaders for best practices related to interviewing guidelines, and to recognise and mitigate biases which may inadvertently contribute to discriminatory practices in the recruitment process.

Focus areas for 2023

- Internal communication regarding career opportunities has been continuously increased in order to promote internal mobility and equality of opportunity.
- We continue to develop our interview structure and upskill our leaders in recruitment.
- We actively strive to attract more women into crewing by offering equal opportunities.
- Recruiting and onboarding new employees is governed by a clear Diversity & Inclusion statement to ensure that our company values and principles are upheld throughout the process.

2023 Progress

- 58% of new employees recruited onshore were women.
- We achieved a higher rate of women seafarers in 2023 than we had done in 2022.
- Increased representation of women in leadership roles globally.
- We achieved 13 successful referrals since the implementation of the Global Referral Program in the second quarter of the year, further expediting our hiring process while ensuring excellent quality candidates.
- The completion rate of bias awareness training has increased to 80% for hiring leaders, and we will continue to address unconscious bias at all stages of the recruitment process.

2024 Targets

- Our goal is to develop more supporting resources for leaders to follow clearly described good recruitment practices to reduce bias and any discrimination.
- To strengthen effective candidate assessment, ensure consistency and fairness, and reinforce a positive candidate experience, we intend to focus on conducting training sessions, especially for new people managers, regarding interviewing guidelines and general hiring best practices.
- To ensure that DEI requirements for headhunter procurement are clearly established.

Compensation

Updated risk analysis for 2024

Remuneration is an area we on a general basis know can be prone to DEI risks, both regarding decisions about base salary and other compensation elements.

- As salaries and bonuses are decided by leaders there is a risk of equal pay discrimination. Biases in performance and salary evaluations, and inadequate training in pay structures may affect reward decisions.
- There is a risk that new leaders may not have the necessary experience and knowledge to be able to fairly make reward decisions.
- Whilst we have a solid methodology to support job evaluation and compensation processes, there is a risk of inequality due to country market differences.

Focus areas for 2023

- Strengthening our total rewards capabilities to increase the rigour in our methodology and processes.
- Continuing to use and improve how we evaluate equal pay gaps.
- Ensuring consistent and high data quality in our people system.

2023 Progress

- Internal peer review of compensation when bringing in new external hires.
- We have continued to use an external tool to simplify the equal pay analysis and any identified gaps are addressed in our salary review.
- Our new job evaluation assessment tool helps provide more accuracy and fairness in our job evaluation which indirectly links to identifying areas where there is potential market pay gaps, thereby improving our ability to attract and retain the best talent.

2024 Targets

- With enhanced job evaluations and pay gap audits, we will continue to improve how we monitor, and measure pay disparities regularly.

- Provide further training and guidance to all leaders involved in relevant pay-related processes so they make fair pay decisions that they can explain to their people.

Development and Opportunities

Updated risk analysis for 2024

We have a vast learning offering with e-learning and development programs, but there is a DEI risk in terms of who can benefit from the resources available.

- In some cases, the team structures, workload, or personal obligations present barriers to active participation in programs.
- There is an underlying bias when it comes to nominations and endorsements for programmes and internal opportunities from leadership perspectives.
- Due to the imbalance in diversity within teams, the best candidates for internal opportunities may come from the homogenous or majority group.
- There is a risk of people relying too heavily on their leader for development and opportunities.
- Lack of active interest in internal opportunities due to assumptions about who will be offered the role.
- The pool of candidates for project or short-term opportunities may be limited because there is no clear marketplace for them.

Focus areas for 2023

- Review our organisational structure and reporting lines to simplify how we make decisions and to reflect our diverse organisation.
- Encourage and support skills development for our people to prepare for the future business needs.
- Strengthen how we promote and place people into internal opportunities.

2023 Progress

- 80% of all internal leadership vacancies were filled by women.
- We support our people in their development journey through the launch of a digital skills mapping tool. This has allowed employees to identify their strengths, see what skills they

should develop in their function and create specific development plans.
- We continued to recruit Maritime Trainees with diverse background.
- Through our internal development programs for diverse global participants we continued to provide opportunities for personal and career development for new responsibilities and international assignments. There has been an increase from 75% in 2022 to 84% in 2023 in the percentage of people who perceive that they have opportunities for learning and development.
- The engagement score for growth and development has increased from 76% in 2022 to 81% in 2023.
- The learning hours in our digital learning platform have increased by 23%.
- Training our leaders to do the essential conversations with their people about performance, goals, and skill development have been focused on. As a result, our people's perception of leaders supporting their career development has increased by 11% since the 2022 engagement survey.

Read more about how we support our people through learning and development initiatives here.

2024 Targets

- Continue our progress in promoting diversity balance within functions by offering more development and mentoring opportunities available for all with specific focus and support for women.
- Update the approach to development program nominations.
- Review the internal development program offering to include additional relevant topics.

Representation

Updated risk analysis for 2024

We have identified a risk of not having enough insights into the representation of various minorities among our population.

2023 Progress

- Increased employee involvement in action planning to support DEI e.g. use of AMU meetings and other focus groups
- Promoted diversity through celebrating events such as Pride, WISTA, SHE

2024 Targets

- We aim to publicly signal our commitment to gender equality by signing WEP's principles. Our goal is to participate in public advocacy campaigns supporting the rights of women and partner with local or global organisations or other companies on gender equality and women's empowerment.
- We will revisit our plans to implement an external DEI survey during 2024, to gain insights into the needs of our people who identify themselves within underrepresented.

Work Environment

Updated risk analysis for 2024

All our locations have embedded our working arrangement policy of a minimum of three days in the office. However, there are still DEI risks as outlined below:

- With common global policies and compliance with local legislation there can be potential gaps in addressing the specific needs for diverse groups of employees e.g. caring responsibilities

and parental leave
- The gender imbalance among functional roles leads to some work being performed more frequently by women, such as social events and administrative duties.

2023 Progress

- We have maintained flexibility in our work arrangements in response to the result of our annual employee engagement survey
- We have invested more in social and wellbeing events such as Höegh Sports, monthly Coffee & Chat, and workshops.

2024 Targets

- We aim to run continuous discussions and/or conduct surveys to female employees to determine if maternity leave benefits meet their needs. We will also boost communication in parental and caregiver benefits and services to all employees and notify them of any changes.

Harassment

Updated risk analysis for 2024

Our industry is historically male dominated, and particularly so in certain roles and functions.

- The culture can make women or employees from certain groups be more vulnerable to several types of harassment or stereotyping in teams, projects, or events.

Focus areas for 2023

- Raising awareness of potential issues and giving different perspectives in coaching leaders in difficult situations.

2023 Progress

- As a follow-up to the DEI pulse survey in 2022, we have made considerable progress in maximising the use of our confidential and anonymous grievance system, resolution process, and non-retaliation procedures.
- We ran "Integrity Days," globally – interactive, and cross functional sessions where integrity and ethics in day-to-day business perspective is at core. The topics around harassment and discrimination were highlighted to further our 0 harassment records in the past years
- The collaboration pulse survey was launched and resulted in 85% response rate and overall positive collaboration scores. Based on the results, we gained insight into how we can further improve our global employee experience and address collaboration barriers.

2024 Targets

- We want to progress in this goal through continuous communication and training on our compliance policies, procedures, and tools.

Overview gender balance

Board of Directors

Female: 43 %
Male: 57 %
Average age: 53.5
Nationalities: 4

The Executive team

Female: 25 %
Male: 75 %
Average age: 51
Nationalities: 4

Höegh all

Female: 47 %
Male: 53 %
Average age: 41
Nationalities: 24

Crew and officers

Female: 2.7 %
Male: 97.3 %
Average age: 35
Nationalities: 2

People stories

Empowering growth: Nurture the development of our people

At Höegh Autoliners, we firmly believe that our people are our greatest asset. As we navigate a dynamic industry landscape, learning and skill development become essential. We ensure that every employee has the tools to thrive and contribute effectively through our comprehensive suite of learning offering.

Our learning philosophy is rooted in providing a balanced and practical approach to acquiring skills, both on the job and through more formal channels.

Our Lead Teams Program is designed to cultivate leadership excellence. Through immersive experiences, coaching, and skill-building, participants emerge as empowered leaders who drive positive change. Similarly, our Early Career Development and Maritime Trainee Program aim to build solid international shipping skills, experience, and a global network. We invest in the future by giving our people broad exposure to the business, including international experience and a structured development program to prepare them for broader and more complex roles later in their career. Mentorship plays a crucial role in these programs, bridging experience gaps and fostering knowledge transfer, career insights, and personal growth.

We also uphold our ethical standards by running Updated Integrity Days in each office and promoting our digital compliance to reinforce our Code of Conduct. Our compliance ambassadors have played a pivotal role in supporting this globally, ensuring the ethical behaviour we expect of all our people.

"It's a cornerstone event reinforcing our shared commitment to integrity and compliance at every level. From top management to every employee worldwide, our dedication to ethical excellence is unwavering. Through innovative digital compliance initiatives, we unite as a global community, ensuring integrity and ethical behavior aren't just principles but a way of life, upheld in adherence to our Code of Conduct and all applicable laws."

– Atuldutt Sharma, Head of Sales – India, one of the compliance ambassadors

We have global programs that focus on leadership development, early career development, and an extensive digital learning offering.

Read more

Environmental day in the Manila office

Gian Gonzales, Learner of the month

In addition, we have a digital learning platform that offers learning across a broad range of topics for all our employees. We saw an increase of 23% in learning hours from 2022 to 2023. Our gamified learning modules offer an engaging and memorable learning experience, leading to significant improvements in our compliance, ESG, and IT security training. We implemented a skills mapping tool that helps our people identify their strengths and areas for development, serving as a compass for growth. The platform enables people to connect across the organisation to learn from other expertise.

In 2023, we introduced two initiatives to foster a culture of lifelong learning: the “Learner of the Month” recognition and a Learning Nudge communication to reinforce our learning ethos.

“Exploring our course offering has been truly enriching to my work experience. It encourages me to be an active learner, a better mentor, and an effective team member. All the courses I have been able to undertake have influenced my perspective positively and I am excited to learn a lot more.”

– Mallerine Kukian, Sales Manager and awarded Learner of the Month

Investing in the Future: Empowering our Seafarers through upskilling

With a rich legacy in the maritime industry, we recognise that the ongoing professional development of our seafarers is not just essential—it's fundamental to our operational safety, efficiency, and environmental stewardship. As the seas present ever-evolving challenges, we remain committed to equipping our crew with the necessary skills to navigate diverse scenarios.

To achieve this, we've meticulously designed training programs that cater to the unique needs of our seafarers. Collaborating closely with Hoegh LNG, we've embarked on a specialised gas safety and handling training initiative. This program ensures that our crew is well-prepared for the imminent delivery of our cutting-edge Aurora class vessels later this year.

Our pride lies not only in the ships we sail but also in the competence of our seafarers. By upskilling them, we position them at the forefront of the dynamic global shipping industry—a testament to our unwavering commitment to excellence.

"The training programs have been profoundly helpful for me in improving my personal growth and technical proficiency, proving to be an invaluable experience. The Hoegh LNG specialised training will enable us to effectively manage the intricacies of the Aurora Class vessels, making sure the crew, environment, and cargoes are in safe hands. The considerable experience and knowledge I gained will affirm my role as a pivotal asset in our maritime endeavours. This effort underlines our commitment to safety and excellence, preparing us for the future."

– Jay Christopher Rojas, Chief Engineer

Social sustainability

We take our corporate social responsibility seriously and have a continual focus on how we can provide our people with a safe, engaging, and fair working environment, culture, and employment. In 2023, we made significant strides in enhancing our working office environments across various locations and increased our focus on holistic wellbeing including improved benefits, social activities, and CSR initiatives. We would like to highlight a couple of the initiatives we are proud to have run.

Holistic Wellbeing

We recognise the significance of striking a balance between work and personal life, and we believe in cultivating a strong community within our organisation. Therefore, we have expanded our social engagement activities, creating avenues for our employees to interact, relax, and forge deeper bonds with their colleagues. Additionally, we have launched wellness initiatives that provide support and learning opportunities for mental, emotional, and physical health, while continually exploring further resources that our people can access whenever they require support.

Building engagement and skills around ESG

Our Manila colleagues have run an interactive session locally to celebrate and engage people on the World Environment Day. Mark Silva, who has been a central part of the organising committee explains that the event has become bigger and better each year. He said that “It’s an opportunity for us to come together, to learn, and to take action towards a healthier planet.” It builds enthusiasm, engagement, and skills around ESG through active participation.

Prosperity

Höegh Autoliners is committed to deliver the best service to its clients and stakeholders, while ensuring compliance with ethical business principles, applicable laws, and environmental and community norms.

Business conduct and corporate culture

Anti-corruption

Höegh Autoliners is dedicated to conducting business in accordance with the highest ethical standards outlined in our Code of Conduct and Anti-Corruption Policy. With a global presence and operations spanning the globe, we actively strive to foster a compliant culture and oppose corruption, as well as non-ethical business practices such as fraud, bribery, and facilitation payments.

Our stance is one of zero-tolerance for any form of corruption, applicable to all employees and external parties working on our behalf. We align our policies and processes with the Norwegian anti-corruption law, as well as other pertinent international anti-corruption legislation, including the UK Bribery Act, the US Foreign Corruption Practices Act, and local laws in the regions where we operate.

As a co-founding member, we take pride in our active membership in the Maritime Anti-Corruption Network (MACN), contributing to its collective action effort towards a maritime industry free of corruption, enabling fair trade for the benefit of society at large.

In 2023, Höegh Autoliners continued implementing awareness programs related to our “Say No” campaign. We emphasised the prompt recording and reporting of corrupt demands involving our vessels, providing seafarers with essential materials such as anti-corruption posters, and reporting hotlines. Specialised training and workshops were conducted for vessel masters and officers to equip them in their front-line battle against demands for bribes or facilitation payments.

Employee training is a crucial tool for fostering a compliant culture at Höegh Autoliners. We offer various training courses on our Code of Conduct, covering topics such as anti-corruption and other compliance areas. In 2023, we relaunched an in-person training and workshop called “Integrity Day”, underscoring the importance of ethics and integrity in the workplace and our business operations.

Höegh Autoliners encourages employees to “Speak Up” as vital part of our compliance program. To promote the reporting of misconduct, we have established an anonymous whistleblowing system to ensure that incidents or complaints are reported and addressed correctly and ethically. The same system is accessible to both employees and external stakeholders and is specifically intended for reporting concerns related to ethics and integrity.

Year	2023	2022	2021
Calls at ports or net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	4	8	21
Number of incidents where bribes / facilitations payments have been requested	16	25	5
Total monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and / or regulations	0	0	0
Whistleblowing complaints registered	2*	0	0
Employees taking anti-corruption training	301	339	86
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	1	0	0
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases	0	0	0

*Non-material reports received.

Supplier Assessment and Compliance

At Höegh Autoliners, we take supplier assessments seriously. Before entering into a relationship with a new supplier, we employ a robust third-party sanction screening tool. This tool covers a range of criteria, including environmental and social sanctions. Our commitment to compliance extends to all entities we engage with in our business operations.

For the year 2023, 100% of new suppliers was covered by the assessment using this screening tool. Additionally, all suppliers are required to sign Höegh Autoliners' Supplier Code of Conduct, as it serves as a minimum requirement, ensuring that our partners adhere to responsible business practices and comply with relevant global laws and regulations.

To follow up on our supplier code of conduct, and enhance our ESG risk assessment across our supply chain, we've continued to assess existing suppliers through our ongoing supplier assessment program. Please refer to our separate Transparency Act Report, published on our webpage, for further information on our supplier due diligence work.

Customer privacy

As we navigate through the continually evolving landscape of information and cybersecurity challenges, privacy and personal data protection stand as key component of our compliance program in Höegh Autoliners.

Thus, we continue to be committed to comply with laws related to privacy including the European General Data Protection Regulation (GDPR). As data privacy is important to us, we ensure that all information is secure even outside the European Economic Area (EEA).

In addition, we have prioritised the following measures in relation to data privacy:

- On data security, we have fully-working Anti-Ransomware system aimed at preventing data loss and/or data breaches resulting from ransomware attacks.
- We have strengthened our end point (users) protection via securing not just laptops but also mobile devices via implementing device management systems. This will effectively allow us to wipe data from the device once its lost or stolen.
- We have also instituted security awareness training and phishing simulations to train users regarding the dangers of cyberthreats.
- Constant vulnerability management is fully operational while patch management is fully integrated as part of the monthly boot weekend activity.

In the next two (2) years we aim to further strengthen and maintain our system integrity and resilience to ensure protection of the privacy data processed.

Business conduct

Höegh Autoliners is committed to deliver the best service to its clients and stakeholders, while ensuring compliance with ethical business principles, applicable laws, and environmental and community norms.

	2023	2022	2021
Complaints received from outside parties and substantiated by the organisation	0	0	0
Complaints from regulatory bodies	0	0	0
Identified leaks, thefts, or losses of customer data	0	1	1
If the organisation has not identified any substantiated complaints, a brief statement of this fact is sufficient	N/A	N/A	N/A

Responsible taxation

Tax policy and transparency

Our ambition is to act responsibly and with integrity in all tax matters, ensuring full compliance in every jurisdiction across the world. We will conduct and manage our tax affairs in accordance with our tax policy, which are closely aligned with our core values, Code of Conduct and business strategy, and are prepared in line with the B Team's Responsible Tax Principles.

Given the increased public focus on the taxation of international shipping income, it is ever more relevant to continue to ensure transparency on the taxation of our business activities. Well-functioning tax systems, both locally and internationally, help finance education, healthcare, transport, infrastructure and other public services that support the sustainable development of societies, businesses and trade. We recognise the need for companies to support the local economies in which they do business.

Since 2017, we have publicly disclosed the tax we pay in key countries, in accordance with the OECD Country by Country Reporting (CBCR) principles to the Norwegian tax authorities, in accordance with our legal obligations.

International shipping activity and global tax reform

Höegh Autoliners' shipowning entities are 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. Financial income is taxed according to the ordinary Norwegian tax scheme, however only a portion of interest expenses and net currency gain/loss is tax deductible. Höegh Autoliners also has one shipowning company in Singapore, which is taxed under a tonnage tax scheme where shipping related earnings are tax free.

Höegh Autoliners supports effective tax reforms for avoidance of base erosion and profit shifting.

OECD BEPS Pillar two model rules are designed to ensure that large multinational enterprises pay a minimum effective tax rate of 15% on income arising in each jurisdiction where they operate. Höegh Autoliners will be covered by the future OECD Pillar two regime, with a partial exclusion for international shipping income.

Climate-related financial disclosures and governance

Höegh Autoliners acknowledges the potentially financial implications of climate change.

Introduction

The year 2023 showed that extreme weather conditions could impact global logistics, where the drought in the Panama Canal served as a key example, forcing several shipping companies to alter their sailing patterns. Predicting how climate change might affect our organisation in the future is not an easy task, but this serves as a firm example of how physical climate risks can have a real impact on our operations. As we continue our decarbonisation journey, contributing to the green energy transition, physical climate risks, along with transitional risks and opportunities, will play an important role in the coming years.

Embedding climate risks and opportunities into our daily operations has become an important part of ensuring a resilient corporate strategy that informs our operational decision making and investments. As customer and other stakeholder demands shift towards environmentally friendly solutions, we are increasing our focus on both our risk assessment and opportunity identification to remain the preferred PCTC operator, making decarbonisation of our customers' supply chains possible.

Transition risks

We leverage the Task Force on Climate-related Financial Disclosures (TCFD) guidelines to assess, manage, and mitigate risks while identifying climate-related opportunities. Transition risks and opportunities are deemed to be the most important aspects to consider when assessing what might be the significant drivers for our business. The biggest risk is related to whether we are able to decarbonise our operations at a pace that corresponds to customers', investors', regulators' and other external stakeholders' expectations. This is closely linked to the technology risks arising from the fuel technology chosen for our fleet transition program, and to the market risk related to the commercial availability and economic viability of green fuels and the customers willingness to take part in the green transition.

Physical risks and scenario discussion

As found by the Intergovernmental Panel on Climate Change Sixth Assessment Report(IPCC AR6), financial risks related climate change increase with every increment of global warming, indicating higher physical climate risks in an intermediate to high GHG emission scenario (RCP4.5 w/warming of 3C to RCP 8.5 w/warming exceeding 4C) compared to a very low/low GHG scenario (SSP1-2.6 w/warming of 1.5 to 2C). All else equal, transition risks are considered lower in such scenarios. Höegh Autoliners acknowledges the potential physical risks that might impact our operations going forward. Among other things, an increased frequency of flooding and droughts may lead to operational downtime and increased operational costs, tougher and more extreme weather conditions could negatively impact health and safety of our seafarers, suppliers and/or local infrastructure (access to ports/docs), and more extreme conditions may cause political instability, disruptions and migrations that can impact our operational profile. We are continuously assessing our decarbonisation strategy to ensure that it is resilient towards physical climate risks.

For lower temperature scenarios, extreme weather events are still expected to occur, but with reduced frequency and intensity. Transitional risks would be more dominant, through more regulatory pressure including performance requirements and carbon taxes, and increased demands from our customers to deliver greener solutions faster. Höegh Autoliners is in favour of a lower temperature scenario and have already taken several decisive steps to both contribute and adapt to this.

Overview of climate-related risks →

Business opportunities

We believe that most of our risks are tied to a corresponding opportunity ready to be capitalised upon if we take the right actions. We are currently experiencing an increased interest in our ongoing fleet transition, including our newbuilding program of 12 ammonia-ready Aurora Class vessels with the first two vessels to be delivered in Q3 2024. Our most important opportunities identified are:

- Increasing the fleet’s energy efficiency through an ambitious decarbonisation strategy will not only reduce our operational expenses due to less fuel consumption or reduced costs, but it also positions us as a first mover in our segment preparing us to assist in the decarbonisation of our customers’ supply chains. This will open opportunities to partner with customers who share the same business philosophy as us.
- Environmental aspects are becoming a larger part of tender processes, and improved fuel efficiency that meets our own and regulatory targets and requirements is likely to give us a competitive advantage in these processes.
- The transition to a carbon neutral maritime industry will affect all shipping companies. Being a smaller and more agile player may be an advantage in this transition.
- Over the past years, we have seen an increase in electrical vehicles being shipped. The change from fossil fuelled vehicles to electrical cars will likely generate opportunities for Höegh Autoliners as our Aurora Class vessels are designed to carry heavier electrical vehicles on all cargo decks.

- By actively taking part in different initiatives on our path to zero, from partnering with green ammonia suppliers for future supply, distribution, and delivery of green ammonia, to agreements with partners to contribute directly to the digitisation and decarbonisation of our operations, we have substantiated our commitment to sustainability during the year. The current interest from partners and external stakeholders in our decarbonisation strategy serves as a promising indicator for us to both explore and establish new strategic partnerships in the coming years.
- A strong decarbonisation strategy and compliance with current and future regulations may lead to more available and reduced cost of capital.

We continue to explore innovative ways to optimise our fleet's efficiency, and through a properly executed decarbonisation strategy, we strongly believe that we will solidify our leading role in reducing our own, as well as our customers' carbon footprint.

Risk management

The first step in identifying and assessing risks involves data and intelligence gathering. Höegh Autoliners pays close attention to the work of the IMO, relevant research, global macro trends and the development of local and global regulations. We conduct stakeholder engagements continuously, including customers, financial institutions, investors, and other stakeholders to stay updated on risks that arise. The second step is to evaluate the potential impact of each regulation or event, along with the likelihood of its occurrence. The risk is a product of impact and likelihood and is evaluated against three financial thresholds, low, medium, and high financial impact. To identify, manage and mitigate climate related risk, Höegh Autoliners uses inputs from the expected development of regulations, fuels prices, carbon prices, technologies, and the market, into its budgeting and forecasting processes. Our cross functional sustainability team is responsible for identifying and assessing climate related risks and mitigating actions. They inform the management team about risks and suggested mitigating actions. The management team informs the Board. An overview of our Corporate Sustainability Governance is presented below.

Metrics and Targets used to manage climate-related risks and opportunities

Höegh Autoliners has set clear targets for its decarbonisation efforts to assess and manage climate related risks and opportunities. We aim to reduce our carbon intensity (CgDIST, a carbon intensity measure in accordance with the Poseidon Principles) by more than 30% by 2030, from a 2019 level. In addition, we target to reach net-zero emissions in our operations by 2040, a commitment we are working on every day to materialise. We are tracking performance against our targets annually and report our progress in our quarterly reports in addition to the annual reporting. Updates on our performance against the targets are also reported to the Board of Directors quarterly.

TCFD-index 2023 →

Governance model and commitments

The way forward

To ensure efficient and high-quality sustainability reporting, we are continuously working to develop and improve our internal reporting processes. Key focus for 2024 will be to further develop and implement internal controls over sustainability reporting, and to make sure our reporting framework is robust and ready to meet the upcoming reporting regulations. We will also look into how we can strengthen our scenario analysis even further.

EU Taxonomy

"The EU taxonomy is a cornerstone of the EU's sustainable finance framework and an important market transparency tool. It helps direct investments to the economic activities most needed for the transition, in line with the European Green Deal objectives."

- The European Union

Introduction

The taxonomy is a classification system that defines criteria for economic activities that are aligned with a net zero trajectory by 2050 and the broader environmental goals other than climate. It allows companies to share a common definition of economic activities that can be considered environmentally sustainable.

Höegh Autoliners acknowledges the 2023 introduction of four new environmental objectives increasing the current scope to cover six objectives. For our 2023 reporting, we will continue to do our screening against Climate change mitigation as this is assessed to be most relevant to our business strategy and decarbonisation journey.

The six environmental objectives of the Taxonomy are

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Eligible economic activities

We have performed a high-level screening of the economic activities carried out as part of the Group's operations to get an overview of which of the activities that should be included for the taxonomy reporting. Only the activities representing key aspects of our operations are included to ensure meaningful and impactful reporting, and our shipping activity is the only activity in focus for this year's reporting. Our shipping operations are represented through activity 6.10 in the taxonomy regulations. Taxonomy-eligible share of revenues, Capex and Opex was very high for both 2022 and 2023, indicating a big potential to substantially contribute towards climate change mitigation. Our decarbonisation journey is still in its beginning, which is confirmed in the share of taxonomy aligned share of the same KPIs.

Aligned economic activities

Höegh Autoliners has assessed taxonomy-aligned economic activities in accordance with the technical screening criteria as defined in the Climate Delegated Act. None of the vessels in our existing fleet has an attained Energy Efficiency Design Index (EEDI) below the required thresholds. The way we interpret the regulations, Energy Existing Ship Index (EEXI) cannot be used as a substitute for EEDIs for vessel built before 2013, and that attained EEDI values for these vessels may be provided on a voluntary basis. Höegh Autoliners has decided not to do that, ruling these vessels out of the assessment. As a result, no vessels in our existing fleet are contributing substantially to climate change mitigation and are therefore not considered aligned.

Our newbuilding program consists of 12 zero-carbon ready vessels which will meet the substantial contribution criteria upon delivery, resulting in taxonomy-aligned share of Capex if the Do no significant harm (DNSH), and minimum social safeguards criteria are met. We interpret the DNSH criteria strictly, and with the documentation we currently have in place we see some gaps in our documentation to ensure that we are not doing any significant harm to any of the environmental objectives. This relates to the following objectives: Sustainable use and protection of water and marine resources, Transition to a circular economy and Protection and restoration of biodiversity and ecosystems. For further details on this, please refer to the accounting principles. We will investigate how to close the existing gaps, enabling us to report aligned share of all KPIs when our newbuilds are delivered and entered into operations.

IMOs EEDI and EEXI

The Energy Efficiency Design Index (EEDI) entered into force on 1 January 2013. The EEDI is an important technical measure aiming at promoting the use of more energy efficient equipment and engines for the design of new ships in order to make them less polluting. The EEDI requires a minimum energy efficiency level per capacity mile (e.g. tonne mile) for different ship type and size segments. Vessels built before this date, are not having an attained EEDI.

The Energy Existing Ship Index (EEXI) entered into force on 1 January 2023. Vessels in scope are required to calculate their attained Energy Efficiency Existing Ship Index (EEXI), which reflects the “technical” or “design” efficiency of the ship. Ships then have to reach a “required EEXI”, equivalent to Required EEDI levels for 2022, thus creating a level-playing field among the fleet.

Höegh Autoliners Taxonomy Reporting

	2023		2022	
	MUSD	%	MUSD	%
Revenue				
Aligned	0	0%	0	0%
Eligible but not aligned	1 442	99.7%	1 266	99.7%
Non-eligible	4	0.3%	4	0.3%
Opex				
Aligned	0	0%	0	0%
Eligible but not aligned	40.3	100%	45	100%
Non-eligible	0	0%	0	0%
Capex				
Aligned	0	0%	0	0%
Eligible but not aligned	158.7	100%	267	100%
Non-eligible	0	0%	0	0%

Key Performance Indicator Reporting

KPI-reporting-matrix-Turnover-2023

KPI-reporting-matrix-Capex-2023

KPI-reporting-matrix-Opex-2023

EU Taxonomy Accounting Principles

Definitions and assumptions

Taxonomy-eligible economic activities

A company's economic activity is considered Taxonomy-eligible if it is included and described in the supplementing delegated acts to the EU Taxonomy regulation. This is irrespective of whether that economic activity satisfies any or all the technical screening criteria specified in those delegated acts and is considered by the EU as having the potential to substantially contribute to one of the environmental goals.

Taxonomy-aligned economic activities

An economic activity is considered Taxonomy-aligned, and considered by the EU as sustainable, if it complies with the technical screening criteria as defined in the Climate Delegated Act and if it is carried out in compliance with the minimum social safeguards concerning human rights, anti-corruption and bribery, taxation and fair competition. For the activity to meet the technical screening criteria, it would need to contribute substantially to at least one environmental objective, while at the same time not doing significant harm to any of the other environmental objectives.

Taxonomy-non-eligible economic activities

Economic activities that are not included and described in the supplementing delegated acts to the EU Taxonomy regulation are considered non-eligible. As they are not covered by the regulation, they cannot be classified as sustainable activities.

Calculation of Taxonomy-eligible KPIs

Eligible revenue KPI is calculated as eligible revenue/Total revenues, where Total revenues is revenue stated in Note 2 – Total revenues, which include IFRS 15 revenues consisting of net freight revenues, other surcharges and Time Charter income, but excluding terminal related income.

Eligible Capex KPI is calculated as Eligible CAPEX/Total CAPEX, where Total CAPEX refers to capitalised additions as stated in Note 7 – Vessels, newbuildings, equipment and right-of-use-assets which include additions to vessels, newbuildings, equipment and leased assets.

Eligible Opex KPI is calculated as Eligible OPEX/Total OPEX, where Total OPEX only refers to expenses related to maintenance, repairs, and short-term leases related to both eligible and non-eligible assets.

Calculation of Taxonomy-aligned KPIs

Aligned revenue KPI is calculated as aligned revenue/Total revenue.

Aligned Capex KPI is calculated as aligned Capex/Total Capex.

Aligned Opex KPI is calculated as aligned Opex/Total Opex.

Basis for Taxonomy-aligned share of KPIs

Aligned revenues are represented by the revenue generated from aligned vessels during the year. Aligned Capex are represented by Capex additions to existing aligned vessels and paid instalments for our ordered zero-carbon ready vessels during the year. Aligned Opex is represented by expenses related to maintenance, repairs, and short-term leases of aligned vessels.

Do no significant harm (DNSH)

Our screening process primarily focuses on significant contributions to ‘Climate change mitigation’. However, we also evaluate our eligible activities for compliance with DNSH in relation to ‘Climate change adaptation,’ ‘Sustainable use and protection of water and marine resources,’ ‘Transition to a circular economy,’ ‘Pollution prevention and control,’ and ‘Protection and restoration of biodiversity and ecosystems.’ An activity is considered aligned only if it complies with all relevant DNSH criteria, as evidenced by our documentation. If an activity fails to meet any DNSH criteria, we consider it as eligible, but not aligned.

Climate change adaptation

We have assessed and documented the resilience of our fleet against various chronic and extreme climate hazards for the future, as projected by the Intergovernmental Panel on Climate Change (IPCC). The conclusion is that our current fleet is most likely able to withstand the physical climate risks arising from the expected climate changes over its lifetime and we have identified potential mitigation actions to further substantiate our conclusion. It is assessed that the assets used in our shipping services (activity 6.10) comply with the criteria set out in appendix A to annex I of the Climate Delegated Act.

Sustainable use and protection of water and marine resources

We are legally required to follow all IMO's regulations when it comes to handling of emissions, pollution, and waste. All our vessels are having strict policies in accordance with IMO's requirements, in particular treatment of ballast water, pollution of SOx and NOx, wastewater and other general waste handling, and it is assessed that our policies and procedures are in place with the aim of achieving good water status and good ecological potential in accordance with the criteria set out in appendix B to annex I of the Climate Delegated Act. However, we acknowledge that to be in compliance with all criteria set out in appendix B as mentioned above, we do need to develop and implement water use and protection management for our fleet, to ensure that Environmental degradation risks related to reserving water quality and avoiding water stress are identified and properly addressed. We will look into how the identified gaps can be closed before our next Taxonomy reporting.

Transition to a circular economy

We are legally required to follow all IMO's regulations when it comes to handling of emissions, pollution, and waste. All our vessels are having strict policies in accordance with IMO's requirements, in particular treatment of wastewater and other general waste management. However, to ensure that we are in compliance with DNSH 4 (Transition to a circular economy), we acknowledge the need to implement a reference to the EU waste hierarchy in our current waste management plans. We will look into how the identified gaps can be closed before our next Taxonomy reporting.

Pollution prevention and control

We are legally required to follow all IMO's regulations when it comes to handling of emissions, pollution, and waste. It is assessed that all relevant eligible activities comply with the criteria set out in appendix C to annex I of the Climate Delegated Act.

Protection and restoration of biodiversity and ecosystems

We are legally required to follow all IMO's regulations when it comes to handling of emissions, pollution, and waste. All our vessels are having strict policies in accordance with IMO's requirements, in particular treatment ballast water, pollution of SOx and NOx, wastewater, and other general waste handling. However, to ensure full compliance with DNSH 6 (Protection and restoration of biodiversity and ecosystems) we acknowledge the need to document our initiatives to reduce underwater noise from our operations. We will look into how the identified gaps can be closed before our next Taxonomy reporting.

Minimum Social Safeguards (MSS)

Höegh Autoliners' economic activities are conducted in accordance with the Minimum Social Safeguards criteria of the EU Taxonomy. The Group has put in place policies and procedures to protect human rights and decent working conditions, not only within our own operations, but also in our value chain. Our taxation practices are directed by our Group Tax Policy, and the foundation of Höegh

Autoliners’ decision-making and stakeholder interactions is detailed in our Code of Conduct, which also covers fair competition and anti-corruption measures.

Financials and from the Board

Board of Directors

The Board of Directors has the ultimate responsibility for the management of the Company and must ensure that the activities are organised in a prudent manner.

The composition of the Board of Directors meets the need for expertise, capacity and diversity to achieve the Company's goals, handle its main challenges and promote the common interests of all shareholders. The Board of Directors consists of eight directors and one deputy director, all elected at the annual general meeting.

Leif O. Høegh

Chair

Leif O. Høegh was elected to the board of the Company in 2008. He serves as a Director of Höegh LNG. He Chairs investment company Höegh Capital Partners and real estate developer Höegh Eiendom.

Leif O. Høegh has more than 30 years' experience within shipping and investing and has worked for McKinsey & Company and the Royal Bank of Canada group. He has previously been a director in several companies listed on the Oslo Stock Exchange and the New York Stock Exchange. As a Norwegian national, he holds an MA in Economics from the University of Cambridge and an MBA from the Harvard Business School.

Morten W. Høegh

Deputy Chair

Morten W. Høegh was elected to the board of the Company in 2008. Among others. he serves as Chair of Höegh LNG, he is a Partner of Höegh Capital Partners, Director of Höegh Eiendom, and serves as Chair of Gard P&I Club and the Western Europe committee of DNV. He served as a director of Höegh LNG Partners LP from 2014 to 2021. From 1998 to 2000 he worked as an investment banker with Morgan Stanley in London.

Morten W. Høegh holds an MBA with High Distinction (Baker Scholar) from Harvard Business School and a Bachelor of Science in Ocean Engineering and Master of Science in Ocean Systems Management from Massachusetts Institute of Technology. He is a graduate of the Military Russian Program at the Norwegian Defence Intelligence and Security School.

Jan B. Kjærvik

Director

Jan B. Kjærvik was elected to the board of the Company in 2013 and serves today also as Chair of its Audit Committee. He served recently as Interim Treasurer for GE Energy businesses (GE Vernova), preparing for demerger from General Electric parent in April. Jan has many years of banking and corporate experience in financial roles across banking, energy and maritime sectors. He was most recently Head of Group Finance & Risk Management of A.P Møller-Maersk Group from 2008 until his retirement from Maersk end of April 2021. Prior to that he was Head of Enterprise Risk & Group Treasurer of Aker Solutions from 2002 to 2008 and at Nordea in various roles from 1983-2002.

He holds a Lic.Oec. HSG from St. Gallen, Switzerland and he has held a number of board positions, including; Maersk Supply Service, Britannia PI, Danish Ship Finance, VP Securities and Maersk Insurance. He is currently on the Board of Seadrill Ltd and serves on its Audit Committee.

Martine Vice Holter

Director

Martine Vice Holter was elected to the Board of the Company in 2011. She is a Senior Advisor to Höegh Capital Partners (HCP), having stepped down as CEO in 2023 after 17 years. HCP is a family investment office co-located in London and Oslo which oversees all of the investment interests of the Høegh family, including public and private direct investments as well as cross-asset class financial investments. Martine continues to serve as a non-executive Board Director on selected Höegh-controlled investments. She is also a Board Advisor to Partners Capital Investment Group. Her earlier career spanned: investment banking at Goldman Sachs based in New York and Hong Kong; management consulting at McKinsey & Company based in London; and venture capital at Arts Alliance Ventures based in London. She has broad cross-sector experience working across North America, Asia, Europe and Sub-Saharan Africa.

Martine received her MBA from INSEAD and her joint honours BA in Economics and Political Science from Queen's University (Canada).

Johanna Hagelberg

Director

Johanna Hagelberg was elected to serve on the Company's Board of Directors in 2021. She currently holds the position as Executive Vice President of the Biomaterials Division at Stora Enso Oyj and was previously the Executive Vice President and Head Sourcing & Logistics. She has also held the position of Chief Procurement Officer at Vattenfall AB after leading Sourcing and Supply Chain positions at NCC, RSA Scandinavia and at General Motors/SAAB. She is a member of the board of directors of Montes del Plata and Veracel.

Johanna Hagelberg holds a MSc in Industrial Engineering & Management from Linköping University and a MSc in Engineering and Management of Manufacturing Systems from Cranfield University.

Kjersti Aass

Director

Kjersti Aass was elected to serve on the Company's Board of Directors in 2021. She currently works for the United Nations Global Compact, and holds the position as Sustainability Development Director at Yara International ASA.

Previously, Kjersti Aass worked for Médecins Sans Frontières in Afghanistan and Ethiopia, and as a project management consultant for Holte Consulting. She has served on the board of The Norwegian Trekking Association (DNT) in Oslo and as Vice Chair of the board of The Development Fund. Kjersti Aass holds a MSc in Industrial Economics and Technology Management, with a focus on entrepreneurship from the Norwegian University of Science and Technology.

Kasper Friis Nilaus

Director

Kasper Friis Nilaus was elected to the board of Höegh Autoliners ASA in 2021. Kasper is CEO of Svitzer, the world's leading towage provider. Prior to this, Kasper has held various positions in Svitzer primarily within commercial and business development and worked as a lawyer in Jonas Bruun Law firm in Copenhagen before joining Svitzer.

Kasper holds a Master of Law from the University of Copenhagen and an MBA from the University of Nottingham Business School. Before studying law, Kasper served as an officer of the reserve in the Danish Navy.

Gyrid Skalleberg Ingerø

Director

Gyrid Skalleberg Ingerø was elected to the board of Höegh Autoliners ASA in 2023. Gyrid has extensive management experience in finance, auditing and financial advisory. She has served as EVP & Group CFO in Kongsberg Gruppen ASA from 2017 to April 2023. Her impressive career also includes her time in Nordea Bank, Komplett Group ASA, Reiten & Co Private Equity, Expert, 1881, Telenor Norge AS and Telenor Digital Businesses AS. She worked 8 years at KPMG before her CFO position.

Gyrid also holds broad board experience from several companies and organisations and is currently a board member of Gjensidige ASA, KID ASA, Itera ASA, and Deputy Chair at Telenor ASA.

Thor Jørgen Guttormsen

Deputy for Morten W. Høegh

Thor Jørgen Guttormsen has had a long career with Höegh. He held the position as CEO of Höegh LNG from November 2021 to August 2022, and the position of CEO of Höegh Autoliners from September 2019 to September 2020. He was elected to the board of Höegh Autoliners in 2014, and has been on the board of Höegh Autoliners until August 2021, except for a leave of absence while he was CEO of Höegh Autoliners. He has been CEO of Höegh & Co from 1992 to 2008. Prior to this period, he held positions as

Manager in Price Waterhouse and IKO Strategy AS and as CEO of JSA Holding BV (a Paris based shipping company).

Thor Jørgen has been president of the Norwegian Shipping Association and a Board member of BIMCO and ECSA. He is presently on the boards of directors of Telenor Maritime, and Danmarks Skibskredit. He has served as a director in Höegh LNG AS and has been an alternate director in Höegh LNG Holdings. Thor Jørgen holds an MSc from The Norwegian School of Economics and Business Administration (NHH) and has participated in the International Executive Program at the Institute for Management Development (IMD) in Lausanne, Switzerland.

Corporate governance statement

1. Implementation and reporting on corporate governance

Höegh Autoliners ASA ('Höegh Autoliners or 'the Company') is a public limited company which complies with Norwegian law. The Company considers good corporate governance to be a prerequisite for value creation, trust from stakeholders and access to capital.

The Company wishes to comply with the Norwegian legal framework applicable to companies listed on the Oslo Stock Exchange, and the Company endorses the Norwegian Code of Practice for Corporate Governance (Nw.: Norsk anbefaling for eierstyring og selskapsledelse), issued by the Norwegian Corporate Governance Board, and most recently revised as of 14 October 2021 (the "Code").

The Company will annually report its corporate governance requirements and recommendations within the annual report, covering every section of the Code. As set out below, the Company is in compliance with the Code.

The Company's corporate governance policy regulates the division of roles between the Company's shareholders, board of directors, executive management and committees. The corporate governance policy also provides the structure through which the objectives of the Company are set, and the means of attaining those objectives and monitoring performance are determined.

The Company believes that good corporate governance involves transparent and effective cooperation between all parties involved with the Group and its business. This includes the Company's shareholders, Board of Directors and the Group's executive management team, employees, customers, suppliers, and other business partners, as well as public authorities and society at large.

The Company's Articles of Association can be found on the Company's website →

2. The business

The Company's activities and operations is restricted to the business objective specified in Article 3.

The Company's business objective according to section 3 of the Articles of Association reads as follows: "Shipping and other economic activities, including participation and financing of other companies."

3. Equity and dividends

Equity

As of 31 December 2023, the total equity amounted to USD 1 412 million, corresponding to 69%, up from 61% at the end of 2022. The liquidity position is good, with cash and cash equivalents of USD 458 million at year end 2023. The Group had net interest-bearing debt of USD 52 million at the end of 2023. The Group complied with all loan covenants at year-end 2023.

The Board of Directors considers the Company's capital structure as satisfactory.

Dividend policy

The Board of Directors has adopted the following 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. Dividends will be declared in USD and paid in NOK.

The reason for any proposal to grant the Board of Directors an authorisation to approve distribution of dividends should be explained and the explanation should state to which extent the authorisation is based on the Company's dividend policy. An authorisation granted to the Board of Directors to approve distribution of dividends shall be limited in time and not be granted for a longer period than until the next annual general meeting.

The Board has decided to not propose distribution of a dividend for the financial year 2023, to the Annual General Meeting to be held in May 2024.

4. Equal treatment of shareholders

Shareholders

As of 31 December 2023, the Company had 4 368 shareholders, of which 389 were foreign, and the remaining were Norwegian. The Norwegian shareholders account for 108 731 203 of the Company's shares, or 57% of the total number of shares.

Pre-emptive rights

The Company has one class of shares in issue and, in accordance with the Norwegian Public Limited Companies Act, all shares in that class provide equal rights in the Company, including the right to any dividends. Each of the shares carries one vote.

If the Board of Directors resolves to issue new shares and deviate from existing shareholders' pre-emptive rights pursuant to an authorization granted to the Board of Directors, the Board will make sure to publicly disclose in a stock exchange announcement issued in connection with the share issue.

Transactions in treasury shares

The Company does not own any treasury shares 31 December 2023.

Transactions with close associates

Any transactions taking place between a principal shareholder or close associates and the Company will be conducted on arm's length terms. In the event of non-immaterial transactions, the Company will seek independent valuation. Relevant transactions will be publicly disclosed to seek transparency. Pursuant to the instructions issued by, and for the Board, directors are required to inform the Board if they have interests and/or relations, directly or indirectly, with other companies within the Höegh Autoliners group.

5. Freely transferable shares

The shares of the Company are freely transferable and there are no limitations on any party's ability to own or vote for shares in the Company. The Company's shares are listed on the Oslo Stock Exchange under the ticker "HAUTO".

6. General meetings

The general meeting will be held in the second quarter of the year.

The Board of Directors will ensure that the Company's shareholders can participate and exercise their voting rights in the Company's general meeting.

The Board of Directors will further ensure that:

- the resolutions and any ancillary documentation are sufficiently detailed and comprehensive, thereby allowing shareholders to understand and make an opinion on all matters to be considered at the general meeting
- the notice of the general meeting and any ancillary documents and background information on the resolutions to be considered at the general meeting will be available on the Company's website no later than 21 clear days prior to the date of the general meeting.
- shareholders wishing to attend the general meeting must notify the Company at least two working days before the meeting takes place.
- the Board of Directors and the chair of the general meeting will ensure that shareholders are able to vote separately on each matter and each candidate nominated for election to the Company's Board of Directors.
- the chair of the Board of Directors and the CEO will be present at the general meeting.

Participation without being present

Shareholders who are unable to attend a general meeting will be given the opportunity to attend the general meeting electronically, be represented by proxy and to vote by proxy. The Company will in this respect provide information and procedure for electronic attendance and attendance by proxy, and prepare proxy forms or written voting forms, which will make it possible to vote separately on each individual matter on the agenda and for candidates nominated for election.

7. Nomination committee

The Company has established a nomination committee, consisting of three members elected at the annual general meeting. The Board of Directors has approved instructions applicable for the nomination committee's work. The current members are Terje Askvig (chair), Øyvin Brøymer (member) and Birthe Skeid (member). The members are elected for two years at a time, until the annual general meeting in 2024.

The nomination committee shall ensure that the Board of Directors is composed in such a manner that the interests of the shareholders and the Company's needs for competence, independence and diversity are maintained.

The nomination committee is also responsible for proposing the remuneration to the members of the Board of Directors and the nomination committee.

8. Board of Directors: Composition and independence

The Company's Board of Directors is elected by the general meeting. The Board shall consist of between six and twelve members. The Board of Directors currently comprises of eight members and one deputy board member.

Name	Function
Leif O. Høegh	Chair
Morten W. Høegh	Deputy chair
Jan B. Kjærvik	Director
Martine Vice Holter	Director
Johanna Hagelberg	Director
Kjersti Aass	Director
Kasper Friis Nilaus	Director
Gyrid Skalleberg Ingerø	Director
Thor Jørgen Guttormsen	Deputy for Morten W. Høegh

The composition of the Board of Directors meets the need for expertise, capacity and diversity to achieve the Company's goals, handle its main challenges and promote the common interests of all shareholders.

The Board of Directors is composed so that it can act independently of any special interests. The composition of the Board of Directors is in compliance with the independence requirements of the Code. Four of the directors are women, and the majority of the directors are independent of the Höegh Autoliners group's executive management and material business connections.

No member of the Company's executive management serves on the Board of Directors. Five of the directors, Johanna Hagelberg, Kjersti Aass, Kasper Friis Nilaus, Gyrid Skalleberg Ingerø and Jan B. Kjærvik, are independent of the Company's major shareholders. Information on the background and experience is available on the Company's website.

9. The work of the Board of Directors

The Board of Directors has implemented instructions its own work, focusing on determining allocation of internal responsibilities and duties.

The Board of Directors has the ultimate responsibility for the management of the Company and must ensure that the activities are organised in a prudent manner.

The Board of Directors has implemented procedures so that the Board of Directors and executive management are aware of any material interests that they may have in matters to be considered by the Board of Directors, so that these can be considered on an unbiased and satisfactory manner.

The Board of Directors establishes an annual plan for its own work, with particular focus on objectives, strategy and implementation, and annually evaluates its performance.

Audit Committee

The Company's Audit Committee currently consists of four members: Jan B. Kjærvik (Chair), Morten W. Høegh, Johanna Hagelberg and Gyrid Skalleberg Ingerø. All members of the Audit Committee are independent of the Company's executive personnel, and at least two members of the Audit Committee are competent in respect of finance and audit.

The Audit Committee's objective is to act as a preparatory working committee and support the board's supervisory roles with respect to financial reporting and the effectiveness of the Company's internal control and risk management systems. The Audit Committee also monitors that the external auditor is independent in relation to services rendered and relationships that may impact objectivity and independence between the external auditor and the Company, including review and pre-approval of non-audit services provided by the external auditor.

Sustainability, Governance and Compensation Committee

The Company has established a Sustainability, Governance and Compensation committee consisting of Martine Vice Holter (Chair), Leif O. Høegh, Kjersti Aass and Kasper Friis Nilaus. The members are independent of the Company's executive personnel.

The Sustainability, Governance and Compensation Committee's objective is to ensure thorough and independent preparations of matters relating to governance and compensation of the Company's executive management as well as to ensure focus on sustainability.

Management team

In 2023, the executive management team at Höegh Autoliners ASA consists of a Chief Executive

Officer (CEO) and seven other team members:

- Chief Financial Officer (CFO)
- Chief Operations Officer (COO)
- Chief Strategy and Analytics Officer
- Chief Trade and Capacity Officer
- Chief Sales Officer
- Chief HR and Communications Officer
- Chief Legal Officer

The executive management team discusses and coordinates all main business and management issues relevant to the Company.

An overview of the background and expertise of the executive management team can be found in this report and is also available on the Company's website.

10. Risk management and internal control

The Board of Directors has the responsibility to ensure that the Company has sound internal control and risk management systems and believes the systems are appropriate in relation to the scope and nature of the Company's activities. Risk management is integral to all of the Company's activities, and risks within each business area are continuously monitored and managed.

The Company has a global management system where governing documents, code of conduct, policies, guidelines are available to the employees of the Company. Various internal control activities ensure that the financial systems are working adequately and according to management's expectations.

The board of Directors regularly reviews the Company's risk matrix and internal control arrangements.

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors is recommended by the Company's Nomination Committee and determined by the shareholders at the Company's Annual General Meeting. The remuneration shall reflect the Board of Directors' expertise, the complexity of the Company and its business, time spent, and the level of activity performed. The remuneration is not linked to the Company's performance and share options are not granted to the directors.

12. Remuneration of executive management

The Company's remuneration approach is to ensure the compensation of the executive management complies with relevant regulatory requirements, is aligned with the Company's values and reward policies. A prerequisite for the successful implementation of the Company's strategy and safeguarding of its long-term interests, including sustainability, is that the Company can recruit and retain qualified people.

The Board determines the CEO's remuneration and establishes the framework for salary increases and bonus payments for other employees including the rest of the executive team effective 1 January each year. An overview of the executive management remuneration packages is detailed in the Remuneration report published on the Company's website.

The compensation package consists of three main elements:

1. Base salary – benchmarked using external providers
2. Variable pay including short- and long-term incentives
3. Benefits including insurances, pension and other non-financial elements

Short-term variable remuneration

To encourage a strong team performance culture, the executive management has an annual variable pay rewarding the team and individuals achieving short-term business objectives toward strategic company objectives. The Board sets goals and targets for the respective performance year for the CEO which are cascaded to the rest of the executive management. The Board also determines the extent to which they have been achieved. By ensuring that strategic objectives are properly reflected in stretched yet achievable goals, the realization of strategic business objectives is addressed. There is a weighting of goals including both financial and non-financial objectives.

Long-term variable remuneration

In addition to short-term variable remuneration, a long-term incentive plan for the executive management was introduced in 2021. The aim of the plan is to strengthen the alignment of the executive management' and shareholders' long-term value creation and to foster an owner like behaviour and decision making.

It is an annual plan where award shares are assigned annually at the Board's discretion. An award share is an artificial share which only purpose is to simulate the fair market value of a share. 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 award shares are automatically vested three (3) years after the award date with a two year lock up.

13. Information and communications

Höegh Autoliners´ investor relations policy describes our guidelines for communication with shareholders and the financial market. We seek to conduct an open and continuous dialogue to ensure good basis for the financial market in evaluating trade in the Höegh Autoliners' share.

The Board of Directors has adopted guidelines covering the Company's communication with its shareholders and other key stakeholders.

Communication

Our main communication channels for share relevant information are stock exchange notices, the Company´s web site, quarterly reports and presentations and direct dialogue conducted by designated employees.

Höegh Autoliners publishes financial results on quarterly basis in accordance with its financial calendar. The financial calendar is published annually and updated when needed.

Silent period

Höegh Autoliners will not participate in meetings, conferences nor direct dialogue regarding financial results thirty (30) days prior to publishing of the quarterly results.

14. Takeovers

The Board of Directors has established principles for its actions in the event of a takeover offer in accordance with the principles of the Code.

In a takeover process, the Board of Directors and the executive management each have independent responsibilities to ensure that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The Board of Directors has a particular responsibility to ensure that the shareholders are given sufficient information and time to assess the offer.

15. Auditor

Höegh Autoliners' external auditor is elected at the AGM, which also approves the auditor's fees for the parent company. The Company's auditor, PwC, attends all Audit Committee meetings and participates in any meeting regarding the annual accounts or assessment of important accounting estimates. The auditor annually presents an audit plan to the Audit Committee.

Information about the auditor's fees, including a breakdown of audit related fees and fees for other services, is included in the notes to the financial statements.

For the financial year 2023, Peter Wallace was the Company's engagement partner from PwC.

Shareholder Information

Höegh Autoliners shares are traded under ticker code "HAUTO" on the Oslo Stock Exchange.

Share capital and share price development

Höegh Autoliners shares are traded under ticker code "HAUTO" and were first listed on the Oslo Euronext Growth on 29 November 2021 and then transferred to the Oslo Stock Exchange main list on 2 May 2022. As per 31.12.2023, the Company had 190 769 749 outstanding shares with a nominal value of NOK 14.80.

As per year end 2023, the shares were trading at NOK 92.3 per share, valuing the Company at NOK 17.60 billion. This implies an increase of 42% compared to the closing price of NOK 64.9 at year end 2022, outperforming the OSEBX main index which increased by 10% in the same period. Adding dividends paid in 2023, the implied return to shareholders is 63% in a year.

Höegh Autoliners' share price achieved strong growth throughout 2023 on the back of strong earnings momentum, resolute newbuilding program and ambitious dividend payouts to shareholders. The exceptional market foundation persisted in 2023. This was driven by limited capacity growth for an extended period, coupled with continuing robust demand from customers. The Company was able to fully leverage the favourable market conditions by successfully repricing the contract portfolio with rates at sustainable levels, while also filling the remaining capacity with well-paid spot cargo. This is reflected in the Company's strong quarterly performance and positive earnings outlook throughout the year.

In the first three quarters of 2023, the Company paid out dividends equalling to 50% of net profit adjusted for extraordinary items. In the fourth quarter, the dividend payout increased by 414%, in relation to the Company's new dividend policy. The Company's unwavering commitment to a green shipping future, demonstrated by the ambitious Aurora class newbuilding program, was also positively embraced by the market. While 8 Aurora class vessels were ordered in 2022, an additional 4 vessels were added in 2023, bringing the total to 12. Deliveries are anticipated to take place from the second half of 2024 and onwards. These will be among the biggest, greenest, smartest vessels ever built.

Key figures

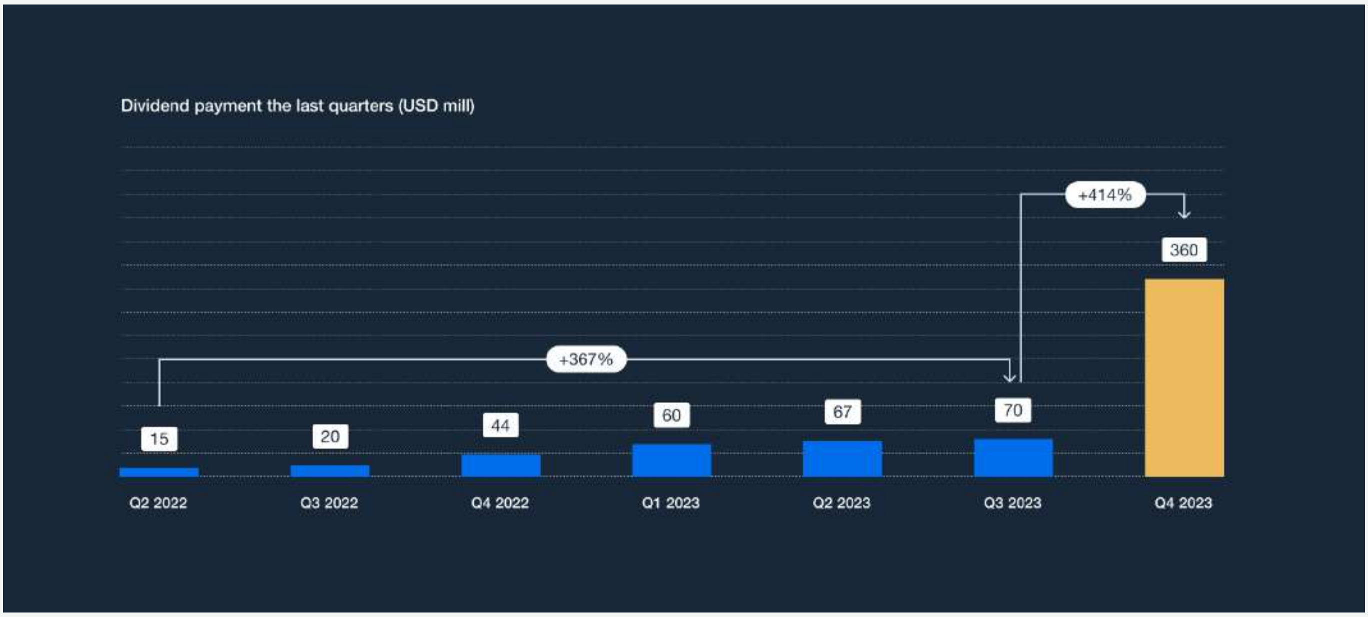
	2023	2022	2021
Share price, high (NOK)	94.20	67.50	23.66
Share price, low (NOK)	54.70	24.60	20.77
Share price, closing 31.12 (NOK)	92.25	64.90	23.00
Market cap (NOK billion)	17.60	12.38	4.39
Earnings per share (NOK)	31.17	15.38	8.11
Dividend per share (NOK)	13.546	1.842	-

1) Source: Euronext live
2) Assumed USD/NOK rate of 10,12 as of 31.12.2023, 9.86 as of 31.12.2022 and 8.82 as of 31.12.2021

Dividends

A new dividend policy was introduced with effect from the fourth quarter dividend distribution. Höegh Autoliners aims to distribute quarterly dividends to shareholders of around 100% of cash generation after amortization of debt facilities, capital expenditure and payable taxes. Any declaration of dividends will be at the 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.

The Board of Directors resolved the distribution of USD 60 million (USD 0.32 per share) post Q1 2023, USD 67 million (USD 0.35 per share) post Q2 2023 and USD 70 million (USD 0.37 per share) post Q3 2023. Each of these amounted to 50% of quarterly net profit adjusted for extraordinary items. A dividend of USD 360 million was paid out in March 2024, in line with the new dividend policy approved by the Board of Directors. The Company has increased the dividend payout given the exceptional financial performance and expects to maintain it at a solid level given the current market outlook.



Ownership structure

As per 31.12.2023, Höegh Autoliners had 4 368 shareholders.
Our top 20 largest shareholders held 69% of our shares.
The majority of the shares were held in Norway.

Shareholders by geographical region	Share (%)
Norway	59.0
Europe (excl. Norway)	16.2
North America	13.9
United Kingdom	7.3
Asia-Pacific	0.3
Rest of the world	0.8

As per 31 December 2023, based on the shareholder analysis.
Source: VPS per 31.12.2023

Top 20 largest shareholders per 31.12.2023

Investor	Number of shares	% of total	Country
Leif Höegh & Co AS	79 267 841	41.55%	NOR
Folketrygdfondet	8 206 940	4.30%	NOR
Clearstream Banking S.A.	4 889 119	2.56%	LUX
State Street Bank and Trust Comp	4 776 397	2.50%	USA
Goldman Sachs International	4 557 099	2.39%	GBR
BNP Paribas	4 125 776	2.16%	ITA
Skandinaviska Enskilda Banken AB	3 000 000	1.57%	LUX
The Bank of New York Mellon	2 970 978	1.56%	USA
UBS Switzerland AG	2 247 169	1.18%	CHE
J.P. Morgan SE	2 107 177	1.10%	LUX
JPMorgan Chase Bank, N.A., London	1 874 766	0.98%	GBR
Verdipapirfondet Storebrand Norge	1 834 307	0.96%	NOR
The Bank of New York Mellon SA/NV	1 732 711	0.91%	BEL
SEB CMU/SECFIN Pooled Account	1 548 335	0.81%	SWE
Intesa Sanpaolo S.p.A	1 515 625	0.79%	ITA
Pershing LLC	1 513 262	0.79%	USA
J.P. Morgan SE	1 414 710	0.74%	LUX
Euroclear Bank S.A./N.V.	1 342 833	0.70%	BEL
BNP Paribas	1 245 683	0.65%	IRE
Damgård Invest AS*	1 242 135	0.65%	NOR
Top 20 shareholders - Total	131 412 863	69%	

* Damgård Invest AS is controlled by the CEO.

Investor relations

Höegh Autoliners aims at an open and trustful dialogue with the financial market, and all communication shall be on basis of equal treatment. In addition to the quarterly reporting, the Company keeps the investors and analysts updated by sending out monthly trading updates, arranging roadshows and investor events, together with attending industry conferences. Both virtual and physical meetings were organised to provide all investors – domestic and international – with latest developments. As per the date of the report, Höegh Autoliners is covered by 8 sell-side analysts, predominantly from international investment banks. For more investor related information, please visit the Investor section on the Company's website.

Analyst coverage

Company	Analyst Name	Phone	Email
ABG Sundal Collier	Petter Haugen	+47 22 01 61 39	
DNB Markets	Jørgen Lian	+47 24 16 91 88	
SEB	Frederik Ness	+47 22 82 71 18	
Clarksons Platou Securities	Frode Mørkedal	+47 22 01 63 27	
Pareto Securities	Eirik Haavaldsen	+47 24 13 21 20	
Nordea	Erik Hovi	+47 99 22 50 42	
Fearnley Securities	Øystein Vaagen	+47 22 93 63 97	
Arctic Securities	Kristoffer Haugland	+47 40 10 24 18	

Financial Calendar 2024	
Annual Report 2023	24 April 2024
Quarterly Presentations	
Q1 2024:	24 April 2024
Q2 2024:	14 August 2024
Q3 2024:	24 October 2024
Annual General Meeting	27 May 2024

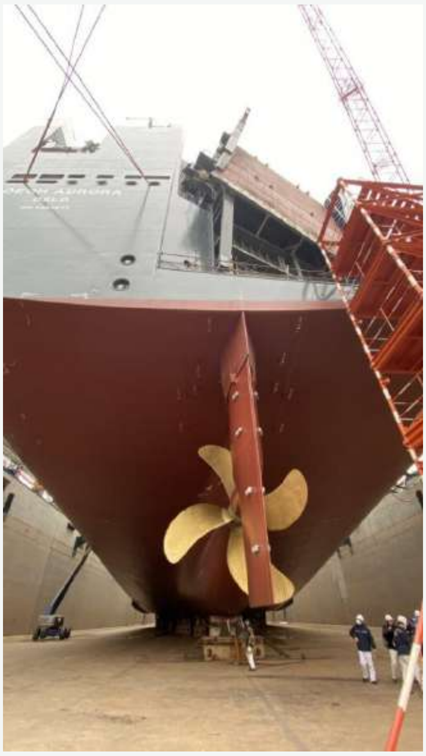
Board of Directors Report

Höegh Autoliners is a leading global provider of transportation services within the Roll-on Roll-off (RoRo) segment. Höegh Autoliners has its headquarters in Oslo, Norway, and a regional operating headquarters in Manila, the Philippines.

2023 was an extraordinary year for Höegh Autoliners, both financially and operationally.

On the capacity side, we took advantage of the strong market and sold Höegh Bangkok in October, with a gain of USD 35 million. During 2023, the Company has purchased Höegh Berlin, Höegh Tracer and Höegh Trapper, allowing the Company to release the additional value gains from the lease purchase options and to have better capacity cost control in an overheated charter market. Höegh Tracer and Höegh Trapper are both Horizon class vessels and among the largest and most environmentally friendly PCTC in the market and are an important part of the Company's ambitious path to zero emissions future by 2040. The ownership of Höegh Tracer and Höegh Trapper was transferred to Höegh Autoliners in March and June 2023. The Company's deep sea network is now fully covered by owned vessels or long term charters with attractive purchase options, supplemented by a limited use of space charters.

Höegh Tracer, Bremerhaven.



Building of the Aurora Class, China Merchants Heavy Industries shipyard.

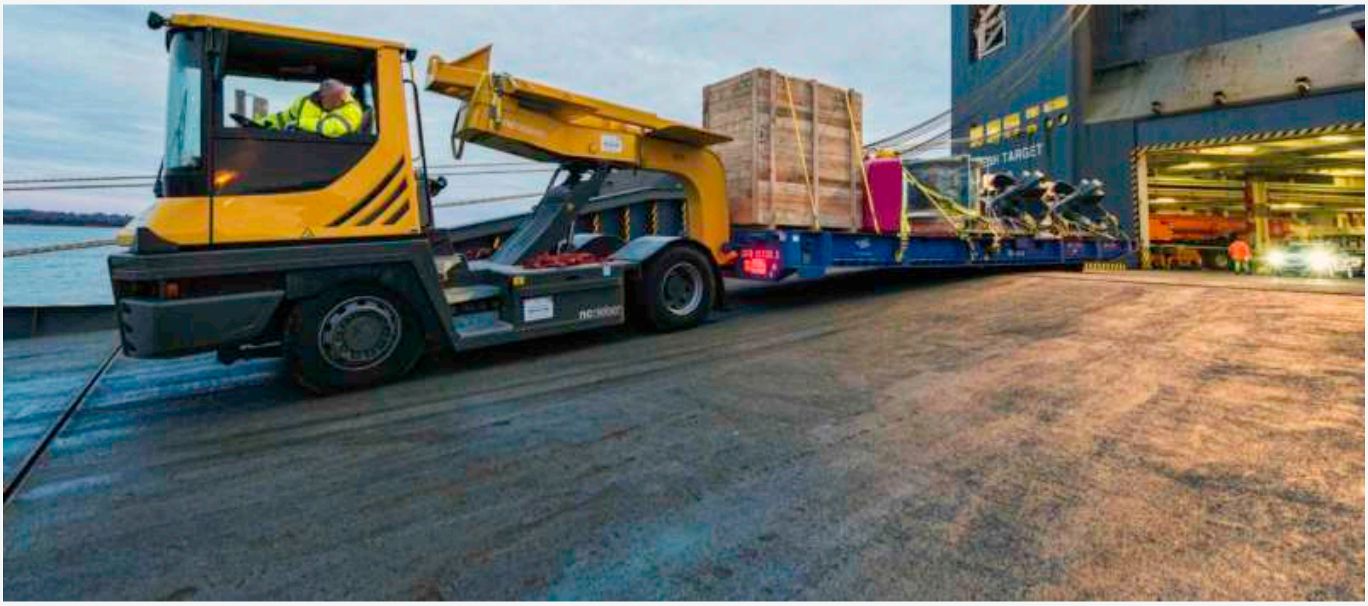
The newbuilding program continued to make significant progress, surpassing construction milestones well ahead of the original schedule. In July 2023, the Company exercised the option to build another four Aurora Class vessels (9-12). This brings the number of total vessels under the newbuilding program to twelve (12) vessels. The Company has an option to build another four vessels (vessels 13-16), as well as slot reservations for additional four vessels (vessels 17-20). The first two Aurora Class vessels are now scheduled to be delivered in August and September 2024. The delivery of the newbuilds will solidify Höegh Autoliners' leading role in reducing our own, as well as our customers' carbon footprint by providing our customers the opportunities to transport their cargo on the newest, most carbon-efficient car carriers ever built.

2023 was a year with record high freight rates which contributed to strong financial results for Höegh Autoliners. All sailings were full and the net rate reached USD 83.4/CBM in Q4 as a result of successful repricing of contracts and a strong spot market. The Company secured several long-term contracts with customers during the year at average net rates above USD 100/CBM and average duration of 4.3 years.

Operational-wise, under uncertain conditions, Höegh Autoliners continued to navigate challenge with resilience. Following the escalation of the Houthi group's attack in the Red Sea area, we decided to temporarily reroute all sailings with Suez transits via the Cape of Good Hope. The safety of our crew, cargo, and vessels remains Höegh Autoliners' top priority.

In September 2023, Höegh Autoliners was included in the OBX index on the Oslo Stock Exchange which confirms the position as one of the top companies trading on the Oslo Stock Exchange, all within two years since the admission to trade on Euronext Growth.

During 2023, a total of USD 241 million was paid out as cash dividend to the shareholders, according to the dividend policy of paying out 30-50% of adjusted net profit. In February 2024, the dividend policy was changed and the Company targets to distribute quarterly dividends to shareholders of around 100% of cash generation after amortisation of debt facilities, capital expenditure and payable taxes.



Market developments*

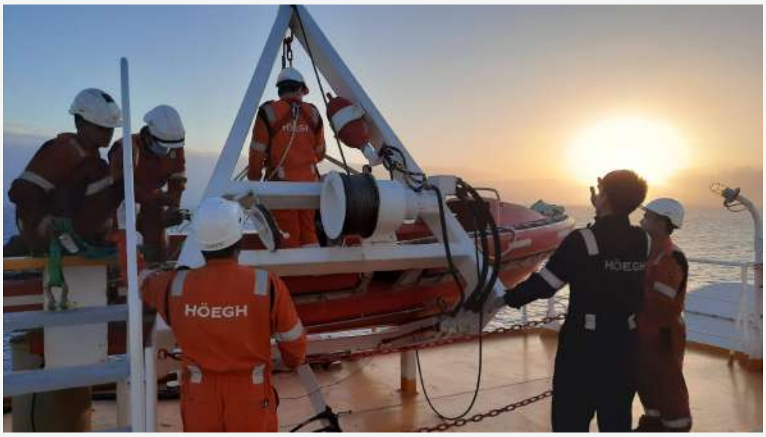
2023 global light vehicle demand posted a provisional 86.4 million units, marking a 9.4% increase y-y. The rise in auto demand was driven by ongoing output gains and the restocking of inventories as supply chains continued to normalise. Benchmarked against the pre-COVID-2019 performance, the market was still down 4%. In 2024, the light vehicle output recovery should further stimulate inventory restocking efforts across many regions. With the supply brakes off, vehicle demand is expected to continue to recover, albeit at a slower rate as lingering pent-up demand plays out. There remains room for caution, with consumer demand challenged by elevated vehicle pricing alongside poorer credit and lending conditions.

Total light vehicle shipments in Höegh Autoliners' relevant trade lanes increased by an estimated 14%, a result of the strong, supply-unconstrained sales growth across all HA markets. Particularly, shipments from Asia to all HA destinations were strong, up 16%. Shipments from Asia to N. America were up an estimated 17% y-y.

Global shipments of core H&H equipment reflected continuous strong demand recovery in 2023, up 18% y-y. The increase was mainly driven by growing global investments in green infrastructure. Shipments from China, Japan and South Korea, combined, were up 21% y-y driven by booming shipments to both USA (up 29% y-y) and to Europe (up 3% y-y).

The global PCTC fleet trading in the deep sea trades totalled 687 vessels (4.02m CEU capacity) by mid-February 2024. One vessel over 2 000 CEU was recycled during 2023. The global order book counted 187 vessels, of which 41 vessels are scheduled for delivery in 2024, 67 vessels in 2025, 60 vessels in 2026 and 19 vessels in 2027. The capacity on order is equal to 36% of the total fleet.

* Sources: FNLV sales and shipment forecast data is based on the latest available S&P IHS sales and production forecasts (Jan/Feb 2024). H&H shipment data is based on customs statistics extracted from S&P Global Trade Atlas. PCTC fleet data is based on Clarksons Platou data 10 February 2024 (vessels over 2 000 CEU capacity).



Result 2023

Höegh Autoliners (Group)

The Group reported an increase in operating profit (EBITDA) from USD 447 million in 2022 to USD 736 million in 2023. The main reasons for the increase are higher net rates in a strong spot market and successful repricing of contracts.

The net profit after tax amounted to USD 590 million (USD 299 million in 2022), following strong operating results through the year.

Total revenues in 2023 amounted to USD 1 446 million, which is up 14% from 2022. The increase in revenues is mainly a result of higher net rates and better utilisation as the volumes have been quite stable, and repricing of contracts has contributed to the increase in revenues. Bunker expenses decreased by USD 72 million (23%) from 2022 to 2023 due lower bunker prices. Voyage expenses decreased with USD 30 million (8%), due to less vessels in operations and fewer port calls. Charter hire expenses decreased with USD 12 million as fewer short time vessels have been hired in and there was less use of space charters in 2023 compared to 2022. Running expenses for the vessels are in line with 2022, while the administrative expenses have increased with USD 2 million from 2022, mainly due to more office employees hired during the year.

In March, the vessel Höegh Berlin was purchased for USD 34.25 million, and the Company took delivery of Höegh Tracer, after declaring purchase option in 2022. Purchase price for Höegh Tracer was USD 53.2 million. In June, Höegh Trapper was purchased for USD 53.2 million, after declaring purchase option in 2022. Höegh Bangkok was sold in October, resulting in a gain of USD 35 million. Purchase option for Höegh Jacksonville was exercised in October.

Interest expenses are slightly higher in 2023 than in 2022, mainly due to higher interest rates. Of the total interest expenses of USD 33 million in 2023, USD 15 million is related to leased assets.

Financial position

Höegh Autoliners (Group)

Gross interest-bearing mortgage debt increased from USD 265 million in 2022 to USD 346 million at year-end 2023, mainly due to the drawdown of USD 130 million used for the purchase of three vessels. Net interest-bearing debt was reduced from USD 379 million in 2022 to USD 52 million in 2023. For more information on the interest-bearing debt, see Note 18 in the consolidated accounts.

The cash balance at the end of the year was USD 458 million, which was up from USD 184 million at the end of 2022. The strong financial results through 2023 have enabled the Group to maintain a strong cash position at year-end 2023, even after distributing dividends to shareholders of USD 241 million.

The book equity totalled USD 1 412 million in 2023, an increase from USD 1 063 million in 2022. Book equity represented 69% of total equity and liabilities on 31 December 2023. The Group's covenants relating to the USD 810 million loan facility are related to a minimum book equity ratio, working capital and a minimum liquidity. The Group complied with these requirements at year-end 2023.

Net cash flow from operating, investing and financing activities was positive with USD 275 million (2022: negative with USD 37 million). The net cash flows from operations amounted to USD 746 million (2022: USD 405 million). Cash flows used in investing activities were negative with USD 103 million (2022: negative USD 99 million). The increase from 2022 is mainly due to the newbuilding instalments for Aurora vessels of USD 124.3 million and net proceeds of USD 62 million from sale of vessels. Net cash flow used in financing activities was negative with USD 369 million (2022: negative USD 344 million), whereof USD 241 million was related to dividend payments to shareholders, USD 161 million (2022: USD 116 million) was related to payment of lease liabilities. The mortgage debt payments in 2023 amounted to USD 51 million (2022: USD 153 million). The mortgage debt payments for 2022 included USD 82 million relating to a down payment in connection with the refinancing in June 2022.

Höegh Autoliners ASA (Company)

The net profit for 2023 amounted to USD 33 million (USD 15 million in 2022). The Company has a total equity of USD 876 million and an equity ratio of 54%. The Company has during 2023 distributed cash dividends to the shareholders of USD 241 million. On 31 December 2023, USD 360 million in dividend paid in March 2024 has been recorded as current liability. The Board of Directors has proposed that the net profit for 2023 is transferred to retained earnings. Dividends will be distributed regularly in 2024 following an authorisation given to the Board of Directors.

In accordance with the Norwegian Accounting Act § 3-3a, it is confirmed that the Company has prepared the financial statements based on the going concern assumption, and the Company met the conditions to make that assumption. The Board of Directors is of the opinion that the accounts give an accurate picture of the Company's financial operations.

Financial risks

Market risk

Interest rate 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.

Foreign exchange rate risk

The Group is only to a limited extent exposed to currency fluctuations as the majority of its income and expenses are in USD. The largest non-USD costs are in EUR and relate to port and cargo operations. Fluctuations in EUR constitute a smaller risk, however; this is partly balanced, as parts of the Group's costs and revenues are both Euro-denominated. The Group has no currency hedges at the end of 2023 (no currency hedges at end of 2022). See note 14 for more details.

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 the BAF will give reasonable compensation in most periods. The Group has no bunker derivatives at year-end 2023.

Credit risk

The risk of losses on receivables is considered to be low. The Group has not experienced any significant losses on receivables in recent years.

Liquidity risk

The Group has a cash balance of USD 458 million at the end of 2023, increased from USD 184 million at the end of 2022. A drawdown of USD 130 million on Facility C in 2023 has been used for the purchase of three vessels. In 2023, the first instalment for four new Aurora class vessels

(9-12) was paid to the yard, amounting to a total of USD 63 million. In addition, a total of USD 60 million has been paid in milestone instalment for the first four Aurora class vessels. The total commitment for the newbuilding program is USD 1.2 billion, of which USD 943 million is financed by loans and leases, and the remaining USD 284 million from equity. Of the equity part, USD 234 million has been paid. Further instalments will be paid based on certain milestones in the period up to the delivery of the last two vessels in 2027. Dividends of USD 241 million have been paid out during the year. The strong operating results during 2023 is the main contributor to the cash balance at year-end.

For more information on financial risks, see Note 14 in the consolidated accounts.

Climate risk

Over 80% of world trade is currently transported by sea, and the maritime industry is a significant contributor to greenhouse gases, with deep sea shipping responsible for 90%. In the coming decades the shipping industry will need to undergo a radical transformation if it is to meet challenging targets to cut greenhouse emissions and to comply with future emission and environmental regulations.

As a global shipping company, 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 year 2023 showed that extreme weather conditions could impact global logistics, where the drought in the Panama Canal served as a key example, forcing several shipping companies to alter their sailing patterns. 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 order to meet IMO's 2030 carbon intensity target, Höegh Autoliners' annual operational carbon intensity indicator (CII) targets and the coming FuelEU Maritime regulations, and 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.

During 2023, the Group has continued the efforts towards improving efficiency of the fleet through the use of different fuel saving technologies. Höegh Autoliners' vessels are now regularly powered by advanced biofuels.

The Group seeks to maximise each vessels value across its operational life. Given the climate change transition risks, it is assessed that 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.

Climate related opportunities

We believe that most of our risks come with a corresponding opportunity ready to be capitalised upon if we take the right actions. Amongst our most important opportunities identified are the increase of the fleet's energy efficiency through an ambitious decarbonisation strategy, with the possibility to assist in the decarbonisation of customers' supply chains. Another important opportunity is the increase in electrical vehicles being shipped. The global market for electrical vehicles is continuing to grow, with a forecasted growth of 27% in 2024 (Global EV Outlook 2024). The change from fossil fuels to electric cars will likely generate opportunities and increased volumes for Höegh Autoliners and the Aurora Class is designed to carry the heavier electrical vehicles on all cargo decks. Most of the large customers say that sustainability is one of the selection criteria in tender processes.

The transition to a carbon neutral maritime industry will affect all shipping companies. Transition risks and opportunities are deemed to be the most important aspects to consider when assessing what might be the significant drivers for our business. Being smaller and agile may become an advantage in this transition. The biggest risk is related to whether we are able to decarbonise our operations at a pace that corresponds to customers', investors', regulators' and other external stakeholders' expectations. This is closely linked to the technology risks arising from the fuel technology chosen for our fleet transition program, and to the market risk related to the commercial availability and economic viability of green fuels and the customers willingness to take part in the green transition.

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

Organisation

Höegh Autoliners had at the end of the year 410 land-based employees from 24 different nations. The average age of shore-based staff was 41 years at the end of the year, and the average service in the Group was 8 years.

Höegh Autoliners operates an "equal opportunities policy" in all locations and encourages continual learning and development for all employees. In 2023, females made up 50% of the Board of Directors and 47% of the global land-based organisation. The Group had 1 168 seafarers employed by the end of 2023, of which, 2.7% were females. 67% of the seafarers are from the Philippines and 33% are from China. We actively seek to even out the gender gap within the Company in employment processes, and we offer equal opportunities and wages irrespective of gender. More information on Höegh Autoliners' work and policies regarding social responsibility, including diversity, equality, discrimination, human rights, and anti-corruption can be found in the section on Sustainability in this Annual report. See also our report on Equality and discrimination published on our website.

Absence through illness continues to be low and well below industry average. In 2023, the number of days registered as "absence due to illness" represented 0.5% for employees in Norway. Global turnover in 2023 was 11% (11% in 2022).

In 2023, the Group experienced 10 LTIs (Lost Time Incidents). A Lost Time Incident is an injury to crew member, which affects the ability to work the subsequent shift on board. The frequency of such injuries per million working hours, LTIF (Lost Time Incident Frequency), is 1.66 in 2023, which is higher than the target of 0.7, whereas on target industrial standard is 1.0. The incidents in 2023 were all except one categorised as minor.

The Group continues to work for an injury-free workplace and its aspirational goal is zero harm to people.

Directors and officers' liability insurance

Höegh Autoliners has a directors' and officers' liability insurance. It applies globally for any past, present or future director or officer in the Group. The directors' and officers' liability insurance is designed to provide financial protection to directors and officers for claims made against them in respect of acts committed (or alleged to have been committed) in their capacity as such and as a result of an alleged error, omission, or breach of duty.

Sustainable development

The Group aims to contribute to sustainable development by acting as a socially responsible shipping company. To do this, the Group actively integrates social and environmental concerns in the running business operations. The Group works to find a sound balance between the need for operational efficiency and the interests of non-financial stakeholders.

Compliance

Höegh Autoliners is deeply committed to compliance and to create an ethical mindset guiding the Company's decisions. That commitment is reflected in continuous improvement of the compliance program and learning in areas including anti-corruption, competition and anti-trust, applicable sanctions and export control and data privacy, including GDPR. In 2011, the Group was one of the founding members of MACN (Maritime Anti-Corruption Network). Since then, the Group has been an active member and has headed a collective action in the Suez Canal, combatting illegal facilitation payment demands by pilots and others during transit, which has had a demonstrated positive effect. The Group has also been involved in the Norwegian working group on commissions. Höegh Autoliners has an internal learning program developed to help employees take a stand against corruption in general and facilitation payments in particular. Most of the Group's employees have completed various e-learning programs on compliance, and the Group also has a gamified compliance training for all employees. Compliance Ambassadors are appointed in all major offices.

Sanctions and export control compliance is a constant focus area due to the ever-changing regulatory landscape. In 2023, the Group has focused on updating specific parts of its sanctions and export control program. There is also an emphasis on data privacy and particularly transfers to countries outside the EU.

The requirements set out in the Norwegian Transparency Act regarding reporting on human rights due diligence are covered in a separate Transparency Act report published on our website.

Environment

The maritime industry is continuing its work to reduce its environmental footprint. Höegh Autoliners has an ambitious target to become carbon neutral by 2040. This will be achieved through green fleet renewal, improved energy efficiency and use of low carbon fuels.

The average preliminary 2023 fleet carbon intensity (cgDIST) encompassing all vessels under our ownership and/or technical management, was 5.15 g CO2/GT*Nm and between 2008 and 2023, the Company has around 38% reduction in fleet carbon intensity, close to IMO's target of 40% by 2030. Our Horizon class vessels are 40% more emission efficient compared to a standard PCTC vessel. Our Aurora Class vessels will enable fuel flexibility with ammonia ready multi-fuel engines and will be the most environmentally friendly PCTC vessels.

Höegh Autoliners purchased about 303 000 tons of very low sulphur fuel oil, 44 000 tons of distillates and 10 300 tons of biofuels in 2023.

Höegh Autoliners has high sustainability ambitions and is on a clear path to zero. After successfully completing its first carbon neutral voyage from Europe to South Africa in 2021, Höegh Autoliners' vessels are now regularly powered by advanced biofuels, meeting the highest industry standards for sustainability. Höegh Autoliners is offering its customers carbon-neutral operations to reduce the overall environmental impact. The Group continues the work on optimising the fleet to improve the Carbon Intensity Indicator (CII) score.

The Group executes disposal of old vessels in a manner that is safe to both humans and the environment. All obsolete vessels, sailing and declared total loss, are recycled based on the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships. Vessels are dismantled under strict requirements in approved shipyard facilities. Since committing its first vessel to green recycling in 2009, the Group has only disposed of ships through green recycling.

Höegh Autoliners joined Marine CleanTech in February 2023, a maritime partnership working to develop energy-efficient and sustainable technologies for the maritime sector. This partnership will accelerate the shift towards a sustainable future by creating possibilities for collaboration with organisations that share our vision and leveraging cutting-edge green technologies.

In the second quarter of 2023, we joined Maersk Mc-Kinney Møller Center for Zero Carbon Shipping as Mission Ambassador. The Center works dedicated to accelerating the decarbonisation of the global maritime industry. This complex challenge requires unprecedented collaboration across sectors, industries and geographies. The partnership will accelerate our transition towards a more sustainable future by allowing us to collaborate with like-minded organisations and leverage the Center's unique ability to develop and implement cutting-edge decarbonisation projects.

In December 2023, we formalised a partnership with Sumitomo Corporation to collaborate on the supply and delivery of clean ammonia as a next-generation sustainable maritime fuel for Höegh

Autoliners' Aurora Class vessels. The focus will be the two strategic global bunkering ports of Singapore and Jacksonville (USA) and is another strategic move in our efforts to offer our customers net-zero transportation globally. In the same month, we also announced a strategic partnership with the leading global provider of ocean transportation solutions, VARO, aimed at advancing the decarbonisation of maritime sectors. The collaboration with VARO focuses on supplying 100% advanced biofuels for deep sea transportation from Europe and marks another significant step in reducing our environmental footprint.

For further details on sustainability, see the section on Sustainability in this Annual report.

Stakeholder engagement

Höegh Autoliners works closely with a set of public institutions and private organisations in the industry and through local organisations and groups. The cooperation with stakeholders is vital to meet the aspirations of sustainable business conduct and a positive relationship is a prerequisite for success.

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 Japan, China, EU and the U.S. The Group pleaded guilty to one offence in the U.S., which entailed a fine. The administrative council for economic defence (CADE) in Brazil initiated cartel investigations against the Group in 2016 regarding breach of anti-trust regulations. In March 2022, CADE issued a fine of approximately BRL 26 million (USD 5.5 million) to Höegh Autoliners for alleged breaches of anti-trust relations dating back to 2000-2012. Höegh Autoliners disagrees with the CADE's decision and will appeal. See note 22 in the consolidated accounts for more information. In addition, the Republic of South Africa (the RSA) initiated cartel investigations against the Group in 2013 with seven alleged incidents regarding breach of anti-trust regulations. The Group has had no interaction with the Tribunal or the Competition Commission since October 2020. 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.

Corporate Governance

Höegh Autoliners believes that good corporate governance involves transparent and effective cooperation between all parties involved with the Group and its business. This includes the Company's shareholders, board of directors and the Group's executive management team, employees, customers, suppliers, and other business partners, as well as public authorities and society at large.

The Company complies with the Norwegian legal framework applicable to companies trading on the Oslo Stock Exchange, and the Company endorses the Norwegian Code of Practice for

Corporate Governance (Nw.: Norsk anbefaling for eierstyring og selskapsledelse), issued by the Norwegian Corporate Governance Board, and most recently revised as of 14 October 2021 (the “Code”). For more details on Corporate Governance, reference is made to the Corporate Governance statement in this Annual Report and on the Company’s website hoeghautoliners.com/about-us/corporate-governance.

Events after the balance sheet date

Dividend

On 7 February 2024, the Board of Directors resolved to distribute a cash dividend of USD 1.887 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 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. 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.

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.

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

2028. The facility is currently undrawn and will serve as an additional liquidity reserve and provide flexibility for future capital allocation.

A new dividend policy was introduced with effect from the fourth quarter dividend distribution. →

Looking forward

The Company has taken steps in 2023 to position itself as an attractive long-term partner for customers and other stakeholders. The fleet renewal continued with ordering of another 4 Aurora class vessels taking the newbuild program to 12. The two first vessels will be delivered in Q3 2024, and we will then be able to offer our customers the biggest and most carbon efficient RoRO vessels on water. During 2023 around 1/3 of the contract portfolio has been renewed at considerably higher rates than outgoing contracts. Most of the renewed contracts have a duration of 3-5 years securing volumes at attractive price points for the near-term future. The general market fundamentals are strong, and rates are firm, giving a good basis for further contract renewals in 2024. Financially the Company is strong and robust with all 12 newbuilds financed at attractive terms and most of the equity already paid in. The recent refinancing of the fleet, running into 2030, leaving 24 out of 30 vessels debt free and with lower and flexible amortisation schedule adds to the flexibility and reduces cash capacity cost.

The decision not to transit Red Sea led to short term disturbances in scheduling of vessels and consequently lost operating days and increased costs. As we adjust schedules and recalibrate the network, the financial effect is mainly coming from longer voyages and lower volumes transported by reduced capacity (as long as we continue to sail around Cape of Good Hope). We are in the process of implementing surcharges and repricing cargo wherever we have the possibility to do so. If the situation persists for a longer period, the expectation is that the situation will add to the industry capacity shortage we have experienced in recent years.

We are closely monitoring the geopolitical and global macro situation and the potential impact on our business.

Oslo, 23 April 2024

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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
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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
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Johanna Hagelberg
Board member

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Gyrid Skalleberg Ingerø
Board member

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Andreas Enger
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Andreas Enger
CEO

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
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Leif O. Høegh,
Chair

DocuSigned by:
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Morten W. Høegh,
Deputy Chair

DocuSigned by:
Jan B. Kjærvik
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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

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Andreas Enger
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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 worldwide 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**

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

DocuSigned by:
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Jan B. Kjærvik,
Board member

DocuSigned by:
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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

DocuSigned by: Leif O. Høegh
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Leif O. Høegh,
Chair

DocuSigned by:
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Morten W. Høegh,
Deputy Chair

DocuSigned by: Jan B. Kjærvik
161AE6A6FE8A470...

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

DocuSigned by:
F57AEB48417B4C2...

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*

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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)

Securely signed with Brevio

Auditor's report

Signers:

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

This document package contains:

- Closing page (this page)
-The original document(s)
-The electronic signatures. These are not visible in the document, but are electronically integrated.

This file is sealed with a digital signature. The seal is a guarantee for the authenticity of the document.

Appendix

Abbreviations

AER	Annual Efficiency Ratio
BAF	Bunker Adjustment Factor
BB	Bareboat
BWTS	Ballast Water Treatment System
Capex	Capital expenditures
CBA	Collective Bargaining Agreement
CBM	Cubic Metre
CDP	Climate Disclosure Project
CEU	Car Equivalent Units
CII	Carbon Intensity Indicator
CMHI	China Merchants Heavy Industry (Jiangsu) Co., Ltd.
CSRD	Corporate Sustainability Reporting Directive
DEI	Diversity, Equity, and Inclusion
DNSH	Do No Significant Harm
DNV	Det Norske Veritas
DPA	Data Privacy Act
EAP	Employee Assistance Program
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
EEA	European Economic Area

EPS	Earnings Per Share
Equity ratio	(Total Equity/Total Assets)
ESG	Environmental, Social and Governance
ETS	Emission Trading System
FMC	First Movers Coalition
FNLV	Factory New Light Vehicles
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GHR	Global HR
GIS	Governing Information System
GJ	Gigajoules
GRI	Global Reporting Initiative
H&H	High and Heavy
HA	Höegh Autoliners
HFSC	Höegh Fleet Services China
HFSP	Höegh Fleet Services Philippines., Inc.
HSS	Health Safety Security
HTM	Höegh Technical Management
IFRS	International Financial Reporting Standards

ILO	International Labour Organisation		**PCTC**	Pure Car and Truck Carrier
IMO	International Maritime Organisation		**POV**	Previously Owned Vehicles
ISO	International Organisation for Standardization		**PSC**	Port State Control
KPI	Key Performance Indicator		**PwC**	PricewaterhouseCoopers
LCTC	Large Car Truck Carrier		**ROHQ**	Regional Operating Headquarters
LNG	Liquefied Natural Gas		**RoRo**	Roll-on roll-off
LTIF	Lost Time Incident Frequency		**SASB**	Sustainability Accounting Standards Board
LTSF	Lost Time Sickness Frequency		**SBTi**	Science Based Targets Initiative
LOI	Letter of Intent		**SDGs**	Sustainable Develeopment Goals
MACN	Marine Anti-Corruption Network		**SMT**	Senior Management Team
MARPOL	International Convention for the Prevention of Pollution from Ships		**STCW**	The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers
MGO	Marine Gas Oil		**STP**	Sewage Treatment Plant
MLC	Maritime Labour Convention		**TC**	Time Charter
MT	Metric Ton/s		**TCFD**	Task Force on Climate- Related Financial Disclosure
NIBD	Net interest-bearing debt (NIBD)		**UNGC**	United Nations Global Compact
OEM	Original Equipment Manufacturers		**WRI**	World Resources Institute
OHS	Occupational Health and Safety		**WWF**	World Wide Fund for Nature
OWS	Oil and Water Separator		**YoY**	Year over Year

Fleet list

Owned vessels

Vessel	Vessel type	Shipyard	Built	CEU
Höegh Traveller	Post Panamax	Xiamen	2016	8500
Höegh Tracer	Post Panamax	Xiamen	2016	8500
Höegh Trotter	Post Panamax	Xiamen	2016	8500
Höegh Trapper	Post Panamax	Xiamen	2016	8500
Höegh Target	Post Panamax	Xiamen	2015	8500
Höegh Trigger	Post Panamax	Xiamen	2015	8500
Höegh Beijing	PCTC	Xiamen	2010	4900
Höegh Berlin	LCTC	Daewoo (Okpo)	2005	7850
Höegh St. Petersburg	LCTC	Daewoo (Geoje)	2009	7850
Höegh London	LCTC	Daewoo (Okpo)	2008	7850
Höegh Oslo	PCTC	Tsuneishi (Cebu)	2008	5400
Alliance Norfolk	PCTC	Daewoo (Okpo)	2007	6500
Höegh Manila	PCTC	Tsuneishi (Cebu)	2007	5400
Höegh Shanghai	LCTC	Daewoo (Geoje)	2007	7850
Höegh Chiba	PCTC	Daewoo (Okpo)	2006	6000
Höegh Detroit	LCTC	Daewoo (Okpo)	2006	7850
Höegh Kobe	PCTC	Daewoo (Okpo)	2006	6000
Alliance Fairfax	PCTC	Daewoo (Okpo)	2005	6000
Alliance St. Louis	PCTC	Daewoo (Okpo)	2005	6500
Höegh New York	PCTC	Daewoo (Okpo)	2005	6500
Höegh Seoul	LCTC	Daewoo (Okpo)	2004	7850
Höegh Tokyo	LCTC	Daewoo (Okpo)	2004	7850
Höegh Asia	LCTC	Daewoo (Okpo)	2000	7850
Höegh Osaka	PCTC	Tsuneishi (Hashihama)	2000	5400
Höegh Trove	PCTC	Tsuneishi (Tadotsu)	2000	6500
Höegh Yokohama	PCTC	Tsuneishi (Hashihama)	2000	5400
Höegh Transporter	PCTC	Stocznia Gdynia	1999	6500
Höegh Trader	LCTC	Daewoo (Okpo)	1998	7850
Höegh Trident	PCTC	Hyundai (Ulsan)	1995	6500
Höegh Trooper	PCTC	Hyundai (Ulsan)	1995	6500

BB vessels

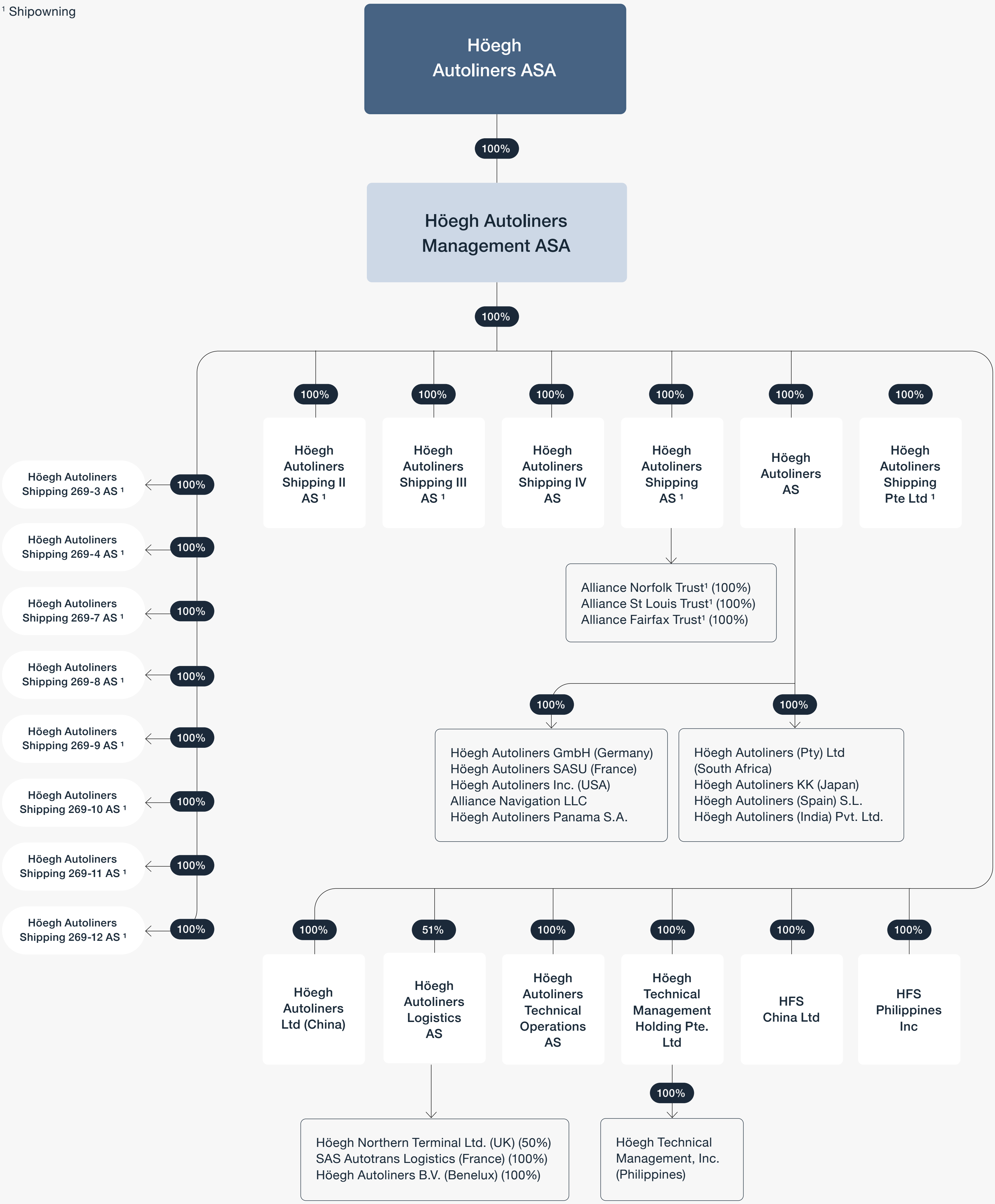
Vessel	Vessel type	Shipyard	Built	CEU
Höegh Jacksonville[1]	PCTC	Daewoo Mangalia	2014	6500
Höegh Jeddah	PCTC	Daewoo Mangalia	2014	6500
Höegh Copenhagen	LCTC	Daewoo (Geoje)	2010	7850

TC vessels

Vessel	Vessel type	Shipyard	Built	CEU
Höegh Caribia	PCTC	Kyokuyo Zosen (Chofu)	2010	2000
Höegh Brasilia	PCTC	Tsuneishi (Cebu)	2007	5400
Höegh Sydney	PCTC	Tsuneishi (Cebu)	2007	5400

Note: 1. HA exercised the purchase option for Höegh Jacksonville in October 2023, with transfer of ownership expected in Q2 2024

Höegh Autoliners ASA Corporate Structure



¹ Shipowning

HR Data Appendix

Crew diversity

	Female		Male		Total		% female of total pool	
	2023	2022	2023	2022	2023	2022	2023	2022
Crew diversity - HFSC								
Officers	4	3	171	165	175	168	2.3%	1.8%
Cadets	3	3	32	19	35	22	8.7%	13.6%
Ratings	3	3	183	196	186	199	1.6%	1.5%
Total	10	9	386	380	396	389	2.5%	2.3%
Crew diversity - HFSP								
Officers	12	12	321	319	333	331	3.6%	3.6%
Cadets	1	5	93	103	94	108	1.1%	4.6%
Ratings	10	6	374	349	384	355	2.6%	1.7%
Total	**23**	**23**	**788**	**771**	**811**	**794**	**2.8%**	**2.9%**

Gender distribution for onshore employees by employee category

	2022			2023		
	No. of employees	Women (%)	Men (%)	No. of employees	Women (%)	Men (%)
Leaders (excluding SMT)	69	20%	80%	71	23%	78%
Staff	314	52%	48%	331	53%	47%
Total	383	46%	54%	402	48%	52%

Reporting requirements in Norway for Activity duty

	2022					2023				
	Temporary employees	No. of weeks parental leave*	No. of employees working part-time	No. of employees involuntary part-time	Sickness rate	Temporary employees	No. of weeks parental leave*	No. of employees working part-time	No. of employees involuntary part-time	Sickness rate
Women	2	14.6	4	0	1.86%	3	4.29	0	0	1.09%
Men	1	3.65	1	0	1.11%	2	0	4	0	1.98%

*Numbers are only reported for Norway, due to differences in local legislation across global locations. For Norway, we have reported the average number of weeks of parental leave for women and men which was taken in 2022/2023, per men/women. The number does therefore not reflect (average) weeks of leave in total.

Gender distribution by location

	2022					2023				
	No. of employees	No. of women	No. of men	Women (%)	Men (%)	No. of employees	No. of women	No. of men	Women (%)	Men (%)
Norway	66	19	47	28	70	63	19	44	30	70
Germany	20	12	8	60	40	24	15	9	63	38
Thailand	1	1	0	100	0	1	1	0	100	0
USA	19	7	12	37	63	23	8	15	35	65
Panama	17	10	7	59	41	16	9	7	56	44
UAE	4	0	4	0	100	4	0	4	0	100
South Africa	9	3	6	33	67	9	3	6	33	67

Gender distribution by location *cont.*

	2022					2023				
	No. of employees	No. of women	No. of men	Women (%)	Men (%)	No. of employees	No. of women	No. of men	Women (%)	Men (%)
France	11	3	8	27	73	10	1	9	10	90
Spain	7	3	4	43	57	7	3	4	43	57
Philippines	169	99	71	59	42	186	110	76	59	41
Australia	2	0	2	0	100	2	0	2	0	100
India	10	3	7	30	70	9	3	6	33	67
China	32	11	21	34	66	33	12	21	36	64
Singapore	1	1	0	100	0	1	1	0	100	0
Japan	20	7	13	35	65	21	8	13	38	62
Morocco	1	0	1	0	100	1	0	1	0	100
Total	**390**	**179**	**211**	**46**	**54**	**410**	**193**	**217**	**47**	**53**

Information on employees and other workers

		2021	2022	2023
a. Total number of employees by employment contract (permanent and temporary), by gender.	Total number:	376	389	410
	Permanent:	372 (Male 199/ Female: 173)	386 (Male 208/ Female: 178)	405 (Male 214/ Female 191)
	Temporary:	4 (Male 1/Female 3)	3 (Male 2/Female 1)	5 (Male 3/ Female 2)
b. Total number of employees by employment contract (permanent and temporary), by region.		"Permanent / Temporary Australia: 3"	"Permanent / Temporary Australia: 2"	"Permanent / Temporary Australia: 2"
		China: 34	China: 32	China: 32/1
		France: 11	France: 11	France: 10
		Germany: 19	Germany: 20	Germany: 25
		India: 11	India: 10	India: 9
		"Japan: 19 Norway: 67/1 Panama: 16 Philippines: 151/3 Singapore: 1"	"Japan: 20 Norway: 67 Panama: 17 Philippines: 166/3 Singapore: 1"	"Japan: 21 Norway: 63 Panama: 16 Philippines: 182/4 Singapore: 1"
		Thailand: 1	Thailand: 1	Thailand: 1
		"United Arab Emirates: 5 nited States of America: 19 South Africa: 8"	"United Arab Emirates: 4 United States of America: 19 South Africa: 9"	"United Arab Emirates: 4 United States of America: 22 South Africa:9"
		Spain: 7	"Spain: 7 Morocco: 1"	"Spain: 7 Morocco: 1"
c. Total number of employees by employment type (full-time and part-time), by gender.		Fulltime: 371 (Male 199/ Female: 172)	Fulltime: 387 (Male 211/ Female: 176)	Fulltime: 406 (Male 228/ Female: 197)
		Part-time: 5 (Male 1/Female 4)	Part-time: 3 (Male 0/Female 3)	Part-time: 4 (Male 0/Female 4)
e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).		This is does not apply to Höegh Autoliners.	This is does not apply to Höegh Autoliners.	This is does not apply to Höegh Autoliners.
f. An explanation of how the data have been compiled, including any assumptions made.		We have compiled the data per countries where Höegh Autoliners is represented.	We have compiled the data per countries where Höegh Autoliners is represented.	We have compiled the data per countries where Höegh Autoliners is represented.

HR Data Appendix *cont.*

Total number of joiners and rate of new employee hires per age group, gender and country

2022			2023		
Age	**Total**	**Rate**	**Age**	**Total**	**Rate**
Under 30 years old	11	22.45%	Under 30 years old	26	37.68%
30 – 50 years old	33	67.35%	30 – 50 years old	37	53.62%
Over 50 years old	5	10.20%	Over 50 years old	6	8.70%
Total	**49**	**100.00%**	**Total**	**69**	**100.00%**
Gender	**Total**	**Rate**	**Gender**	**Total**	**Rate**
Male	29	59.18%	Male	29	42.03%
Female	20	40.82%	Female	40	57.97%
Total	**49**	**100.00%**	**Total**	**69**	**100.00%**
Based on employee's country	**Total**	**Rate**	**Based on employee's country**	**Total**	**Rate**
Australia	0	0.00%	Australia	0	0.00%
France	0	0	France	2	2.90%
China	1	2.04%	China	1	1.45%
Germany	1	2.04%	Germany	7	10.14%
India	1	2.04%	India	1	1.45%
Japan	2	4.08%	Japan	3	4.35%
Norway	6	12.24%	Norway	10	14.49%
Panama	1	2.04%	Panama	1	1.45%
Philippines	32	65.31%	Philippines	41	59.42%
USA	2	4.08%	USA	3	4.35%
Total	**49**	**100.00%**	**Total**	**69**	**100.00%**

Total number of leavers and rate of employee turnover per age group, gender, country

2022			2023		
Age	**Total**	**Rate**	**Age**	**Total**	**Rate**
Under 30 years old	5	12.50%	Under 30 years old	3	6.38%
30 – 50 years old	32	80.00%	30 – 50 years old	38	80.85%
Over 50 years old	3	7.50%	Over 50 years old	6	12.77%
Total	**40**	**100.00%**	**Total**	**47**	**100.00%**
Gender	**Total**	**Rate**	**Gender**	**Total**	**Rate**
Male	20	50.00%	Male	21	44.68%
Female	20	50.00%	Female	26	55.32%
Total	**40**	**100.00%**	**Total**	**47**	**100.00%**
Region (based on employee's location)	**Total**	**Rate**	**Region (based on employee's location)**	**Total**	**Rate**
China	3	7.50%	China	0	0.00%
Germany	0	0.00%	Germany	3	6.38%
France	0	0.00%	France	3	6.38%
Japan	1	2.50%	Japan	2	4.26%
Norway	9	22.50%	Norway	12	25.53%
Panama	0	0.00%	Panama	1	2.13%
Philippines	18	45.00%	Philippines	24	51.06%
USA	1	2.50%	USA	0	0.00%
South Africa	1	2.50%	South Africa	0	0.00%
Australia	1	2.50%	Australia	0	0.00%
India	2	5.00%	India	2	4.26%
Spain	2	5.00%	Spain	0	0.00%
United States	3	7.50%	United States	0	0.00%
Total	40	100.00%	Total	47	100.00%

Parental Leave	**2021**	**2022**	**2023**
Total number of employees that were entitled to parental leave	25 employees F = 13, M = 12	9 employees F = 5, M = 4	13 employees F = 6, M = 7
Total number of employees that took parental leave	25 employees F = 13, M = 12	9 employees F = 5, M = 4	13 employees F = 6, M = 7
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	25 employees F = 13, M = 12	9 employees F = 5, M = 4	13 employees F = 6, M = 7
Return to work and retention rates of employees that took parental leave	F = 100% M = 100%	F = 100% M = 100%	F = 100% M = 100%

Höegh Autoliners Greenhouse Gas Methodology Statement

Introduction
This document contains information about how emission from Höegh Autoliners' operation is collected, calculated, and presented. The company is striving to create a report that is as accurate, transparent, and complete as possible. Therefore, the methodology is based on the GHG Protocol Corporate Accounting and Reporting Standard.

Organisational boundaries
Höegh Autoliners uses the control approach to consolidate the emissions from its operations. As such, Höegh accounts for 100% of the GHG emissions from the operations over which we have control. In this case – control is defined in operational terms – not financial.

Operational boundaries
The reporting of emissions is divided into three scopes: scope 1 consists of the emissions from fuels combusted by our operated vessels, scope 2 covers emissions related to electricity consumption in our offices, and scope 3 covers indirect emissions produced in our up and downstream value chain.

Overview/descriptions
Scope 1
Each vessel under Höegh Autoliners' operation sends a report containing several relevant parameters to the company daily. The data is stored in a data base and Oracle BI is used to create and extract reports. All vessels under Höegh Autoliners operation during each calendar year (1st of January though 31st of December) is included in scope 1 emissions.

The consumption of fuel from main engines, auxiliary engines and boilers of all vessels under Höegh Autoliners operation is measured, reported and included in scope 1. Electricity generated on board is either produced from the auxiliary engines or a generator on board, therefore this is included in the emissions from the fuel consumption. Lube oil consumption is not included as only a neglectable part is combusted and instead discharged in port.

Scope 2
Scope 2 emissions are reported, using both the location-based method and the market-based method. In the location-based method, the average grid mix of each office is used to calculate the corresponding emissions. For the market-based method, each office location is evaluated to determine if there is a functioning market for purchasing green certificates. Offices located in markets where green certificates can be purchased, will use the residual mix factor, adjusted for any purchased green certificates. Offices located in areas without a proper market for purchasing guarantees of origin or similar, are reported with the same factor as in the location-based method. All Höegh Autoliners offices report electricity consumption, however, agent offices where Höegh may have resources working from, are in this report excluded from Scope 2. The electricity consumption is included in the monthly office lease invoices and is reported annually to the sustainability reporting team. The electricity is supplied from the state grid for all offices. The monthly electric consumption stated on the electric bill from January 2023 to December 2023 is being recorded for the scope 2 emission calculation.

Scope 3
For the 2023 reporting, Höegh has improved its process to report scope 3 and expanded the scope to cover four additional categories compared to previous year's reports. The following categories are included in our reporting, and is reported in accordance with the GHG protocol (Technical Guidance for Calculating Scope 3 Emissions):

- Category 1 - Purchased goods and services
- Category 2 – Capital goods
- Category 3 – Fuel- and Energy-Related activities not included in scope 1 and scope 2 (Well-to-tank emissions from consumed fuel)
- Category 5 – Waste generated in operations
- Category 6 – Business travel
- Category 7 – Employee commuting

We are continuously monitoring if additional categories should be included in our reporting going forward.

Non-GHG emissions
Underlying consumption data used to calculate non-GHG-emissions are collected with the same method as scope 1.

Calculations
All the GHG emissions from scope 1 and 2 will be calculated as presented in the sub-chapters, and in line with the GHG Protocol Standard, the emissions will be presented in CO2 equivalents. Scope 1 calculations:

To facilitate comparability, we follow industry standards to calculate our reporting figures. We follow the IMO methodology and DEFRA factors when calculating our CO2, N2O and CH4 figures. For each fuel type used, the following calculations are made:

CO_2: Fuel consumed (tonnes) x relevant conversion factor.

N_2O: Fuel consumed (tonnes) x relevant conversion factor

CH_4: Fuel consumed (tonnes) x relevant conversion factor
Refrigerants: Refrigerant consumed (tonnes) x relevant conversion factor x annual leakage factor

The conversion factors and leakage factor used are taken from the Third and Fourth IMO GHG Study 2020, DEFRA and www.lovdata.no. To ensure high quality of data and minimize risk for typos, all noon reports (daily reporting from our vessels) are sent to StormGeo for quality checking. In case unrealistically good or poor performance data is entered, the vessel will be notified and requested to correct the entry. The fuel consumption data is based on tank measurement readings and manual input. In case a vessel for some reason hasn't been able to provide noon reports, ROB figures should be compared, and consumption manually calculated.

Scope 2 calculations:
The annual electric consumption of the offices is multiplied by the country's emission factor (CO_2 per kWh) as indicated in location-based emission computation. Location-based and market-based emission factors are taken from International Electricity Factors (Carbon Footprint Ltd). The data is manually verified and checked by each office before submitted to the Sustainability team.

Scope 3 calculations:
Scope 3 emissions are calculated using the following methodology as per GHG protocol (Technical Guidance for Calculating Scope 3 Emissions):

- **Category 1 - Purchased goods and services:** Applying the spend-based method as a proxy for estimating the emissions: Value of purchased good or service x emission factor
- **Category 2 – Capital goods:** Applying the spend-based method as a proxy for estimating the emissions: Value of purchased capital goods x emission factor
- **Category 3 – Fuel- and Energy-Related activities not included in scope 1 and scope 2 (Well-to-tank emissions from consumed fuel):** Emissions from transportation of fuel is calculated as followed: Well to tank = Fuel consumed (tonnes) x well to tank emission factor (Dr. Elizabeth Lindstad, Chief Scientist, SINTEF Ocean Maritime)
- **Category 5 – Waste generated in operations:** Applying the average-data method as a proxy for estimating the emissions: Total mass of waste x proportion of total waste treated by waste treatment method x emission factor
- **Category 6 – Business travel:** Data from business travels is gathered from the travel agencies HA uses, for every flight
- **Category 7 – Employee commuting:** Applying the average-data method as a proxy for estimating the emissions: Distance travelled by mode of transport x emission factor (per mode of transportation)

Reporting emissions outside the scopes
Biogenic emissions: Direct CO_2 emissions from burned biomass/biofuels

NOx: Fuel consumed (tonnes) x relevant conversion factor.

SOx: Fuel consumed (tonnes) x relevant conversion factor from Sulphur content in fuel. We use the average delivered Sulphur contents of each year provided by VeriFuels.

PM: Fuel consumed (tonnes) x relevant PM conversion factor.

Restatements
Höegh Autoliners is continously working to improve its sustainability reporting. Scope 2 numbers for 2022 have been restated due to an identified under-reporting of electricity at one of our offices. The restatements are as follows:

Location-based:
2022 numbers restated to 324 (from 291)

Market-based:
2022 numbers restated to 511 (from 478)

Climate-related risks

	Risk Type	Description	Examples of potential Financial Impact	Mitigating actions
Physical	Accute	*Short term (0 - 3 years)* Poor air quality, flooding of ports and canals, hurricanes, wave heights, draughts etc. can harm both personnel, cargo and assets. This may lead to operational downtime, re-routing, increased operational costs and negative impact on health and safety for our crew.	Potentially negative impact on revenues and increased operational costs due to more idling and inefficient trading patterns, such as the impact from reduced sailings through the Panama Canal.	• Keeping our fleet up to date with accurate and reliable weather routing systems as this may become more important in the future to avoid rough weather and seas. • Planning for delays for our crew changes due to rough weather and delays to reduce impact for our crew. • Planning and optimizing network and capacity the best way possible to limit idling/waiting time due to adverse weather conditions.
		Medium term (3 - 10 years) Extreme weather condititotns may affect suppliers or local infrastructure (in particular access to port / docks). This can potentially lead to disruptions and project delays, which, again, can have financial and reputational impact, as well as impact health and safety for our crew	Potentially increased CapEx due to investments in AI assisted systems and improved weather routing/digitalization solutions	• Digitize our fleet to optimize speed and energy efficiency throughout our sailing patterns and network.
	Chronical	*Long term (>10 years)* Climate changes can lead to extreme conditions, causing local conflicts, political instability, disruptions and migrations. This can affect Höegh Autoliners' operational profle and lead to increased operational expenditure	Potentially increased operational costs due to increased prices from suppliers who would need to adapt to new environment of higher risk of chronical impacts	• Continously update our climate risk analysis for the long term to be able to aqcuire needed assets and technology to meet the future climate-related issues.
Transitional	Regulatory	Increased regulations from NGOs and other supranational bodies, such as IMO and EU, to reduce GHG emissions and increase efficiency (EU ETS/CII/EEXI/ Energy intensity etc.)	• Regulations may lead to lower speed, reduced capacity and higher operational cost (for example through purchase and consumption of low carbon fuels). • Potentially bigger financial losses and reduced asset values due to earlier recycling or financial impairments of existing fleet if failing to follow future emission regulations (stranded assets). • Potentially increased CapEx due to technical upgrades and NBs/new vessels to ensure a compliant fleet • Reduced availability of, and increased cost of, capital if not being compliant with regulations and/or with stakeholders expectations • Potential fines/penalties for not complying with regulations	• Continously monitor and update our fleet transition strategy and operational performance of our fleet to ensure compliance with existing and future regulations. • Be proactive and prepare for coming environmental regulations.
		Differences in regional regulations may cause uneven playing fields for global companies. Abrupt and populistic climate politics may lead to unpredictable regulatory frameworks.	• Loss of revenues if peers from other regions are having competetive advantages if regulatory frameworks are inconsistent • Lack of incentives to choose the greener technology if the price gap between conventional fuel and low-carbon fuel remains large.	• Being active in discussions with governments and regulators to establish a common understanding of the shipping sector's needs to decarbonize and what is needed to level out the playing field across regions.
		Increased cost for GHG emissions on Hoegh Autoliners as a shipowner, operator and technical manager will impose a risk of not having all cost passed through to our customers	Potentially increased operational cost if cost is not fully passed through to our customers	• Having a good and transparent process with our customers to ensure pass-through of incurred ETS costs
		Enhanced reporting obligations (ie CSRD, EU taxonomy, scope 3 etc) and requirements will demand more data, increased compentence and expertise, and new/ upgraded ERP sytems.	Will require higher cost related to competence, capacity and expertise. It will also require higher investments in systems, data collecting processes and internal controls systems	• Staffing-up, and upskilling of employees to acquire the needed competence to meet the existing and coming reporting requirements. • Investing in systems to meet future reporting requirements • Conducting a double materiality assessment to prepare for coming disclosure requirements

	Risk Type	Description	Examples of potential Financial Impact	Mitigating actions
Transitional	**Reputa-tional**	Risk of not reaching our carbon reduction targets and poor fuel efficiency in operated fleet may result in bad reputation and loss of credibility among customers and investors	Potential loss of revenues from existing customers and/or loss of future contracts/ tenders if we fail to uphold our green profile and ambitious transition plan. Reduced availability of, and increased cost of, capital if not meeting stake-holders' expectations Potentially reduction in the share price and loss of investors (on the stock exchange) if we fail to be perceived as an actionable Company driving change.	• Maintain close discussions with our customers to understand their needs, and initiate projects and measures to meet the future needs and requirements • Further enhancing our stakeholder engagement (ie financial institutions, investors, regulatory bodies and other stakeholders) in materiality assessments to understand what is expected to become the shipping company for the future. • Increased focus on communicating our sustainability performance and initiatives in all channels, reaching an increased variaty of stakeholders"
		Risk of unforeseen/negative incidents for our people or the environment, such as accidents, oil spills, health and safety issues etc	Potential loss of revenues from existing customers and/or loss of future contracts/ tenders if we fail to uphold our green profile and ambitious transition plan.	• Closely monitoring operations and ensure migitating measures are in place to reduce risk of such incidents
		Risk of stigmatization related to shipping being a polluting and grey industry	Potential loss of revenues from existing customers and/or loss of future contracts/ tenders if we fail to uphold our green profile and ambitious transition plan.	• Continue to be a front-runner/leader in the decarbonisation of shipping, through proper execution of our strategy and initatives.

Climate-related risks

	Risk Type	Description	Examples of potential Financial Impact	Mitigating actions
Transitional	Market & Tech-nology	There is high uncertainty related to future propulsion and fuel technology. Being a first mover, betting on the wrong fuel and propulsion technology may become costly.	Potentially negative impact on asset values(both market values and book values) and increased financial losses if chosen technology is not developing in a favorable direction, or if it is not becoming commer-cially viable. Existing vessels might become less compet-itive, which might impact revenue negatively	• Incorporating fuel flexibility in our newbuilding program (dual fuel engines LNG/MGO and ammonia/methanol ready notations)
		Risks related to the pace of decarboniza-tion of our own fleet, driven by uncertainty of the future propulsion technology, infrastructure to ensure commercial availa-bility of zero-carbon fuels and alignment of regulatory frameworks to ensure level playingfield for market participants.	Potential loss of revenues from existing customers and/or loss of future contracts/ tenders if we fail to uphold our green profile and ambitious transition plan. Reduced availability of, and increased cost of, capital if not meeting stake-holders' expectations	• Continue to partner with our customers to stay ahead of future demands for technology, and to share risk and cost of decarbonizing both our own operations, as well as their supply chians. • Continue partnering with stakeholders and partners, such as ammonia producers and research centres to mitigate the risk of low availability of future zero-carbon fuels and technology needed to decarbonize our operations. • Being active in discussions with governments and regulators to establish a common understanding of the shipping sector's needs to decarbonize and what is needed to level out the playing field across regions.
		Risk of increased cost of fuel; in particular for low-carbon fuels	Potentially increased operational expenses due to higher fuel priceses and low availability of low-carbon fuels	• Having industry accepted Bunker Adjustment Factors in place to capture bunker price fluctuations. We monitor this practice closely to keep operating expenses as low as possible. • Continue partnering with stakeholders and partners, such as ammonia producers and research centres to mitigate the risk of low availability of future zero-carbon fuels and technology needed to decarbonize our operations.
		With current technology, vessels may be outdated prior to its expected liftime, potentially resulting in recycling/sales of vessels earlier then expected (stranded assets/residual values)	Can potentially lead to financial losses due to early recycling or vessel sales, or impairment losses due to stranded assets/ residual values May require retrofitting of vessels which will impose higher capital expenditures and increased financing cost."	• Continously monitor and update our fleet transition strategy and operational performance of our fleet, and keep updated on availabile and best in class technology • Continuous research undertaken to understand what will be the future fuel and propulsion technology • Ensuring top competence of our employees responsible for monitoring and understanding new vessel technology
		Risk of reduced global demand for fossil fueled vehicles, resulting in lower demand for our shipping services	Potential loss of revenues due to reduced demand for our services.	• We have increased carrying capacity of electrical vehicles for our newbuildings, increasing the optionality of our cargo mix.
		Uncertainty about customer's willingness to pay for the decarbonization of their own supply-chain	Risk of not being able to decarbonize at the pace needed to reach our short and long-term targets, resulting in higher operational expenses and potential loss of revenues from our shipping services if we are not able to meet stakeholder expectations	• Maintain close discussions with our customers to understand their needs, and initiate projects and measures to meet the future needs and requirements • Continously monitor and update our fleet transition strategy and operational performance of our fleet, and keep updated on availabile and best in class technology"

Alignment with TCFD recommendations

Theme	TCFD recommendations	Section in the annual report
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	- Climate-related financial disclosures and governance
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	- Climate-related financial disclosures and governance
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short-, medium- and long-term.	- Climate-related financial disclosures and governance - Appendix pages 13-15
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	- Planet/Climate change and pollution - Appendix pages 13-15
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	- Planet/Climate change and pollution Climate-related financial disclosures and governance - Appendix pages 13-15
Risk management	a) Describe the organisation's processes for identifying and assessing climate-related risks.	- Board of directors report/Financial risks - Climate-related financial disclosures and governance Appendix pages 13-15
	b) Describe the organisation's processes for managing climate-related risks.	- Planet/Climate change and pollution - Board of directors report/Financial risks
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	- Planet/Climate change and pollution - Board of directors report/Financial risks Appendix pages 13-15
Metrics and targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	- Planet/Climate change and pollution
	b) Disclose Scope 1, Scope 2 and , if appropriate, Scope 3 greenhouse gas (GHG) emissions.	- Planet/Emissions reporting
	c) Describe the targets used to manage climate-related risks and opportunities and performance against such targets.	- Planet/Climate change and pollution

Proportion of revenue from products or services associated with Taxonomy-aligned economic activities 2023

				Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	NACE Code (2)	Turnover (mUSD) (3)	Proportion of Turnover 2023 (%) (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, 2022 (%) (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
6.10 Sea and coastal freight water transport	H50.2, H52.2.2, N77.3.4	-	0,0%	N	N	N/EL	N/EL	N/EL	N/EL	n.a.	Y	N	Y	N	N	Y	0,0%		T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	0,0%	0%	0%	0%	0%	0%	0%								0,0%		
Of which Enabling		-	0,0%	0%	0%	0%	0%	0%	0%								0,0%	E	
Of which Transitional		-	0,0%	0%	0%	0%	0%	0%	0%								0,0%		T
A.2 Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
6.10 Sea and coastal freight water transport	H50.2, H52.2.2, N77.3.4	1 442,1	99,7%	EL	EL	N/EL	N/EL	N/EL	N/EL								99,7%		
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1 446,1**	100,0%	100%	0%	0%	0%	0%	0%								99,7%		
Turnover of Taxonomy eligible activities (A.1+A.2)		**1 446,1**	100,0%	100%	0%	0%	0%	0%	0%								99,7%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities		**-**	0,0%																
TOTAL (A+B)		**1 446,1**	**100,0%**																

Y	Yes (taxonomy-eligible and taxonomy-aligned activity with the relevant environment objective)
N	No (taxonomy-eligible and taxonomy-aligned activity with the relevant environment objective)
N/EL	Not eligible (taxonomy-non-eligible activity for the relevant environment objective)
EL	Eligible (taxonomy-eligible activity for the relevant environment objective)

Proportion of Capex from products or services associated with Taxonomy-aligned economic activities 2023

				Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	NACE Code (2)	CapEx (mUSD) (3)	Proportion of CapEx 2023 (%) (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, 2022 (%) (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
6.10 Sea and coastal freight water transport	H50.2, H52.2.2, N77.3.4	-	0,0%	Y	N	N/EL	N/EL	N/EL	N/EL	n.a.	Y	N	Y	N	N	Y	0,0%		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0,0%	0%	0%	0%	0%	0%	0%								0,0%		
Of which Enabling		-	0,0%	0%	0%	0%	0%	0%	0%								0,0%	E	
Of which Transitional		-	0,0%	0%	0%	0%	0%	0%	0%								0,0%		T
A.2 Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
6.10 Sea and coastal freight water transport	H50.2, H52.2.2, N77.3.4	158,7	100,0%	EL	EL	N/EL	N/EL	N/EL	N/EL								100,0%		
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**158,7**	100,0%	100%	0%	0%	0%	0%	0%								100,0%		
CapEx of Taxonomy eligible activities (A.1+A.2)		**158,7**	100,0%	100%	0%	0%	0%	0%	0%								100,0%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities		-	0,0%																
TOTAL (A+B)		**158,7**	**100,0%**																

Y	Yes (taxonomy-eligible and taxonomy-aligned activity with the relevant environment objective)
N	No (taxonomy-eligible and taxonomy-aligned activity with the relevant environment objective)
N/EL	Not eligible (taxonomy-non-eligible activity for the relevant environment objective)
EL	Eligible (taxonomy-eligible activity for the relevant environment objective)

Proportion of Opex from products or services associated with Taxonomy-aligned economic activities 2023

				Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	NACE Code (2)	Opex (mUSD) (3)	Proportion of Opex 2023 (%) (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Opex, 2022 (%) (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
6.10 Sea and coastal freight water transport	H50.2, H52.2.2, N77.3.4	-	0,0%	N	N	N/EL	N/EL	N/EL	N/EL	n.a.	Y	N	Y	N	N	Y	0,0%		T
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	0,0%	0%	0%	0%	0%	0%	0%								0,0%		
Of which Enabling		-	0,0%	0%	0%	0%	0%	0%	0%								0,0%	E	
Of which Transitional		-	0,0%	0%	0%	0%	0%	0%	0%								0,0%		T
A.2 Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
6.10 Sea and coastal freight water transport	H50.2, H52.2.2, N77.3.4	40,3	100,0%	EL	EL	N/EL	N/EL	N/EL	N/EL								100,0%		
Opex of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**40,3**	100,0%	100%	0%	0%	0%	0%	0%								100,0%		
Opex of Taxonomy eligible activities (A.1+A.2)		**40,3**	100,0%	100%	0%	0%	0%	0%	0%								100,0%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Opex of Taxonomy non-eligible activities		-	0,0%																
TOTAL (A+B)		**40,3**	**100,0%**																

Y Yes (taxonomy-eligible and taxonomy-aligned activity with the relevant environment objective)
N No (taxonomy-eligible and taxonomy-aligned activity with the relevant environment objective)
N/EL Not eligible (taxonomy-non-eligible activity for the relevant environment objective)
EL Eligible (taxonomy-eligible activity for the relevant environment objective)

General disclosures

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference/link
2-1	Organisational details			
		2-1-a	name of the organisation	Höegh Autoliners ASA
		2-1-b	nature of ownership and legal form	Shareholder Information
		2-1-c	location of headquarters	Drammensveien 134, 0277 Oslo, Norway
		2-1-d	location of operations	Business areas
2-2	Entities included in the organisation's sustainability reporting			
		2-2-a	list all its entities included in its sustainability reporting	Page 6 of the Appendix
		2-2-b	if the organisation has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting	No differences between the list of entities included in the audited consolidated financial statements and entities included in the sustainability reporting
		2-2-c	"if the organisation consists of multiple entities, explain the approach used for consolidating the information, including: i. whether the approach involves adjustments to information for minority interests ii. how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities iii whether and how the approach differs across the disclosures in this Standard and across material topics"	Introduction
2-3	Reporting period, frequency and contact point			
	Reporting cycle	2-3-a	specify the reporting period for, and the frequency of, its sustainability reporting	The reporting period is from January 1, 2023 to December 31, 2023 and is conducted annually.
	Reporting period	2-3-b	specify the reporting period for its financial reporting and, if it does not align with the period for its sustaina-bility reporting, explain the reason for this	January 1, 2023 to December 31, 2023
	Date of most recent report	2-3-c	report the publication date of the report or reported information	24.04.2024
	Contact point for questions regarding the report	2-3-d	specify the contact point for questions about the report or reported information	adrian.lim@hoegh.com, Sustainability manager kristoffer.thomassen@hoegh.com, Sustaina-bility Reporting Manager cathrine.manum@hoegh.com - Head of Corporate Reporting and Tax

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference/link
2-4	Restatements of information			
		2-4-a	report restatements of information made from previous reporting periods and explain: i. the reasons for the restatements; ii. the effect of the restatements.	Appendix/Methodology statement
2-5	External assurance			
		2-5-a	"describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved"	Introduction
		2-5-b	if the organisation's sustainability reporting has been externally assured: i. provide a link or reference to the external assurance report(s) or assurance statement(s); ii. describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; iii. describe the relationship between the organisation and the assurance provider	Introduction
2-6	Activities, value chain and other business relationships			
		2-6-a	report the sector(s) in which it is active	Höegh Autoliners In Brief
	Activities, products, services and markets served	2-6-b	describe its value chain, including: i. the organisation's activities, products, services, and markets served; ii. the organisation's supply chain; iii. the entities downstream from the organisation and their activities;	Double Materiality Assessment
		2-6-c	report other relevant business relationships	n/a
	Significant changes to the organisation and its supply chain	2-6-d	describe significant changes in 2-6-a, 2-6-b, and 2-6-c compared to the previous reporting period.	n/a - No significant changes
2-7	Employees			
		2-7-a	report the total number of employees, and a breakdown of this total by gender and by region	HR Data Appendix
		2-7-b	report the total number of: i. permanent employees, and a breakdown by gender and by region; ii. temporary employees, and a breakdown by gender and by region; iii. non-guaranteed hours employees, and a breakdown by gender and by region; iv. full-time employees, and a breakdown by gender and by region; v. part-time employees, and a breakdown by gender and by region;	HR Data Appendix

General disclosures

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
		2-7-c	describe the methodologies and assumptions used to compile the data, including whether the numbers are reported: i. in head count, full-time equivalent (FTE), or using another methodology; ii. at the end of the reporting period, as an average across the reporting period, or using another methodology	HR Data Appendix People/Employment Head count of employees as of 31.12.2023
		2-7-d	report contextual information necessary to understand the data reported under 2-7-a and 2-7-b	HR Data Appendix People/Employment
		2-7-e	describe significant fluctuations in the number of employees during the reporting period and between reporting periods.	There have not been significant fluctuations in this number during 2023.
2-8	Workers who are not employees			
		2-8-a	report the total number of workers who are not employees and whose work is controlled by the organisation and describe: i. the most common types of worker and their contractual relationship with the organisation; ii. the type of work they perform	HR Data Appendix Project-based temporary employees
		2-8-b	describe the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported: i. in head count, full-time equivalent (FTE), or using another methodology; ii. at the end of the reporting period, as an average across the reporting period, or using another methodology"	HR Data Appendix Head count as of 31.12.2023
		2-8-c	describe significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods	n/a - no large fluctuations
2-9	Governance and structure composition			
	Governance structure	2-9-a	describe its governance structure, including committees of the highest governance body	Corporate governance statement
		2-9-b	list the committees of the highest governance body that are responsible for decisionmaking on and overseeing the management of the organisation's impacts on the economy, environment, and people	Corporate governance statement
	Composition of the highest governance body and its committees	2-9-c	"describe the composition of the highest governance body and its committees by: i. executive and non-executive members; ii. independence; iii. tenure of members on the governance body; iv. number of other significant positions and commitments held by each member, and the nature of the commitments; v. gender; vi. under-represented social groups; vii. competencies relevant to the impacts of the organisation; viii. stakeholder representation."	Corporate governance statement Board of directors Executive management

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-10	Nominating and selecting the highest governance body			
		2-10-a	describe the nomination and selection processes for the highest governance body and its committees	Corporate governance statement/Nomination committee
		2-10-b	describe the criteria used for nominating and selecting highest governance body members, including whether and how the following are taken into consideration: i. views of stakeholders (including shareholders); ii. diversity; iii. independence; iv. competencies relevant to the impacts of the organisation.	Corporate governance statement/Nomination committee
2-11	Chair of the highest governance body			
		2-11-a	report whether the chair of the highest governance body is also a senior executive in the organisation	The Chair of the Board is not part of the senior executive team
		2-11-b	if the chair is also a senior executive, explain their function within the organisation's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated	Not applicable
2-12	Role of the highest governance body in overseeing the management of impacts			
	Role of the highest governance body in setting purpose, values and strategy	2-12-a	describe the role of the highest governance body and of senior executives in developing, approving, and updating the organisation's purpose, value or mission statements, strategies, policies, and goals related to sustainable development	- Corporate governance statement/The work of the BoD - Climate related financial disclosures/Governing our strategy
		2-12-b	describe the role of the highest governance body in overseeing the organisation's due diligence and other processes to identify and manage the organisation's impacts on the economy, environment, and people, including: i. whether and how the highest governance body engages with stakeholders to support these processes; ii. how the highest governance body considers the outcomes of these processes;	Corporate governance statement/The work of the BoD
		2-12-c	describe the role of the highest governance body in reviewing the effectiveness of the organisation's processes as described in 2-12-b, and report the frequency of this review.	Corporate governance statement/The work of the BoD
2-13	Delegation of responsibility for managing impacts			
		2-13-a	describe how the highest governance body delegates responsibility for managing the organisation's impacts on the economy, environment, and people, including: i. whether it has appointed any senior executives with responsibility for the management of impacts; ii. whether it has delegated responsibility for the management of impacts to other employees	Corporate governance statement/The work of the BoD
		2-13-b	describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organisation's impacts on the economy, environment, and people	Corporate governance statement/The work of the BoD

General disclosures

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-14	Role of the highest governance body in sustainability reporting			
		2-14-a	report whether the highest governance body is responsible for reviewing and approving the reported information, including the organisation's material topics, and if so, describe the process for reviewing and approving the information	Corporate governance statement/The work of the BoD
		2-14-b	if the highest governance body is not responsible for reviewing and approving the reported information, including the organisation's material topics, explain the reason for this.	n/a
2-15	Conflicts of interest			
		2-15-a	describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated	Corporate governance statement/Nomination committee
		2-15-b	report whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to: i. cross-board membership; ii. cross-shareholding with suppliers and other stakeholders; iii. existence of controlling shareholders; iv. related parties, their relationships, transactions, and outstanding balances"	Corporate governance statement/Nomination committee Corporate governance statement/BoD Composition and independence
2-16	Communicating critical concerns			
		2-16-a	describe whether and how critical concerns are communicated to the highest governance body	Corporate governance statement/The work of the BoD Critical concerns are communicated to the board directly and there is also a regular reporting on compliance work and updates to the Company's Audit Committee.
	Nature and total number of critical concerns	2-16-b	report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period	We are not reporting the number and nature of critical concerns
2-17	Collective knowledge of highest governance body			
		2-17-a	report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.	All board members are included in our Sustainability training platform.
2-18	Evaluating the highest governance body's performance			
		2-18-a	describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organisation's impacts on the economy, environment, and people	Corporate governance statement/The work of the BoD
		2-18-b	report whether the evaluations are independent or not, and the frequency of the evaluations	Corporate governance statement/The work of the BoD
		2-18-c	describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organisational practices	Results of the evaluation are reported to the Nomination Committee for consideration of the competence and composition of the board

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-19	Remuneration policies			
		2-19-a	describe the remuneration policies for members of the highest governance body and senior executives, including: i. fixed pay and variable pay; ii. sign-on bonuses or recruitment incentive payments; iii. termination payments; iv. clawbacks; v. retirement benefits	Corporate governance statement/Remuneration The remuneration report will be publicly available in the Investor Relation section of our website
		2-19-b	describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organisation's impacts on the economy, environment, and people.	Corporate governance statement/Remuneration The remuneration report will be publicly available in the Investor Relation section of our website
2-20	Process for determining remuneration			
		2-20-a	describe the process for designing its remuneration policies and for determining remuneration, including: i. whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration; ii. how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration; iii. whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the organisation, its highest governance body and senior executives	Corporate governance statement/Remuneration The remuneration of the Board of Directors is recommended by the Company's Nomination Committee and determined by the shareholders at the Company's Annual General Meeting.
	Stakeholders' involvement in remuneration	2-20-b	report the results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable	Presented as part of the minutes to the Annual General Meeting
2-21	Annual total compensation ratio			
		2-21-a	report the ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	Not reported. We report salary ratios between genders, and "executive team vs Norwegian average salary" as part of the annual remuneration report
	Percentage increase in annual total compensation ratio	2-21-b	report the ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	Not reported. We report salary ratios between genders, and "executive team vs Norwegian average salary" as part of the annual remuneration report
		2-21-c	report contextual information necessary to understand the data and how the data has been compiled.	The remuneration report will be publicly available in the Investor Relation section of our website
2-22	Statement on sustainable development strategy			
	Statements from senior decision-maker	2-22-a	report a statement from the highest governance body or most senior executive of the organisation about the relevance of sustainable development to the organisation and its strategy for contributing to sustainable development	Letter form the CEO

General disclosures

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-23	Policy commitments			
	Values, principles, standards, and norms of behaviour, precautionary principle approach	2-23-a	describe its policy commitments for responsible business conduct, including: i. the authoritative intergovernmental instruments that the commitments reference; ii. whether the commitments stipulate conducting due diligence; iii. whether the commitments stipulate applying the precautionary principle; iv. whether the commitments stipulate respecting human rights	People/Human rights Our human rights policy is made publicly available in our sustianability section on our webpage.
		2-23-b	describe its specific policy commitment to respect human rights, including: i. the internationally recognized human rights that the commitment covers; ii. the categories of stakeholders, including at-risk or vulnerable groups, that the organisation gives particular attention to in the commitment	People/Human rights Our Human Rights Policy is approved by the Executive team. Our Human Rights Policy covers all type of workers within the Höegh Autoliners Corporate structure. We have a Supplier Code of Conduct (also available on our website) that covers expected commitments to Human Rights for all of our Suppliers. Our commitments to Human Rights are communicated via various channels including our website, our internal governance portal and through internal communication channels including training. Our human rights policy is made publicly available in our sustianability section on our webpage.
		2-23-c	provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this	
		2-23-d	report the level at which each of the policy commitments was approved within the organisation, including whether this is the most senior level;	
		2-23-e	report the extent to which the policy commitments apply to the organisation's activities and to its business relationships	
		2-23-f	describe how the policy commitments are communicated to workers, business partners, and other relevant parties	

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-24	Embedding policy commitments			
		2-24-a	describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including: i. how it allocates responsibility to implement the commitments across different levels within the organisation; ii. how it integrates the commitments into organisational strategies, operational policies, and operational procedures; iii. how it implements its commitments with and through its business relationships; iv. training that the organisation provides on implementing the commitments.	Prosperity/Anti-corruption People/Occupational health and safety People/Employment People/Human rights
2-25	Processes to remediate negative impacts			
		2-25-a	describe its commitments to provide for or cooperate in the remediation of negative impacts that the organisation identifies it has caused or contributed to	Höegh Autoliners' principles apply to the entire supply chain. In cases where irregularities are discovered in relation to the supplier principles, remedial measures shall be implemented
		2-25-b	describe its approach to identify and address grievances, including the grievance mechanisms that the organisation has established or participates in	Our grievance and whistleblowing policy clearly outlines the steps for addressing employee grievances promptly and effectively. External hotline can be found here.
		2-25-c	describe other processes by which the organisation provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to	The investigator will as part of the process provide a report that includes corrective actions going forward to ensure the issue is both resolved on this particular occassion, but also to reduce the risk of it happening again.
		2-25-d	describe how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms	The design of our whisleblowing policy, procedure and system has been approved by the Executive team. We have regularly reviewed the policy, procedure and system making small improvements, however we have not had any whistleblowing incidents that have necessitated major changes to be made.
		2-25-e	describe how the organisation tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback	

General disclosures

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-26	Mechanisms for seeking advice and raising concerns			
		2-26-a	describe the mechanisms for individuals to: i. seek advice on implementing the organisation's policies and practices for responsible business conduct; ii. raise concerns about the organisation's business conduct	Prosperity External hotline can be found here.
2-27	Compliance with laws and regulations			
		2-27-a	report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a break-down of this total by: i. instances for which fines were incurred; ii. instances for which non-monetary sanctions were incurred	Prosperity/Anti-corruption Prosperity/Customer privacy People/Child labour To our knowledge there are no significant instances of non-compliance with laws and regulations during the reporting period
		2-27-b	report the total number and the monetary value of fines for instances of noncompliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by: i. fines for instances of non-compliance with laws and regulations that occurred in the current reporting period; ii. fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods	To our knowledge there are no significant instances of non-compliance with laws and regulations during the reporting period
		2-27-c	describe the significant instances of non-compliance	n/a
		2-27-d	describe how it has determined significant instances of non-compliance	n/a
2-28	Membership associations			
		2-28-a	report industry associations, other membership associations, and national or international advocacy organisations in which it partici-pates in a significant role	Planet/Partners on our Path to zero Also refer to our webpage
2-29	Approach to stakeholder engagement			
	List of stakeholder groups, Identifying and selecting stakeholders	2-29-a	"describe its approach to engaging with stakeholders, including: i. the categories of stakeholders it engages with, and how they are identified; ii. the purpose of the stakeholder engagement; iii. how the organisation seeks to ensure meaningful engagement with stakeholders.	Double Materiality Assessment

Standard number	Disclosure title	Disclosure number	Description of disclosure	Reference
2-30	Collective bargaining agreements			
		2-30-a	report the percentage of total employees covered by collective bargaining agreements	We do not report the percentage of total employees covered by collective bargaining agreement
		2-30-b	for employees not covered by collective bargaining agreements, report whether the organisation determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organisations.	People/Freedom of association and collective bargaining

Material Topics

Standard number	Disclosure title	Disclosure number	Content	Disclosure
3-1	Process to determine material topics	3-1		
		3-1-a	"describe the process it has followed to determine its material topics, including: i. how it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships; ii. how it has prioritized the impacts for reporting based on their significance"	Double Materiality Assessment
		3-1-b	"specify the stakeholders and experts whose views have informed the process of determining its material topics."	Double Materiality Assessment
3-2	List of material topics	3-2		
		3-2-a	list its material topics	Double Materiality Assessment
		3-2-b	report changes to the list of material topics compared to the previous reporting period	Double Materiality Assessment

Standard number	Disclosure title	Disclosure number	Content	Disclosure
3-3	Management of material topics	3-3		
		3-3-a	"describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights"	People Planet Prosperity
		3-3-b	"report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships"	People Planet Prosperity
		3-3-c	describe its policies or commitments regarding the material topic	People Planet Prosperity
		3-3-d	"describe actions taken to manage the topic and related impacts, including: i. actions to prevent or mitigate potential negative impacts; ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; iii. actions to manage actual and potential positive impacts"	People Planet Prosperity
		3-3-e	"report the following information about tracking the effectiveness of the actions taken: i. processes used to track the effectiveness of the actions; ii. goals, targets, and indicators used to evaluate progress; iii. the effectiveness of the actions, including progress toward the goals and targets; iv. lessons learned and how these have been incorporated into the organisation's operational policies and procedures"	People Planet Prosperity
		3-3-f	"describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e)."	People Planet Prosperity

Performance indicators

Standard number	Disclosure name	Disclosure number	Disclosure title	Reference
GRI 201	Economic Performance			
		201-1	Direct economic value generated and distributed	Financial statements
		201-3	Defined benefit plan obligations and other retirement plans	Financial statements
		201-4	Financial assistance received from government	The Group has not received any financial assistance from government or governmental organisations during the reporting period. No government is present in the shareholding structure of Höegh Autoliners ASA.
GRI 205	Anti-corruption			
		205-1	Operations assessed for risks related to corruption	Prosperity/Anti-corruption
		205-2	Communication and training about anti-corruption policies and procedures	Prosperity/Anti-corruption
		205-3	Confirmed incidents of corruption and actions taken	Prosperity/Anti-corruption
GRI 302	Energy			
		302-1	Energy consumption within the organization	Planet/Emissions reporting
		302-2	Energy consumption outside of the organization	Not reported on energy cons outside of the organisation
		302-3	Energy intensity	Not reported on energy intensity. We do report CO2 intensity from our fleet - please refer to our Planet page for more information.
		302-4	Reduction of energy consumption	Not reported on energy reductions
		302-5	Reductions in energy requirements of products and services	Not reported on energy requirements
GRI 304	Biodiversity			
		304-2	Significant impacts of activities, products and services on biodiversity	Planet/Biodiversity and ecosystems
GRI 305	Emissions			
		305-1	Direct (Scope 1) GHG emissions	Planet/Emissions reporting
		305-2	Energy indirect (Scope 2) GHG emissions	Planet/Emissions reporting
		305-3	Other indirect (Scope 3) GHG emissions	Planet/Emissions reporting
		305-4	GHG emissions intensity	Planet/Carbon intensity performance 2023
		305-5	Reduction of GHG emissions	Planet/Emissions reporting The company has set reduction targets for its carbon intensity (reduction of more than 30% by 2030, from a 2019 base year). The 2019 baseline was selected as it's the latest year with available and verified global GHG emissions data under normal operations
		305-7	Nitrogen oxides (Nox), sulfur oxides (Sox), and other significant air emissions	Planet/Emissions reporting

Standard number	Disclosure name	Disclosure number	Disclosure title	Reference
GRI 306	Waste			
		306-3	Waste generated	Planet/Waste
		306-4	Waste diverted from disposal	Not reported on waste diverted from disposal
GRI 308	Supplier Environmental Assessment			
		308-1	New suppliers that were screened using environmental criteria	Prosperity/Supplier assessment
		308-2	Negative environmental impacts in the supply chain and actions taken	Planet
GRI 401	Employment			
		401-1	New employee hires and employee turnover	People/Employment HR data appendix
		401-2	Benefits provided to full-time employees that are not provided to temporay or part-time employees	People/Employment
		401-3	Parental leave	HR data appendix page 7
GRI 403	Occupational Health and Safety			
		403-1	Occupational health and safety management system	People/Occupational health and safety
		403-2	Hazard identification, risk assessment, and incident investigation	People/Occupational health and safety
		403-3	Occupational health services	People/Occupational health and safety
		403-5	Worker training on occupational health and safety	People/Occupational health and safety
		403-6	Promotion of worker health	People/Occupational health and safety
		403-8	Workers covered by an occupational health and safety management system	People/Occupational health and safety
		403-9	Work-related injuries	People/Occupational health and safety
		403-10	Work-related ill health	People/Occupational health and safety
GRI 405	Diversity and equal opportunity			
		405-1	Diversity of governance bodies and employees	People/Diversity and inclusion
		405-2	Ratio of basic salary and remuneration of women to men	Provided in separate D&I report
GRI 407	Freedom of association and collective bargaining			
		407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	People/Human Rights
GRI 408	Child labour			
		408-1	Operations and suppliers at significant risk for incidents of child labor	People/Human Rights
GRI 409	Forced or compulsory labour			
		409-1	Operations and suppliers at significant risk for incidents of fored or compulsory labor	People/Human Rights
GRI 414	Supplier social assessment			
		414-1	New suppliers that were screened using social criteria	Prosperity/Supplier assessment
		414-2	Negative social impacts in the supply chain and actions taken	People/Human rights
GRI 418	Customer privacy			
		418-1	Substantial complaints concerning breaches of customer privacy and losses of customer data	Prosperity/Customer Privacy

SASB Disclosures

Table 1. Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting metric	Category	2023 Data	Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Planet/Emissions reporting	TR-MT-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	Planet/Emissions reporting	TR-MT-110a.2
	(1) Total energy consumed, (2) percentage heavy fuel oil, (3) percentage renewable (Gigajoules (GJ), Percentage (%))	Quantitative	Planet/Emissions reporting	TR-MT-110a.3
	Average Energy Efficiency Design Index (EEDI) for new ships (Grams of CO_2 per ton-nauticalmile	Quantitative	13,02	TR-MT-110a.4
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, and (3) particulate matter (PM10)	Quantitative	Planet/Emissions reporting	TR-MT-120a.1
Ecological Impacts	Shipping duration in marine protected areas or areas of protected conservation status	Quantitative	Planet/Biodiversity and ecosystems	TR-MT-160a.1
	Percentage of fleet implementing ballast water (1) exchange and (2) treatment	Quantitative	Planet/Biodiversity and ecosystems	TR-MT-160a.2
	(1) Number and (2) aggregate volume of spills and releases to the environment	Quantitative	Planet/Waste	TR-MT-160a.3
Employee Health & Safety	Lost time incident rate (LTIR)	Quantitative	People/Occupational health and safety	TR-MT-320a.1
Business Ethics	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Quantitative	Prosperity/Anti-corruption	TR-MT-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Prosperity/Anti-corruption	TR-MT-510a.2
Accident & Safety Manage-ment	Number of marine casualties, percentage classified as very serious	Quantitative	Planet/Biodiversity and ecosystems	TR-MT-540a.1
	Number of Conditions of Class or Recommendations	Quantitative	242	TR-MT-510a.2
	Number of port state control (1) deficien-cies and (2) detentions	Quantitative	Planet/Biodiversity and ecosystems	TR-MT-540a.3

Table 2. Activity Metrics

Activity metric	Category	2023 Data	Code
Number of shipboard employees	Quantitative	HR Data Appendix, page 7	TR-MT-000.A
Total distance traveled by vessels	Quantitative	3 022 757	TR-MT-000.B
Operating days	Quantitative	13 274	TR-MT-000.C
Deadweight tonnage	Quantitative	800 010	TR-MT-000.D
Number of vessels in total shipping fleet	Quantitative	Fleet presentation	TR-MT-000.E
Number of vessel port calls	Quantitative	Business areas	TR-MT-000.F
Twenty-foot equivalent unit (TEU) capacity	Quantitative	245 300 CEU	TR-MT-000.G

To the Board of Directors of Höegh Autoliners ASA

Independent Practitioner's Assurance Report regarding Höegh Autoliner ASA's 2023 Scope 1 and Scope 2 emissions

We have undertaken a limited assurance engagement in respect of Höegh Autoliners ASA's Scope 1 and Scope 2 (location and market based) emissions and the relevant disclosures in the Greenhouse Gas Methodology Statement, for the period 1 January 2023 - 31 December 2023, as presented in Höegh Autoliners ASA's Annual Report 2023 (the Subject Matter).

The applicable criteria against which the Subject Matter has been evaluated is the Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (2004) (the Criteria) as explained in Höegh Autoliners Greenhouse Gas Methodology Statement. The Methodology Statement can be found in the appendix to the Annual Report 2023. The Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard, is available at https://ghgprotocol.org/corporate-standard.

Management's Responsibility
Management is responsible for the preparation of the Subject Matter Information in accordance with the applicable Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of a Subject Matter Information that is free from material misstatement, whether due to fraud or error.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions to different gases.

Our Independence and Quality Management
We have complied with the independence and other ethical requirements as required by relevant laws and regulations and of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities
Our responsibility is to express a conclusion on the Subject Matter Information based on the procedures we have performed and evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3410 revised – «Assurance Engagements on Greenhouse Gas Statements», issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement in accordance with ISAE 3410 involves assessing the suitability in the circumstances of management's use of the Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information

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whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries, obtained an understanding of Höegh Autoliners ASA's control environment and information systems relevant to emissions quantification and reporting, though we did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.

- Evaluated whether Höegh Autoliners ASA's methods for developing estimates are appropriate and have been applied consistently.

- Assessed whether the conversion factors used to calculate the Scope 1 and Scope 2 emissions are in accordance with the criteria and from sources accepted by the GHG Protocol.

- Performed analytical procedures and inquiries to assess the completeness of the emissions sources, data collection methods, source data and relevant assumptions applicable to Höegh Autoliners ASA’s operations.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Criteria

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information for the period 1 January 2023 - 31 December 2023 is not prepared, in all material respects, in accordance with the applicable Criteria.

Bergen, 23 April 2024
PricewaterhouseCoopers AS

Hanne S Johansen

Hanne Sælemyr Johansen
State Authorised Public Accountant