INFORMATION DOCUMENT

Höegh Autoliners ASA

(A public limited liability company incorporated under the laws of Norway)

Admission to trading of shares on Euronext Growth Oslo

This information document (the "**Information Document**") has been prepared by Höegh Autoliners ASA, a Norwegian public limited liability company registered with registration number 985 459 614 (the "**Company**", and, together with its consolidated subsidiaries, the "**Group**") solely for use in connection with the admission to trading (the "**Admission**") of all issued shares of the Company on Euronext Growth Oslo ("**Euronext Growth**").

As of the date of this Information Document, the Company's registered share capital is NOK 2,800,169,916, divided into 189,200,670 shares, each with a par value of NOK 14.80 (the "**Shares**").

The Shares have been approved for Admission on Euronext Growth and it is expected that the Shares will start trading at Euronext Growth on or about 29 November 2021 under the ticker code "HAUTO". The Shares are, and will continue to be, registered in the Norwegian Central Securities Registry (the "**VPS**") in book-entry form. All of the issued Shares rank pari passu with one another and each Share carries one vote.

Euronext Growth is a market operated by Euronext. Companies on Euronext Growth, a multilateral trading facility (MTF), are not subject to the same rules as companies on a Regulated Market (a main market). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a company on Euronext Growth may therefore be higher than investing in a company on a Regulated Market. Investors should take this into account when making investment decisions.

THE PRESENT INFORMATION DOCUMENT DOES NOT CONSTITUTE A PROSPECTUS WITHIN THE MEANING OF REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 14 JUNE 2017 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET, AND REPEALING DIRECTIVE 2003/71.

THE PRESENT INFORMATION DOCUMENT HAS BEEN DRAWN UP UNDER THE RESPONSIBILITY OF THE ISSUER. IT HAS BEEN REVIEWED BY THE EURONEXT GROWTH ADVISORS AND HAS BEEN SUBJECT TO AN APPROPRIATE REVIEW OF ITS COMPLETENESS, CONSISTENCY AND COMPREHENSIBILITY BY EURONEXT.

THIS INFORMATION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT HERETO.

Investing in the Company involves a high degree of risk. Prospective investors should read the entire document and, in particular, Section 1 ("Risk Factors") and Section 3.3 ("Cautionary note regarding forward-looking statements") when considering an investment in the Company and its Shares.

Euronext Growth Advisors

ABG Sundal Collier ASA

DNB Markets, a part of DNB Bank ASA

The date of this Information Document is 26 November 2021

IMPORTANT INFORMATION

This Information Document has been prepared solely by the Company in connection with the Admission. The purpose of the Information Document is to provide information about the Company and its business. This Information Document has been prepared solely in the English language.

Euronext Growth is subject to the rules in the Norwegian Securities Trading Act of 29 June 2007 no 75 (as amended) (the "**Norwegian Securities Trading Act**") and the Norwegian Securities Trading Regulations of 29 June 2007 no 876 (as amended) (the "**Norwegian Securities Trading Regulation**") that apply to such marketplaces. These rules apply to companies admitted to trading on Euronext Growth, as do the marketplace's own rules, which are less comprehensive than the rules and regulations that apply to companies listed on Oslo Børs and Euronext Expand. Euronext Growth is not a regulated market.

For definitions of terms used throughout this Information Document, please refer to Section 14 ("Definitions and glossary of terms").

The Company has engaged ABG Sundal Collier ASA ("**ABGSC**") and DNB Markets, a part of DNB Bank ASA ("**DNB**") as its advisors in connection with its Admission to Euronext Growth (the "**Euronext Growth Advisors**"). This Information Document has been prepared to comply with the Admission to Trading Rules for Euronext Growth (the "**Euronext Growth Admission Rules**") and the Content Requirements for Information Documents for Euronext Growth (the "**Euronext Growth Content Requirements**"). Oslo Børs ASA has not approved or reviewed this Information Document or verified its content.

All inquiries relating to this Information Document should be directed to the Company or the Euronext Growth Advisors. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Euronext Growth Advisors in connection with the Admission, if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Euronext Growth Advisors.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Information Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Information Document and before the Admission will be published and announced promptly in accordance with the Euronext Growth regulations. Neither the delivery of this Information Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Information Document is correct as of any time since its date.

The contents of this Information Document shall not be construed as legal, business or tax advice. Each reader of this Information Document should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Document, you should consult with your stockbroker, bank manager, lawyer, accountant or other professional advisor.

The distribution of this Information Document in certain jurisdictions may be restricted by law. Persons in possession of this Information Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Information Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Information Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Nw.: *Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Information Document.

Investing in the Company's Shares involves risks. Please refer to Section 1 ("Risk factors").

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**", and, together with the Positive Target Market, the "**Target Market Assessment**").

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

The members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the Group's senior management (the "**Management**") are not residents of the United States of America (the "**United States**"), and the Company's assets are located outside the United States. As a result, it may be very difficult for investors in the United States to effect service of process on the Company, the Board Members and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with Norway.

Similar restrictions may apply in other jurisdictions.

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1 RISK FACTORS

Investing in the Shares involves inherent risks. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Information Document, including the Financial Information and related notes. The risks and uncertainties described in this Section 1 ("Risk factors") are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of a negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialize, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Group may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Group's business, financial condition, results of operations and cash flow. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

The risk factors described in this Section 1 ("Risk factors") are sorted into a limited number categories, where the Company has sought to place each individual risk factor in the most appropriate category based on the nature of the risk it represents. The risks that are assumed to be of the greatest significance are described first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, and the fact that a risk factor is not mentioned first in its category does not in any way suggest that the risk factor is less important when taking an informed investment decision. The risks mentioned herein could materialise individually or cumulatively.

The information in this Section 1 ("Risk factors") is as of the date of this Information Document.

1.1 Risks related to the business and the industry in which it operates

1.1.1 Risk related to the recent outbreak of COVID-19

After the outbreak of the COVID-19 pandemic, the global economy has been experiencing a period of uncertainty. Authorities worldwide have adopted strict measures to reduce and slow its spread. These measures also impact global economic activity, and the Group has experienced negative impacts on the demand for ocean transportation of cargo.

Further, the COVID-19 outbreak may lead to further economic downturn which may negatively impact the Group's business and financial condition in ways that the Group cannot predict. Such economic downturn may also lead to a decline in customers' production or ability to pay for the Group's services, which could result in decreased demand for its vessels and services. Customers' inability to pay could also result in their default on the Group's current contracts.

There are still uncertainties regarding the definite consequences of the COVID-19 outbreak, and there is a risk that COVID-19 will have, and continue to have, negative impact on the Group's business, financial condition, cash flow, results of operation and/or prospects.

1.1.2 Risk relating to the shipping industry

Historically, the shipping industry has been highly cyclical, experiencing volatility in profitability and asset values. This has primarily been due to changes in the level and pattern of global economic growth, the highly competitive nature of the world of the shipping industry and changes in the supply of and demand for vessel capacity.

The Group's performance and growth depends heavily on a number of factors outside of the Group's control, such as the demand for deep-sea transportation of cars, high and heavy machinery and breakbulk cargo, the car manufacturing industry's ability to meet demand, supply of vessels built and old vessels recycled, converted to other uses or lost, availability of charter vessels, as well as government and industry regulation of maritime transportation. As a consequence of any changes in such factors, freight rates may fluctuate over time, and an increase in the supply of vessels or other vessel capacity without a corresponding increase in demand for transportation could cause freight rates to decline. An oversupply of vessels that can cause pressure on rates may materially adversely affect Group's business, financial condition, cash flow, results of operations, and/or prospects.

1.1.3 Risk related to newbuilding contracts

The Group has entered into a letter of intent (LOI) with China Merchants Heavy Industry (Jiangsu) Co., Ltd. (CMHI) for up to 12 Aurora newbuilds with four fixed commitments and two options for an additional four vessels (four plus four). The first two slots reserved for delivery are in 2H 2024, and then the next two delivery slots are in 1H 2025. The Aurora is the largest vessel design in the market with greatly enhanced economic and emissions performance compared to conventional vessels. Although the Company expects that such letter of intent will result in final shipbuilding contracts being entered into shortly after the completion of the Private Placement (as defined under section 6.1 below), no assurance can be given that such contracts will be entered into at such time or at all. Further, following the entering into the relevant shipbuilding contracts on basis of the letter of intent with CMHI, no assurance can be given that the relevant newbuilds will be delivered to the Group in accordance with the contracts in time. Moreover, as the Aurora newbuilds will be the first vessels of their kind, there is an inherent risk when novel vessels are set in operation that unexpected issues will occur after the delivery. The exercise of the two options for an additional four vessels will depend on market conditions, the Group's performance and cash position, and the availability of financing at the relevant time. The Group is under no obligation to exercise these options and there can be given no guarantee that the options will be exercised.

1.1.4 Risk related to customer contracts

There can be no assurance that the Group will be able to renew its existing customer contracts and/or establish additional customer agreements, or that any such future agreements will be on terms equally favourable to the Group as is currently the case. As is customary in the industry, certain customer contracts may include very limited terms, and be entered into on a purchase order basis, and, in line with market practice, there is generally no minimum cargo commitments or exclusivity in such contracts, although minimum commitments by customers may be entered into in respect of specific tenders. Further, certain customer contracts contain change of control provisions and it cannot be ruled out that certain of such clauses may be considered triggered in the context of the Private Placement. Moreover, the Group's operations in the United States in respect of the US Maritime Security Program are carried out through chartering arrangements with Maersk Line Limited, which is and affiliated company of the Company's shareholder A.P. Møller - Mærsk A/S, and any renewal of such arrangement upon expiry of the current term in 2025 may be influenced by A.P. Møller - Mærsk A/S' interest in the Company at such time. The Group's business, results of operations, cash flows, financial condition and/or prospects may be materially adversely affected if it fails to continue its current agreements or establish new agreements in a timely manner and on similar terms.

1.1.5 Risk related to competition

The shipping and logistics industries in which the Group operates are competitive. The Group obtains employment for its vessels in competitive markets, where it encounters competition from other owners and operators of roll-on roll-off ("**RoRo**") vessels, and pure car and truck carriers ("**PCTCs**").

The competition in the markets where the Group operates may lead to reduced profitability and/or expansion opportunities, and the Group's market share and competitive position in these markets may erode in the future. Any new markets that are entered into could include participants that have greater experience or financial strength than the Group, and it may thus not be successful in entering such new markets.

If any of these risks were to materialise, it may have a material adverse effect on the Group's business, financial condition, cash flow, results of operations and/or prospects.

1.1.6 Environmental risk

The activities of the Group are subject to environmental regulations, including a variety of international conventions and state and municipal laws and regulations. The Group is therefore subject to the risk of changes in such regulations, e.g. changes in regulations concerning emission of greenhouse gases. Compliance with such regulations may require significant expenditures, and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Changes in environmental laws may result in a material increase in the cost of operating the Group's vessels or otherwise materially adversely affect its business, financial condition, cash flow, results of operation and/or prospects.

1.1.7 Risk related to change in customers' or original equipment manufacturers production sites and sourcing

The geographical pattern of customers' or original equipment manufacturers' production sites and sourcing of cars and rolling equipment may change going forward, because of, inter alia, restructuring in the industries, growing protectionism, and currency concerns. A potential shift in the balance between locally produced and exported cargo may affect the overall demand for ocean transportation and could result in lower and less efficient utilisation of the Group's fleet. Shifts in production and sales may also result in lower and less utilisation of the Group's transportation networks, which in turn may have a material adverse effect on the Group's business, financial condition, cash flows, result of operation and/or prospects.

1.1.8 Geopolitical risk

The Group is active in a number of regions, which expose the Group to political, governmental and economic instability, which could in turn harm operations. Changes in the legislative, political, governmental and/or economic framework in the regions in which the Group carries on business could have a material impact on the business. In particular, changing laws and policies affecting trade, investment and changes in tax regulations could have a materially adverse effect on the Group's revenues, profitability, cash flows, financial condition and/or prospects.

1.1.9 Risk of incidents involving significant damage, loss or environmental contamination

The Group's vessels work in harsh environments. The vessels and cargoes are at risk of being damaged or lost because of events such as marine disasters, human errors, bad weather conditions, war and terrorism, grounding, fire, explosions and collisions, and faulty constructions. The Group's vessels have in the past been involved in accidents relating to e.g. collisions and outbreak of fire, and no assurance can be given that they will not occur in the future. Although the Group's vessels are covered by insurance, such coverage may not sufficiently cover all risks, liabilities or expenses that could be caused by such incidents, and accordingly, these may have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.1.10 Risks related to piracy, armed robbery, hijackings and kidnapping ("PAHK")

Acts of piracy and armed robbery have historically occurred in areas where the Group operates. As the vessels operated by the Group are very high and therefore difficult to board for pirates, the Group is considered to be less exposed to PAHK than shipowners operating in other segments. There is nevertheless a risk that acts of PAHK will continue to occur in these areas, and any acts of PAHK directed at the Group could harm the Group's personnel and materially adversely affect its business.

1.2 Legal and regulatory risk

1.2.1 Risk related to complex laws and regulations

The Group is subject to complex laws and regulations in the shipping industry and is required to commit significant financial and managerial resources to comply with these laws and regulations, including in the United States in respect of the US Maritime Security Program. Any change of existing laws or regulations or adoption of new laws or regulations in the jurisdictions where the Group operates imposing more stringent restrictions on the Group's activities, or any non-compliance with these, could materially adversely affect its business, financial condition, cash flow, results of operation and/or prospects.

1.2.2 Risk related to disputes, litigation and anti-trust

The Group operates in various legal and regulatory environments, and may therefore be involved in disputes and legal, administrative and governmental proceedings in Norway and other jurisdictions. Potential outcomes of such disputes and proceedings are subject to many uncertainties which can expose the Group to losses and liabilities. The final results of such disputes and proceedings may have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

The Group is, and has been, along with the most significant PCTC operators, subject to anti-trust investigations in different jurisdictions. Investigations have been finalised in 9 jurisdictions, 7 of which resulted in no charges or punitive action taken against the Group. The Group had one guilty plea in the US for isolated breaches and received three 'reprimands' in South Korea (but no fines). Currently, the Group is involved in three class actions in Canada regarding alleged breaches of anti-trust regulations in respect of price-fixing conspiracy. The claims are yet to be quantified. Mediation is being planned in respect of two of the claims and is tentatively scheduled for Q1 2022. The Group has had very limited business in Canada. Further, the administrative council for economic defence (CADE) in Brazil initiated cartel investigations against the Group in 2016 regarding breach of anti-trust regulations. A final decision by CADE is expected during end of 2021 or early 2022, although it may take longer. In addition, the Republic of South Africa (the RSA) initiated cartel investigations against the Company 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, likely due to the COVID-19 pandemic. The timing and potential outcome in respect of the said cases is uncertain, but a claim ruled unfavourably against the Group could result in fines, which are calculated as a percentage of the Group's turnover as further provided by the anti-trust regulations of the relevant countries. Further, in the event any of these cases are ruled unfavourably against the Group, it cannot be ruled out that this will have further adverse consequences for the Group, such as, but not limited to, claims for damages by third parties although the risk may be considered low as the Company has already settled such claims with certain clients.

1.2.3 Risk related to data protection and privacy regulations

To some extent, the Group receives, stores and processes personal data through its business and operations, which makes the Group exposed to data protection and data privacy laws and regulations which impose stringent requirements and provides high possible penalties for non-compliance, including the General Data Protection Regulation (EU) 2016/679 ("**GDPR**"). Any failure to comply with applicable data protection and data privacy laws and regulations, included privacy-related obligations to customers and any compromise of security that results in an unauthorized release, transfer or use of personal data in any of the countries in which the Group operates, may result in governmental enforcement, such as customer reactions, administrative fines, claims for compensation, actions, litigation or public statements against the Group and, in certain circumstances, breach of obligations towards customers, which could in turn have an adverse effect on the Group's current and future business and lead to reputational damage.

1.2.4 Insurance coverage may be inadequate

It is of importance for the Group's operations that the Group is able to procure the necessary and sufficient insurance cover at reasonable cost. There is a risk that the Group's insurance coverage may not cover all risks, liabilities or expenses that could result from its operations, and any claims exceeding the insurance coverage could potentially lead to material loss or liability for the Group. There is also a risk that the Group's existing insurance cover will not be sufficient for possible current or future needs, and that in the future, the Group will not be able to maintain the existing insurance cover at reasonable cost or at all.

Moreover, the protection that the Company obtains through its insurance policies may be limited due to, for example, limits on amounts and claims for payment of a deductible. If one or more losses are covered by the Group's insurances, there is in addition a risk that it is difficult and/or time consuming to obtain compensation from the insurance company concerned. There is therefore a risk that the Group's insurance will not cover all potential losses, regardless of cause, or that relevant insurance cover will not always be available at an acceptable cost, which could have an adverse effect on the Group's operations, financial position and earnings. Claims against the Group may also, notwithstanding the Group's insurance cover, result in an increase in the premiums that the Group pays under its insurance contracts. Significant increases in insurance premiums could have an adverse effect on the Company's operations, financial position and earnings.

1.3 Risk related to the Group's financial situation

1.3.1 Market risk

1.3.1.1 Cash flow interest 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. As of year-end 2020, the Group had secured USD 100 million (USD 100 million in 2019) to fixed rates through interest rate swaps, representing about 25% of the Group's net interest-bearing debt. For 2020, a change in interest rate of 1 percentage would have had an effect on the Group's profit before tax and equity, through the impact of net floating rate borrowings, of about USD 3.5 million (USD 3.6 million in 2019). As per the end of September 2021, the Group had no interest rate swaps. A change in interest rate of 1 percentage point would have an effect of about USD 5 million.

1.3.1.2 Foreign exchange interest risk

In general, fluctuations in foreign exchange rates may impact the Company's operating results. Foreign exchange risk arises from revenues and expenses incurred (transaction risk) and balance sheet items (translation risk) in currencies other than USD. 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 NOK and relates to general administrative expenses, wages and pension cost. The Group's mortgage debt is denominated in USD. The Group had no active currency hedges as of 30 September 2021.

1.3.1.3 Bunker price risk

The profitability and cash flow of the Group is influenced by the market price of bunker fuel, which is affected by numerous factors. The price of fuel oil has historically been volatile. An increase in fuel prices may materially affect the Group's profitability and put pressure on the operating margins, particularly in periods with price increases. Thus, the market price of bunker fuel may have a material adverse effect on the business, results of operations, cash flows and financial condition of the Group.

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 however not be fully compensated in periods of rapidly changing prices, but it will give reasonable compensation in most periods. The Group had no bunkers derivatives at year-end 2020.

A new regulation regarding the type of oil consumed on vessels (IMO 2020) entered into force on 1 January 2020. Low-sulphur oil compliant with the 0.5% cap on sulphur content will be completely new fuel for the shipping industry. The Company is, and has from the date of implementation been, fully compliant with IMO 2020.

1.3.2 Financing risk

The Group's financing agreements contain certain covenants and general undertakings, which are customary in financing of this type, which impose restrictions on the Group's operations, and impose financial restrictions on the Group. A breach of any such obligations and/or covenants could have a material adverse effect on the Group's operations, and even if the Group carefully monitors the key financial indicators and ratios, there is no assurance that the Group will be able to comply with financial covenants in the future. The Group's ability to service its debt and ensure compliance with financial and other covenants in its financing agreements going forward is subject to a number of risk factors, including but not limited to, the Group's ability to generate sufficient cash flow and operate in the ordinary course of business with positive cash flow, any need for further capital injections and refinancing, as well as general market risks and the future effects of the COVID-19 pandemic. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other risk factors, many of which are beyond the Group's control. Failure to comply with such covenants or obligations under the Group's financing agreements may constitute an event of default and that creditors as a result will be entitled to accelerate their claims against the Group, which will have a material adverse effect on the Group's business, financial conditions and/or prospects.

1.3.3 Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its liabilities as they fall due. An insufficient liquidity position may have a material adverse effect on the operations and development of the Group, which in turn may have a material adverse effect on the Group's results of operations, cash flow and financial condition.

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 seeks to have the majority of its liquidity in bank deposits.

1.3.4 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. The Group has derivatives with sound financial institutions.

The Group's profitability, cash flows and financial condition may be materially adversely affected, should its customers and/or other counterparties fail to meet their contractual obligations.

The 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 the Company. 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.

1.4 Risk relating to the Shares and the Admission

1.4.1 An active trading market for the Company's shares on Euronext Growth may not develop and the market price of the Shares may be volatile

The Company's Shares are not currently tradable on any stock exchange, other regulated marketplace or multilateral trading facility. No assurances can be given that an active trading market for the Shares will develop on Euronext Growth, nor sustain if an active trading market is developed. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following completion of the Admission.

An investment in the Shares involves risk of loss of capital, and securities markets in general have been volatile in the past. The trading volume and price of the Shares may fluctuate significantly in response to a number of factors beyond the Company's control, including adverse business developments and prospects, variations in revenue and operating results, changes in financial estimates, announcements by the Company or its competitors of new development or new circumstances within the industry, legal actions against the Group, unforeseen events and liabilities, changes in management, changes to the composition of shareholders, changes to the regulatory environment in which the Group will operate, or general market conditions. The market value of the Shares could also be substantially affected by the extent to which a secondary market develops or sustains for the Shares.

1.4.2 Concentration of ownership

Prior to the Private Placement, the Company's shareholders Leif Höegh & Co. Holdings AS and A.P. Møller - Mærsk A/S owned 98.7% of the total outstanding shares in the Company, and as at the date of this Information Document they hold 44.4% and 26.6% of the shares, respectively, in total 71.0% (prior to any exercise of the Greenshoe Option and/or return of the borrowed Shares, see Sections 6.5 and 10.4 below). Leif Höegh & Co. Holdings AS and A.P. Møller - Mærsk A/S may continue to own a significant shareholding in the Company. A large concentration of ownership may amongst other things have the effect of delaying, deterring or preventing a change of control of the Company that could be economically beneficial to other shareholders. The interests of shareholders exerting a significant influence over the Company may further not in all matters be aligned with the interests of the Company and the other shareholders of the Company, which in turn may have a negative effect on the governance and operations of the Company.

1.4.3 Future offerings of debt or equity securities by the Company may adversely affect the market price of the Shares and lead to substantial dilution of existing shareholders

The Company has no current plans for an offering of Shares or other share capital, however, the Company may in the future seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities in order to finance new capital-intensive projects, in connection with future acquisitions, unanticipated liabilities or expenses, for growth or for any other purposes. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price for the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. There can be no assurance that the Company will not decide to conduct further offerings of securities in the future, and because the time and nature of any future offering will depend on market conditions at the time of such an offering, the Company cannot predict or estimate the amount, timing or nature of any future offering. Accordingly, the shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

1.4.4 Future sales, or the possibility for future sales, of Shares after the Admission may affect the market price of the Shares

The Company cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on the market price of the Shares. Sales of substantial amounts of the Shares in the public market following the Admission, including by the major shareholders, or the perception that such sales could occur, could adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares at a time and price that they deem appropriate.

Although the Company, primary insiders holding Shares in the Company and the major shareholders have agreed with the Euronext Growth Advisors to restrictions, subject to certain exceptions, on their ability to sell or transfer Shares for a period after the first day of trading, the Euronext Growth Advisors may, in their sole discretion and at any time, waive such restrictions on sales or transfer during this period. Following the expiry of the applicable lock-up periods, or the waiver of the lock-up restrictions by the Euronext Growth Advisors, the Company's shareholders who were subject to lock-up may sell Shares in the open market or otherwise, subject to applicable securities laws restrictions. There can be no assurance that such parties will not sell Shares or effect other transactions upon the expiry of the applicable lock-up period or the waiver of the lock-up restrictions and the Company cannot predict the effect, if any, that future sales of Shares, or the availability of the Shares for future sale, will have on the market price of the Shares. During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lockup arrangements, the market price of the Shares may fall in anticipation of a sale of Shares. Any sales of substantial amounts of Shares in the public market, or the perception or any announcement that such sales might occur, could result in a material adverse effect on the market price of the Shares and could impair the Group's ability to raise capital through the sale of additional equity securities.

1.4.5 Investors could be unable to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) could be unable to vote such Shares unless their ownership is (a) re-registered in their names with the VPS prior to any General Meeting or (b) the registered nominee holder grants a proxy to such beneficial owner in the manner provided for in the Articles of Association in force at that time and pursuant to the contractual relationship, if any, between the nominee and the beneficial owner, to vote for such Shares. There is no assurance that beneficial owners of the Shares will receive the notice of any General Meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners. Any person that hold their shares through a nominee arrangement should consult the nominee to ensure that any Shares beneficially held are voted for in the manner desired by such beneficial owner.

1.4.6 Norwegian law could limit shareholders' ability to bring an action against the Company

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For example, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it could be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

1.4.7 The value of the Shares and any dividend paid on the Shares could for investors whose principal currency is not NOK adversely affected by exchange rate fluctuations

The Shares on Euronext Growth will be priced and traded in NOK and, although any future payments of dividends on the Shares will be denominated in USD, such dividends will be distributed through the VPS in NOK. Further, a material part of the Group's assets and earnings are denominated in USD. Consequently, exchange rate movements will affect the value of dividends and distributions for investors whose principal currency is not NOK, as well as the value of the Group's assets and earnings. This entails that both the Company and the Shareholders are exposed to exchange rate fluctuations, and that negative exchange rate developments may, especially over time, materially and adversely affect the value of the Shares and the Group.

Investors registered in the VPS who have not supplied the VPS with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant investor's currency will be the VPS Registrar's exchange rate on the payment date.

1.4.8 The Shares are subject to restrictions on dividend payments

Norwegian law provides that any declaration of dividends must be adopted by the Company's General Meeting. Dividends may only be declared to the extent that the Company has distributable funds and the Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to maintain its liquidity and financial position. Accordingly, the size of any future dividend from the Company to the shareholders is dependent on a number of factors, such as the Company's business development, results, financial position, cash flow, available liquidity and need for working capital. There are many risks that may affect the Company's earnings, and there can be no guarantee that the Company will be able to present results that enable distribution of dividends to the shareholders in the future. If no dividend is distributed, the shareholders' return on investment in the Company will solely generate on the basis of the development of the share price.

1.4.9 The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

None of the Shares have been registered under the US Securities Act of 1933 (as amended) (the "US Securities Act") or any US state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act and other applicable securities laws. In addition, there is no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings. Further, investors in the United States and other jurisdictions may have difficulty enforcing any judgment obtained in their local jurisdiction against the Company or its directors or executive officers in Norway.

1.4.10 The Company is subject to the Euronext Growth Rule Book which may deviate from the regulations for securities trading on Oslo Børs and Euronext Expand, and which may imply a risk of a lower degree of transparency and minority protection

The Company is subject to the rules of the Market Abuse Regulation ((EU) No. 596/2014, MAR) and the Securities Trading Act applicable to securities admitted to trading on a multilateral trading facility and the Euronext Growth Rule Book. Such obligations may differ from the obligations imposed on companies whose securities are listed on Oslo Børs or Euronext Expand. The Company is not subject to any takeover regulations meaning that an acquirer may purchase a stake in the Shares exceeding the applicable thresholds for a mandatory offer for a company listed on Oslo Børs or Euronext Expand without triggering a mandatory offer for the remaining Shares. In accordance with Euronext Growth Rule Book Part I, section 4.3, and without prejudice to national regulations, the Company shall make public within five (5) trading days of becoming aware, any situation where a person, acting alone or in concert, reaches, exceeds or falls below a major holding threshold of fifty percent (50%) or ninety percent (90%) of the capital or voting rights. Furthermore, there is no other requirement to disclose large shareholdings in the Company (Nw.: *flaggeplikt*). These deviations from the regulations applicable to securities trading on Oslo Børs or Euronext Expand may, alone or together, impose a risk to transparency and the protection of minority shareholders. An investment in the Shares is suitable only for investors who understand the risk factors associated with an investment in a company admitted to trading on Euronext Growth Oslo. The Company is considering to apply for a transfer to the main list (Oslo Børs) within 6-12 months, and will if and when such transfer takes place be subject to the obligations imposed on companies listed on Oslo Børs, but no assurance can be made that such transfer will be made within 6-12 months or at all.

2 RESPONSIBILITY FOR THE INFORMATION DOCUMENT

This Information Document has been prepared solely in connection with the Admission on Euronext Growth.

We declare that, to the best of our knowledge, the information provided in the Information Document is fair and accurate and that, to the best of our knowledge, the Information Document is not subject to any material omissions, and that all relevant information is included in the Information Document.

26 November 2021

The Board of Directors of Höegh Autoliners ASA

____

Leif O. Høegh
(chair)

_____________________	_____________________
Jan Bjørn Kjærvik (deputy chair)	Martine Evelyn Vice Holter (board member)
_____________________	_____________________
Lise Duetoft (board member)	Kristian Bai Høllund (board member)

3 GENERAL INFORMATION

3.1 Other important investor information

The Company has furnished the information in this Information Document. No representation or warranty, express or implied, is made by the Euronext Growth Advisors as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Information Document is, or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. The Euronext Growth Advisors assumes no responsibility for the accuracy or completeness or the verification of this Information Document and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this Information Document or any such statement.

Neither the Company nor the Euronext Growth Advisors, or any of their respective affiliates, representatives, advisors or selling agents, is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his her, or its own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

3.2 Presentation of financial and other information

3.2.1 Financial information

The Company's audited consolidated financial statements for the financial years ended 31 December 2020 and 31 December 2019 (the "**Annual Financial Statements**") have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The Annual Financial Statements have been audited by the Company's auditor, PricewaterhouseCoopers AS.

The Company's unaudited consolidated interim financial statements for the nine months ended 30 September 2021 (the "**Interim Financial Statements**") have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union (EU) ("**IAS 34**"). The Annual Financial Statements and the Interim Financial Statements are hereinafter jointly referred to as the "**Financial Information**".

The Company presents the Financial Information in USD (presentation currency). Reference is made to Section 8 ("Selected financial information and other information") for selected information from the Company's Financial Information.

3.2.2 Industry and market data

In this Information Document, the Company has used industry and market data obtained from independent industry publications, market research and other publicly available information. Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Information Document that was extracted from industry publications or reports and reproduced herein.

Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Information Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 ("Risk factors") and elsewhere in this Information Document.

Unless otherwise indicated in the Information Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

3.3 Cautionary note regarding forward-looking statements

This Information Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Information Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. For a non-exhaustive overview of important factors that could cause those differences, please refer to Section 1 ("Risk factors").

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Information Document.

4 REASONS FOR THE ADMISSION

The Company believes that the Admission will:

- facilitate the funding of the equity part of the first 4x Aurora vessels together with general corporate purposes;
- enhance the Group's profile with investors, business partners, suppliers and customers;
- allow for a trading platform and liquid market for the Shares;
- facilitate for a more diversified shareholder base and enable additional investors to take part in the Group's future growth and value creation;
- provide a platform to pursue inorganic growth opportunities (e.g. M&A) through an eased access to (i) equity capital markets and (ii) use of Shares as currency in future M&A transactions; and
- further improve the ability of the Group to attract and retain key management and employees.

No equity capital or proceeds will be raised by the Company upon the Admission, but the Company has completed a private placement immediately prior to the Admission, as further described in Section 6 ("The Private Placement").

5 DIVIDENDS AND DIVIDEND POLICY

5.1 Dividend policy

The Company will strive to follow a dividend policy favourable to the shareholders. The amount of any dividend to be distributed will be dependent on, inter alia, the Company's investment requirements and rate of growth. There can be no assurance that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the policy. The Company targets to distribute dividends to shareholders of between 30-50% of annual net profit after tax, taking into consideration its outlook, investment opportunities and financial position. Any recommendation of dividends will, however, be at the discretion of the Board of Directors. Dividends will be declared in USD.

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in Section 5.2 ("Legal and contractual constraints on the distribution of dividends") below, as well as capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility.

The Company has not paid any dividends in 2021, and did not pay any dividends during the financial years 2020 or 2019.

5.2 Legal and contractual constraints on the distribution of dividends

In deciding whether to propose a dividend and in determining the dividend amount in the future, the Board of Directors must take into account applicable legal restrictions, as set out in the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (as amended) (the "**Companies Act**"), the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in force at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Companies Act, the amount of dividends paid may not exceed the amount proposed by the Board of Directors.

Dividends may be paid in cash or in some instances in kind. The Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Companies Act sets out the legal framework for dividends, and provides that the Company may distribute dividends only to the extent that the Company after said distribution still has net assets to cover (i) the share capital and (ii) other restricted equity (i.e. the reserve for unrealized gains and the reserve for valuation of differences).

- The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorize the Board of Directors to declare dividends on the basis of the Company's annual accounts. Dividends may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.

- Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

Pursuant to the Company's financing agreements, dividends can be distributed provided that: (i) no default is continuing under the applicable financing agreement or would result from the dividend payment, (ii) the book equity is greater than 35% of total assets immediately after making the dividend payment, and (iii) the Company is, and will on a pro forma basis until the final maturity date remain in compliance with applicable financial covenants (measured immediately after making the dividend payment).

Pursuant to the Companies Act, a subscriber of new shares in a Norwegian public limited company will be entitled to resolved dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises, unless otherwise resolved by the General Meeting. The Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no general dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 11 ("Norwegian taxation").

5.3 Manner of dividend payment

Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder, and will be paid to the shareholders through the VPS Registrar. Shareholders registered in the VPS who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

6 THE PRIVATE PLACEMENT

6.1 Details of the Private Placement

On 24 November 2021, the Company resolved to complete a private placement (the "**Private Placement**"), consisting of a share capital increase raising gross proceeds of NOK 1,207.5 million for the Company, by issuing in total 57,500,000 new Shares, each with a nominal value of NOK 14.80, at a subscription price of NOK 21.00 per Share.

The bookbuilding period for the Private Placement took place from 22 November 2021 to 24 November 2021, notifications of allocation were issued on 25 November 2021. The share capital increase was registered in the Norwegian Register of Business Enterprises on 25 November 2021, and the delivery of the new Shares in the Private Placement was made through the facilities of the VPS following the registration.

6.2 Shareholdings following the Private Placement

Following the completion of the Private Placement, the Company has the shareholders set out in Section 10.4 ("Ownership structure").

6.3 Use of proceeds

The proceeds from the Private Placement will primarily be used to fund the equity part of the first 4x Aurora vessels and general corporate purposes.

6.4 Dilution

For any existing shareholders not participating in the Private Placement, the issue of new Shares implied a dilution of approximately 30% (prior to any exercise of the Greenshoe Option, as set out in Section 6.5 below).

6.5 Price stabilisation measures

In connection with the Private Placement, the Euronext Growth Advisors has over-allotted a total of 7,500,000 shares in the Company to the applicants, equalling approximately 13% of the total number of new Shares allocated in the Private Placement. In order to permit delivery in respect of such over-allotments made, Leif Höegh & Co. Holdings AS has lent to DNB (the "**Stabilisation Manager**"), on behalf of the Euronext Advisors, a number of existing shares in the Company equal to the number of over-allotted shares. Further, the Company has granted to the Stabilisation Manager, on behalf of the Euronext Advisors, a greenshoe option to subscribe for and have issued at a price of NOK 21.00 per Share, up to 7,500,000 Shares in the Company (the "**Greenshoe Option**"). The Greenshoe Option is exercisable, in whole or in part, by the Stabilisation Manager, on behalf of the Euronext Advisors, within 30 days period from the first day of trading of the Company's Shares on Euronext Growth (the "**Stabilisation Period**").

The Stabilisation Manager may (but will be under no obligation to) effect stabilisation activities in accordance with the EU Market Abuse Regulation with supplemental rules, in the Stabilisation Period in order to support the market price of the Shares. However, stabilisation actions may not necessarily occur and may cease at any time. Any stabilisation action may begin on or after the date of commencement of trading of the shares on Euronext Growth and, if begun, may be ended at any time, but it must end no later than 30 days after that date. Stabilisation may result in a price of the shares that is higher than might otherwise prevail, and the price may reach a level that cannot be maintained on a permanent basis.

6.6 Lock-up

6.6.1 The Company

Pursuant to a lock-up undertaking entered into in connection with the Private Placement, the Company has agreed to not, without the written consent of the Euronext Growth Advisors, during the period from the date of the lock-up undertaking and until 6 months after the first day of trading of the Company's shares on Euronext Growth Oslo (the "**Restricted Period**"), (1) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other equity interest in the capital of the Company or any securities convertible into or exercisable for such Shares or other equity interests, or (2) enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or other equity interests, whether any such transaction described in (1) or (2) above is to be settled by delivery of the Shares or other securities or interests, in cash or otherwise, or (3) market or otherwise seeking investor interest for its

Shares, or conducting any bookbuilding exercises for any sale of its Shares or (4) publicly announce or indicate an intention to effect any transaction specified in (1) or (2) above. For the avoidance of doubt, no activities mentioned in section 2 in the above shall be permitted until the day immediately following the date on which the Restricted Period ends. The foregoing shall not apply to (i) the granting of options or other rights to Shares, or the honouring of options or such other rights to Shares, by the Company pursuant to any management or employee share incentive schemes that has been disclosed in the investor documentation for the Private Placement, (ii) without prejudice to the foregoing, the issue of consideration shares in any other bona fide M&A transactions where the Company is the purchasing party or to fund mergers or acquisitions, provided that the aggregate of such Shares issued in connection with such transactions does not exceed 10% of the outstanding share capital of the Company after the completion of the Private Placement, or (iii) the sale and issuance of Shares in the Private Placement (including, if relevant, the issuance of Shares as part of any greenshoe option granted to the Euronext Growth Advisors in connection with the Private Placement).

6.6.2 Primary Insiders

Pursuant to lock-up undertakings entered into in connection with the Private Placement, the primary insiders of the Company that own shares in the Company have agreed to not, without the written consent of the Euronext Growth Advisors, during the period from the date of the lock-up undertaking and until 12 months from the first day of trading of the Shares on Euronext Growth, directly or indirectly (1) offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, pledge or otherwise transfer or dispose of or agree to dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, whether any such transaction described in (1) or (2) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, (3) market or otherwise seeking investor interest for its Shares, or conducting any bookbuilding exercises for any sale of its Shares or (4) agree or publicly announce an intention to effect any transaction specified in (1), (2) or (3) above. The foregoing shall not apply to (A) any transfer of Shares to any entity directly or indirectly controlled by the primary insider who (i) assume the same lock-up obligations as undertaken by the primary insider and (ii) remain wholly owned or under the direct or indirect control by the primary insider for the remaining part of the period set out above, (B) the acceptance (including pre-acceptance) of a tender or takeover offer to acquire all Shares in the Company, or (C) voting in favour of and exchanging shares in a statutory merger in which the Company is a merging party. For the CEO, Andreas Enger, the aforementioned restrictions shall neither apply to any pledges which have, at the date of the lock-up undertaking, been agreed to be established over the Shares in favour of Leif Höegh & Co Holdings AS.

6.6.3 Major Shareholders

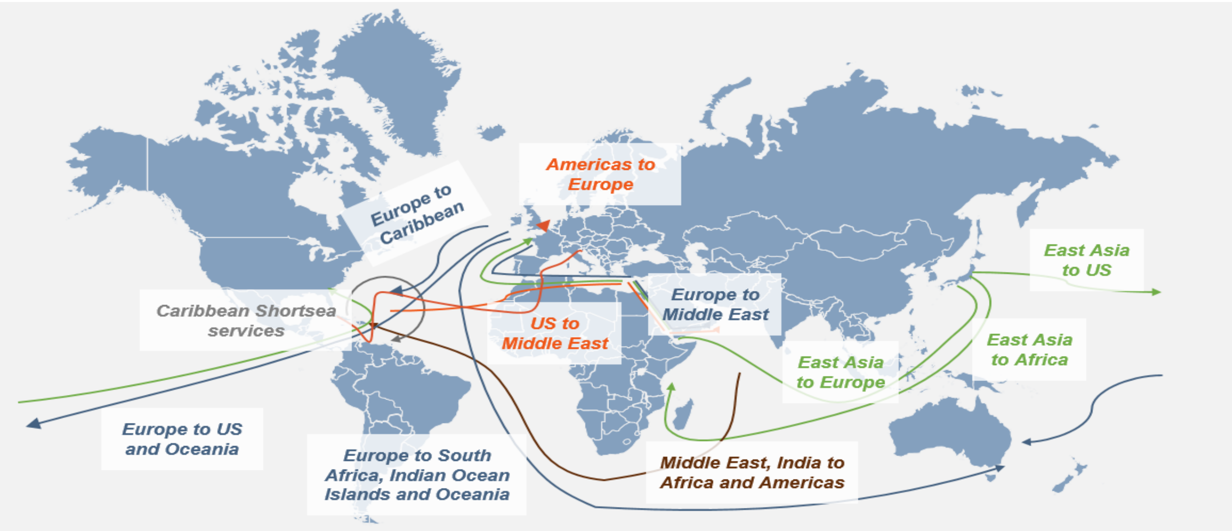
Pursuant to lock-up undertakings entered into in connection with the Private Placement, the major shareholders in the Company, Leif Höegh & Co Holdings AS and A.P. Møller - Mærsk A/S, have agreed to not, without the prior written consent of the Euronext Growth Advisors, during the period from the date of the lock-up undertaking and until 6 months from the first day of trading of the Shares on Euronext Growth, directly or indirectly (1) offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, pledge or otherwise transfer or dispose of or agree to dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, whether any such transaction described in (1) or (2) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, (3) market or otherwise seeking investor interest for its Shares, or conducting any bookbuilding exercises for any sale of its Shares or (4) agree or publicly announce an intention to effect any transaction specified in (1), (2) or (3) above. The foregoing shall not apply to (A) any transfer of Shares to any entity directly or indirectly controlled by the shareholder who (i) assume the same lock-up obligations as undertaken by the shareholder and (ii) remain wholly owned or under the direct or indirect control by the shareholder for the remaining part of the period set out above, (B) the acceptance (including pre-acceptance) of a tender or takeover offer to acquire all Shares in the Company, (C) voting in favour of and exchanging shares in a statutory merger in which the Company is a merging party or (D) any share lending to the Euronext Growth Advisors as part of an over-allotment arrangement in connection with the Private Placement.

7 BUSINESS OVERVIEW

This section provides an overview of the Company's business as of the date of this Information Document. The following discussion contains forward-looking statements that reflect the Company's plans and estimates, see Section 3.3 ("Cautionary note regarding forward-looking statements") above, and should be read in conjunction with other parts of this Information Document, in particular Section 1 ("Risk factors").

7.1 Introduction

The Group is a leading global provider of transportation and logistics services within the Roll-on Roll-off segment, with a fleet of in total 40 vessels, of which 27 vessels are owned and 13 vessels are long-term chartered. The Company is based in Norway, but with subsidiaries in several jurisdictions the Group operates globally. In total, approximately 375 people from 30 nationalities are employed by the Group, working out of 16 offices around the world. In addition, around 1,250 seafarers are employed by the Group, through its crewing companies in the Philippines and China. The Group operates 11 trade routes, as illustrated below:



7.2 History and important events

The table below shows the Group's key milestones for the Group from its inception and to the date of this Information Document:

Year	Event
1927	• Leif Höegh & Co. founded as a tanker owner
1970	• Höegh Ugland Auto Liners (HUAL) – joint venture formed with Ugland
2006	• Split of the Company into two separate entities - Höegh Autoliners and Höegh LNG
2008	• Relocation of the ship-owning activities from Bermuda to Norway
2008	• Change of entity name to Höegh Autoliners Holdings AS
2008	• The Company acquired a fleet of 12 car carriers from A.P. Møller – Mærsk and A.P. Møller – Mærsk became a minority shareholder
2015/2016	• Delivery of the largest and greenest vessels in the market: the Horizon class (8,500 CEU)
2021	• Conversion to public limited liability company and change of entity name from Höegh Autoliners Holdings AS to Höegh Autoliners ASA
2021	• Completion of the Group's first carbon neutral voyage

2021	• Signed letter of intent with China Merchants Heavy Industry (Jiangsu) Co., Ltd. to build a series of the Group's multi-fuel and ammonia ready Aurora class vessels
2021	• Private Placement and listing on Euronext Growth

7.3 The Group's vision

Höegh Autoliners delivers high quality ocean transportation solutions to global customers. Our vision is a zero emissions future and we are working to reduce our carbon footprint and support decarbonising our customers' supply chain.

7.4 The Group's business

7.4.1 General

The Group operates a global network of deep sea trades for transportation of RoRo cargo such as cars, high and heavy machinery and breakbulk by their PCTCs. Each year, the Group transports around 1.5 million car equivalent units ("**CEU**") as well as other rolling and static cargo. In addition to the deep sea trades, the Group also provides shortsea services in the Caribbean with a wide selection of ports.

7.4.2 The Business

The Group offers ocean transportation of RoRo cargo, which is mainly cars, high and heavy machinery and breakbulk. The customer base mainly consists of the automotive industry, various equipment manufacturers and freight forwarders.

7.4.3 The Fleet

The Group currently operates a fleet of 40x PCTCs, of which 27x are owned and 13x are chartered, with capacity ranging from 2,300 to 8,500 CEU. The average age of the fleet is around 14.5 years.[1]

In 2015, the Group took delivery of two in a series of six Post-Panamax vessels in the New Horizon design. The remaining four were delivered during 2016. The New Horizon design is the world's largest PCTC vessel with 14 decks, covering an area of 71,400 m^2 and carrying capacity of 8,500 CEU. With a 375 tonne capacity stern ramp, 22 tonne capacity side ramp, 6.5 meter height on the main deck and five hoistable decks, the new design provides more operational flexibility. Enhanced flexibility, larger capacity and optimised hull and energy efficiency reduce the vessels' environmental impact and ensure a better service to the Group's customers.

7.4.4 Potential new shipbuilding contracts

The Group has entered into a letter of intent (the "**LOI**") with China Merchants Heavy Industry (Jiangsu) Co., Ltd. (CMHI) for up to 12 Aurora class newbuilds, with four fixed commitments and two options for an additional four vessels (four plus four). Under the terms of the LOI, the first two slots reserved for delivery are in 2H 2024, and then the next two delivery slots are in 1H 2025. The LOI price per vessel is USD 99 million, with payment terms of five tranches of 15%, 10%, 10%, 10% and 55%.

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 is expected to be the world's largest and most environmentally friendly car carrier to be built.

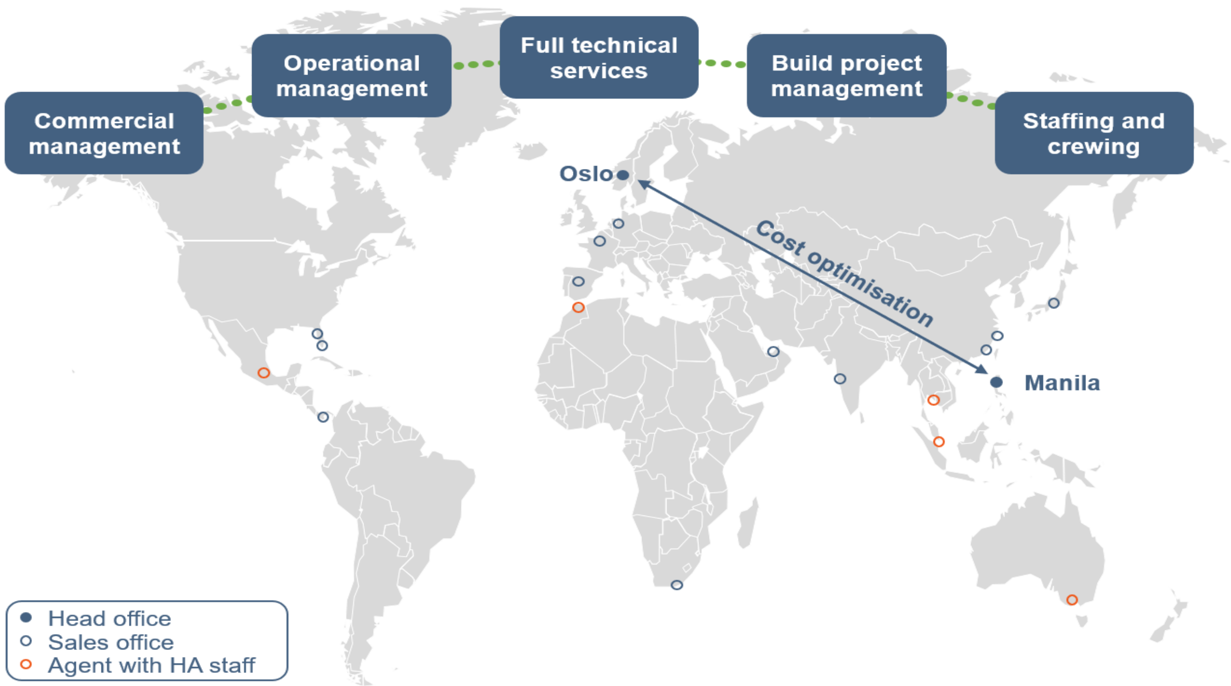
Although the Company expects that the LOI will result in final shipbuilding contracts being entered into shortly after completion of the Private Placement and the Listing, no assurance can be given that such contracts will be entered into at such time or at all.

[1] On 22 November, the Company announced that it had accepted an offer for the sale of the vessel Höegh Masan for a purchase price of USD 12,530,000 (incl. dry dock spares and equipment for a total value of approximately USD 400,000). The delivery is expected to take place in Q1 2022.

7.4.5 Organisation of the business

The Group has a focus on inhouse expertise, and has undergone an operational restructuring in order to obtain inhouse control across the business system:

- The Group's head office in Oslo (Norway) is focused solely on strategic, managerial and key staff functions.
- The office in Manila (Philippines) has successfully developed into an operational and support/back-office hub, which includes (i) customer services and operational support functions within sustainability, marine insurance claims, quality assurance, cargo and post operations, (ii) accounting and control, as well as (iii) corporate support functions such as IT development and IT support, HR and legal.
- Local sales and operation offices has been gradually reduced in number and streamlined and combined with global network of agents.
- Höegh Technical Management in Manila (Philippines) provides technical management and fleet services.
- Inhouse crewing offices in Manila (Philippines) and Quanzhou (China) with more than 1,000 seafarers provide officers and crew.
- New build project management provides newbuild supervision, including pre and post contract consultancy and technical support.



7.4.6 Sustainability

7.4.6.1 General

The Company is committed to uphold a business model and support the growing world trade through sustainable service offerings. The Company aims to contribute to sustainable development by operating as a socially responsible shipping company; actively integrating social and environmental concerns into the business operations. As a patron of the UN Global Compact Action platform for sustainable ocean business, the Company is committed to conduct its business in a safe, responsible and transparent manner. The Group's sustainability activities are focused in four main areas:

i) <u>Responsible business partner:</u> As a responsible business partner, the Group is committed to conduct its business with utmost regard to ethical business principles and acts in line with applicable laws, ethical, environmental and community norms. The Company is a co-founder and active member of the Maritime Anti-Corruption Network (MACN).

ii) Reducing the environmental footprint: The Company believes in taking responsibility for the environment in which it operates by taking measures to minimise its impact on the environment. The investment in the Aurora class new build programme reflects the Company's vision and strong commitment to net zero ocean transportation.

iii) Creating a safe and inclusive place to grow: The Company believes that a safe and inclusive working environment is essential to employee health, operational safety and employee engagement. The Company is close to achieving gender parity for land based staff.

iv) Protection life below sea: Protecting life below sea is a priority for the Group. It actively works to reduce over board emissions to protect the ocean's biodiversity and ecosystems. In 2021, majority of Höegh Autoliners' vessels have ballast water treatment systems (BWTS) installed on board with only two remaining vessels scheduled for BWTS installation following dry-docking schedule in February 2022 and December 2022 respectively. The Company furthermore operate a zero garbage overboard policy.

The Group is a signatory of the Getting-to-Zero coalition's call to action to accelerate the decarbonisation in shipping and it is committed to the Norwegian Shipowners Association target of 50% emissions reduction by 2030. It is the Company's ambition to reach net zero carbon emissions by 2040.

7.4.6.2 Clean Cargo

The Group has joined Clean Cargo, a business-to-business leadership initiative that involves major brands, cargo carriers, and freight forwarders dedicated to reducing the environmental impacts of global transportation and promoting responsible shipping. Members share a vision of a shipping industry that is a responsible part of sustainable supply chains and that supports clean oceans, healthy port communities, and global climate goals.

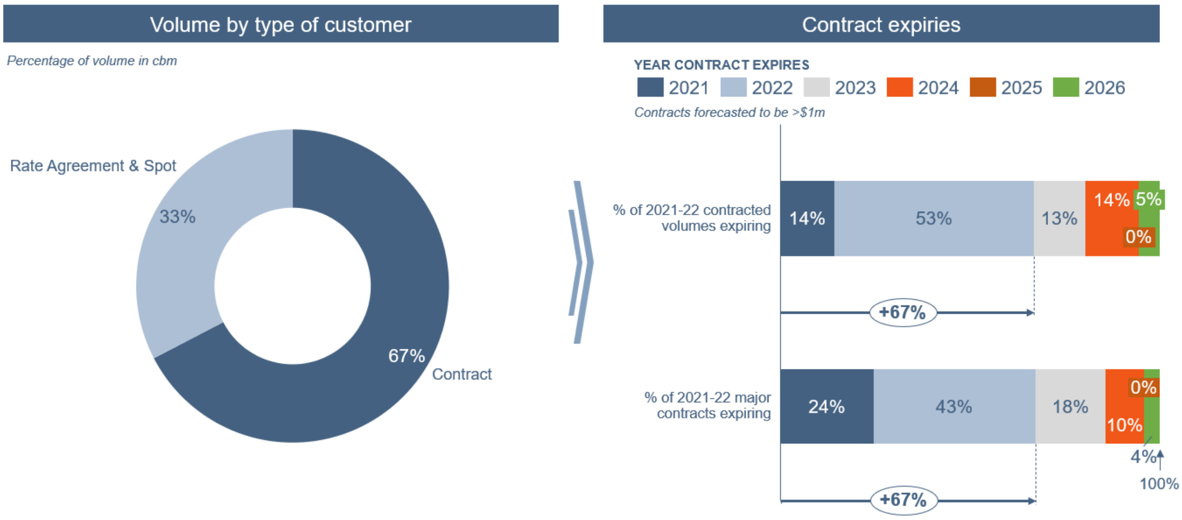
7.4.6.3 Trident Alliance

The Group is also one of the founding members of the Trident Alliance, which is a coalition of shipping owners and operators who share a common interest in robust enforcement of maritime sulphur regulations. The alliance also collaborates with other stakeholder groups, who share similar interest in robust enforcement. Since 2014, the Trident Alliance has worked to build awareness of the need for robust and effective enforcement of marine sulphur regulations to protect public and environmental health, and maintain fair competition.

7.5 Material contracts

7.5.1 Description of significant contracts

The material contracts of the Group consist of contracts for the carriage and freight of new vehicles (Factory New Light Vehicles), High and Heavy and Breakbulk customers. Contracts normally awarded through tender processes and the lengths of the contracts may vary, but are typically between 1-3 years. Typically, the original equipment manufacturer ("**OEM**") contracts are multi-year contracts with an agreed price. A contract is entered into on either the Group's standardized contract template or on an OEM contract template. Further, a contract is normally based on a percentage of market share in specific trade flows, while service parameters, such as frequency and transit time, is based on tendered volumes. Contract cargo corresponds to approximately 2/3 of all cargo booked, and the remaining cargo is secured from either rate agreements and/or liner/spot shipments. Rate agreements are normally made for a shorter period than a contract and have less defined service parameters. The table below sets out the volume by type of customer and an overview of the expiry of contracts, where only volumes contracted are included for contracts forecasted to be worth > USD 1m with 12 month forecast from May 2021, and excluding options to extend.



Further, the Company considers the LOI, as further described in Section 7.4.4, to be material for the Group, as well as the intellectual property agreement relating to the Höegh name, the Höegh funnel mark, the Höegh logo and the Höegh trademark, as further described in Section 7.10, and the Fleet Facility described in Section 8.8.

7.5.2 Other material contracts

Neither the Company nor any other Group company has entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Information Document. Further, the Group has not entered into any other contract outside the ordinary course of business that contains any provision under which any member of the Group has any obligation or entitlement that is material to the Group as of the date of this Information Document.

7.6 Principal Markets

7.6.1 Introduction

The Company is operating in the global market of deep-sea transportation of RoRo cargo. The market can be broadly defined into four main segments: Factory New Light Vehicles ("**FNLV**"), Previously Owned Vehicles ("**POV**"), High & Heavy and Breakbulk. Hence, FNLV and POV are automobiles while High & Heavy and Breakbulk are non-containerized cargoes that may or may not roll, typically being construction, mining, or agricultural equipment, but can also include rail, wind energy and maritime cargo items.

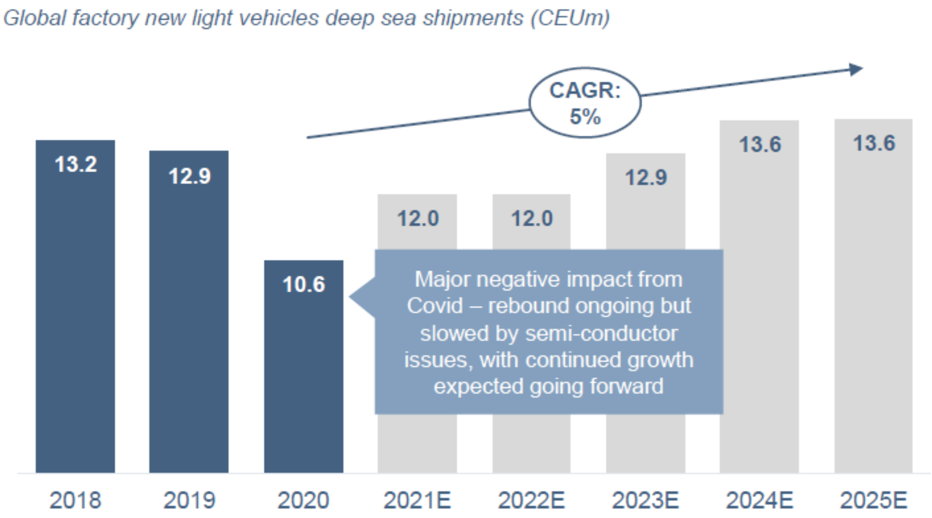
To transport such cargoes, the Company is, as set out in Section 7.4, operating a fleet of PCTCs. All car carrier vessels are essentially similarly constructed and used but can be distinguished into three different categories depending on characteristics. The original pure car carriers were constructed to carry cars, but also had some capacity for heavy equipment on the main deck. To facilitate for more capability of transporting heavier cargo, the more modern PCTCs were developed. These vessels have more hoistable decks and heavier ramps. Finally, the vessels with the strongest decks and ramps are often referred to as RoRos (as defined under Section 7.4.1 above). There are also differences in size and capabilities within the different categories. Still, all car carrier vessels are to a high degree similar and interoperable and all vessels transporting RoRo cargo are often referred to as PCTCs. As such, it makes sense to refer to the fleet as whole when assessing the supply situation of the RoRo shipping industry.

Demand for such vessels is driven by the demand for automobiles as well as the demand for machinery and equipment in sub-categories within High & Heavy and Breakbulk, e.g., the construction, mining, and agriculture industries. In addition to gross demand, the relative distribution of supply and demand of RoRo cargo is an important driver for the demand for deep-sea car carriers. If an increasing share of production of transported cargoes are being done further away from the end market, demand for deep-sea car carriers should in theory increase, and vice versa.

7.6.2 Demand

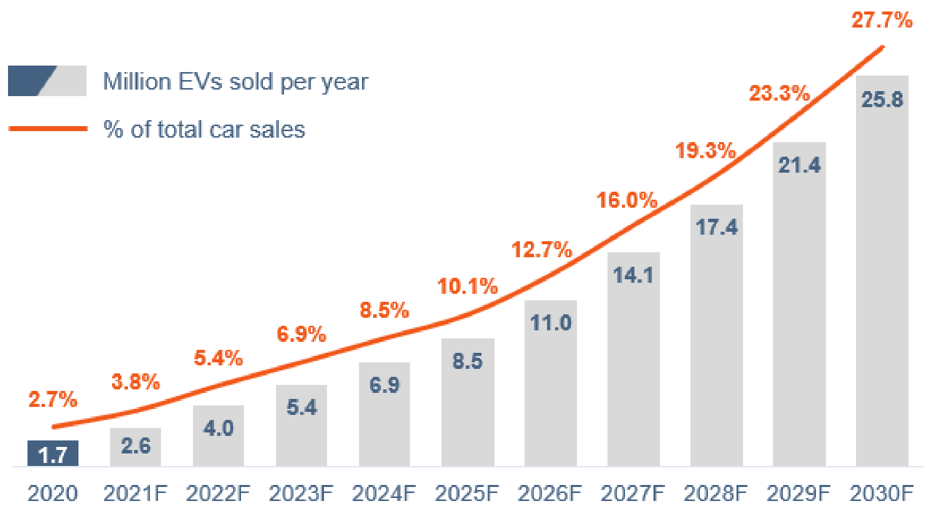
7.6.2.1 Automobiles

Automobiles constitute the largest share of volume transported by deep-sea car carriers, and is consequently a key volume driver for the demand for deep sea car carriers. The global demand for automobiles has been steadily growing until 2017 since the downturn amid the financial crisis in 2008/2009. After 2017, the market for automobiles experienced some headwind going into the Covid-19 pandemic which further put pressure on demand for deep sea transportation of automobiles. This is reflected through the decrease in global FNLV deep sea shipments from 13.2 CEUm in 2018 to 10.6 CEUm in 2020. 2021 has seen a rebound in volumes, and IHS Markit currently expects 12.0 CEUm of global FNLV deep sea shipments in 2021. Volumes are expected to continue to grow at a compound annual growth rate ("**CAGR**") of 5% from 2020 to 2025 with volumes surpassing 2018 levels already in 2024.



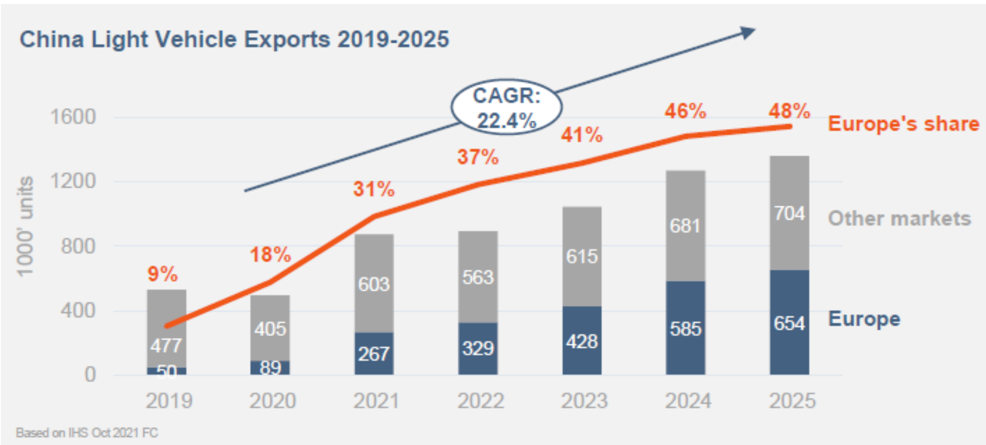
Global FNLV deep sea shipments (2018-2025E)
Source: Based on IHS Markit Oct 2021 FC

An important trend in the automobile market is the ongoing transition away from traditional fossil fuelled vehicles towards vehicles with more environmentally friendly fuel solutions. There has been a particular surge in demand for electric vehicles ("**EVs**") which is expected to continue going forward. A total of 1.7 million EVs were sold globally in 2020 equalling 2.7% of the total global automobile sales. BloombergNEF expects global EV sales to grow exponentially the coming decade, reaching 25.8 million vehicles sold in 2030 equalling 27.7% of the total automobile sales.



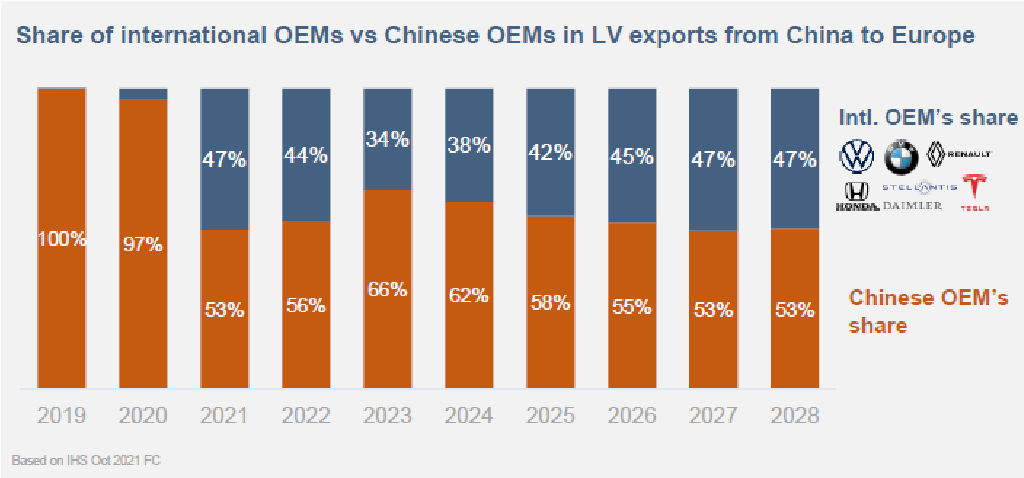
Electric vehicles sold globally (million units), includes battery electric and plug-in hybrid
Source: BloombergNEF

The automobile industry has seen a trend towards new manufacturing locations in recent years, with China emerging as one of the most significant markets. Traditionally, China's light vehicle exports have been targeting emerging markets, which is starting to shift towards Europe becoming the prime destination for China-made EVs. Chinese light vehicle exports to Europe are forecasted to expand at a CAGR of 50% in 2020-2025, reaching 654 thousand units annually in 2025 up from the 2020 volume of 89 thousand units. Furthermore, Europe's share of total Chinese light vehicles exports is expected to increase from 18% in 2020 to 48% in 2025.



China Light Vehicle Exports (2019-2025E)
Source: IHS Markit October 2021

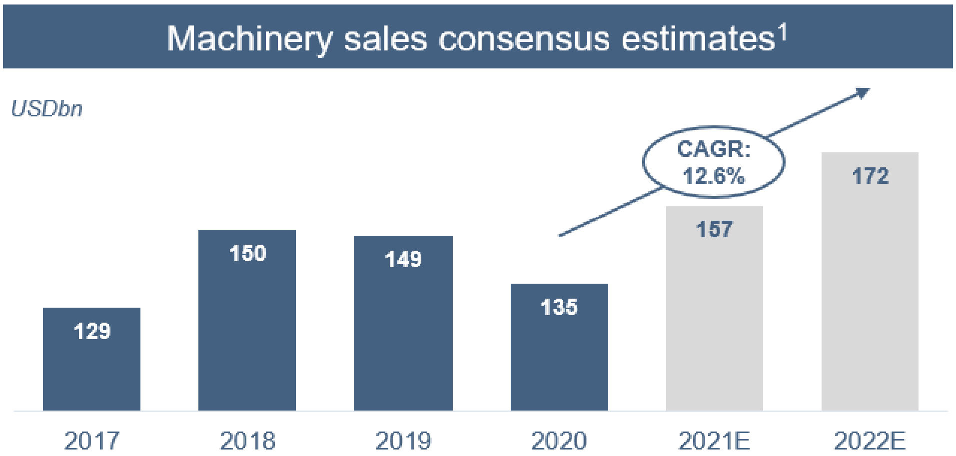
A key driver behind the increased automobile exports from China to Europe is that several original equipment manufacturers have relocated part of their production to the country. This consequently drives demand for deep-sea car carriers as more production of automobiles are moved away from end markets. In 2019, all transported light vehicles from China to Europe was conducted by Chinese original equipment manufacturers. This is expected to change drastically in 2021 where international OEMs' exports are expected to represent almost 50% of transported light vehicles from China to Europe according to IHS Markit. The shift is expected to be permanent with international OEMs transporting 34-47% each year from 2020 to 2028.



Share of international OEMs vs Chinese OEMs in LV exports from China to Europe
Source: IHS Markit October 2021

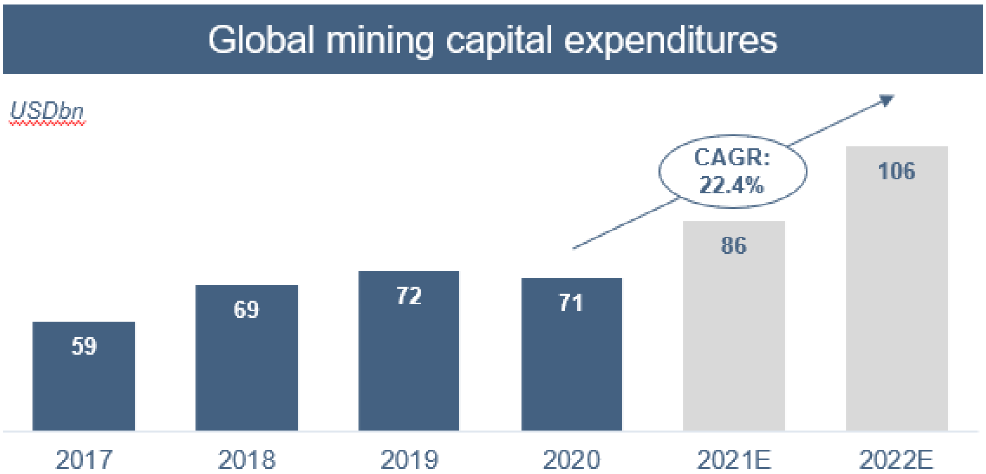
7.6.2.2 Machinery sales and Global mining capital expenditures

When assessing demand for High & Heavy and Breakbulk cargo, it is common to look at indicators such as machinery sales within construction, mining, and agriculture. Looking at average consensus actuals and estimates for these divisions in Volvo, Caterpillar, CNH, Komatsu, Hitachi, Deere, Terex, Doosan, Sandvik, Epiroc and AGCO, the global construction equipment sales performed better than expected during the COVID-19 pandemic. The average sales saw a decline from USD 149 billion in 2019 to USD 135 billion in 2020. Going forward, consensus estimates for 2021 and 2022 are USD 157 billion and USD 172 billion respectively, reflecting a CAGR of 12.6% from 2020 levels.



Machinery sales consensus estimates: Average consensus estimates of construction/mining/agriculture equipment divisions per calendar years as of 28 July 2021. Constituents: Volvo, Caterpillar, CNH, Komatsu, Hitachi, Deere, Terex, Doosan, Sandvik, Epiroc and AGCO
Source: Factset

Another key indicator is global mining capital expenditures as this creates demand for heavy machinery and equipment. Global mining capital expenditures from 71 mining companies saw a modest decline from 2019 to 2020, declining from USD 72 billion to USD 71 billion. Going forward, mining capital expenditures is expected to increase significantly due to the rising demand for copper, lithium and nickel from the renewable energy, battery, and electric vehicle sectors. As seen in the graph below, total global mining capital expenditures are expected to increase from USD 71 billion in 2020 to USD 106 billion in 2022 based on 71 mining companies' planned budgets. This reflects a CAGR of 22.4%.



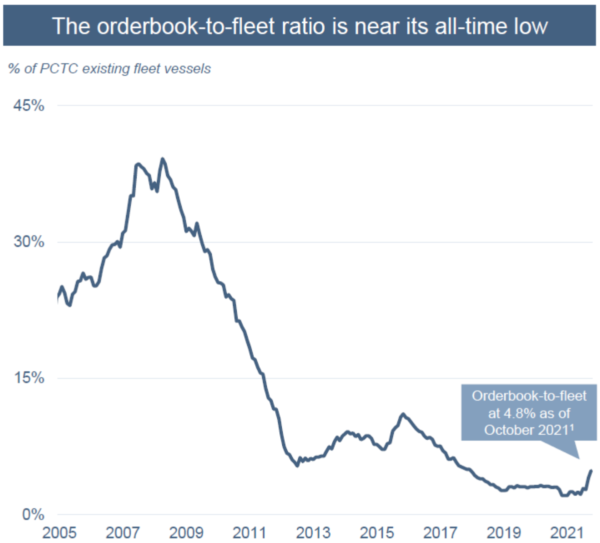
Global mining capital expenditures: Based on 71 mining companies' planned budgets
Source: Companies, Fitch, Maritime Strategies International Ltd

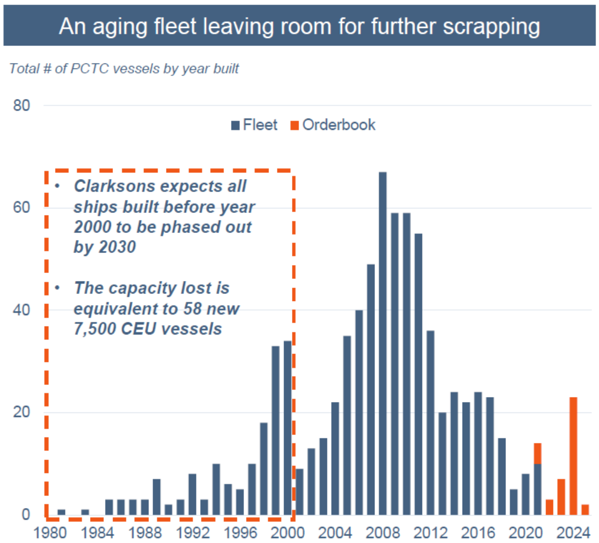
7.6.3 Supply

When addressing supply in the global market for deep-sea transportation of RoRo cargo, current fleet capacity and expected fleet capacity is typically assessed. Fleet capacity is typically measured in CEUs or in number of PCTCs. The main parameters affecting fleet capacity are fleet additions and fleet removals, with the latter often being referred to as scrapping.

There is often a high degree of visibility associated with near-term expected fleet additions with the reason being that it typically takes 2-4 years from ordering a vessel until it is delivered and ready to operate. Hence, looking at the orderbook provides a good picture of expected fleet additions. The PCTC orderbook-to-fleet ratio is currently at near all-time low levels of 4.8% measured by number of vessels. Measured in fleet CEU capacity, the orderbook-to-fleet ratio is currently at 6.3%.

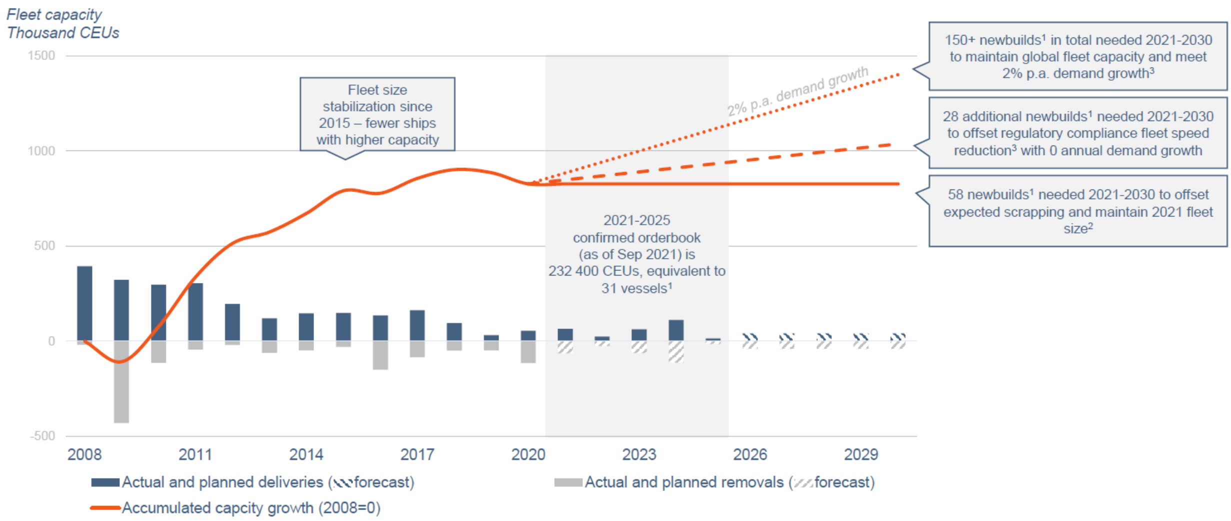
Estimated scrapping is also somewhat predictable by nature, as the useful life of a PCTC typically lies between 25 and 30 years. Looking at the age distribution of the current fleet, there are several vessels that will fall into scrapping territory in near future. Clarksons expects that all vessels built before year 2000 will be phased out by 2030. The capacity reduction resulting from this would be 432,789 CEU, equivalent to 58 new 7,500 CEU vessels.





Orderbook-to-fleet ratio and orderbook age distribution
Source: Clarksons Platou

The PCTC fleet has experienced negative fleet growth since 2015 as a result of less fleet additions than scrapping. According to Clarksons, current orderbook of vessels expected to be delivered in 2021-2025 is 232,400 CEUs, equivalent to 31 7,500 CEU vessels as of September 2021. For a 2% demand growth per annum from 2021-2030 and with expected scrapping and speed reductions, Clarksons estimates that more than 150 newbuilds of 7,500 CEU vessels will be needed to fill the gap. This equates to more than 1.1 million CEU. Specifically, Clarksons estimates that 28 additional newbuilds will be needed in 2021-2030 to offset the fleet speed reduction necessary to comply with expected emissions regulation such as Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII).



Fleet capacity additions
Source: Clarksons Platou

7.7 Competitive situation

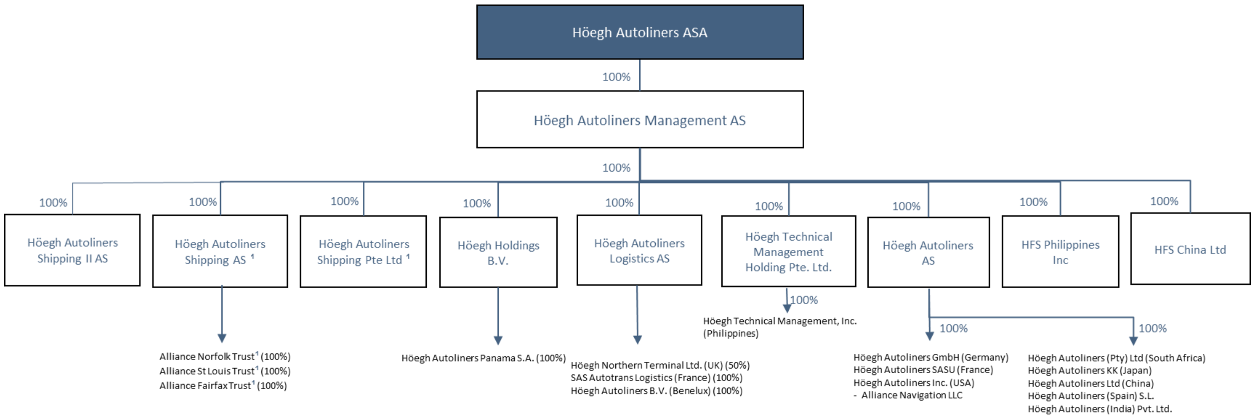
The shipping industry, including the RoRo segment, is generally categorized as competitive, with 7-8 global PCTC operators. A vessel is either operated by the vessel owner or by a third party on a charter contract with the vessel owner. Key parameters the companies compete on include price, customer relationships, location, vessel capabilities. Relationships with key customers are important to be competitive. This is also substantiated by the contract structure in the industry, with contracts typically ranging from 1 to 3 years as set out in Section 7.5.1.

7.8 Group organisation

7.8.1 The Company and Group structure

The Company functions as the parent company of the Group, and the company in which results and accounts are consolidated. The Company is a holding company, and the Group's operations are thereby carried out through the Company's operating subsidiaries.

The figure below sets forth an overview of the Group's current legal structure, and a short description of some of the Company's subsidiaries is included in Section 7.8.2 to Section 7.8.6 below.



7.8.2 Höegh Autoliners Management AS

Höegh Autoliners Management AS carries out the day-to-day management of the Group. All Norwegian employees are employed by this entity.

7.8.3 Höegh Autoliners Shipping AS

Höegh Autoliners Shipping AS is a shipowning subsidiary of Höegh Autoliners Management AS under Norwegian tonnage tax regulations. The company is the main shipowning entity in the structure and time charter contracts and shipping income is allocated to this company.

7.8.4 Höegh Autoliners Shipping Pte. Ltd.

Höegh Autoliners Shipping Pte. Ltd. is a shipowning subsidiary of Höegh Autoliners Management AS incorporated in Singapore. The company conducts its business under tonnage tax regime in Singapore.

7.8.5 Höegh Technical Management Holding Pte. Ltd.

Höegh Technical Management Holding Pte. Ltd. is a fully owned subsidiary of Höegh Autoliners Management AS, appointed as technical manager of the Group's owned vessels, outsourcing the ship management operations to its subsidiary Höegh Technical Management Inc.

7.8.6 Höegh Autoliners AS

Höegh Autoliners AS is a fully integrated *Roll-on-Roll-off* entity. The company has a number of subsidiaries supporting the commercial activities worldwide. The company is the commercial entity that enters into all the customer contracts and issues the bill of ladings.

7.9 Dependency on contracts, patents, licenses, trademarks, etc.

7.9.1 Dependency on contracts

It is the Company's opinion that the Group's existing business and profitability are not dependent upon any contracts. However, the agreements described in Section 7.5 ("Material contracts"), are considered to be of material importance to the Group.

7.9.2 Dependency on patents, licenses, trademarks, etc

The Group's existing business and profitability is not dependent on any patents, licenses or other intellectual property.

7.10 Related party transactions

Höegh Autoliners Management AS delivers operational, financial and administrative services to other companies within the Group. Höegh Technical Management Holding Pte. Ltd. delivers technical management services to Höegh Autoliners Shipping Pte. Ltd and Höegh Autoliners Shipping AS.

The Group has three vessels under US flag with Maersk Line, Ltd. and Farrell Lines. All three vessels are owned as individual US Trusts. Each vessel is on a bareboat charter to Maersk Line, Ltd. or Farrell Lines from the Trusts and Höegh Autoliners Shipping AS has the vessels on time charter from Maersk Line, Ltd.

The Company holds a 36.45% interest in ParCar AS and has an outstanding receivable of USD 1.2 million as of 30 September 2021. ParCar Shipholding AS, which is 100% owned by ParCar AS, leases Höegh Copenhagen on a bareboat lease to Höegh Autoliners Shipping AS.

The Company has entered into an intellectual property agreement with Leif Höegh & Co Holdings AS and Leif Höegh & Co AS, pursuant to which the Group is given a non-exclusive and worldwide right to use and utilise the Höegh name, the Höegh funnel mark, the Höegh logo and the Höegh trademark for free as long as Leif Höegh & Co Holdings AS or any other entity controlled by the Höegh family holds, directly or indirectly, more than 34 per cent of the shares in the Company.

Moreover, the Company has entered into a service agreement with Leif Höegh & Co Holdings AS and Leif Höegh & Co AS, pursuant to which the Company prepares the financial statements and tax return for Leif Höegh & Co Holdings AS and Leif Höegh & Co AS against an annual management fee. The agreement also includes HR and legal services.

Below is a summary of the Group's related party transactions for the periods covered by the historical financial information included in this Information Document as Appendix B, Appendix C and Appendix D and up to the date of this Information Document.

Company	**Related party**	**Transaction**	**Year**	**Value (USD)**
Höegh Autoliners Shipping AS	Maersk Line, Ltd.	Technical Management	2020	21,898,000
Höegh Autoliners Shipping AS	Maersk Line, Ltd.	Technical Management	2019	14,486,000
Höegh Autoliners Shipping AS	Maersk Line, Ltd.	Shipping services	2020	26,069,000
Höegh Autoliners Shipping AS	Maersk Line, Ltd.	Shipping services	2019	30,020,000
Höegh Autoliners Shipping AS	ParCar Shipholding AS	Bareboat lease	2020	7,174,000
Höegh Autoliners Shipping AS	ParCar Shipholding AS	Bareboat lease	2019	7,154,000

For further information on related party transactions of the Group for the financial years 2020 and 2019, please refer to the Annual Financial Statements (note 24) and the Interim Financial Statements (note 8), included in this Information Document as Appendix B, Appendix C and Appendix D.

7.11 Legal and arbitration proceedings

From time to time, the Group may become involved in litigation, disputes and other legal proceedings arising in the course of its business. Except for the matters described under Section 1.2.2 above, neither the Company nor any other company in the Group, is, nor has been, during the course of the preceding 12 months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

8 SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

8.1 Introduction and basis for preparation

The selected financial information presented in Section 8.3 to Section 8.6 below has been derived from the Annual Financial Statements and the Interim Financial Statements and should be read in connection with, and is qualified in its entirety by reference to, the relevant financial statements included herein as Appendix B, Appendix C and Appendix D.

The Annual Financial Statements have been audited by the Company's independent auditor, PricewaterhouseCoopers AS, as set forth in the auditor's report, which is included in the Annual Financial Statements (see Appendix B and Appendix C). The auditor's reports do not include any qualifications. The Interim Financial Statements have not been subject to audit.

8.2 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgments, please see note 1 in each of the Annual Financial Statements, incorporated herein as Appendix B and Appendix C.

8.3 Selected statement of comprehensive income

The table below sets out selected data from the Group's interim consolidated statements of comprehensive income for the nine months ended 30 September 2021 and 30 September 2020, as derived from the Interim Financial Statements.

	Nine months ended 30 September	
(In USD thousand)	**2021** *(unaudited)*	**2020** *(unaudited)*
Total revenues	675,581	533,467
Other income	-	10,153
Bunker expenses	(151,833)	(111,571)
Voyage expenses and other operating expenses	(296,663)	(217,784)
Charter hire expenses	(20,628)	(9,985)
Running expenses	(70,407)	(66,264)
Administrative expenses	(11,898)	(11,034)
Operating profit before depreciation, amortisation and impairment (EBITDA)	**124,152**	**126,983**
Profit/(loss) from associates and joint ventures	-	384
Gain/(loss) on sale of assets	(160)	(2,400)
Impairment	-	-
Depreciation	(101,933)	(120,146)
Operating profit/(loss) before financial items	**22,059**	**4,820**
Interest income	35	375
Interest expenses	(24,715)	(36,510)
Income from other financial items	3,086	4,748
Expenses from other financial items	(18,253)	(6,286)
Profit/(loss) before tax from continued operations	**(17,787)**	**(32,852)**
Income tax expenses	2,699	(355)
Profit/(loss) from continued operations	**(15,088)**	**(33,208)**
Discontinued operations		

(In USD thousand)	Nine months ended 30 September 2021 (unaudited)	2020 (unaudited)
Profit/(loss) for the year from discontinued operations	-	644
Profit/(loss) for the year	**(15,088)**	**(32,564)**
Other comprehensive income		
Items that may be reclassified to profit and loss:		
Currency translation differences	(236)	(1,205)
Items that will not be reclassified to profit and loss:		
Remeasurement on defined benefit plans	22	78
Changes in fair value of equity investments	-	-
Other comprehensive income, net of tax	**(214)**	**(1,128)**
Total comprehensive income for the period	**(15,302)**	**(33,691)**

The table below sets out selected data from the Group's audited consolidated statement of comprehensive income for the year ended 31 December 2020, with comparable figures for the year ended 31 December 2019.

(In USD thousand)	Year ended 31 December 2020 (audited)	2019 (audited)
Total revenues	736,691	921,800
Other income	10,412	-
Bunker expenses	(145,104)	(189,124)
Voyage expenses and other operating expenses	(307,792)	(352,318)
Charter hire expenses	(14,210)	(61,488)
Running expenses	(88,543)	(88,524)
Administrative expenses	(16,301)	(27,188)
Operating profit	**175,152**	**203,157**
Profit/(loss) from associates and joint ventures	463	3,443
Gain/(loss) on sale of assets	(2,651)	4
Impairment	(8,194)	(28,616)
Depreciation	(153,020)	(169,150)
Profit/(loss) before financial items	**11,750**	**8,838**
Interest income	341	1,459
Interest expenses	(44,558)	(67,202)
Income from other financial items	4,980	2,678
Expenses from other financial items	(5,184)	(4,977)
Profit/(loss) before tax from continued operations	**(32,671)**	**(59,204)**
Income tax expenses	(936)	(4,094)
Profit/(loss) from continued operations	**(33,607)**	**(63,299)**
Discontinued operations		

(In USD thousand)	Year ended 31 December	
	2020 (audited)	2019 (audited)
Profit/(loss) for the year from discontinued operations	14,935	1,564
Profit/(loss) for the year	**(18,672)**	**(61,734)**
Other comprehensive income		
Items that will not be reclassified to profit and loss:		
Remeasurement on defined benefit plans	(217)	(139)
Currency translation differences	369	(1,004)
Changes in fair value	(1,039)	(183)
Other comprehensive income, net of tax	**(886)**	**(1,326)**
Total comprehensive income for the period	**(19,558)**	**(63,060)**

8.4 Selected statement of financial position

The table below sets out selected data from the Group's interim consolidated statement of financial position for the nine months ended 30 September 2021 and 30 September 2020, as derived from the Interim Financial Statements.

(In USD thousand)	Nine months ended 30 September	
	2021 (unaudited)	2020 (unaudited)
Assets		
Non-current assets		
Deferred tax assets	892	892
Vessels	942,397	1,006,499
Leased assets	210,766	265,599
Newbuildings and projects	13,211	16,722
Equipment	14,863	22,537
Investments in associated and joint ventures	8,196	12,186
Other non-current assets	1,636	1,280
Other non-current financial assets	2,654	4,495
Total non-current assets	**1,194,613**	**1,330,210**
Current assets		
Bunker	39,524	22,823
Vessels held for sale	4,192	-
Trade and other receivables	66,636	66,679
Prepayments	1,652	992
Other current financial assets	-	-
Cash and cash equivalent	77,053	87,737
Total current assets	**189,057**	**178,231**
Total assets	**1,383,670**	**1,508,442**

Equity and liabilities

(In USD thousand)	Nine months ended 30 September 2021 (unaudited)	2020 (unaudited)
Equity		
Share capital	493,358	493,358
Share premium reserve	255,486	255,486
Retained earnings	(223,104)	(221,934)
Total equity	**525,741**	**526,910**
Non-current liabilities		
Pension liabilities	2,725	2,217
Deferred tax liabilities	21,482	24,720
Other non-current liabilities	9,369	10,693
Non-current interest-bearing debt	380,423	-
Non-current lease liabilities	206,205	246,523
Total non-current liabilities	**620,203**	**284,153**
Current liabilities		
Current interest-bearing debt	85,408	539,166
Trade and other payables	48,689	40,927
Income tax payable	188	198
Current accruals and provisions	52,308	51,080
Other current liabilities	-	1,576
Current lease liabilities	51,134	64,432
Total current liabilities	**237,727**	**697,378**
Total equity and liabilities	**1,383,670**	**1,508,442**

The table below sets out selected data from the Group's audited consolidated statement of financial position for the year ended 31 December 2020, with comparable figures for the year ended 31 December 2019.

(In USD thousand)	Year ended 31 December 2020 (audited)	2019 (audited)
Assets		
Non-current assets		
Deferred tax assets	892	892
Vessels	978,161	1,053,960
Leased assets	217,921	329,334
Newbuildings and projects	12,294	11,436
Equipment	15,859	22,540
Investments in associated and joint ventures	8,960	18,156
Other non-current assets	1,288	1,363
Other non-current financial assets	2,834	5,607
Total non-current assets	**1,238,209**	**1,443,288**
Current assets		

(In USD thousand)	Year ended 31 December	
	2020 (audited)	2019 (audited)
Bunker	24,942	32,984
Vessels held for sale	13,610	-
Trade and other receivables	68,265	87,832
Prepayments	2,322	2,199
Other current financial assets	971	3,173
Cash and cash equivalents	115,148	140,938
Total current assets	**225,258**	**267,125**
Total assets	**1,463,467**	**1,710,413**
Equity and liabilities		
Equity		
Share capital	493,358	493,358
Share premium reserve	255,486	255,486
Retained earnings	(207,801)	(188,243)
Total equity	**541,043**	**560,602**
Non-current liabilities		
Pension liabilities	2,588	5,379
Deferred tax liabilities	24,214	24,750
Other non-current liabilities	7,343	11,782
Non-current interest-bearing debt	-	524,987
Non-current lease liabilities	207,561	290,465
Total non-current liabilities	**241,705**	**857,362**
Current liabilities		
Current interest-bearing debt	520,751	82,113
Trade and other payables	51,151	77,089
Income tax payable	482	735
Current accruals and provisions	45,042	40,957
Other current liabilities	7,586	7,922
Current lease liabilities	55,706	83,633
Total current liabilities	**680,718**	**292,449**
Total equity and liabilities	**1,463,467**	**1,710,413**

8.5 Selected statement of cash flows

The table below sets out selected data from the Group's interim consolidated statement of cash flow for the nine months ended 30 September 2021 and 30 September 2020, as derived from the Interim Financial Statements.

	Nine months ended 30 September	
(In USD thousand)	**2021** *(unaudited)*	**2020** *(unaudited)*
Cash flow from operating activities		
Profit/(loss) before tax	(17,787)	(32,852)
Financial (income)/expenses	39,846	37,651
Depreciation and amortisation	101,933	120,146
Impairment	-	-
(Gain)/loss on sale of tangible assets	160	2,400
Changes due to discontinued operations	-	(644)
Tax paid (company income tax, withholding tax)	(399)	(820)
Cash flow provided by operating activities before changes in working capital	**123,753**	**125,880**
Changes in working capital		
Trade and other receivables	1,384	19,712
Bunker	(14,582)	10,160
Prepayments	1,913	5,145
Trade and other payables	(12,175)	(36,162)
Accruals and provisions	2,188	1,876
Tonnage tax payable	(148)	(537)
Other current liabilities	(1,537)	(291)
Other changes to working capital	2,318	(14,035)
Net cash flow provided by operating activities	**103,114**	**111,749**
Cash flows from investing activities		
Proceeds from sale of tangible assets	8,992	3,578
Investment in vessels and other tangible assets	(19,375)	(19,622)
Investment in joint ventures and associates	529	6,521
Sale of operations, net of cash sold companies	-	-
Net cash flow provided by/(used in) investing activities	**(9,854)**	**(9,524)**
Cash flows from financing activities		
Repayment of mortgage debt	(64,497)	(64,167)
Repayment of lease liabilities	(44,135)	(54,692)
Interest received	-	406
Interest paid on mortgage debt	(9,974)	(16,767)
Interest paid on lease liabilities	(11,655)	(20,229)
Other financial items	(1,094)	23

(In USD thousand)	Nine months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
Net cash flow used in financing activities	**(131,355)**	**(155,425)**
Net change in cash and cash equivalents	**(38,095)**	**(53,200)**
Cash and cash equivalents beginning of period	115,148	140,938
Cash and cash equivalents end of period	**77,053**	**87,737**

The table below sets out selected data from the Group's audited consolidated statement of cash flows for the year ended 31 December 2020, with comparable figures for the year ended 31 December 2019.

(In USD thousand)	Year ended 31 December	
	2020	2019
	(audited)	(audited)
Cash flow from operating activities		
Profit/(loss) before tax	(32,671)	(59,204)
Depreciation and amortisation	153,020	169,150
Impairment	8,194	28,616
(Gain)/loss on sale of tangible assets	2,651	(4)
Changes due to discontinued operations	(14,935)	-
Cash flow provided by operating activities before changes in working capital	**116,259**	**138,557**
Working capital		
Trade and other receivables	19,567	35,113
Bunker	8,042	2,810
Prepayments	(124)	(623)
Trade and other payables	(25,938)	3,172
Accruals and provisions	4,085	(9,226)
Income tax payable	(253)	(152)
Other current liabilities	(336)	2,817
Other changes to working capital	4,477	(3,131)
Net cash flow provided by operating activities	**125,779**	**169,338**
Cash flows from investing activities		
Proceeds from sale of tangible assets	4,003	19
Investment in vessels, other tangible and intangible assets	(27,388)	(22,845)
Investment in joint ventures and associates	9,640	6,253
Sale of operations, net of cash sold companies	19,184	-
Net cash flow provided by/(used in) investing activities	**5,440**	**(16,573)**
Cash flows from financing activities		
Repayment of debt	(83,412)	(38,500)
Payment of lease liabilities	(71,436)	(87,331)

(In USD thousand)	Year ended 31 December 2020 (audited)	2019 (audited)
Other financial items	(2,162)	(7,886)
Net cash flow used in financing activities	**(157,009)**	**(133,717)**
Net change in cash and cash equivalents	**(25,790)**	**19,048**
Cash and cash equivalents beginning of period	140,938	121,889
Cash and cash equivalents end of period	**115,148**	**140,938**
Non restricted cash, 31.12	114,659	140,018
Restricted cash, 31.12	488	920
Cash and cash equivalents end of period	**115,148**	**140,938**

8.6 Selected statement of changes in equity

The table below sets out selected data from the Group's interim consolidated statement of changes in equity for the nine months ended 30 September 2021 and 30 September 2020, as derived from the Interim Financial Statements, and from the Group's consolidated statement of changes in equity for the years ended 31 December 2020 with comparable figures for the year ended 31 December 2019.

(In USD thousand)	Share capital	Share premium reserve	Retained earnings	Total
Equity 01.01.2019	493,358	255,486	(70,889)	677,956
Implementation effect IFRS 16	-	-	(54,294)	(54,294)
Profit/(loss) of the year	-	-	(61,734)	(61,734)
Other comprehensive income	6,634	43,366	(1,326)	(1,326)
Equity at 31 December 2019	**493,358**	**255,486**	**(188,243)**	**560,602**
Equity 01.01.2020	493,358	255,486	(188,243)	560,602
Profit / (loss) of the year	-	-	(18,672)	(18,672)
Other comprehensive income	-	-	(886)	(886)
Equity at 31 December 2020	**493,358**	**255,486**	**(207,801)**	**541,043**
Profit / (loss) of the period YTD 2021	-	-	(15,088)	(15,088)
Other comprehensive income YTD 2021	-	-	(214)	(214)
Equity at 30 September 2021	**493,358**	**255,486**	**(223,104))**	**525,741**

8.7 Financial Trends

8.7.1 General financial trend over the last two years

The Company managed to maintain full debt service throughout 2020 and has experienced a positive trend in the ability to both refinance the current loan and to attract financing for new assets. The outstanding Fleet Facility (as defined below) was successfully refinanced in July 2021 on market terms, and the improvement in macro picture (stronger cargo demand, higher rates, etc.), together with better earnings as a result of impactful internal cost control has also opened up several financing options for newbuildings, including Chinese leases and external loans.

The Group's EBITDA year-to-date as per Q3 2021, adjusted for USD 7 million in extraordinary legal and compliance related expenses, was of approximately USD 131 million, and the Company currently expects adjusted EBITDA for the full-year 2021 to be in the range of USD 195 – 200 million, with full year revenues of USD 920 – 940 million. The adjusted EBITDA of the Group has continued to grow from the first quarter of 2021 by approximately 15-20% in each quarter of 2021, and it is currently expected that this trend will intensify in the fourth quarter of 2021 with growth of at least 30% compared to the preceding quarter.

The Company believes that its business is highly leveraged towards improving market conditions. The Q4 2021 run-rate would suggest a full-year adjusted EBITDA of approximately USD 260 million, which illustrates that the financial performance of the Group is highly sensitive to changes in net rate, utilisation, cargo mix and cost reductions. The current outlook may suggest that such factors could continue to improve in 2022, and in such case and on such basis, an adjusted EBITDA of approximately USD 280 million may be achievable by the Group in 2022.

The Company has not experienced any other changes or trends that are significant to the Company between 31 December 2020 and the date of this Information Document, nor is the Company aware of such changes or trends that may or are expected to be significant to the Company for the current financial year.

8.7.2 Significant changes in the Group's financial or trading position

Other than the Private Placement, the Group has not carried out any transactions after the last audited accounts that represent a change of more than 25% in its total assets, revenue or profit or loss.

8.8 Material borrowings

8.8.1 Third party borrowings

The Group has the following material loan agreements:

(i) Senior Secured Term Loan Facilities Agreement with DNB Bank ASA as Agent on behalf of a syndicate of 10 reputable banks (the "**Fleet Facility**"); and

(ii) Financial lease agreements for the lease of vessels:

- Five vessels leased from special purpose companies controlled by Ocean Yield ASA.
- Höegh Berlin leased from MS Mare Berlin Schiffahrts GmbH / Scorpio.
- Höegh Copenhagen leased from ParCar AS.
- Three vessels leased from Pioneer Leasing Limited.

The maturity date of the Fleet Facility is 30 January 2025. Further, the table below sets out the maturity date in respect of the financial lease agreements.

Vessel	Type	CEU Capacity	Owner	End date
Höegh Berlin	Bareboat	7,850	Scorpio	05.03.2024
Höegh St. Petersburg	Bareboat	7,850	Pioneer Leasing	02.07.2029
Höegh Copenhagen	Bareboat	7,850	ParCar	24.08.2035
Höegh Jacksonville	Bareboat	6,500	Ocean Yield	30.04.2026
Höegh Jeddah	Bareboat	6,500	Ocean Yield	04.09.2026
Höegh Beijing	Bareboat	4,900	Ocean Yield	20.06.2022
Höegh Maputo	Bareboat	4,900	Pioneer Leasing	01.07.2022 03.07.2023 01.07.2024
Höegh Singapore	Bareboat	4,900	Pioneer Leasing	01.07.2022 03.07.2023 01.07.2024
Höegh Trapper	Bareboat	8,500	Ocean Yield	06.06.2028
Höegh Tracer	Bareboat	8,500	Ocean Yield	03.03.2028

As of the third quarter of 2021, the total current net debt for the Group is approximately USD 646 million, consisting of the Fleet Facility and lease obligations. As security for the Fleet Facility, the creditors benefit from a parent guarantee, and the Company has pledged shares in several of its subsidiaries, and created security over a substantial part of its assets, cash, and vessels. The loan agreements and certain lease agreements contain various conditions that the Group needs to fulfil. Below is a table which sets out certain key information about material loan covenants.

Agreement	Covenant	Group Company
Fleet Facility and certain material leases	Minimum Liquidity of USD 60 million at all times	Höegh Autoliners ASA
Fleet Facility and certain material leases	Working Capital greater than zero at all times	Höegh Autoliners ASA
Fleet Facility and certain material leases	Book Equity always be greater than 30% of total assets	Höegh Autoliners ASA
Fleet Facility and certain material leases	NIBD/EBITDA • To and including 31 December 2021: 5.0x • From and including 1 January 2022 to 30 June 2022: 4.5x • From and including 1 July 2022 to and including final maturity date: 4.0x	Höegh Autoliners ASA
Fleet Facility and material leases	Minimum market value: 130% at all times	Höegh Autoliners ASA
Fleet Facility	Investments, acquisitions, incurrence of additional financial indebtedness and dividends subject to equity ratio greater than 35% immediately after the transaction.	Höegh Autoliners ASA

Further, the loan agreements of the Group also include change of control provisions, pursuant to which mandatory prepayment is triggered (A) if the trusts of which Morten W. Høegh and/or Leif O. Høegh and/or their respective direct linear descendants (the "**Höegh Owners**") are principal beneficiaries and/or companies directly controlled by the Höegh Owners cease to beneficially own either jointly or severally directly or indirectly at least 34% of the entire issued share capital and/or voting rights of the Company; (B) if any other person or group of persons acting in concert obtains 1/3 or more of the voting rights or entire issued share capital of the Company (other than A.P. Møller-Mærsk A/S); or (C) if any person or group of persons acting in concert obtains more of the voting rights or share capital of the Company than what is owned by trusts of which Höegh Owners are principal beneficiaries and/or companies directly controlled by the Höegh Owners.

In respect of newbuilding contracts, the Group's loan agreements require that such contracts must be entered into by a single purpose company directly or indirectly owned by Höegh Autoliners Management AS.

8.9 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements for the period covering at least 12 months from the date of this Information Document. Any commitments related to future newbuildings will be funded partly by proceeds from the Private Placement and external loans.

9 THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND OTHER CONSULTANTS

9.1 Introduction

The General Meeting is the highest decision-making authority of the Company. All shareholders of the Company are entitled to attend and vote at General Meetings and to table draft resolutions for items to be included on the agenda for a General Meeting.

The date of the first annual general meeting following the application for the Admission has not yet been set, but is expected to be held during Q2 2022. The first annual report to be published following the first day of trading on Euronext is expected to published on or about 23 March 2022.

The overall management of the Company is vested with its Board of Directors and the Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organization, preparing plans and budgets for its activities ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's Chief Executive Officer (the "**CEO**"), is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the CEO must, according to Norwegian law, brief the Board of Directors about the Company's activities, financial position and operating results at a minimum of one time per month.

9.2 The Board of Directors

9.2.1 General

The Articles of Association provide that the Board of Directors shall comprise between six (6) and twelve (12) board members, as elected by the Company's shareholders in an ordinary or extraordinary general meeting (as applicable).

The Company's registered business address, Drammensveien 134, 0277 Oslo, Norway, serves as business address for the members of the Board of Directors in relation to their directorship in the Company.

9.2.2 The composition of the Board of Directors

Prior to the Admission, the Company's Board of Directors consisted of Leif O. Høegh (Chair), Jan Kjærvik (Deputy Chair), Martine Holter, Lise Duetoft and Kristian Bai Høllund. The names and positions of the members of the Board of Directors from the time of Admission are set out in the table below.

Name	Function	Served since	Shares
Leif O. Høegh	Chair	2008	42,008,920[1]
Morten W. Høegh	Deputy chair	2021[2, 4]	42,008,920[3]
Jan B. Kjærvik	Director	2013	-
Martine Vice Holter	Director	2011	-
Johanna Hagelberg	Director	2021[4]	-
Kjersti Aass	Director	2021[4]	-
Kasper Nilaus	Director	2021[4]	-
Thor Jørgen Guttormsen	Deputy for Morten Høegh	2021[4]	-

1 Leif O. Høegh and his immediate family indirectly owns 50% of Leif Höegh & Co AS which owns 100% of the shares in Leif Höegh & Co Holdings AS. Leif Höegh & Co Holding AS has agreed to a lock-up period of 6 months. Leif Höegh & Co. Holdings AS has lent out 7,500,000 Shares to the Stabilisation Manager to facilitate price stabilisation activities (see Section 6.5). Following completion of the stabilisation activities and assuming full return of the borrowed shares, Leif Höegh & Co. Holdings AS will hold 91,517,841 Shares.

2 Morten W. Høegh was elected as Deputy Chair in 2021, but has served on the board of directors since 2008, except from a short period between 6 August 2021 and the Admission.

3 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, which owns 100% of the shares in Leif Höegh & Co Holdings AS.

4 Elected on 24 November 2021 with effect from the time of Listing.

9.2.3 Brief biographies of the Board Members

Set out below are brief biographies of members of the Board of Directors, including their managerial expertise and experience, in addition to an indication of any significant principal activities performed by them outside of the Company.

Leif O. Høegh, Chair

Leif O. Høegh was elected to the board of the Company in 2008. He serves as Deputy Chair of Höegh LNG. He is a Director of Höegh Capital Partners and Chair of Höegh Eiendom. Leif O. Høegh has more than 30 years 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 other, he serves as Chair of Höegh LNG, he is a Partner of Höegh Capital Partners, Director of Höegh Eiendom AS and certain of its subsidiaries, and serves as Chair of Gard P&I Club and the Western Europe committee of DNV GL. He has also served as a directors of Höegh Autoliners Management AS since August 2021, and serves as a chairman of Leif Höegh (UK) Limited. From 2014 to 2021, he served as a directors of Höegh LNG Partners LP. 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. A Norwegian national, he is a graduate of the Military Russian Program at the Norwegian Defense Intelligence and Security School.

Jan B. Kjærvik, Director

Jan B. Kjærvik was elected to the board of the Company in 2013. He was appointed Head of Group Finance & Risk Management of A P Møller-Mærsk Group in September 2008. He comes from a position as Head of Enterprise Risk & Group Treasurer of Aker Solutions from 2002 to 2008. Jan has many years of banking and corporate experience. He holds a Lic.Oec. HSG from St. Gallen, Switzerland and he has held aa number of non-executive positions and served on subcommittees including Mærsk Supply Service, Britannia PI, Danish Ship Finance and Chair of the board of Mærsk Insurance A/S. He retired from Mærsk end of April 2021.

Martine Vice Holter, Director

Martine Vice Holter was elected to the board of the Company in 2011. She has served as a director of Höegh LNG Holdings Limited since May 2021, and is the Chief Executive Officer of Höegh Capital Partners (HCP), a family investment office co-located in London and Oslo which oversees all of the investment interests of the Höegh family. Martine has worked with HCP since 2004, and serves as a directors on several direct investment board in the portfolio. She is also a board advisor to Partners Capital Investment Group. Prior to HCP, she was Chief Operating Officer of Arts Alliance Advisors, a division of HCP as well as a management consultant at McKinsey & Company in London. Martine started her career in investment banking with Goldman Sachs in New York followed by Hong Kong. Martine received her MBA from INSEAD and her BA Honours 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 has the position as Executive Vice President and Head Sourcing & Logistics at Stora Enso Oyj, and was previously the Chief Procurement Officer at Vattenfall AB after leading Sourcing and Supply Chain positions at NCC, RSA Scandinavia and at General Motors/SAAB. She is also a member of the board of directors of Bufab AB. 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. She is a Swedish citizen and resides in Sweden.

Kjersti Aass, Director

Kjersti Aass was elected to serve on the Company's Board of Directors in 2021. She currently holds the position as Sustainability Development Director at global crop nutrition leader Yara International ASA, where she has also served on the board of directors. Previously, Kjersti Aass worked for Médecins Sans Frontières in Afghanistan and Ethiopia, and as a project management consultant for Holte Consulting. She currently serves as a board member of The Development Fund and The Norwegian Trekking Association (DNT) in Oslo. Kjersti Aass holds a MSc in Industrial Economics and Technology Management, with a focus on entrepreneurship from the Norwegian University of Science and Technology. She is a Norwegian citizen and resides in Norway.

Kasper 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.

Thor Jørgen Guttormsen, Deputy for Morten W. Høegh

Thor Jørgen Guttormsen has had a long career with Höegh. He currently holds the position as CEO of Höegh LNG, and held 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.

9.3 Management

9.3.1 General

As of the date of this Information Document, the Group's senior management team consists of 7 individuals. All members of the management are employed by the Company's subsidiary Höegh Autoliners Management AS. The names of the members of the management and their respective positions are presented in the table below.

Name	Position	Employed in role since	Shares	Options/ award shares held[1]
Andreas Enger	Chief Executive Officer	September 2020	1,820,135[2]	257,143
Per Øivind Rosmo	Chief Financial Officer	September 2020	50,000	148,571
Sebjørn Dahl	Chief Operating Officer	March 2018	-	150,286
Lise Duetoft	Chief Strategy and Analytics Officer	September 2020	-	159,460
Espen Stubberud	Chief Trade and Capacity Officer	October 2017	15,000	125,714
Oskar Orstadius	Chief Sales Officer	September 2020	-	114,286
Laura Exner	Chief HR and Communications Officer	January 2021	-	82,857

1 See Section 9.4 regarding share-based incentive programs.

2 The 100,000 of the Shares are held through Damgård AS and 1,720,135 of the Shares are held through Damgård Invest AS, both companies being indirectly wholly-owned by Andreas Enger. The 1,720,135 Shares held by Damgård Invest AS are subject to the terms and conditions of an investment agreement, which, *inter alia,* contain a call option that is triggered in the event of Enger leaving the Group. In such case, Damgård Invest AS is obligated to sell the 1,720,135 Shares to the Company or Leif Höegh & Co. Holdings AS at certain pre-agreed prices calculated based on how long Enger has been employed before leaving the Group. The Company may choose to redeem the 1,720,135 Shares rather than to purchase them from Damgård Invest AS. Further, the Shares held by Damgård Invest AS have been pledged in favour of Leif Höegh & Co. Holdings AS, and a lock-up has been undertaken in connection with the Private Placement for all of the Shares (see Section 6.6.2 above).

The Company's registered business address, Drammensveien 134, 0277 Oslo, Norway, serves as business address for the members of the Company's senior management team in relation to their employment with the Group.

9.3.2 Brief biographies of the management

Andreas Enger, Chief Executive Officer

Andreas Enger took the position as CEO of the Group in September 2020. He joined the Group as CFO in September 2019. He is currently Chairman of Posten Norge AS (the Norwegian Postal Service). 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 Chief Financial Officer of Norske Skogindustrier 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.

Per Øivind Rosmo, Chief Financial Officer

Per Øivind Rosmo was appointed Chief Financial Officer (CFO) in September 2020, but joined the Group 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 the Group and has since 2003 been in charge of Reporting & Control, first in HUAL and later in the Company. Per Øivind holds a Master's degree from Norwegian School of Management (BI).

Sebjørn Dahl, Chief Operating Officer

Sebjørn Dahl joined the Group 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 AS (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 has also served as an Officer in the Navy for 11 years, and is educated at the Royal Norwegian Naval Academy and London Business School.

Lise Duetoft, Chief Strategy and Analytics Officer

Lise Duetoft took 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 AS. She served as a board member of the Company from 2017 until the Admission. Prior to joining Höegh Capital Partners AS, 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.

Espen Stubberud, Chief Trade and Capacity Officer

Espen Stubberud joined the Group in 2007 as maritime trainee, and has held various commercial and operational positions in the company including one period in Hong Kong, one in Dubai 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).

Oskar Orstadius, Chief Sales Officer

Oskar Orstadius took the position as Chief Sales Officer in September 2020. Oskar joined the Group 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 Deepsea 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 the Group 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 Organisational and Relationships Systems Coaching. Laura has a B.Sc. in Psychology from Canterbury University.

9.4 Share-based incentive programs

The Company has approved to implement a long-term share-based incentive scheme for the management team effective as from the Listing. The annual award under the program is up to approximately 0.2% of outstanding shares at the time of award, and awards will be subject to a 3-year vesting period following which the bonus award may be converted to Shares.

9.5 Employees and other consultants

As of the date of this Information Document, the Group has 375 onshore employees and 1,250 seafarers. The table below shows the development in the numbers of full-time employees over the last two years:

	Year ended 31 December	
	2020	2019
Number of employees[1]	1,712	1,836

1 Number of employees stated as the average for each financial year.

9.6 Benefits upon termination

All members of the Management have a 6 months' notice period and therefore are entitled to severance pay equal to six months' base salary in the event that the employer terminates the employment, unless the employment is terminated due to gross breach of duty of the employment contract. In addition, one employee is entitled to three years severance payment in the event that the employer terminates the employment.

Other than above, no employee, including any member of the Company's senior management team, has entered into employment agreements which provide for any special benefits upon termination. None of the members of the Board of Directors have service contracts with the Company and none will be entitled to any benefits upon termination of office.

9.7 Corporate governance

The Company considers good corporate governance to be a prerequisite for value creation and trustworthiness and for access to equity. In order to secure strong and sustainable corporate governance, it is important that the Company ensures good business practices, reliable financial reporting and an environment of compliance with legislation and regulations.

The Company is not subject to the Norwegian Code of practice for Corporate Governance (the "**Corporate Governance Code**"), but the Board of Directors actively adheres to good corporate governance standards.

In a board meeting held on 10 November 2021, the Board of directors implemented a corporate governance policy, which includes inter alia regulations on dividend policy, equal treatment of shareholders, board composition, risk management and remuneration.

9.8 Nomination committee

The Company will establish a nomination committee shortly after the Admission.

9.9 Conflicts of interests etc.

No member of the Board of Directors or Management has, or has had, as applicable, during the last five years preceding the date of the Information Document:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, member of the administrative body or supervisory body, director or senior manager of a company, except from Martine Vice Holter and Morten W. Høegh, who have been involved in voluntary liquidations for planned restructuring purposes.

Some of the members of the Board of Directors and Management hold or previously have held positions in companies which are involved with the business of the Group or affiliated with the Company's major shareholders. Further, there are family relationships between some of the members of the Board of Directors. The details are set out below:

- Leif O. Høegh is the chairman of Höegh Capital Partners Limited, which manages all of the investment interests of the Höegh family. Leif O. Høegh is also one of the ultimate beneficial owners of Höegh Capital Partners Limited. He is also employed (50% FTE) in Höegh Autoliners Management AS. Leif O. Høegh is the cousin of Morten W. Høegh.
- Morten W. Høegh is an employee of Höegh Capital Partners Limited, and the cousin of Leif O. Høegh. Morten W. Høegh is also one of the ultimate beneficial owners of Höegh Capital Partners Limited.
- Martine Vice Holter is the CEO of Höegh Capital Partners Limited.
- Kasper Nilaus is the CEO of Svitzer, a company within the A.P. Møller-Mærsk group in which the Company's shareholder A.P. Møller-Mærsk A/S is also part. Svitzer provides towage services to the Group in the UK, Australia and Scandinavia and through a joint venture in the Dominican Republic.
- Jan B. Kjærvik has previously been employed by the A.P Møller-Mærsk group.
- Thor Jørgen Guttormsen has entered into an on-demand consultancy agreement with Höegh Management AS.

Except from as set out above, there are, to the Company's knowledge, currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and members of the Management, including any family relationships between such persons.

10 SHARE CAPITAL AND SHAREHOLDER MATTERS

10.1 Corporate information

The Company's legal name is Höegh Autoliners ASA and the Company's commercial name is Höegh Autoliners ASA. The Company is a public limited liability company (Nw.: *allmennaksjeselskap*), validly incorporated and existing under the laws of Norway and in accordance with the Companies Act. The Company is registered in the Norwegian Register of Business Enterprises with company registration number 985 459 614. The Company was incorporated on 26 February 2003.

The Company's registered business address is Drammensveien 134, 0277 Oslo, Norway, which is the Group's principal place of business. The telephone number to the Company's principal offices is + 47 21 03 90 00 and its website is "https://www.hoeghautoliners.com".

The Shares are registered in book-entry form with VPS under ISIN NO 001 1082075. The Company's register of shareholders in VPS is administrated by the VPS Registrar, Verdipapirservice DNB Bank ASA, Dronning Eufemias gate 30, Oslo, Norway. The Company's LEI-code is 549300D7GNMPKTA4HD46.

10.2 Legal structure

The Company is the direct and indirect parent company of the subsidiaries set out in the table below:

Company name	Registered office	Activity	Ownership interest
Höegh Autoliners Management AS.........	Oslo, Norway	Operate shipping and other economic activities, including participation and financing of other companies.	100%
Höegh Autoliners Shipping AS	Oslo, Norway	Own and lease of ships.	100%
Höegh Autoliners Shipping II AS...............	Oslo, Norway	SPV for entering into of ship building contracts	100%
Höegh Autoliners Shipping Pte. Ltd.	Singapore	Own and lease of ships	100%
Höegh Holdings B.V............................	Amsterdam, Netherlands	Holding company	100%
Höegh Autoliners Logistics AS..............	Oslo, Norway	Own, manage and develop shipping operations, including operate and own terminals and logistics operations connected with this, trade of shares and other securities and everything connected with this, and participation in other companies and activities of any sort.	100%
Höegh Technical Management Holding Pte. Ltd.	Singapore	Technical manager of the Group's vessels, and participation in other companies.	100%
Höegh Autoliners AS...........................	Oslo, Norway	Charter and operate ships for transportation of rolling cargo, administer and own other means of transport, terminals and inventories, and operate associated activities, including participation in other companies.	100%
HFS Philippines Inc.............................	Philippines	Crewing company	100%
HFS China Ltd.	China	Crewing company	100%
Alliance Norfolk Trust	USA	Ship owning company	100%
Alliance St. Luis Trust	USA	Ship owning company	100%
Alliance Fairfax Trust	USA	Ship owning company	100%
Höegh Autoliners Panama S.A	Panama	Commercial operation	100%

Höegh Northern Terminal Ltd.	London, UK	Terminal services	50%
SAS Autotrans Logistics	France	Logistics operation	100%
Höegh Autoliners B.V..........................	Amsterdam, Netherlands	Holding company	100%
Höegh Technical Management, Inc.	Philippines	Technical management operations	100%
Höegh Autoliners GmbH......................	Germany	Commercial operation	100%
Höegh Autoliners SASU.......................	France	Commercial operation	100%
Höegh Autoliners Inc.	USA	Commercial operation	100%
Alliance Navigation LLC.......................	USA	Commercial operation	100%
Höegh Autoliners (Pty) Ltd.	South Africa	Commercial operation	100%
Höegh Autoliners KK...........................	Japan	Commercial operation	100%
Höegh Autoliners Ltd.	China	Commercial operation	100%
Höegh Autoliners S. L.	Spain	Commercial operation	100%
Höegh Autoliners Pvt. Ltd....................	India	Commercial operation	100%

10.3 Share capital and share capital history

10.3.1 Overview

As of the date of this Information Document, the Company's registered share capital is NOK 2,800,169,916 divided into 189,200,670 Shares, each with a par value of NOK 14.80. All of the Company's shares have been issued under the Companies Act, and are validly issued and fully paid.

The Company has one class of shares, and accordingly there are no differences in the voting rights among the Shares. The Company's shares are freely transferable, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or rights of first refusal. Pursuant to the Articles of Association, the Company's shares shall be registered in VPS.

10.3.2 Share capital history

The table below shows the development in the Company's share capital for the period covered by the Annual Financial Statements to the date of the Information Document. There have not been any other capital increases in the Company other than as set out in the table below, neither by way of contribution in cash or in kind for the period covered by the Annual Financial Statements until the date of this Information Document.

Date of registration	Type of change	Change in share capital (NOK)	New share capital (NOK)	Nominal value (NOK)	New number of total issued shares	Subscription price per share (NOK)
9 November 2021	Share capital increase (bonus issue)	36,466,862	2,792,054,204	106	26,340,134	N/A
13 November 2021	Share split	N/A	2,792,054,204	21.20	131,700,670	N/A
25 November 2021	Share capital reduction	842,884,288	1,949,169,916	14.80	131,700,670	N/A
25 November 2021	Share capital increase	851,000,000	2,800,196,916	14.80	189,200,670	21

10.4 Ownership structure

As of 26 November 2021, provided that the Offer Shares are being delivered to the investors in the Private Placement, the Company's twenty largest shareholders are as follows:

#	Shareholder	Number of Shares	Per cent of share capital
1	Leif Höegh & Co. Holdings AS[1]	84,017,841	44.4
2	A.P. Møller - Mærsk A/S	50,367,455	26.6
3	DNB Asset Management AS	5,500,000	2.9
4	Albemarle Asset Management	5,200,000	2.7
5	Baader Bank Aktiengesellschaft	5,000,000	2.6
6	KLP Kapitalforvaltning AS	4,761,904	2.5
7	Storebrand Asset Management AS	2,625,000	1.4
8	Intertrade Shipping AS	2,380,952	1.3
9	Standard Drilling PLC	2,000,000	1.1
10	Damgård Invest AS / Damgård AS[2]	1,820,135	1.0
11	Skagen AS	1,600,000	0.8
12	Union Investment	1,250,000	0.7
13	Ultranav	1,150,000	0.6
14	Global Value Partners	1,125,272	0.6
15	Delphi Norge	1,000,000	0.5
16	Nordea Investment Management AB	1,000,000	0.5
17	SEB Prime Solutions-Sissener Canopus	1,000,000	0.5
18	Beck Asset Management AS	939,098	0.5
19	Arbiter Partners Capital Management, LLC	825,000	0.4
20	MP Pensjon PK	825,000	0.4
Total top 20		174,387,657	92.2
Others..		14,813,013	7.8
Total		189 200 670	100.0

1 Leif Höegh & Co. Holdings AS has lent out 7,500,000 Shares to the Stabilisation Manager to facilitate price stabilisation activities (see Section 6.5). Following completion of the stabilisation activities and assuming full return of the borrowed shares, Leif Höegh & Co. Holdings AS will hold 91,517,841 Shares, equivalent to 48.4% of the share capital in the Company. If the Greenshoe Option is exercised in full, Leif Höegh & Co. Holdings AS will hold 46.5% of the share capital in the Company.

2 Damgård Invest AS and Damgård AS are wholly-owned by Andreas Enger, CEO of the Group.

As of the date of this Information Document, the Company does not hold any treasury shares.

There are no arrangements known to the Company that may lead to a change of control in the Company.

10.5 Authorisations

10.5.1 Authorisation to increase the share capital

As at the date of this Information Document, the Board of Directors holds authorisations to increase the share capital by up to NOK 671,033,983. The authorisations are valid until the earlier of the Company's annual general meeting in 2022 and 30 June 2022.

10.5.2 Authorisation to acquire treasury shares

As at the date of this Information Document, the Board of Directors does not hold any authorisation to acquire Shares in the Company.

10.6 Financial instruments

Neither the Company nor any of the Company's subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries.

10.7 Shareholder rights

The Company has one class of shares in issue and all Shares provide equal rights in the Company, including the rights to any dividends. Each of the Company's shares carries one vote. The rights attached to the Shares are further described in Section 10.8 ("The Articles of Association") and Section 10.9 ("Certain aspects of Norwegian corporate law").

10.8 The Articles of Association

The Articles of Association are enclosed in Appendix A to the Information Document. Below is a summary of the provisions of the Articles of Association as of 24 November 2021.

10.8.1 Objective of the Company

Pursuant to section 3, the Company's business objective is shipping and other economic activity, including participation and financing of other companies.

10.8.2 Share capital and par value

Pursuant to section 4, the Company's share capital is NOK 2,800,169,916 divided into 189,200,670 shares, each with a nominal value of NOK 14.80.

Pursuant to section 8, the Shares shall be registered with a central securities depository (the Norwegian Central Securities Depository (VPS)).

10.8.3 The board of directors

Pursuant to section 5, the Board of Directors shall consist of between six (6) and twelve (12) members.

10.8.4 Signatory right

Pursuant to section 6, the signatory right lies with the chair of the board of directors and one board member jointly, or the chair of the board of directors and the CEO jointly.

10.8.5 General meetings

The annual general meeting shall deal with and decide the following matters:

- Approval of the annual accounts and the annual report, including distribution of dividend;
- Appointment of board members; and
- Any other matters, which according to the law or the articles of association fall within the responsibility of the general meeting.

10.9 Certain aspects of Norwegian corporate law

10.9.1 General meetings

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that a written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting is sent to all shareholders with a known address no later than fourteen days before the annual general meeting of a Norwegian public limited liability company shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy (the proxy holder is appointed at their own discretion). Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings. All of the Company's shareholders who are registered in the shareholders' register kept and maintained with VPS as of the date of the general meeting, or who otherwise have reported and documented ownership of shares in the Company, are entitled to participate at general meetings, without any requirement of pre-registration.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders shall also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 10% of the share capital demands such in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings.

10.9.2 Voting rights – amendments to the articles of association

Each Share carries one vote. In general, decisions shareholders are entitled to make under Norwegian law or the articles of association may be made by a simple majority of the votes cast. In the case of elections or appointments (e.g. to the board of directors), the person(s) who receive(s) the greatest number of votes cast is elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe for shares in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the articles of association, to authorize an increase or reduction of the share capital, to authorize an issuance of convertible loans or warrants by the Company or to authorize the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at the general meeting in question. Moreover, Norwegian law requires that certain decisions, i.e. decisions that have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the articles of association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the articles of association.

In general, only a shareholder registered in VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees.

There are no quorum requirements that apply to the general meetings.

10.9.3 Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to the articles of association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. The preferential rights may be deviated from by a resolution in the general meeting passed with the same vote required to amend the articles of association. A deviation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the articles of association, authorize the board of directors to issue new Shares, and to deviate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered par share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States and other jurisdictions upon the exercise of preferential rights may require the Company to file a registration statement or prospectus in the United States under United States securities laws or in such other jurisdictions under the laws of such jurisdictions. Should the Company in such a situation decide not to file a registration statement or prospectus, the Company's U.S. shareholders and shareholders in such other jurisdictions may not be able to exercise their preferential rights. To the extent that shareholders are not able to exercise their rights to subscribe for new shares, the value of their subscription rights will be lost and such shareholders' proportional ownership interests in the Company will be reduced.

10.9.4 Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including, but not limited to, those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the board of directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 10% or more of the Company's share capital have a right to demand in writing that the Board of Directors convenes an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

10.9.5 Rights of redemption and repurchase of shares

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not lead to the share capital with deduction of the aggregate nominal of the holding of own shares is less than the minimum allowed share capital of NOK 30,000, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the general meeting of the Company's shareholders cannot be granted for a period exceeding two years.

10.9.6 Shareholder vote on certain reorganizations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the articles of association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

10.9.7 Liability of board members

Board Members owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Board members may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting passing upon the matter. If a resolution to discharge the Board Members from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the articles of association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Board Members from liability or not to pursue claims against the Board Members is made by such a majority as is necessary to amend the articles of association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

10.9.8 Indemnification of board members

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Board Members against certain liabilities that they may incur in their capacity as such.

10.9.9 Distribution of assets on liquidation

10.9.9.1 Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

10.10 Dividend policy

Pursuant to the Companies Act, dividends may only be declared to the extent that the Company has distributable funds and the Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. Apart from this, there are no formal restrictions on the distribution of dividends. However, as the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest. See Section 5 ("Dividends and dividend policy") for more information on the Company's dividend policy.

10.11 Takeover bids and forced transfers of shares

The Company is not subject to the takeover regulations set out in the Norwegian Securities Trading Act, or otherwise.

The Shares are, however, subject to the provisions on compulsory transfer of shares as set out in the Companies Act. If a public limited liability company alone, or through subsidiaries, owns 9/10 or more of the shares in the subsidiary, and may exercise a corresponding part of the votes that may be cast in the general meeting, the board of directors of the parent company may resolve that the parent company shall take over the remaining shares in the company. Each of the other shareholders in the subsidiary have the right to require the parent company to take over the shares. The parent company shall give the shareholders a redemption offer pursuant to the provisions of the Companies Act. The redemption amount will in the absence of agreement or acceptance of the offer be fixed by a discretionary valuation.

11 NORWEGIAN TAXATION

*This section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes ("**Norwegian Shareholders**") and to shareholders who are not resident in Norway for tax purposes ("**Non-Resident Shareholders**"). The statements herein regarding taxation are based on the laws in force in Norway as of the date of this Information Document and are subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Shares. The statements only apply to shareholders who are beneficial owners of Shares. Please note that for the purpose of the summary below, references to Norwegian Shareholders or Non-Resident Shareholders refers to the tax residency rather than the nationality of the shareholder. Please also note that the tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdictions in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares.*

11.1 Norwegian shareholders

11.1.1 Taxation of dividends

Norwegian corporate shareholders (i.e. limited liability companies and similar entities) ("**Norwegian Corporate Shareholders**") are comprised by the Norwegian participation exemption. Under the exemption, only 3% of dividend income on shares in Norwegian limited liability companies is subject to tax as ordinary income (22% flat rate), implying that such dividends are effectively taxed at a rate of 0.66%. For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax the effective rate of taxation for dividends is 0.75%.

Dividends distributed to Norwegian shareholders that are individuals (i.e. shareholders who are natural persons) **Norwegian Individual Shareholders**") are grossed up with a factor of 1.44 (1.6 from 1 January 2022) before taxed as ordinary income (22% flat rate, resulting in an effective tax rate of 31.68% and 35.2% from 1 January 2022) to the extent the dividend exceeds a tax-free allowance.

The tax-free allowance is calculated on a share-by-share basis for each individual shareholder on the basis of the cost price of each of the Shares multiplied by a risk-free interest rate. The risk-free interest rate is based on the effective rate of interest on treasury bills (Nw.: *statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The tax-free allowance is calculated for each calendar year and is allocated solely to Norwegian Individual Shareholders holding Shares at the expiration of the relevant calendar year. Norwegian Individual Shareholders who transfer Shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the Share ("unused allowance") may be carried forward and set off against future dividends received on (or gains upon realization of, see below) the same Share. Any unused allowance will also be added to the basis of computation of the tax-free allowance on the same Share the following year.

The Shares will not qualify for Norwegian share saving accounts (Nw.: *aksjesparekonto*) for Norwegian Individual Shareholders as the shares are listed on Euronext Growth (and not Oslo Børs or Euronext Expand).

11.1.2 Taxation of capital gains

Sale, redemption or other disposal of Shares is considered as a realization for Norwegian tax purposes.

Capital gains generated by Norwegian Corporate Shareholders through a realization of shares in Norwegian limited liability companies, such as the Company, are comprised by the Norwegian participation exemption and therefore tax exempt. Net losses from realization of Shares and costs incurred in connection with the purchase and realization of such Shares are not tax deductible for Norwegian Corporate Shareholders.

Norwegian Individual Shareholders are taxable in Norway for capital gains derived from realization of Shares, and have a corresponding right to deduct losses. This applies irrespective of how long the Shares have been owned by the individual shareholder and irrespective of how many Shares that are realized. Gains are taxable as ordinary income in the year of realization and losses can be deducted from ordinary income in the year of realization. Any gain or loss is grossed up with a factor of 1.44 (1.6 from 1 January 2022) before taxed at a rate of 22% (resulting in an effective tax rate of 31.68% and 35.2% from 1 January 2022. Under current tax rules, gain or loss is calculated per Share, as the difference between the consideration received for the Share and the Norwegian Individual Shareholder's cost price for the Share, including costs incurred in connection with the acquisition or realization of the Share. Any unused tax-free allowance connected to a Share may be deducted from a capital gain on the same Share, but may not create or increase a deductible loss. Further, unused tax-free allowance related to a Share cannot be set off against gains from realization of other Shares.

If a Norwegian shareholder realizes Shares acquired at different points in time, the Shares that were first acquired will be deemed as first sold (the "first in first out"-principle) upon calculating taxable gain or loss. Costs incurred in connection with the purchase and sale of Shares may be deducted in the year of sale.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may become subject to Norwegian exit taxation of capital gains related to shares in certain circumstances.

11.1.3 Net wealth tax

The value of Shares is taken into account for net wealth tax purposes in Norway. The marginal net wealth tax rate is currently 0.85% (0.95% from 1 January 2022) of the value assessed. The value for assessment purposes for the Shares is equal to 55% of the total tax value of the Company as of 1 January of the year before the tax assessment year. However, if the share capital in the Company has been increased or reduced by payment from or to shareholders in the year before the tax assessment year, the value for assessment purposes for the Shares is equal to 55% (65% from 1 January 2022) of the total tax value of the Company as of 1 January of the tax assessment year. The value of debt allocated to the Shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 55% and 65% from 1 January 2022).

Norwegian limited liability companies and similar entities are exempted from net wealth tax.

11.2 Non-Resident Shareholders

11.2.1 Taxation of dividends

Dividends paid from a Norwegian limited liability company to shareholders who are not resident in Norway for tax purposes ("**Non-Resident Shareholders**") are generally subject to Norwegian withholding tax at a rate of 25% unless the recipient qualifies for a reduced rate according to an applicable tax treaty or other specific regulations. The shareholder's country of residence may give credit for the Norwegian withholding tax imposed on the dividend.

If a Non-Resident Shareholder is carrying on business activities in Norway and the Shares are effectively connected with such activities, the Non-Resident Shareholder will be subject to the same taxation of dividend as a Norwegian Shareholder, as described above.

Non-Resident Shareholders that are corporate shareholders (i.e. limited liability companies and similar entities) ("**Foreign Corporate Shareholders**") resident within the EEA are exempt from Norwegian withholding tax pursuant to the Norwegian participation exemption provided that the Foreign Corporate Shareholder is genuinely established and carries out genuine economic activities within the EEA.

Dividends paid to Non-Resident Shareholders that are individual shareholders (i.e. shareholders who are natural persons) ("**Foreign Individual Shareholders**") are as the main rule subject to Norwegian withholding tax at a rate of 25%, unless a lower rate has been agreed in an applicable tax treaty. If the individual shareholder is resident within the EEA, the shareholder may apply to the tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share, see Section 11.1.1 ("Taxation of dividends"). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

In accordance with the present administrative system in Norway, a distributing company will generally deduct withholding tax at the applicable rate when dividends are paid directly to an eligible Foreign Shareholder, based on information registered with the VPS. Foreign Corporate and Individual Shareholders must document their entitlement to a reduced withholding tax rate by (i) obtaining a certificate of residence issued by the tax authorities in the shareholder's country of residence, confirming that the shareholder is resident in that state, which cannot be older than three years, and (ii) providing a confirmation from the shareholder that the shareholder is the beneficial owner of the dividend. In addition, Foreign Corporate Shareholders must also present either (i) an approved withholding tax refund application or (ii) an approval from the Norwegian tax authorities confirming that the recipient is entitled to a reduced withholding tax rate or a withholding tax exemption. Such documentation must be provided to either the nominee or the account operator (VPS). Dividends paid to Non-Resident Shareholders in respect of nominee registered shares are not eligible for reduced treaty withholding tax rate at the time of payment unless the nominee, by agreeing to provide certain information regarding beneficial owner, has obtained approval for reduced treaty withholding tax rate from the Norwegian tax authorities. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Foreign Individual and Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted. The same will apply to Foreign Corporate Shareholders that have suffered withholding tax although qualifying for the Norwegian participation exemption.

Non-Resident Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments.

11.2.2 Taxation of capital gains

Gains from realization of Shares by Non-Resident Shareholders will not be subject to tax in Norway unless the Non-Resident Shareholders are holding the Shares in connection with business activities carried out or managed from Norway. Such taxation may be limited according to an applicable tax treaty or other specific regulations.

11.2.3 Net wealth tax

Non-Resident Shareholders are not subject to Norwegian net wealth tax with respect to the Shares, unless the shareholder is an individual, and the shareholding is effectively connected with a business which the shareholder takes part in or carries out in Norway. Such taxation may be limited according to an applicable tax treaty.

11.3 Transfer taxes etc. VAT

No transfer taxes, stamp duty or similar taxes are currently imposed in Norway on purchase, issuance, disposal or redemption of shares. Further, there is no VAT on transfer of shares.

12 SELLING AND TRANSFER RESTRICTIONS

12.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares admitted to trading on Euronext Growth.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Information Document does not constitute an offer and this Information Document is for information only and should not be copied or redistributed. If an investor receives a copy of this Information Document, the investor may not treat this Information Document as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Information Document, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

12.2 Selling restrictions

12.2.1 United States

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Euronext Growth Advisors have represented and agreed that it has not offered or sold, and will not offer or sell, any of the Shares as part of its allocation at any time other than (i) within the United States to QIBs in accordance with Rule 144A or (ii) outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Shares will be restricted and each purchaser of the Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 12.3.1 ("United States").

12.2.2 United Kingdom

No Shares have been offered of will be offered pursuant to an offering to the public in the United Kingdom, except that the Shares may be offered to the public in the United Kingdom at any time in reliance on the following exemptions under the UK Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Euronext Growth Advisors for any such offer; or

c) in any other circumstance falling within Section 86 of the Financial Services and Markets Act 2000 ("FSMA"),

provided that no such offer of the Shares shall result in a requirement for the Company or the Euronext Growth Advisors to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Euronext Growth Advisors have represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of

Section 21 of the Financial Services and Markets Act 2000 ("FSMA") in connection with the issue or sale of any Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

12.2.3 European Economic Area

In no member state (each a "**Relevant Member State**") of the European Economic Area (the "**EEA**") have Shares been offered and in no Relevant Member State other than Norway will Shares be offered to the public pursuant to an offering, except that Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

a) to persons who are "qualified investors" within the meaning of Article 2(e) in the EU Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State, with the prior written consent of the Euronext Growth Advisors for any such offer; or

c) in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation;

provided that no such offer of Shares shall result in a requirement for the Company or Euronext Growth Advisors to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

This EEA selling restriction is in addition to any other selling restrictions set out in this Information Document.

12.2.3.2 Other jurisdictions

The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Switzerland, Japan, Canada, Australia or any other jurisdiction in which it would not be permissible to offer the Shares.

In jurisdictions outside the United States and the EEA where an offering would be permissible, the Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

12.3 Transfer restrictions

12.3.1 United States

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities, regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.

- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Information Document.

- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

- The Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.

- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.

- The purchaser acknowledges that the Company, the Euronext Growth Advisors and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.

- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.

- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.

- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser will not deposit or cause to be deposited such Shares into any depositary receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.

- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.

- The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

- The purchaser acknowledges that the these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Euronext Growth Advisors and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

12.3.2 European Economic Area

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Information Document will be deemed to have represented, warranted and agreed to and with the Euronext Growth Advisors and the Company that:

a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and

b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Euronext Growth Advisors has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

13 ADDITIONAL INFORMATION

13.1 Admission to Euronext Growth

On 12 November 2021, the Company applied for Admission to Euronext Growth. The first day of trading on Euronext Growth is expected to be on or about 29 November 2021.

Neither the Company nor any other entity of the Group have securities listed on any stock exchange or other regulated market place.

13.2 Information sourced from third parties and expert opinions

In this Information Document, certain information has been sourced from third parties. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

The Company confirms that no statement or report attributed to a person as an expert is included in this Information Document.

13.3 Independent auditor

The Company's independent auditor is PricewaterhouseCoopers AS ("**PwC**") (business registration number 987 009 713 and registered business address at Dronning Eufemias gate 71, 0194 Oslo, Norway). The partners of PwC are members of The Norwegian Institute of Public Accountants (Nw.: *Den Norske Revisorforening*). PwC has been the Group's independent auditor since 17 September 2013.

Other than as described in section 8, PwC has not audited any information in this Information Document.

13.4 Advisors

The Company has engaged ABG Sundal Collier ASA (business registration number 883 603 362) with registered business address at Munkedamsveien 45 Vika Atrium, 0250 Oslo, Norway) and DNB Markets, a part of DNB Bank ASA (business registration number 984 851 006) with registered business address at Dronning Eufemias gate 30, 0191 Oslo, Norway as its Euronext Growth Advisors.

Advokatfirmaet Thommessen AS (business registration number 957 423 248, and registered business address at Ruseløkkveien 38, N-0251 Oslo, Norway) is acting as Norwegian legal counsel to the Company.

Advokatfirmaet Wiersholm AS (business registration number 981 371 593, and registered business address at Dokkveien 1, 0250 Oslo, Norway) is acting as Norwegian legal counsel to the Euronext Growth Advisors.

14 DEFINITIONS AND GLOSSARY OF TERMS

When used in this Information Document, the following defined terms shall have the following meaning:

ABGSC..	ABG Sundal Collier ASA.
Admission	The admission to trading of the Company's shares on Euronext Growth.
Annual Financial Statements...................	The audited consolidated financial statements of Höegh Autoliners ASA for the years ended 31 December 2020 and 31 December 2019.
Appropriate Channels for Distribution	Has the meaning ascribed to such term under "Important Information".
Articles of Association	Articles of Association of the Company as of 24 November 2021.
Board of Directors	The board of directors of the Company.
Board Members	The members of the Board of Directors.
CAGR	Compound annual growth rate.
CEO	Chief Executive Officer.
CEU..	Car equivalent units.
Companies Act......................................	Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (as amended) (*Nw.: allmennaksjeloven*).
Company	Höegh Autoliners ASA.
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance last updated 14 October 2021.
DNB	DNB Markets, a part of DNB Bank ASA.
EEA..	European Economic Area.
EU Prospectus Regulation.......................	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Euronext Growth Advisors	ABGSC and DNB.
Euronext Growth	The multilateral trading facility for equity instruments operated by Oslo Børs ASA.
Euronext Growth Admission Rules	Admission to trading rules for Euronext Growth as of December 2017.
Euronext Growth Content Requirements ..	Content requirements for Information Documents for Euronext Growth as of January 2017.
EVs	Electric vehicles.
Financial Information	The Annual Financial Statement and the Interim Financial Statements jointly.
Fleet Facility	Senior Secured Term Loan Facilities Agreement with DNB Bank ASA as Agent on behalf of a syndicate of 10 reputable banks.
FNLV	Factory New Light Vehicles.
FSMA..	Financial Services and Markets Act 2000.
Foreign Corporate Shareholders	Non-Resident Shareholders that are corporate shareholders (i.e. limited liability companies and similar entities).
Foreign Individual Shareholders	Non-Resident Shareholders that are individual shareholders (i.e. other shareholders than Foreign Corporate Shareholders).
Group	The Company together with its subsidiaries.
Höegh Owners	Morten W. Høegh and/or Leif O. Høegh and/or their respective direct linear descendants.
IAS 34	International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.
IFRS	International Financing Reporting Standards.
Information Document	This Information Document, dated 26 November 2021.

Interim Financial Statements	The Company's unaudited consolidated interim financial statements for the nine months ended 30 September 2021.
LEI	Legal Entity Identifier.
LOI	The letter of intent entered into with China Merchants Heavy Industry (Jiangsu) Co., Ltd.
Management	The members of the Group's senior management.
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.
Negative Target Market	Has the meaning ascribed to such term under "Important Information".
NOK	Norwegian kroner, the currency of the Kingdom of Norway.
Non-Resident Shareholders	Shareholders who are not resident in Norway for tax purposes.
Norwegian Accounting Act	The Norwegian Accounting Act of 17 July 1998 No. 56.
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes.
Norwegian Individual Shareholders	Norwegian Shareholders other than Norwegian Corporate Shareholders.
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended) (*Nw.: verdipapirhandelloven*).
Norwegian Securities Trading Regulation..	The Norwegian Securities Trading Regulation of 29 June 2007 no 876 (as amended) (*Nw.: verdipapirforskriften*).
Norwegian Shareholders	Shareholders who are resident in Norway for tax purposes.
OEM	Original equipment manufacturer.
Oslo Børs (or OSE)	Oslo Børs ASA.
PAHK	Piracy, armed robbery, hijackings and kidnapping.
PCTC	Pure car and truck carrier.
Positive Target Market	Has the meaning ascribed to such term under "Important Information".
POV	Previously Owned Vehicles.
Private Placement	The private placement consisting of a share capital increase raising gross proceeds of NOK 1,207.5 million, by issuing 57,500,000 new Shares, each with a nominal value of NOK 14.80, at a subscription price of NOK 21.00 per Share.
PwC	PricewaterhouseCoopers AS, with registration number 987 009 713.
Relevant Member State	Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.
RoRo	Roll-on roll-off.
Shares (or Share)	Shares in the capital of the Company, each with a nominal value of NOK 14.80, or any one of them.
Target Market Assessment	Negative Target Market together with the Positive Target Market.
USD	United States Dollars, the currency of the United States.
United States (or US)	The United States of America.
US Securities Act	US Securities Act of 1993.
VPS	The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen*).
VPS Registrar	Verdipapirservice DNB Bank ASA.

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APPENDIX A

ARTICLES OF ASSOCIATION OF HÖEGH AUTOLINERS ASA

V E D T E K T E R

FOR

HÖEGH AUTOLINERS ASA

(sist revidert 24. november 2021)

§ 1 - Firma

Selskapets navn er Höegh Autoliners ASA. Selskapet er et allmennaksjeselskap.

§ 2 - Forretningskontor

Selskapets forretningskontor er i Oslo.

§ 3 - Virksomhet

Selskapets formål er å drive skipsfart og annen økonomisk virksomhet, herunder deltakelse i og finansiering av andre selskaper.

§ 4 - Aksjekapital

Aksjekapitalen er kr 2.800.169.916, fordelt på 189.200.670 aksjer, hver pålydende kr 14,8,- fullt innbetalt.

§ 5 - Styre

Selskapets styre skal ha 6 til 12 medlemmer, etter generalforsamlingens nærmere beslutning.

§ 6 - Signatur

Selskapets firma tegnes av styrets leder og ett styremedlem i fellesskap, eller av styrets leder og daglig leder i fellesskap.

§ 7 - Generalforsamling

På den ordinære generalforsamling skal følgende saker behandles og avgjøres:

(a) Godkjennelse av årsregnskapet og årsberetningen, herunder utdeling av utbytte
(b) Andre saker som etter lov eller vedtekter hører under generalforsamlingen

§ 8 - Verdipapirregister

Selskapets aksjer skal være registrert i Verdipapirsentralen (VPS).

§ 9 – Elektronisk stemmegivning

Aksjeeiere kan avgi sin stemme skriftlig, herunder ved bruk av elektronisk kommunikasjon, i en periode før generalforsamlingen. Styret kan fastsette nærmere retningslinjer for slik forhåndsstemming. Det skal fremgå av generalforsamlingsinnkallingen hvilke retningslinjer som er fastsatt.

APPENDIX B

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HÖEGH AUTOLINERS ASA FOR THE YEAR ENDED 31 DECEMBER 2020

HÖEGH AUTOLINERS

Financial Statements 2020

Consolidated Financial Statements

Directors' Report

2020 was a challenging year for the PCTC/RoRo industry and total deep sea transported volume fell around 20% compared to 2019. For Höegh Autoliners transported volume was down 18%.

The sharp decline in volumes in April and May was mitigated by capacity adjustments and 10-12 vessels was temporarily taken out of operation in order to balance capacity with volumes. Only two vessels were placed in cold lay-up, and when the volumes came back in July and August, we could fast reactivate the idle tonnage and continue to serve our customers. The volume recovery came faster than most have expected and in Q4 we were back at pre-covid volumes and results.

The cost saving programs initiated in 2019, focusing on reducing S&GA and capacity costs, gave full effect in 2020 and helped to mitigate the effects of the volume reductions. In addition to cost reductions, the company focused on cash preservation and working capital management.

An important issue in 2020 was safety and wellbeing of employees in the offices around the world and at sea. Most of the company's land-based employees have been working from home since March 2020. Crew changes has been a challenge with travel restrictions in combination with strict testing and quarantine rules. We have through good planning and new solutions managed well.

The terminal activities in US, Mexico and Mozambique were sold in 2020 with good profits.

A new management team was nominated in September 2020 and Andreas Enger succeeded Thor Jørgen Guttormsen as CEO.

GENERAL MARKET OVERVIEW

2020 was unlike any other year for the automotive industry. Global pandemics, leading to runaway COVID-19 virus levels and repeated stringent lockdown restrictions across the world, decimated 2020 automotive demand. April 2020 saw the low sales point, down 46% y/y. Sales in May fell 33%, June -14%, July -5%, August -10%, but from September and on the market recovered faster than anticipated. Full–year 2020 global demand posted an estimated 76.5 million units, down by 14.8%. Benchmarked against the pre–COVID-19 forecasts made in January 2020, COVID-19–related downgrades for 2020 represent over 12 million units of losses compared with potential global auto demand. The swift recovery was supported by many governments that have announced stimulus packages to help economies through the healing process, some with targeted auto stimulus programs.

Most Höegh Autoliners relevant markets reported double digit sales declines: Western European car market fell by 21% in 2020, US market was down 15%, Mexico by 28%, S. Africa by 27%, Middle East by 21%, Oceania by 15%. The only market that remained strong during the pandemics was Taiwan.

Total shipments of light vehicles in Höegh Autoliners relevant trade lanes declined by 17% (with recovery in the second half), a better result than global shipments that fell by 19%. Shipments from Asia to USA were particularly solid in the second half of the year, driven by OEMs need to replenish inventories that were drawn down to very low levels by plant closures. Shipments in Asia to Europe recovered as well driven by China-based OEMs ambitions to penetrate the just opening market for electrified vehicles.

Shipments of used cars fell on average by 20% in 2020. Shipments to Africa, particularly to North Africa (Libya) and West Africa were slightly less affected by pandemics. Shipments of High and Heavy machinery declined less than light vehicles mainly due to the fact that infrastructure projects, where they are normally deployed, continued during the year despite lockdowns. Shipments from Japan to the U.S. recovered strongly in the second half.

The global fleet of PCTCs trading in deep sea trades totalled 616 vessels (over 2,000 CEU capacity) by February 2021 (Source: Clarksons Platou). 22 vessels were recycled in 2020. The global order book counted 18 vessels, of which 12 vessels are scheduled for delivery in 2021, three vessels in 2022 and three vessels in 2023. Total capacity on order is equal to 2.5% of the active fleet.

RESULT 2020

Höegh Autoliners Holdings (Group)

The Group reported a decrease in operating profit (EBITDA) from USD 203 million in 2019 to USD 175 million in 2020. The main reason for the decrease is lower revenues following the corona pandemic where the global automotive supply chain was disrupted, and ports and vessel operations were disturbed.

The subsidiary Horizon Terminal Services LLC was sold in the beginning of December 2020 and is presented as discontinued operations in the financial statements for 2020. The 2019 figures have been restated to reflect the discontinued operations.

The net loss after tax from continued operations amounted to USD 34 million (a loss of USD 63 million in 2019), mainly due to lower volumes and impairment of USD 8 million related to three vessels. The profit from discontinued operations amounted to USD 15 million, bringing the net loss for the year to USD 19 million.

Total revenues in 2020 amounted to USD 737 million, which is down 20% from 2019. The decrease in revenues is a result of lower volumes and lower revenues mainly due to the pandemic situation. Bunker expenses were down by USD 44 million (23%) from 2019 to 2020 due to lower activity. Voyage- and other operating expenses were down by 13% mainly due to lower activity. Charter hire expenses decreased with USD 47 million (77%) mainly due to fewer vessels on charter compared to 2019. Running expenses for the vessels stayed at the same level as in 2019. The administrative expenses have been reduced with 40% from 2019 to 2020 following a corporate restructuring in the end of 2019.

The shares in Maputo Car Terminal Limitada, Fast Terminals Internacional S.A and Horizon Auto Logistics S.A, were sold during 2020, reducing the profit from associates and joint ventures to USD 0.5 million for 2020 (profit of USD 3.4 million in 2019). The sale of shares resulted in a total net loss of USD 0.7 million. The vessel Höegh Kunsan was sold in October 2020 resulting in a loss of USD 2.7 million.

The sale of the subsidiary Horizon Terminal Services LLC contributed with a profit of USD 14.9 million, whereof USD 12 million is related to gain on sale of the shares.

Interest expenses are lower in 2020 than in 2019, mainly due to the higher interest margin on deferral of instalments for 2019. Of the total interest expenses of USD 45 million in 2020, USD 22 million is related to leased assets.

FINANCIAL POSITION

Höegh Autoliners Holdings (Group)

During 2020, the Company had full debt amortisation of its interest-bearing debt. Net interest-bearing debt was reduced from USD 840 million in 2019 to USD 669 million in 2020. Gross interest-bearing mortgage debt was reduced from USD 607 million in 2019 to USD 521 million at year-end 2020. The interest-bearing mortgage debt is classified as current debt at 31 December 2020 as the maturity date is July 2021. On 25 June 2021, the Company reached an agreement with the lenders in the loan syndicate for an extension of the loan facility. For more details, see note 26. The cash balance at the end of the year was USD 115 million, which was down from USD 141 million at the end of 2019.

The book equity totalled USD 541 million in 2020, a decrease from USD 561 million in 2019. Book equity represented 37% of total equity and liabilities at 31 December 2020. The Group’s covenants relating to the USD 1,000 million loan facility are related to a minimum book equity ratio, working capital and a minimum cash covenant. The Group complied with these requirements at year-end 2020.

The three vessels that have been impaired in 2020, have been classified as held for sale at the end of 2020. Two of the vessels have been sold during the first quarter of 2021.

Net cash flow from operating, investing and financing activities was negative with USD 25 million. The net cash flow from operations amounted to USD 118 million. Cash flow from investing activities was positive with USD 11 million, mainly related to sale of the subsidiary Horizon Terminal Services in December 2020. Net cash flow used in financing activities was negative with USD 155 million, whereof USD 71 million was related to payment of lease liabilities. Repayment of mortgage debt has in 2020 been made in full after deferrals of instalments in 2019 and amounted to USD 83 million.

Höegh Autoliners Holdings AS (Company)

The net loss for 2020 amounted to USD 9 million (net loss of USD 172 million in 2019). The value of shareholdings was impaired by USD 14 million. The Company has a total equity of USD 686 million and an equity ratio of 56%. The Board of Directors has proposed that the net loss for 2020 is charged against retained earnings. No dividends will be proposed for the financial year 2020.

In accordance with the Norwegian Accounting Act § 3-3a, it is confirmed that the Company qualifies for going concern. The Board of Directors is of the opinion that the accounts give an accurate picture of the Company's financial operations.

FINANCIAL RISK

Market risk

The interest rate risk is reduced through interest rate swaps. At year-end 2020, approximately 25% of the Group's net interest bearing debt was swapped into fixed interest rates.

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 NOK and relate to general administrative expenses. The Group have USD/NOK currency hedges at the end of 2020, expiring during first half of 2021. 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.

Credit risk

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

Liquidity risk

The Group has a cash balance of USD 115 million, decreased from USD 141 million at the end of 2019. The decrease is mainly due to lower net cash flow during the year and higher repayment of debt in 2020 than previous year. The mortgage debt is classified as current at year-end as the maturity date is in July 2021. The outstanding debt has been refinanced for a minimum of two years. See note 26 for more details on the refinancing.

ORGANISATION

Höegh Autoliners had at the end of the year 373 land-based employees from 24 different nations. Average age among shore-based staff was at the end of the year 43 years, and the average service in the Group was seven years.

Höegh Autoliners operates an "equal opportunities policy" in all locations and encourages continual learning and development for all employees. In 2020, females made up 22% of the Board of Directors and 44% of the global land-based organisation. The Group had 1,339 seafarers employed by the end of 2020, of which, 2.5% were females. 67% of the seafarers are from the Philippines and 33% are from China. More information on Höegh Autoliners' work and policies regarding diversity, equality and discrimination can be found in the ESG report 2020, published on www.hoeghautoliners.com.

Absence through illness continues to be low and well below industry average. In 2020, the number of days registered as “absence due to illness” represented 1.6% for employees in Norway. Global turnover was 37%, highly influenced by the restructuring process implemented in late 2019.

In 2020, the Group experienced four LTIs (Loss Time Incident). 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) is 0.58, slightly lower than the target of 0.7, whereas the target industrial standard is 1.0. The four incidents were:

- Concussion sustained while securing equipment in mess hall due to bad weather resulting in three days absence from work.
- Second degree burn due to butane gas cartridge caught fire while being replaced, resulting in repatriation.
- Concussion caused by crew hitting the basketball post while playing basketball, resulting in 14 days absence from work.
- Fractured arm as a result of crew slipped in staircase and fell, resulting in repatriation.

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

A comprehensive reorganization and simplification were implemented at the head office in December 2019 and was rolled out in the global organization during the first half of 2020. In September 2020, Andreas Enger was appointed CEO and Per Øivind Rosmo was appointed CFO.

SUSTAINABLE DEVELOPMENT

The Group aims to contribute to sustainable development by acting as a socially responsible shipping company. To do this, the Company 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 called “Zero”. This program is 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 during 2020, including a brand new e-learning on competition law and anti-trust. Compliance Ambassadors are appointed in all offices and the Code of conduct was launched through the event Integrity Day conducted in all offices. Sanctions and export control compliance is a constant focus area due to the ever-changing regulatory landscape. There is also an emphasis on data privacy and particularly transfers to countries outside the EU.

Environment

The maritime industry is under continued pressure to reduce its environmental footprint. Höegh Autoliners has had a positive trend through 2020, with reduced average consumption and an EEOI at 26,9 g CO_2 per t*km, down 9% from 2019. Fuel efficiency has improved 38% since 2008, and Höegh Autoliners continues to seek energy optimization through innovation and operational initiatives. Höegh Autoliners purchased about 290,000 tons of low sulphur fuel oil and 40,000 tons of distillates in 2020.

In addition, the fleet is in progress of installing compliant ballast water treatment systems across the fleet. Technical and operational preparations for Höegh Autoliners’ first operation on biofuel commenced in 2020. The waste stream biofuel will be burned onboard a selected vessel in first quarter of 2021.

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 is one of the founding members of the Trident Alliance; a coalition of shipowners and operators who share a common interest in robust enforcement of maritime Sulphur regulations. The alliance also partners with other stakeholder groups, who share similar interest in robust enforcement.

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 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. There are pending class actions in Canada and a private stand-alone action filed by a single customer. 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.

LOOKING FORWARD

Some operational challenges and disruptions related to covid-19 has continued into 2021. This has led to delays and use of more capacity to move the same volume of cargo. Sales in some markets are volatile and there are disruptions also amongst the manufacturers related to ie. semiconductors.

The overall market outlook for the PCTC/RoRo segment is positive with an expected increase in demand in combination with a low order book giving an expected sound supply/demand balance.

The company have launched a green fleet renewal plan to meet the decarbonization requirements of the Automotive and Equipment industries. There is an upward pressure on freight rates due to volume recovery out of the pandemic and a tight capacity situation.

The Board of Directors/CEO
Oslo, 30 June 2021

Leif Høegh

Leif O. Høegh
Chair

Jan B. Kjærvik
Deputy Chair

Morten Høegh

Morten W. Høegh
Board member

Kristian Bai Høllund
Board member

Thor Jørgen Guttormsen
Board member

Martine Vice Holter

Martine Vice Holter
Board member

D. Wedell-Wedellsborg

Ditlev Wedell-Wedellsborg
Board member

Kasper Friis Nlaus

Kasper Friis Nilaus
Board member

Lise Duetoft

Lise Duetoft
Board member

Andreas Enger

Andreas Enger
CEO

Consolidated statement of comprehensive income

(USD 1 000)	*Notes*	*2020*	*2019 Restated**
Total revenues	2	736 691	921 800
Other income	2	10 412	-
Bunker expenses	3	(145 104)	(189 124)
Voyage expenses and other operating expenses	3	(307 792)	(352 318)
Charter hire expenses	3	(14 210)	(61 488)
Running expenses	4	(88 543)	(88 524)
Administrative expenses	5	(16 301)	(27 188)
Operating profit		**175 152**	**203 157**
Profit/(loss) from associates and joint ventures	28	463	3 443
Gain/(loss) on sale of assets	7	(2 651)	4
Impairment	7	(8 194)	(28 616)
Depreciation	7/8	(153 020)	(169 150)
Profit/(loss) before financial items		**11 750**	**8 838**
Interest income	9	341	1 459
Interest expenses	9	(44 558)	(67 202)
Income from other financial items	10	4 980	2 678
Expenses from other financial items	10	(5 184)	(4 977)
Profit/(loss) before tax from continued operations		**(32 671)**	**(59 204)**
Income tax expenses	11	(936)	(4 094)
Profit/(loss) from continued operations		**(33 607)**	**(63 299)**
Discontinued operations			
Profit/(loss) for the year from discontinued operations	6	14 935	1 564
Profit/(loss) for the year		**(18 672)**	**(61 734)**
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Remeasurement on defined benefit plans		(217)	(139)
Currency translation differences	28	369	(1 004)
Changes in fair value	16	(1 039)	(183)
Other comprehensive income, net of tax		**(886)**	**(1 326)**
Total comprehensive income for the period		**(19 558)**	**(63 060)**

* See note 6

Consolidated statement of financial position

(USD 1 000)	*Notes*	*31.12.2020*	*31.12.2019*
Assets			
Non-current assets			
Deferred tax assets	11	892	892
Vessels	7	978 161	1 053 960
Leased assets	8	217 921	329 334
Newbuildings and projects	7	12 294	11 436
Equipment	7	15 859	22 540
Investments in associates and joint ventures	28	8 960	18 156
Other non-current assets	12	1 288	1 363
Other non-current financial assets	12	2 834	5 607
Total non-current assets		**1 238 209**	**1 443 288**
Current assets			
Bunker		24 942	32 984
Vessels held for sale	7	13 610	-
Trade and other receivables	13	68 265	87 832
Prepayments	13	2 322	2 199
Other current financial assets	14	971	3 173
Cash and cash equivalents	15	115 148	140 938
Total current assets		**225 258**	**267 125**
Total assets		**1 463 467**	**1 710 413**
Equity and liabilities			
Equity			
Share capital	17	493 358	493 358
Share premium reserve	17	255 486	255 486
Retained earnings		(207 801)	(188 243)
Total equity		**541 043**	**560 602**
Non-current liabilities			
Pension liabilities	5	2 588	5 379
Deferred tax liabilities	11	24 214	24 750
Other non-current liabilities	19	7 343	11 782
Non-current interest bearing debt	20	-	524 987
Non-current lease liabilities	8	207 561	290 465
Total non-current liabilities		**241 705**	**857 362**
Current liabilities			
Current interest bearing debt	20	520 751	82 113
Trade and other payables	21	51 151	77 089
Income tax payable	11	482	735
Current accruals and provisions	22	45 042	40 957
Other current liabilities	23	7 586	7 922
Current lease liabilities	8	55 706	83 633
Total current liabilities		**680 718**	**292 449**
Total equity and liabilities		**1 463 467**	**1 710 413**

The Board of Directors/CEO
Oslo, 30 June 2021

Leif O. Høegh
Chair

Jan B. Kjærvik
Deputy Chair

Morten W. Høegh
Board member

Kristian Bai Høllund
Board member

Thor Jørgen Guttormsen
Board member

Martine Vice Holter
Board member

Ditlev Wedell-Wedellsborg
Board member

Kasper Friis Nilaus
Board member

Lise Duetoft
Board member

Andreas Enger
CEO

Consolidated statement of changes in equity

(USD 1 000)	*Notes*	*Share capital*	*Share premium reserve*	*Retained earnings*	*Total*
Equity 01.01.2019		493 358	255 486	(70 889)	677 956
Implementation effect IFRS 16				(54 294)	(54 294)
Profit/(loss) of the year				(61 734)	(61 734)
Other comprehensive income		6 634	43 366	(1 326)	(1 326)
Equity 31.12.2019		**493 358**	**255 486**	**(188 243)**	**560 602**
Profit/(loss) of the year				(18 672)	(18 672)
Other comprehensive income				(886)	(886)
Equity 31.12.2020		**493 358**	**255 486**	**(207 801)**	**541 043**

Consolidated statement of cash flows

(USD 1 000)	*Notes*	*2020*	*2019*
Cash flows from operating activities			
Profit/(loss) before tax		(32 671)	(59 204)
Depreciation and amortisation	7/8	153 020	169 150
Impairment	7	8 194	28 616
(Gain)/loss on sale of tangible assets	7	2 651	(4)
Changes due to discontinued operations	6	(14 935)	-
Cash flow provided by operating activities before changes in working capital		**116 259**	**138 557**
Working Capital			
Trade and other receivables	13	19 567	35 113
Bunker		8 042	2 810
Prepayments	13	(124)	(623)
Trade and other payables	21	(25 938)	3 172
Accruals and provisions	22	4 085	(9 226)
Income tax payable	11	(253)	(152)
Other current liabilities	23	(336)	2 817
Other changes to working capital		4 477	(3 131)
Net cash flow provided by operating activities		**125 779**	**169 338**
Cash flows from investing activities			
Proceeds from sale of tangible assets	7	4 003	19
Investment in vessels, other tangible and intangible assets	7	(27 388)	(22 845)
Investments in joint ventures and associates		9 640	6 253
Sale of opeartions, net of cash sold companies	6	19 184	-
Net cash flow provided by/(used in) investing activities		**5 440**	**(16 573)**
Cash flows from financing activities			
Repayment of debt	15/16/20	(83 412)	(38 500)
Payment of lease liabilities	8/15/16	(71 436)	(87 331)
Other financial items		(2 162)	(7 886)
Net cash flow used in financing activities		**(157 009)**	**(133 717)**
Net change in cash and cash equivalents		**(25 790)**	**19 048**
Cash and cash equivalents beginning of period		140 938	121 889
Cash and cash equivalents end of period	**15**	**115 148**	**140 938**
Non restricted cash, 31.12		114 659	140 018
Restricted cash, 31.12	15	488	920
Cash and cash equivalents end of period	**15**	**115 148**	**140 938**

Notes 2020

1 Corporate information

Höegh Autoliners Holdings AS (the "Company") is a privately owned company domiciled in Norway. 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 2020 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.

Leif Höegh & Co Holdings AS holds the majority position in Höegh Autoliners Holdings AS with 61.25% of the shares, while remaining minority interest of 38.75% is held by A.P. Møller-Mærsk A/S.

Leif Höegh & Co Holdings AS is controlled by Leif Höegh & Co AS, which ultimately is owned 50% by trusts under which Morten W. Høegh and his immediate family are the primary beneficiaries, while 50% is ultimately owned by companies controlled by Leif O. Høegh.

A.P. Møller-Mærsk A/S is a publicly listed company domiciled in Denmark. The company is one of the largest container shipping and logistic companies in the world.

Summary of significant accounting policies

BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The consolidated financial statements were authorised for issue by the Board of Directors on 30 June 2021.

Basis of measurement
The consolidated financial statements have been prepared on a historical cost basis with the exception of the following material accounting entries:

- Derivative financial instruments are measured at fair value. The Group's derivative financial instruments include interest rate swaps and bunker swaps.
- Shares not held for trading are measured at fair value.

Currency
The consolidated financial statements are presented in US dollars (USD). All financial information presented in USD has been rounded to the nearest thousands, except when otherwise indicated.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to IFRS which have been implemented by the Group during the current financial year.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements for the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

Assumptions and estimation uncertainties that have a risk of resulting in adjustments within the next financial year are related to the following conditions:

- *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.

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.

FOREIGN CURRENCY TRANSACTIONS

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.

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.

CONSOLIDATION POLICIES

The consolidated financial statements include Höegh Autoliners Holdings AS and its subsidiaries. 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.

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.

Business combinations and goodwill
The purchase method of accounting is used to account for business combinations that explicitly fall under the scope of IFRS 3. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the business combination in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is accounted for as goodwill.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group, are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at their carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity except that any share capital of the acquired entities is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

Associated companies
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.

Unrealised gains arising from transactions with associates are eliminated according to the Group's share in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. For further disclosures, see Note 28.

Joint ventures
A joint venture is a contractual arrangement whereby two or more parties (ventures) undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the ventures. A jointly controlled entity is a joint venture that involves the establishment of a company, partnership or other entity to engage in economic activity that the Group jointly controls with its fellow ventures.

The results, assets and liabilities of a jointly controlled entity are incorporated in these financial statements using the equity method. The Group's share of its joint ventures' 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. For further disclosures, see Note 28.

Non-current assets held for sale and discontinued operations
The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset , excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to b completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are presented in note 6. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

REVENUE RECOGNITION

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. 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 in Note 2. 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.

Transaction price is determined based on market prices. The freight services are priced as one complete transport service to the customer. Retrospective volume rebates provided to certain customers, which represent variable consideration, are based on the expected value method and allocated to the voyage revenue. Variable considerations are only included in the transaction price if it is highly probable that there will not be a significant reversal in cumulative revenue recognised, when the uncertainties related to the variability are resolved.

Voyage revenue and expenses
All voyage revenue and expenses are recognised on a load-to-discharge basis for all spot voyages. Revenue and expenses related to voyages will to some extent be based on estimates as the actual figures are not available at year-end. All estimates are based on regular updates based on the progress of each voyage. The freight revenues measured at year-end give a faithful depiction of the transfer of services.

Performance obligations for voyage revenue are satisfied over time through the progress of the voyage, as the customer is receiving and consuming the benefits of the transport services as the Group performs. No revenue is recognised until the voyage starts and the performance obligation is partly satisfied.

Voyage expenses include all expenses that are incurred as a direct and incremental consequence of a particular voyage, such as bunker fuel, port costs, cargo loading and unloading expenses, canal and agency fees, as well as administrative expenses in the various regions. Other operating expenses include running expenses and administrative expenses. Other operating expenses are recognised when incurred.

All voyage expenses in relation to each voyage are considered costs to fulfil a contract and are capitalised and amortised through each specific voyage, based on the percentage of completion of the voyage (progress/days).

For further disclosures, see Note 3, 4 and 5.

Time charter revenue
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 revenue
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.

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 15.

FINANCIAL INSTRUMENTS

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 2020, the Group holds financial instruments classified in level two and 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 gives 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.

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*

The Group evaluates trade receivables according to the full lifetime expected credit losses.

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.

INVENTORIES

Inventories consist mainly of bunkers and are recognised at cost. The consumption of bunkers is recognised in accordance with the first-in first-out principle (FIFO).

VESSELS/ NEWBUILDINGS/ 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.

For further disclosures relating to vessels, newbuildings and equipment, see Note 7.

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. The newbuilding contracts are financed generally, hence the amount of interest capitalised during the construction period is based on the effective interest of the Group’s loan facilities.

Vessels held for sale

Vessels 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.

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.

Vessels in lay-up, for which there are no concrete plans for when the vessel will be back in operation, are not considered “in operation”.

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.

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract 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 Group leases vessels, terminals, offices, equipment and vehicles. The lease term is defined as the non-cancellable period of the lease, which is the period where the lessee cannot exit the agreement. The lease term may include option periods which are included when the Group is reasonably certain to exercise as described below. When deciding on whether the Group is reasonably certain to exercise options, all facts and circumstances are taken into consideration. See section on Extension and termination options below for further details.

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.

The lease term will be revised if there is a change in the non-cancellable period, or it is reasonably certain that an option period is to be exercised or contracted. A revision of lease term is also relevant if an option period previously was considered as part of the lease period but is no longer probable due to an event. A re-measurement due to change in lease period or purchase option, will entail a change in lease liability (and adjustment of the right-of-use asset) based on revised lease payments.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. 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.

Measurement

The lease liability is measured as the present value of future lease payments, which include fixed payments, variable payments based on an index or a rate, expected payments under residual value guarantees, exercise price of purchase options reasonably certain to be exercised and termination penalties if applicable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The right-of-use asset is measured at the amount of the lease liability adjusted for lease prepayments, lease incentives received, the lessee’s initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs. The right-of-use asset is generally depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term. The Group applies the impairment requirements in IAS 36 to the right-of-use assets. Refer to the accounting policies in section *Impairment of non-financial assets.*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

For leases where the Group is a lessor, the distinction is made between two types of leases: operating and finance leases. In leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset, are classified as operating leases. Rental income associated with operating leases are recognised on a straight-line basis and according to the agreements. See Note 7 for information on charter-out agreements.

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

Extension and termination options

Extension and termination options are included in a number of vessel, 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 Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. These considerations include penalties to terminate (or not exercise), value of any leasehold improvements, costs and business disruption required to replace the leased asset. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liability of USD 55 million.

Variable lease payments

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. Hence, variable lease payments based on performance or usage of the underlying asset, are not included as lease payments. E.g., fees in terminals based on number of items loaded will constitute variable payments and will not be included in the calculation of the lease liability.

Discount rate

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 lessee's incremental borrowing rate is used. This rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain a similar asset in a similar economic environment with similar terms, security and conditions.

Sale and leaseback transactions

IFRS 16 requires seller-lessees and buyer-lessors to apply the requirements in IFRS 15 to determine whether a sale has occurred in a sale and leaseback transaction, meaning whether the transfer of the asset qualifies as a sale in accordance with IFRS 15. If control of an underlying asset passes to the buyer-lessor and a performance obligation is satisfied, the transaction is accounted for as a sale (or purchase) and a lease by both parties. The gain on disposal is limited to only represent the gain on the portion of the asset sold recognising that the seller-lessee has retained an interest in the asset.

PROVISIONS

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. For further disclosures, see Note 22.

EQUITY

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

EMPLOYEE BENEFITS

Defined contribution plans

The contribution plans comprise plans whereby the companies make 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. For further disclosures, see Note 5.

Defined benefit plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on a set of assumptions. The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. Pension assets and obligations are calculated by an actuary each year. The Group has no significant defined benefit plans.

Termination benefits

The costs associated with termination benefits are provided for when the management has decided on a plan that will lead to reductions in the workforce and the work of restructuring has started, or a reduction in workforce has been communicated to the employees.

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. For further disclosures, see Note 11.

Tax payable

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

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 is 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.

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. Höegh Autoliners Shipping Pte Ltd is taxed under a tonnage tax scheme in Singapore where shipping-related earnings are tax-free.

CASH FLOW

The cash flow is presented according to the indirect method.

CONTINGENT LIABILITIES AND ASSETS

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.

EVENTS AFTER THE BALANCE SHEET DATE

New information regarding the Group's situation on the balance sheet date is taken into account in the financial statements. Events occurring after the balance sheet date, that do not affect the Group on the balance sheet date, but that will affect the Group's situation in the future, are disclosed if significant.

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.

(Amounts in tables USD 1 000)

2 Revenue from contracts with customers

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

Category of services	*Income statement 2020*	*Cash flow 2020*	*Income statement 2019*	*Cash flow 2019*
Freight income	714 610	724 555	863 191	891 874
TC income	17 935	21 035	53 965	56 824
Terminal related income	4 145	4 145	4 644	4 644
Total revenues	**736 691**	**749 736**	**921 800**	**953 342**
Other income	10 412	10 412	-	-
Total income	**747 102**	**760 147**	**921 800**	**953 342**

Recognition principle				
Services transferred over time	742 957		917 156	
Services transferred at a point in time	4 145		4 644	
Total revenues	**747 102**		**921 800**	

Revenue from contracts with customers are recognised upon satisfaction of the performance obligation by transferring the promised good or service to the customer. Performance obligations for Freight revenues are satisfied over time through the progress of the voyage. As the service is delivered, the customer is receiving and consuming the benefits of the transport services the Group performs. Performance obligation for TC revenue is satisfied over the period the vessel is available to the lessee. Logistics revenues are recognised at a point in time as the performance obligation is satisfied when the service delivery is complete. Other income in 2020 relates to insurance settlement after a fire on board Höegh Xiamen.

	Note	*31.12.2020*	*31.12.2019*
Freight receivables in Ro/Ro operations		101 920	115 844
Deferred freight income		42 438	42 434
Net freight receivables in Ro/Ro operations	13	**59 482**	**73 410**
Freight receivables in Other operations		2 825	6 633
Deferred TC income on vessels chartered out		129	566
Net freight receivables in Other operations	13	**2 696**	**6 067**

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. Under the payment terms generally applicable to the Group's revenue generating activities, prepayments are received only to a limited extent.

Parts of deferred freight income at year-end represent 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 length is around 50 days.

3 Bunker, voyages and charter hire expenses

Bunker expenses	*2020*	*2019*
Total bunker consumption (1 000 mt)	350	430
Average price (USD / mt)	415	440
Total	**145 104**	**189 124**

Voyage expenses	*2020*	*2019*
Loading	51 910	55 905
Discharging	53 589	60 452
Port cost	71 801	84 350
Canal cost	40 643	46 556
Transhipment	28 653	26 200
Claims and insurance	1 833	2 351
Equipment	2 960	4 197
Commission *	39 232	55 067
Terminal	12 778	12 242
Other	4 394	4 997
Total	**307 792**	**352 318**

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

(Amounts in tables USD 1 000)

Voyage expenses

Voyage expenses are variable costs relating to vessel operation and transhipment. Lower activity in 2020 with less cargo to load and discharge has decreased the total voyage expenses.

Charter hire expenses	*2020*	*2019*
Charter hire and space charter expenses on short-term time charter contracts	14 210	61 488
Total	**14 210**	**61 488**

Charter hire expenses

Following the implementation of IFRS 16 Leases in 2019, long-term charter hire expenses are no longer presented as operating expenses, but reclassified to depreciation and interest expense. The decrease in short-term charter hire expenses is due to less hire of short-term vessels and less use of space charter in 2020 compared to 2019.

4 Running expenses

	2020	*2019*
Sea personnel expenses	41 988	41 100
Spares, repair and maintenance	9 282	14 118
Consumables	12 635	11 839
Insurance	7 721	8 151
Ship management other	16 917	13 316
Total	**88 543**	**88 524**

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

Administrative expenses	*2020*	*2019*
Salaries	7 711	16 952
Payroll taxes	1 653	2 641
Pension expenses	405	447
Other administrative expenses	6 531	7 148
Total	**16 301**	**27 188**

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	*2020*	*2019*
Office	373	503
Sea personnel *	1 339	1 333
Total	**1 712**	**1 836**

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

Auditor's fee	*2020*	*2019*
Statutory audit	200	247
Assurance services and other audit related services	-	-
Tax services	38	78
Other services	71	32
Total	**309**	**357**

Amounts excluded value added tax.

(Amounts in tables USD 1 000)

Remuneration to the key management

2020	Salary	Bonus	Pension premium	Other remuneration	Total
Former Group CEO	375	-	6	1	381
Group CEO	150	-	3	0	153
Other key management	1 601	350	37	5	1 994

2019	Salary	Bonus	Pension premium	Other remuneration	Total
Former Group CEO	452	309	31	1	793
Group CEO	147	-	2	0	149
Other key management	1 833	499	211	5	2 548

Included in Other key management for 2019 and 2020 are Chief of Departments (Finance and Accounting, Staff, Sales, Trade and Capacity and Operations). A new CEO was appointed in September 2020.

Bonus plan/redundancy package

All employees are part of a bonus plan. The pay-out depends on the financial performance of the Group, and achievement of personal goals. Key management have in addition a retention bonus. The CEO and Chair of the Board do not have any agreement for redundancy package.

Remuneration to the Board of Directors

The Chair of the Board of Directors does not receive any remuneration from the Group. One director has received board fee in total of USD 0.04 million in 2020 (USD 0.07 million in 2019 for two directors).

Pensions and other long-term employee benefits

The Group provides defined contribution plans, defined benefit plans and other post-employment benefits.

Contribution plans

Contribution plans comprise plans whereby the companies make annual contributions to the employees' pension plan. The return on the plan assets of each employee will decide the ultimate pension benefit. Contributions to the plans 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

The Group has per year-end 2020 defined benefit plans for employees in Japan and the Philippines.
The schemes in Japan and the Philippines are considered immaterial, hence no detailed disclosures are provided.

The Group also had an unsecured pension liability related to certain employees, which is fully vested and paid out during 2020. The liability amounted to USD 1.5 million in 2019.

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 more relevant plans in the Group.

Pension expenses	*2020*	*2019*
Norway		
Defined contribution plan	*488*	*571*
Total Norway	488	571
Other countries	969	1 283
Total pension expenses*	**1 457**	**1 854**

** Of the total pension expenses USD 0.4 million (2019: USD 0.5 million) is reported as administrative expenses, the remaining is reported as voyage expenses.*

Net pension liabilities	*2020*	*2019*
Norway	117	1 866
Other countries	2 471	3 513
Total net pension pension liability	**2 588**	**5 379**

(Amounts in tables USD 1 000)

6 Discontinued operation

a) Description

Höegh Autoliners B.V. (HA BV) owns 100% of the shares in Horizon Terminal Services LLC (HTS), a marine terminal operator with operations in Jacksonville and Port Everglades, Florida, and Freeport, Texas. As part of the Höegh Autoliners group's process of simplifying and consolidating the services around port-to-port ocean transport, a new owner has been sought for the land-based terminals in the US that could invest and grow the business for the benefit of the customers and employees.

In October 2020, HA BV entered into a sales agreement with Amports Inc. where Amports acquired 100% of HA BV's equity interest in HTS.
The subsidiary was sold with effect from 3 December 2020 and is reported in the current period as discontinued operation.
Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the 11 months ended 30 November 2020 (2020 column) and the year ended 31 December 2019.

	2020	2019
Revenue	16 113	14 306
Expenses	(12 503)	(12 693)
Profit before income tax	3 609	1 613
Income tax	(675)	(49)
Profit after income tax of discontinued operation	2 934	1 564
Gain on sale of the subsidiary after income tax	12 001	-
Profit from discontinued operation	14 935	1 564
Net cash flow from operating activities	2 837	4 578
Net cash flow from investing activities (2020 includes USD 23.2 million from the sale of the company)	21 129	277
Net cash from financing activities	(3 303)	(3 315)
Net increase in cash generated by the subsidiary	20 662	1 541

c) Details of the sale of the subsidiary

	2020	2019
Consideration received:		-
Cash	23 233	-
Fair value of contingent consideration	-	-
Total disposal consideration	23 233	-
Carrying amount of net assets sold	9 696	-
Transaction costs related to the sale	1 536	-
Gain on sale before income tax	12 001	-
Income tax expense on gain	-	-
Gain on sale after income tax	**12 001**	-

(Amounts in tables USD 1 000)

7 Vessels, newbuildings and equipment

2020	Vessels	Newbuilding & Projects *	Equipment	Total
Cost at 01.01	2 189 506	11 436	55 747	2 256 688
Additions	11 074	15 278	1 036	27 388
Transfer from newbuilding and projects	14 406	-14 406	-	-
Reclassification to assets held for sale	-135 147	-	-	-135 147
Sales of operations	-	-	-6 981	-6 981
Disposals	(94 906)	-14	(17 565)	(112 484)
Cost at 31.12	**1 984 932**	**12 294**	**32 237**	**2 029 463**
Accumulated depreciation and impairment at 01.01	(1 135 546)	-	(33 206)	(1 168 752)
Depreciation	(73 548)	-	(2 560)	(76 109)
Impairment	(8 194)	-	-	(8 194)
Reclassification to assets held for sale	121 537	-	-	121 537
Sales / disposals of operations	-	-	2 539	2 539
Disposals	88 979	-	16 851	105 830
Accumulated depreciation and impairment at 31.12	(1 006 771)	-	(16 377)	(1 023 148)
Net carrying amount at 31.12	**978 161**	**12 294**	**15 859**	**1 006 313**
Cost at 31.12 vessels held for sale	135 147	-	-	135 147
Accumulated depreciation and impairment at 31.12 vessels held for sale	(121 537)	-	-	(121 537)
Net carrying amount at 31.12 **	**13 610**	**-**	**-**	**13 610**
Book value sold assets	5 927	14	714	6 655
Sales price	3 557	-	447	4 003
Gain / (loss)	**(2 370)**	**(14)**	**(267)**	**(2 651)**

** Newbuildings & Projects mainly relates to investments in IT-projects.*

*** Three vessels are reclassified as assets held for sale at 31.12, and have received write-downs to the expected sales value, comprising the full impairment amount for 2020 of USD 8.2 million.*

2019	Vessels	Newbuildings & Projects *	Equipment	Total
Cost at 01.01	2 229 765	13 703	45 985	2 289 453
Reclassified to leased assets	-55 200	-	-	-55 200
Additions	4 637	17 700	508	22 845
Transfer from newbuilding and projects	10 304	-19 967	9 663	-
Disposals	-	-	(409)	(409)
Cost at 31.12	**2 189 506**	**11 436**	**55 747**	**2 256 688**
Accumulated depreciation and impairment at 01.01	(1 034 870)	-	(30 250)	(1 065 120)
Reclassified to leased assets	4 089	-	-	4 089
Depreciation	(76 149)	-	(2 610)	(78 758)
Discontinued operations	-	-	(740)	(740)
Impairment	(28 616)	-	-	(28 616)
Disposals	-	-	394	394
Accumulated depreciation and impairment at 31.12	**(1 135 546)**	**-**	**(33 206)**	**(1 168 752)**
Net carrying amount at 31.12	**1 053 960**	**11 436**	**22 541**	**1 087 936**
Book value sold assets	-	-	15	15
Sales price	-	-	19	19
Gain / (loss)	**-**	**-**	**4**	**4**

** Newbuildings & Projects mainly relates to investments in IT-projects.*

Vessels

Additions/Disposals

Out of total additions of USD 25 million (USD 15 million in 2019), USD 20 million (USD 14 million in 2019) is related to capitalised drydocking costs.
Two vessels were disposed of in 2020 (none in 2019). Höegh Kunsan, owned by Höegh Autoliners Pte. Ltd was sold, while Höegh Xiamen, chartered in on long term bareboat, was scrapped.

Depreciation and updated accounting estimates

The residual value and useful lifetime of the fleet is evaluated yearly. There is no change in the residual values in 2020. As of year-end 2020, three vessels have been reclassified to assets held for sale and presented separately in the statement of financial position.

Assets held for sale

Management decided in 2020 that the three vessels Pusan, Inchon and Masan, owned by Höegh Autoliners Pte. Ltd, should be divested as they did not fit the future fleet strategy. Two of the vessels have been sold and delivered to new owners in late January and early February 2021. Negotiations with a buyer is ongoing for the third vessel and a sale is expected to be concluded by the end of second quarter 2021. The vessels have been reclassified and are presented separately in the statement of financial position for 2020. At year-end 2020, the book values of the three vessels were written down to the expected sales price.

Charter Out

Per year-end 2020 the Group has 3 of its vessels chartered out (7 in 2019). The contracts duration are from three months to about one year.
The contracts have options for extending the charter period. One of the chartered out vessels has been sold in January 2021.

The Group is expecting to receive charter hire income of about USD 2.4 million in the next year (2021). No charter hire income is expected to be received for the years 2022-2025.

Charter In

Per year-end 2020 the Group has 7 vessels chartered in on time charter contracts (8 in 2019). In addition, the Group has 10 vessels on bareboat charter (11 in 2019). The contract lenghts are up to 8 years. Two of the bareboat chartered vessels have options of prolonging the charter periods, the average option period is about three years. Leased vessels are from 2019 recognised according to IFRS 16 Leases, see note 8 for further information on leased assets.

Impairment

Market values of the vessels lower than the carrying amount is an indicator of possible impairment for the Group's vessels book value. All RoRo 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. However, four vessels have been excluded from the cash generating unit (pool) as they will no longer be part of the future fleet. One of the vessels was sold in 2020 and two vessels have been sold and delivered in early 2021. Those vessels have been written down to sales price and the last vessel has been written down to estimated scrap value. A separate impairment assessment has been performed for these vessels resulting in a total impairment of USD 8.2 million recorded in 2020.

The expected net present value generated from the fleet's operation is expected to be higher than the book value for the cash generating unit vessels, and no impairment is recognised in 2020. The assessment is based on management's best estimate as per the five year long term forecast.
A Weighted Average Cost of Capital (WACC) is applied as the Group's discount rate, calculated to 6.45% for 2020.

The pool (cash generating unit) includes leased vessels and hence the impairment assessment also apply to these. See Note 8 for further details on leased assets.

Sensitivity analysis

At year-end, a sensitivity analysis is performed in order to see the consequences of variance in parameters used in the value-in-use calculation. The break even point, where book value equals value-in-use for the vessels, is with either; a decrease in estimated EBITDA of about 8%, or with a discount rate of 7.7%. The below matrix illustrates calculated impairment or headroom, given a change in EBITDA at different discount rates.

	Discount rate				
Impairment vessels - in USD millions	*5,5 %*	*6,0 %*	*6,45 %*	*7,0 %*	*7,5 %*
Currently estimated EBITDA	199	149	106	58	16
10% Decrease in estimated EBITDA	125	78	38	-8	-48
20% Decrease in estimated EBITDA	52	8	-31	-74	-112
30% Decrease in estimated EBITDA	-21	-63	-99	-140	-176

Leased vessels

For further information on leased vessels, see Note 8 Leases and Note 15 for liquidity analysis.

Newbuildings

The Group has no contracted newbuildings as of year-end 2020.

Equipment

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

(Amounts in tables USD 1 000)

8 Leases

The Group leases offices, terminals, vessels and different machinery. The office and terminal 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. Previously, these leases were classified as operating leases under IAS 17.

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

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.

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

Amounts recognised in the balance sheet

The balance sheet shows the following amounts related to leases:

	31.12.2020	*31.12.2019*
Leased assets		
Premises	10 226	24 995
Vessels	200 686	293 768
Machinery	6 614	9 857
Other	396	714
	217 921	329 334

	31.12.2020	*31.12.2019*
Lease liabilities		
Non-current	207 561	290 465
Current	55 706	83 633
	263 267	374 098

The additions to the leased assets in 2020 were USD 8.6 million (2019: USD 11.2 million). Disposals of leased assets were USD 20.3 million, of which USD 8 million is in relation to the Höegh Xiamen fire, and the remainder is mainly related to the sale of Horizon Terminal Services LLC.

Amounts recognised in profit/(loss)	*2020*	*2019*
Depreciation charges for leased assets:		
- Premises	2 533	2 721
- Vessels	69 714	83 161
- Machinery	4 549	4 442
- Other	116	67
	76 911	90 392
Interest on lease liabilities	25 307	31 483
Variable lease payments not included in the measurement of lease liabilities (LIBOR adjustment)	-3 912	1 788
Total interest on lease liabilities	21 395	33 271
Expenses relating to short-term leases	7 189	15 346
Expenses relating to leases of low-value	109	112

The total cash outflow for leases in 2020 was USD 93.3 million, including USD 21 million in interest (2019: USD 121.3 million, including USD 34 million in interest).

The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.The Group can not draw any debt on leased assets. The Group has limited exposure to variable lease payments, other than change in LIBOR rate. The potential future lease payments should the Group exercise extension options, would increase the lease liabilities with USD 55 million. The Group does has not provided any residual value guarantees related to its lease agreements.

(Amounts in tables USD 1 000)

9 Interest income and expenses

Interest income	*2020*	*2019*
Interest income from banks	285	1 328
Other interest income	57	131
Total	**341**	**1 459**

Interest expenses	*2020*	*2019*
Interest mortgage debt	19 927	31 733
Interest on lease liabilities*	21 395	33 271
Interest on interest rate swaps realised	2 505	1 179
Interest on interest rate swaps unrealised	266	256
Other interest expenses	464	764
Total	**44 558**	**67 202**

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

10 Other financial items

Income from other financial items	*2020*	*2019*
Dividends	2	2
Gain on interest rate swaps	991	-
Gain on currency exchange	3 320	-
Gain on bunker cap	-	2 576
Gain on shares, bonds and futures **	651	-
Other financial items	16	100
Total	**4 980**	**2 678**

Expenses from other financial items	*2020*	*2019*
Loss on interest rate swaps	-	358
Loss on currency exchange	-	370
Loss on bunker cap	2 867	-
Loss on shares, bonds and futures**	1 354	141
Other financial items*	963	4 108
Total	**5 184**	**4 977**

* Other financial items for 2019 and 2020 include amortisation of debt modification loss from 2018 related to deferral of instalments. See also Note 20.
** Gain on shares, bonds and futures is related to sale of shares in Maputo Car Terminal. Loss on shares, bonds and futures is related to liquidation of Euro Marine Carriers and sale of shares in Fast Terminal Internacional S.A and Horizon Auto Logistics S.A.

(Amounts in tables USD 1 000)

11 Tax

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 2021 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 0.5 million (USD 0.6 million in 2019) 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	*2020*	*2019*
Current tax	(381)	(493)
Tax in subsidiaries outside Norway	(1 051)	(446)
Change in deferred tax	392	(3 112)
Currency effect on deferred tax and adjustments previous periods	104	(43)
Tax (expense) / income	**(936)**	**(4 094)**

Reconciliation of actual tax expense against expected tax expense in accordance with the ordinary Norwegian income tax rate of 22%	*2020*	*2019*
Profit / (loss) before tax	(32 671)	(59 204)
Estimated tax at 22% income tax rate	7 188	13 025
Tax effect of non taxable income within the tonnage tax scheme in Norway and Singapore	(2 411)	(6 031)
Other tax payable	181	(513)
Permanent differences / deferred tax assets not recognised	(5 893)	(10 575)
Tax (expense) / income	**(936)**	**(4 094)**
Effective tax rate for the Group	-3%	-7%

Income tax payable	*2020*	*2019*
Tonnage tax	504	650
Current tax for the year	(23)	85
Tax payable (maturity within 1 year)	**482**	**735**

Deferred tax assets (liabilities)	*2020*	*2019*
Deferred tax assets (liabilities)	(12)	(11)
Non-current debt / receivables	(39 357)	(43 841)
Pension liabilities *	112	374
Loss carried forward	15 043	18 728
Deferred tax assets (liabilities)	**(24 214)**	**(24 750)**
Deferred tax assets subsidiaries outside Norway	892	892
Total	**(23 322)**	**(23 858)**

* *See Note 5 for further information.*

	2020	*2019*
Deferred tax assets / (liabilities) at 01.01.	(23 858)	(20 770)
Charged to the income statement	392	(3 112)
Charged to other comprehensive income	143	25
Deferred tax assets / (liabilities) at 31.12.	**(23 322)**	**(23 858)**

Deferred tax assets / (tax) within the tonnage tax scheme	*2020*	*2019*
Current assets	324	(618)
Non-current debt / receivables	7 378	8 091
Loss carried forward	66 577	64 722
Deferred tax assets not recognised	(74 279)	(72 195)
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.

(Amounts in tables USD 1 000)

12 Other non-current financial assets

	2020	2019
Pension plan assets	243	1 275
Investments in other companies	2 400	3 453
Other non-current financial assets	191	880
Total	**2 834**	**5 607**

Pension plan assets

The pension plan assets mainly relates to the defined benefit plans in China and Philippines. The figures for 2019 also included South Korea which has been settled in 2020.

Investments in other companies

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

	2020	2019
Rental deposits	1 285	1 361
Other	3	3
Total	**1 288**	**1 363**

13 Trade, other receivables and prepayments

Trade and other receivables	2020	2019
Freight receivables	59 580	73 497
Provision for impairment on trade receivables	(98)	(88)
Net freight receivables	**59 482**	**73 410**
Agents	(481)	(3 165)
Other trade receivables	2 696	6 067
Tax and public duties	757	360
Unsettled claims	1 306	2 100
Receivables related companies	1 294	1 447
Other receivables	3 209	7 613
Total	**68 265**	**87 832**

Total outstanding as of 31.12	2020	2019
Not due	34 507	43 292
1-15	10 264	11 037
16-30	2 176	8 228
31-60	6 653	8 001
61-	5 979	2 940
Total	**59 580**	**73 497**

Prepayments	2020	2019
Prepayments administration	1 163	620
Other prepayments	1 159	1 579
Total	**2 322**	**2 199**

14 Other current financial assets

	2020	2019
Bunker swaps*	-	2 867
Currency hedge	971	307
Total	**971**	**3 173**

** See Note 15 for further information.*

(Amounts in tables USD 1 000)

15 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

The Group's risk management guidelines are established to identify, analyse and monitor the various risks and 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 of Directors.

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. As of year-end 2020 the Group had secured USD 100 million (USD 100 million in 2019) to fixed rates through interest rate swaps, about 25% of the Groups net interest bearing debt.
The interest rate swaps are measured at fair value and changes in fair value are recognised through the statement of comprehensive income.

	2020	*2019*
Fair value interest rate swaps *	(2 022)	(3 013)

** Classified as other non-current financial liabilities in Note 19 and other current financial liabilities in Note 23.*

For 2020, a change in interest rate of 1 percentage would have had an effect on the Group's profit before tax and equity, through the impact of net floating rate borrowings, of about USD 3.5 million (USD 3.6 million in 2019).

Fair value interest risk

Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's fair value interest risk arises from floating-to-fixed interest rate swaps. In 2020, a change in the fair value of 0.1 percentage point of the Interest rate swap's (IRS), due to change in interest rates would have had an effect on the Group's profit and equity of about USD 0.1 million. For interest on interest rate swaps realised/unrealised and gain/loss on interest swaps realised/unrealised, see Note 9 and 10 respectively.

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 NOK and relates to general administrative expenses, wages and pension cost. The Group's mortgage debt is denominated in USD. The Group has active currency hedges as of 31.12.2020. For further information see Note 16.

The Group has bank deposits in the following currencies:

Cash and bank deposits	*2020*	*2019*
United States Dollar	92 819	106 750
Norwegian Kroner	4 250	7 556
Pound Sterling	929	1 924
Euro	12 356	16 876
Japanese Yen	1 289	4 732
Other currencies	3 505	3 101
Total	**115 148**	**140 938**

The equivalent of USD 0.5 million (USD 0.9 million in 2019) of these deposits was held in restricted accounts in respect of employee taxes.

(Amounts in tables USD 1 000)

Applied currency rates	Currency	31.12.2020	Average	31.12.2019
Pound Sterling	USD/GBP	0,73	0,74	0,76
Japanese Yen	USD/JPY	103,20	105,87	108,54
Norwegian Kroner	USD/NOK	8,53	8,66	8,78
Euro	USD/EUR	0,82	0,85	0,89

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 2020. The table below presents the total gain/loss relating to bunker swaps, including fair value changes in the current year.

The new regulation regarding the type of oil consumed on vessels (IMO 2020) became applicable on 1 January, 2020. Low-sulfur oil compliant with the 0.5% cap on sulfur content will be completely new fuel for the shipping industry. Höegh Autoliners is fully compliant from the implementation date.

Bunker swaps	Total Gain/(loss)
Bunker swaps	(2 867)
Total	**(2 867)**

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

For further information see Note 18 and 20.

Per 31.12.2020	Note	< 1 year	1 - 5 years	> 5 years	Total
Mortgage debt (interest included)	*20*	534 815	-	-	534 815
Lease liabilities (interest included)*	*8*	78 267	197 166	104 625	380 059
Interest rate swaps liabilities	*19, 23*	2 508	43	-	2 551
Trade and other payables	*21*	47 873	-	-	47 873
Settlement U.S. Department of Justice (cash payments)	*19, 23*	5 000	6 000	-	11 000
Total		**668 464**	**203 209**	**104 625**	**976 299**

Per 31.12.2019	Note	< 1 year	1 - 5 years	> 5 years	Total
Mortgage debt (interest included)	*20*	113 134	539 051	-	652 185
Financial lease liability (interest included)	*7*	109 454	279 676	111 436	500 567
Interest rate swaps liabilities	*19, 23*	2 173	1 103	-	3 276
Trade and other payables	*21*	57 162	-	-	57 162
Settlement U.S. Department of Justice (cash payments)	*19, 23*	5 000	11 000	-	16 000
Total		**286 923**	**830 831**	**111 436**	**1 229 191**

* See Note 7 and 8 for more information on lease liabilities.

The Group's mortgage debt has been classified as current debt at 31 December 2020 as maturity date is July 2021. The mortgage debt has been refinanced for a minimum of two years. See note 26 for more details.

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 market rates. No financial assets or liabilities are subject to offsetting, enforceable master netting agreements or similar agreements.

(Amounts in tables USD 1 000)

16 Financial instruments

Financial instruments by category 2020

Assets	Note	Assets at amortised cost	Assets at fair value through profit and loss	Assets at fair value through OCI *	Other	Total
Investments in other companies	12	-	-	2 400	-	2 400
Other non-current financial assets	12	243	-	-	191	434
Trade and other receivables	13	68 265	-	-	-	68 265
Cash (and cash equivalents)	15	115 148	-	-	-	115 148
Currency Hedge	14	-	971			971
Bunkers swaps		-	-	-	-	-
Assets 31.12.2020		**183 656**	**971**	**2 400**	**191**	**187 218**

** 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	Note	Financial liabilities at amortised cost	Liabilities at fair value through profit and loss	Financial liabilities at fair value through OCI	Other	Total
Other non-current liabilities	19	-	6 000	-	1 343	7 343
Non-current interest bearing debt	20	-	-	-	-	-
Current interest bearing debt	20	520 751	-	-	-	520 751
Non-current lease liabilities	8	224 265	-	-	-	224 265
Trade and other payables (excl non-fin.liab.)	21	48 263	-	-	-	48 263
Current lease liabilities	8	58 091	-	-	-	58 091
Other current liabilities	23	-	7 586	-	-	7 586
Liabilities 31.12.2020		**851 370**	**13 586**	**-**	**1 343**	**866 299**

Financial instruments by category 2019

Assets	Note	Amortised cost	Assets at fair value through profit and loss	Assets at fair value through OCI	Other	Total
Investments in other companies	12	-	-	3 453	-	3 453
Other non-current financial assets	12	1 275	-	-	880	2 154
Trade and other receivables	13	87 832	-	-	-	87 832
Cash (and cash equivalents)	15	140 938	-	-	-	140 938
Currency Hedge		-	307	-	-	307
Bunkers swaps		-	2 867	-	-	2 867
Assets 31.12.2019		**230 045**	**3 173**	**3 453**	**880**	**237 551**

Liabilities	Note	Other financial liabilities at amortised cost	Liabilities at fair value through profit and loss	Financial liabilities at fair value through OCI	Other	Total
Other non-current liabilities	19	-	11 665	-	117	11 782
Non-current interest bearing debt	20	524 987	-	-	-	524 987
Current interest bearing debt	20	82 113	-	-	-	82 113
Non-current lease liabilities	8	290 465	-	-	-	290 465
Trade and other payables (excl non-fin.liab.)	21	57 491	-	-	-	57 491
Current lease liabilities	8	83 633	-	-	-	83 633
Other current liabilities	23	-	7 922	-	-	7 922
Liabilities 31.12.2019		**1 038 689**	**19 587**	**-**	**117**	**1 058 393**

(Amounts in tables USD 1 000)

Fair value measurement

The following tables present 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 31.12.2020	*Level 1*	*Level 2*	*Level 3*	*Total*
Investment in other companies	-	-	2 500	2 500
Bunker swap asset	-	-	-	-
Currency hedge	-	971	-	971
Total assets	**-**	**971**	**2 500**	**3 471**
Currency hedge	-	-	-	-
Interest rate swaps (accrued interest included)	-	2 551	-	2 551
Total liabilities	**-**	**2 551**	**-**	**2 551**

Financial instruments at fair value 31.12.2019	*Level 1*	*Level 2*	*Level 3*	*Total*
Investment in other companies	-	-	3 453	3 453
Bunker swap asset	-	2 867	-	2 867
Currency hedge	-	307	-	307
Total assets	**-**	**3 173**	**3 453**	**6 626**
Currency hedge	-	-	-	-
Interest rate swaps (accrued interest included)	-	3 276	-	3 276
Total liabilities	**-**	**3 276**	**-**	**3 276**

Reconciliation of liabilities arising from financial activities

				Non - cash changes			
Liabilities 2020	*Note*	*31.12.2019*	*Cash flows*	*Fair value changes*	*Other changes**	*New liability*	*31.12.2020*
Other non-current liabilities	*19*	*1 103*	*-*	*(1 060)*	*-*	*-*	*43*
Non-current int. bearing debt	*20*	*524 987*	*-*	*-*	*(524 987)*	*-*	*-*
Current interest bearing debt	*20*	*82 113*	*(83 412)*	*-*	*522 050*	*-*	*520 751*
Other current fin. liabilities	*23*	*2 173*	*-*	*335*	*-*	*-*	*2 508*
Non-current lease liabilities	*8*	*290 465*	*-*	*-*	*(74 065)*	*7 866*	*224 265*
Current lease liabilities	*8*	*83 633*	*(71 436)*	*-*	*44 072*	*1 822*	*58 091*
		984 474	**(154 847)**	**(725)**	**(32 931)**	**9 688**	**805 658**

** Other changes relates mainly to reclassifications of non-current and current portions of lease liabilities and interest bearing debt*

				Non - cash changes			
Liabilities 2019	*Note*	*31.12.2018*	*Cash flows*	*Fair value changes*	*Other changes **	*New liability*	*31.12.2019*
Other non-current liabilities	*19*	*1 594*	*-*	*(491)*	*-*	*-*	*1 103*
Non-current int. bearing debt	*20*	*655 199*	*-*	*-*	*(130 212)*	*-*	*524 987*
Current interest bearing debt	*20*	*45 644*	*(38 500)*	*-*	*74 969*	*-*	*82 113*
Other current fin. liabilities	*23*	*1 364*	*-*	*809*	*-*	*-*	*2 173*
Non-current lease liabilities	*8*	*-*	*-*	*-*	*50 601*	*239 864*	*290 465*
Current lease liabilities	*8*	*-*	*(87 331)*	*-*	*1 557*	*169 407*	*83 633*
		703 800	**(125 831)**	**318**	**(3 085)**	**409 271**	**984 474**

** Other changes relates mainly to reclassifications of financial lease liability (IAS 17) from interest bearing debt to lease liabilities*

(Amounts in tables USD 1 000)

17 Equity

Number of shares	*Par value NOK*	*2020*	*2019*
Ordinary shares	106	25 996 107	25 996 107
Average number of shares		25 996 107	25 996 107

The Board has not proposed any dividend to be paid for 2020. The Group has no share option scheme, and all issued shares are fully paid.

18 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 focuses 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 2020 is below 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 2020 is 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 2020 is above the set target.

Höegh Autoliners Holdings 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 2020.

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. The Group’s dividend policy will follow a normal distribution of 25–30% of net profit p.a. There are restrictions on dividend payments in the loan agreement.

Equity ratio	*2020*	*2019*
Total equity	541 043	560 602
Total assets	1 463 467	1 710 413
Equity ratio	**37%**	**33%**

19 Other non-current liabilities

	2020	*2019*
Settlement U.S. Department of Justice	5 957	10 562
Interest rate swap liabilities	43	1 103
Other	1 343	117
Total	**7 343**	**11 782**

In relation with U.S. investigations into the car carrier industry and ocean shipping services to and from the U.S., Höegh Autoliners accepted a settlement with the U.S. Department of Justice in 2017. Höegh Autoliners has agreed to pay USD 21 million in a plea agreement related to U.S. to Middle East exports. The liability is to be settled over a period of five years, with the first downpayment made in December 2017. A second payment was made in 2018 and a third payment in 2019. The fourth payment was made in 2020. The liability is presented in the Group's Financial Statements as both non-current liability and current liability (see Note 23), discounted with an interest of 0.36%.

(Amounts in tables USD 1 000)

20 Non-current and current interest bearing debt

2020 - Interest bearing debt	*Non-current*	*Current*	*Total*
Mortgage debt	-	518 208	518 208
Arrangement fee mortgage debt	-	(634)	(634)
Accrued interest and amortised cost adjustment	-	3 177	3 177
Total interest bearing debt	**-**	**520 751**	**520 751**

2019 - Interest bearing debt	*Non-current*	*Current*	*Total*
Mortgage debt	524 625	77 000	601 625
Arrangement fee mortgage debt	(634)	(1 416)	(2 050)
Accrued interest	996	6 529	7 525
Total interest bearing debt	**524 987**	**82 113**	**607 100**

* The Group implemented IFRS 16 Leases on 1 January 2019, and lease liabilities are no longer presented as part of the interest bearing debt. See Note 1 on implementation effects of IFRS 16 and Note 8 Leases for further information.

In January 2018, the Group agreed on a deferral of instalments on the loan facility for the years 2018 and 2019. According to IFRS 9, cash flows of the modified borrowings must be discounted at the original effective interest rate. An adjustment was made to the amortised cost calculation in 2018 as a result of this modification. See also Note 10.

Mortgage debt	*Maturity*	*Outstanding amount*
USD 1 000 million senior secured facility	July 2021	518 208
Total mortgage debt		**518 208**

The mortgage debt has been refinanced for a minimum of two years. See note 26 for more details.

Security
The USD 1 000 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 927 million. In addition, the debt is secured by an assignment of earnings and insurances.

Weighted average effective interest rates of total borrowings	*2020*	*2019*
Mortgage debt	3,57%	5,13%

21 Trade and other payables

	2020	*2019*
Suppliers	42 416	47 493
Prepaid TC on vessels chartered out	2 888	19 927
Public duties payable and holiday pay	5 847	9 669
Total	**51 151**	**77 089**

(Amounts in tables USD 1 000)

22 Current accruals and provisions

	2020	2019
Accrued voyage expenses	33 237	31 523
Accrued crew expenses	1 741	3 099
Accrued running expenses	7 741	2 355
Other current provisions	2 323	3 980
Total	**45 042**	**40 957**

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	2020	2019
Provision 01.01	**3 980**	**-**
Charged/(credited) to the income statement:		
Additional provisions	2 323	3 980
Unused amounts reversed	(667)	-
Used during year	(3 313)	-
Provision 31.12	**2 323**	**3 980**

The additional provision in 2020 includes provision for bonus and capital gain tax related to sale of shares in Mozambique. Used during the year relates mainly to the restructuring of the offices in Japan and Korea. Unused amounts reversed relate to reversal of excess provision for restructuring.

23 Other current liabilities

Current financial liabilities	2020	2019
Accrued interest on interest rate swaps	529	263
Interest rate swaps liabilities	1 979	1 910
Currency hedge	-	-
Total	**2 508**	**2 173**

Other current liabilities	2020	2019
Settlement U.S. Department of Justice	4 982	4 845
Other liabilities	96	904
Total	**5 078**	**5 749**
Total other current liabilities	**7 586**	**7 922**

24 Transactions with related parties

Höegh Autoliners Management AS delivers operational, financial and administrative services to other companies in the Group. Höegh Technical Management Holding Pte. Ltd delivers technical and crewing services to Höegh Autoliners Shipping AS and Höegh Autoliners Shipping Pte. Ltd. The Group acquired the remaining 50% of the shares in Höegh Technical Management Holding Pte. Ltd (previously Höegh Wallem Ship Management) in the beginning of 2019.

The Group had three vessels under US flag with Maersk Lines Ltd and Farrell Lines during 2020. All three vessels are owned as individual US Trusts. Each vessel is on bareboat charter to Maersk Lines or Farrell Lines from the Trusts and Höegh Autoliners Shipping AS have the vessels on time charter from Maersk Lines Ltd.

The Group had a 50% interest in Euro Marine Logistics N.V up to December 2019, when the shares were sold. Euro Marine Logistics N.V. had a loan agreement with the parent company Höegh Holding B.V., owned 100% by Höegh Autoliners Management AS. The loan amounting to EUR 3.5 million, was written off when the shares were sold. Euro Marine Logistics N.V. delivers shortsea shipping services to Höegh Autoliners Shipping AS. Euro Marine Logistics N.V. charters two vessels from Höegh Autoliners Shipping AS on a time charter basis. Höegh Autoliners Holdings AS holds a 36.45% interest in ParCar AS and has an outstanding receivable of USD 1.3 million as of 31.12.2020. ParCar Shipholding AS, which is 100% owned by ParCar AS, leases Höegh Copenhagen on a bareboat lease to Höegh Autoliners Shipping AS. The Group sold its 50% interest in Fast Terminals Internacional S.A. and the subsidiary Horizon Terminal LLC in December 2020.

(Amounts in tables USD 1 000)

The main transactions are listed in the table below:

Supplier	Receiver	Type of agreement	2020	2019
Maersk Lines Ltd.	Höegh Autoliners Shipping AS	Technical Management	21 898	14 486
Höegh Autoliners Shipping AS	Maersk Lines Ltd.	Shipping services	26 069	30 020
Höegh Technical Management Holding Pte Ltd.	Höegh Autoliners Shipping Pte Ltd	Technical Management	13 608	14 889
Höegh Technical Management Holding Pte Ltd.	Höegh Autoliners Shipping AS	Technical Management	76 244	66 128
Euro Marine Logistics N.V.	Höegh Autoliners Shipping AS	Shipping services	5 517	6 526
Höegh Autoliners Shipping AS	Euro Marine Logistics N.V.	Shipping services	3 121	11 402
Horizon Terminal Services LLC	Höegh Autoliners Shipping AS	Terminal services	2 093	3 019
ParCar Shipholding AS	Höegh Autoliners Shipping AS	Bareboat lease	7 174	7 154
Höegh Autoliners Shipping AS	Euro Marine Logistics N.V.	Time charter	1 489	7 939

Year-end balances arised from sales/purchase of goods or services with related parties are as follows:

Supplier	Receiver	2020	2019
Maersk Lines Ltd.	Höegh Autoliners Shipping AS	2 128	1 189
Höegh Technical Management Holding Pte Ltd.	Höegh Autoliners Shipping Pte Ltd	16 970	4 760
Höegh Technical Management Holding Pte Ltd.	Höegh Autoliners Shipping AS	(8 416)	22 796
Euro Marine Logistics N.V.	Höegh Autoliners Shipping AS	69	601
Höegh Autoliners Shipping AS	Euro Marine Logistics N.V.	489	1 189
Höegh Autoliners Shipping AS	Maersk Lines Ltd.	20 552	11 557
Horizon Terminal Services LLC	Höegh Autoliners Shipping AS	-	-
Höegh Autoliners Shipping AS	Horizon Terminal Services LLC	-	707

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 20 million (USD 25 million in 2019) as voyage expenses.

25 Contingent liabilities

Regular claims are made against the Group as a result of its ordinary operations. These are usually cargo claims for damages to 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.

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. There are pending class actions in Canada and a private stand-alone action filed by a single customer. 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.

26 Events after the balance sheet date

Sale of vessels

The Group has in January/February 2021 completed the sale and delivery of the two vessels Höegh Pusan and Höegh Inchon.

Loan facility

On 25 June 2021, the company reached an agreement with the lenders in the loan syndicate for an extension of the loan facility.
The outstanding balance at maturity date of approximately USD 470 million, has been refinanced for a minimum of two years.

There have been no other events after 31 December that have a material effect on the financial statements for 2020.

(Amounts in tables USD 1 000)

27 Commitments and guarantees

Capital commitments

The Group has no capital commitments at the end of 2020.

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 Holdings AS has provided performance guarantees in relation to sale-leasebacks of the vessels Höegh Berlin, Höegh Copenhagen, Höegh Beijing, Höegh Maputo, Höegh Singapore, Höegh Jeddah, Höegh Jacksonville, Höegh St. Petersburg, Höegh Tracer and Höegh Trapper.

Höegh Autoliners Holdings AS has issued a guarantee in support of International Swaps & Derivatives Association (ISDA) agreement.

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

Höegh Autoliners Management AS has provided a guarantee in support of its former agent in India for claims arising on loading requirements.

(Amounts in tables USD 1 000)

28 Investment in associates and joint ventures

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

Company	*Voting share/ ownership % 31.12.2020*	*Voting share/ ownership % 31.12.2019*	*Nature of relationship*	*Country*	*Carrying amount 2020*	*Carrying amount 2019*
Höegh Northern Terminal Ltd.	50	50	Joint venture	UK	-	40
Euro Marine Logistics N.V.	-	-	Joint venture	Belgium	-	-
Fast Terminals Internacional S.A. *	-	50	Joint venture	Panama	-	3 296
Euro Marine Carrier B.V. **	-	24,5	Associate	Netherlands	-	1 283
Maputo Car Terminal Limitada *	-	30	Associate	Mozambique	-	2 495
Horizon Auto Logistics S.A. de S.V. *	-	75/50	Associate	Mexico	-	2 270
ParCar AS	36,5	36,5	Associate	Norway	8 960	8 772
Sum					**8 960**	**18 156**

** Shares sold in 2020*

*** Liquidated in 2020*

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:	*ParCar Group*
Net assets 31.12.2018	21 931
Other adjustments	291
Profit/(loss) for the period	2 843
Dividends paid	-1 000
Net assets 31.12.2019	**24 065**
Group share in %	36,5%
Carrying amount 31.12.2019	**8 772**
Net assets 31.12.2019	24 065
Other adjustments	1 012
Profit/(loss) for the period	2 154
Repaid capital	-2 650
Net assets 31.12.2020	**24 581**
Group share in %	36,5%
Group's share	8 960
Carrying amount 31.12.2020	**8 960**

*Summarised financial information**	*Assets*	*Liabilities*	*Equity*	*Revenues*	*Profit/(loss) for the year*
Höegh Northern Terminal Ltd.	66	93	(27)	298	(88)
ParCar Group	52 679	28 496	24 182	-	2 335

*** Figures from unaudited financial statements 2020**

(Amounts in tables USD 1 000)

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

Investment in joint ventures	*2020*	*2019*
Carrying amount	-	3 336
Profit/(loss)	43	236

Investment in associates	*2020*	*2019*
Carrying amount	8 960	14 820
Profit/(loss)	420	3 207
Currency translation differences (OCI)	369	(1 004)
Total carrying amount of investments joint ventures and associates 31.12.	**8 960**	**18 156**

29 List of subsidiaries

Company	*Country*	*Principal activity*	*Owner share % * 2020*	*Owner share % * 2019*
Höegh Autoliners Holdings AS	**Norway**	**Holding company**	**100**	**100**
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 Holdings B.V.	**The Netherlands**	**Holding company**	**100**	**100**
Höegh Autoliners Panama S. A.	Panama	Commercial operation	100	100
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
Horizon Terminal Services LLC. ****	USA	Terminal Services	-	100
Fast Terminal Corp (Dormant)	USA	Terminal Services	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 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 (Korea) Ltd. (Liquidated)	Korea	Commercial operation	-	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
Höegh Autoliners UK Ltd. (Dormant)	UK	Commercial operation	100	100
Höegh Autoliners S.A.S.	France	Commercial operation	100	100
Leif Höegh & Co China Ltd.***	China	Commercial operation	100	100
Höegh Technical Management Holding Pte. Ltd.	**Singapore**	**Holding company**	**100**	**100**
Höegh Technical Management, Inc.	Philippines	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*

***** The subsidiary was sold in December 2020*

HÖEGH AUTOLINERS HOLDINGS AS

Financial Statement 2020

Statement of income

(USD 1 000)	*Notes*	*2020*	*2019*
Operating expenses	3	(303)	(237)
Operating loss		**(303)**	**(237)**
Interest income		378	1 259
Interest income group companies	4	29 009	45 203
Interest expenses	4	(19 927)	(31 733)
Impairment shares	4	(14 054)	(180 178)
Group contribution	4	-	-
Other financial income/(expenses)	4	(3 524)	(2 216)
Profit/(loss) before tax		**(8 420)**	**(167 901)**
Income tax expenses	5	(152)	(3 744)
Profit/(loss) of the year		**(8 572)**	**(171 645)**

Statement of cash flows

(USD 1 000)	*Notes*	*2020*	*2019*
Cash flows from operating activities			
Profit/(loss) before tax		(8 420)	(167 901)
Impairment of subsidiaries		14 054	180 178
Change in trade debtors		(564)	(376)
Change in trade creditors		719	232
Other change in working capital		(1 878)	(846)
Net cash from operating activities		**3 911**	**11 286**
Cash flows from investing activities			
Net change in receivables/payables from/to Group companies	7/8	51 106	19 239
Dividend received	6	966	654
Net cash used in investing activities		**52 072**	**19 893**
Cash flows from financing activities			
Repayment of debt	10	(83 417)	(38 500)
Net cash from financing activities		**(83 417)**	**(38 500)**
Net cash flow during the year		**(27 434)**	**(7 321)**
Cash 01.01		43 948	51 268
Cash 31.12	**9**	**16 513**	**43 948**

Statement of financial position

(USD 1 000)	*Notes*	*31.12.2020*	*31.12.2019*
Assets			
Non-current assets			
Investments in group and other companies	6	365 471	380 491
Non-current receivables group companies	7	784 510	826 462
Total non-current assets		**1 149 981**	**1 206 953**
Current assets			
Current receivables group companies	8	65 353	80 995
Other receivables		1 411	1 485
Cash	9	16 513	43 948
Total current assets		**83 277**	**126 428**
Total assets		**1 233 258**	**1 333 381**
Equity and liabilities			
Equity			
Paid in capital	2	493 359	493 359
Share premium reserve	2	255 485	255 485
Retained earnings	2	(62 426)	(53 853)
Total equity		**686 419**	**694 991**
Non-current liabilities			
Deferred tax	5	26 132	26 315
Non-current interest bearing debt	10	473 292	523 991
Total non-current liabilities		**499 424**	**550 307**
Current liabilities			
Current interest bearing debt	10	46 463	79 643
Current payables group companies	8	-	7 756
Other current liabilities		952	685
Total current liabilities		**47 415**	**88 084**
Total equity and liabilities		**1 233 258**	**1 333 381**

The Board of Directors/CEO
Oslo, 30 June 2021

Leif O. Høegh
Chair

Jan B. Kjærvik
Deputy Chair

Morten W. Høegh
Board member

Kristian Bai Høllund
Board member

Thor Jørgen Guttormsen
Board member

Martine Vice Holter
Board member

Ditlev Wedell-Wedellsborg
Board member

Kasper Friis Nilaus
Board member

Lise Duetoft
Board member

Andreas Enger
CEO

Notes

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 Holdings AS 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 recognized 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.

ARRANGEMENT FEES

Arrangement fees are recognised in the balance sheet and expensed over the loans tenor.

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 Holdings consolidated financial statement 2020.

(Amounts in tables USD 1 000)

2 Equity

	Share capital	Share premium reserve	Retained earnings	Total
Equity 01.01.2019	493 359	255 485	117 792	866 636
Profit (loss) of the year	-	-	(171 645)	(171 645)
Equity 31.12.2019	**493 359**	**255 485**	**(53 853)**	**694 991**
Profit (loss) of the year	-	-	(8 572)	(8 572)
Equity 31.12.2020	**493 359**	**255 485**	**(62 426)**	**686 419**

The share capital consists of 25 996 107 shares with face value NOK 106. One share has one vote at the General Meeting in the Company. Leif Höegh & Co Holdings AS holds the majority position in Höegh Autoliners Holding AS with 61.25% of the shares. The remaining minority interest of 38.75% is held by A.P. Møller Mærsk A/S. Leif Höegh & Co Holdings AS is ultimately owned 50% by a trust under which Morten W. Høegh is the primary beneficiary, while 50% is ultimately owned by companies controlled by Leif O. Høegh. The company holds no treasury shares.

3 Operating expenses

	2020	2019
Statutory audit	49	57
Remuneration to the board	60	70
Legal fees	158	117
Consultants	27	5
Other expenses/(revenues)	9	(12)
Total	**303**	**237**

The Company has no employees and therefore no wage expenses or pension liabilities.

4 Interest income and expenses

Interest income group companies	*2020*	*2019*
Interest income	27 593	43 594
Arrangement fee	1 416	1 609
Total	**29 009**	**45 203**

Interest expenses	*2020*	*2019*
Interest mortgage debt	18 511	30 124
Arrangement fee	1 416	1 609
Commitment fee	-	-
Total	**19 927**	**31 733**

Other financial items	*2020*	*2019*
Impairment on investment in shares*	(14 054)	(180 178)
Currency gain/(loss)	(321)	4
Other financial expenses	(3 203)	(2 219)
Total	**(17 577)**	**(182 394)**

** Impairment on the investment in Höegh Autoliners Management AS. For further information see Note 6.*

(Amounts in tables USD 1 000)

5 Tax

Income tax for the year	*2020*	*2019*
Current tax	(335)	(490)
Change in deferred tax	183	(3 254)
Currency differences and adjustments prior years	-	-
Tax (expense) / income	**(152)**	**(3 744)**

Reconciliation of calculated and actual tax expense	*2020*	*2019*
Profit before tax	**(8 420)**	**(167 901)**
Tax at 22% statutory tax rate	1 852	36 938
Withholding tax	(335)	(490)
Tax effect change in tax rate *	-	-
Permanent differences	(3 092)	(39 639)
Adjustments prior years	-	-
Currency differences	1 423	(553)
Tax (expense) / income	**(152)**	**(3 744)**

** From 1 January 2021 the corporate tax rate remains at 22%.*

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

Deferred tax	*2020*	*2019*
Deferred tax liabilities *	(26 132)	(26 315)
Total deferred tax asset / (liability)	**(26 132)**	**(26 315)**

** From 1 January 2021 the corporate tax rate remains at 22%.*

6 Investments in group and other companies

Investments in group companies

2020	*Registered office*	*Owner share in %*	*Voting share in %*	*Net profit 2020*	*Equity 31.12.2020*	*Carrying amount*
Höegh Autoliners Management AS	Norway	100	100	(13 604)	283 269	358 601
Total						**358 601**

2019	*Registered office*	*Owner share in %*	*Voting share in %*	*Net profit 2019*	*Equity 31.12.2019*	*Carrying amount*
Höegh Autoliners Management AS	Norway	100	100	(132 162)	296 873	372 654
Total						**372 654**

Investments in other companies

2020	*Registered office*	*Owner/ voting share*	*Net profit 2020**	*Equity 31.12.2020**	*Carrying amount*
ParCar AS (group)	Norway	36,45%	2 335	24 182	6 871
Total					**6 871**

** Financial information from unaudited statutory financial statements 2020*

2019	*Registered office*	*Owner/ voting share*	*Net profit 2018**	*Equity 31.12.2018**	*Carrying amount*
ParCar AS (group)	Norway	36,45%	4 223	22 309	7 837
Total					**7 837**

** Financial information from statutory financial statements 2018*

Höegh Autoliners Holding AS 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.

As a consequence of a reduction in the excess values for vessels owned by subsidiaries of Höegh Autoliners Management AS, an impairment of the value of the investment has been recognised to reflect this reduction. The impairment for 2020 amounted to USD 14 053 538.

(Amounts in tables USD 1 000)

7 Non-current receivables group companies

	2020	2019
Höegh Autoliners Shipping AS	620 712	667 114
Höegh Autoliners Shipping Pte Ltd.	163 798	159 348
Total	**784 510**	**826 462**

8 Current receivables/(payables) group companies

2020	*Current receivables*	*Current payables*	*Total*
Höegh Autoliners Management AS	1 144	-	1 144
Höegh Autoliners Shipping AS	64 209	-	64 209
Total	**65 353**	**-**	**65 353**

2019	*Current receivables*	*Current payables*	*Total*
Höegh Autoliners Management AS	506	-	506
Höegh Autoliners Shipping AS	80 490	(7 756)	72 734
Total	**80 995**	**(7 756)**	**73 240**

9 Cash

Höegh Autoliners Holdings AS 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 Holdings AS.

10 Non-current and current interest bearing debt

2020 Interest bearing debt	*Non-current*	*Current*	*Total*
Mortgage debt	473 292	44 917	518 208
Arrangement fee mortgage debt	-	(634)	(634)
Accrued interest	-	2 181	2 181
Total	**473 292**	**46 463**	**519 755**

2019 Interest bearing debt	*Non-current*	*Current*	*Total*
Mortgage debt	524 625	77 000	601 625
Arrangement fee mortgage debt	(634)	(1 416)	(2 050)
Accrued interest	-	4 059	4 059
Total	**523 991**	**79 643**	**603 634**

Mortgage debt	*Maturity*	*Outstanding amount*
USD 1 000 million senior secured facility	July 2021	518 208

Security
The USD 1 000 million senior secured term loan and revolving credit facility is secured by mortgages in the majority of Group's vessels, with a book value of USD 927 million. In addition, the debt is secured by an assignment of earnings and insurances.

Mortgage debt
The mortgage debt is classified as current at 31 December 2021, as the due date on the current debt is less than 12 months. The credit facility matures in July 2021, however the outstanding balance has been refinanced for a minimum of two years. See note 11 for more details.

(Amounts in tables USD 1 000)

11 Events after the balance sheet date

On 25 June 2021, the company reached an agreement with the lenders in the loan syndicate for an extension of the loan facility. The outstanding balance at maturity date of approximately USD 470 million, has been refinanced for a minimum of two years.

There have been no other events after 31 December that have a material effect on the financial statements for 2020.

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. There are pending class actions in Canada and a private stand-alone action filed by a single customer. 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.

pwc

To the General Meeting of Höegh Autoliners Holdings AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company Höegh Autoliners Holdings AS (the Company), which comprise the statement of financial position as at 31 December 2020, the statement of income and the 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 Holdings AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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.

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws and regulations, 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.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 30 June 2021
PricewaterhouseCoopers AS

Bjørn Rydland
State Authorised Public Accountant

(This document is signed electronically)

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Rydland, Bjørn	BANKID	2021-06-30 09:12

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APPENDIX C

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HÖEGH AUTOLINERS ASA FOR THE YEAR ENDED 31 DECEMBER 2019

HÖEGH AUTOLINERS

Financial Statements 2019

Consolidated Financial Statements

Directors' Report

The PCTC (Pure Car Truck Carrier) industry experienced a continued reduction in overall volumes transported during 2019. Seaborne transportation of light vehicles has decreased around 2.5%, mainly due to reduced shipments to USA.

For Höegh Autoliners, overall volumes transported decreased by around 20%, primarily due to active deselection of unprofitable contracts. Higher average rates due to improved cargo mix, reduced operating cost from network optimization and reduced working capital has led to improved profitability and liquidity in a continued challenging market. In December 2019, headcount at the Oslo head office was reduced by almost 40%, to be followed by further optimization of the global office structure to serve our customers in a more cost-effective way. These are important initiatives to strengthen the operational and financial platform of Höegh Autoliners. The share of new light vehicles (FNLV) shipped fell from 67% to 62.2%. Vessel utilization remained stable at 84%.

The total market situation remains challenging, with continued pressure on freight rates for OEM cargo, the Company's main cargo segment. During the year, the Group intensified its focus on operational excellence and cost reduction initiatives to improve the Group's competitiveness. These initiatives have resulted in substantial working capital reduction and improved financial results during the second half of 2019.

The Terminal activities in the US and Latin America and the French logistics company Autotrans delivered positive results in 2019.

Euro Marine Logistics (EML), owned 50/50 with Mitsui OSK Lines, saw continued slight decrease in volumes. The shares were sold in December 2019.

GENERAL MARKET OVERVIEW

2019 global automotive demand conditions remained challenging due to trade tensions, tighter credit conditions in key markets, and uncertainty related to incoming, strict emissions rules in Europe. As a result, the total global light vehicle sales contracted by 4.5% to 89.5 million units, or 4.2 million below 2018 levels - the deepest decline since the global financial crisis. Almost all markets contracted in 2019. China's new car demand fell by as much as 8.7%. The US auto demand saw a 1.4% demand decline. Europe and the Middle East were the only growth markets. Western Europe sales were up 0.9% in 2019, flattered by a year-end sell-off for high carbon dioxide variants in advance of 2020 CO2 emissions targets. Global deep-sea shipments of light vehicles were down 2.5%, while short sea grew marginally 0.3%. Shipments to USA were down 4% in 2019, mainly due to declines in shipments from Europe, Japan, China and Thailand, but shipments from S. Korea to USA were up 10%. Solid demand growth lifted overall shipment volumes to Europe that increased by 5% in 2019, mainly from Japan, China and USA.

Despite geopolitical turbulence in 2019, demand in the Middle East (excl. Iran) and Gulf slightly increased (5.2%), and further growth will likely continue in this region. Demand in Africa decreased by an estimated 4.9%. Since 2015, vehicle sales have fallen considerably from the highs of just under 2 million units to the current levels of 1.3 million units, causing new car shipments to the region to decrease by 6% in 2019. On the other hand, shipments of used cars to Africa grew by 19% in 2019, driven by strong volumes from USA, Europe and S. Korea. Shipments of POVs from Japan to Africa contracted by 7%. New car shipments from Europe to Asia showed a decline of 6%, mainly due to China market contraction. Trade volumes from Europe to Oceania were down 19%, while shipments from USA to Oceania declined by 5% on the basis of cooling Australian economy. Demand for High and Heavy machinery improved, primarily thanks to the growth in construction spending across the world (strongest in the emerging regions, but also in the US and Europe) and solid mining sector fundamentals. Consequently, seaborne shipments of High and Heavy and Breakbulk cargo continued to improve as well.

The global fleet of PCTCs trading in deep sea totalled 674 vessels (over 2,000 CEU capacity) by year-end 2019 (Source: Clarksons Platou). Eleven vessels were recycled in 2019, resulting in an active fleet consisting of larger vessels, averaging about eleven years of age. The global order book counted 21 vessels, of which 15 vessels are scheduled for delivery in 2020, five vessels in 2021 and one in 2022. Total capacity on order is equal to 3% of the active fleet.

RESULT 2019

Höegh Autoliners Holdings (Group)

The Group reported an increase in operating profit (EBITDA) from USD 73 million in 2018 to USD 209 million in 2019. The main reason for the increase is the implementation of IFRS 16 Leases on 1 January 2019, where lease expenses in 2019 are no longer part of operating expenses, but reclassified to depreciation and finance costs. The comparative figures for 2018 have not been changed. See more information on the implementation of IFRS 16 in Note 1 and 8 in the consolidated financial statements. Of the increase in operating profit of USD 136 million, USD 121 million is related to the implementation of IFRS 16.

The net loss after tax amounted to USD 62 million (a loss of USD 63 million in 2018), mainly due to lower volumes and impairment of USD 29 million related to four vessels.

Total revenues in 2019 amounted to USD 936 million, which is down 11.2% from 2018. The decrease in revenues is a result of lower volumes and lower revenues from charter out activities. Bunker expenses were down by USD 43 million (18%) from 2018 to 2019 due to lower activity. Voyage- and other operating expenses were down by 12.5% mainly due to lower activity. Charter hire expenses decreased with USD 159 million (72%) mainly due to the implementation of IFRS 16, but also influenced by fewer vessels on charter compared to 2018. Of the decrease of USD 159 million, USD 109 million is related to IFRS 16. Running expenses for the vessels and the administrative expenses stayed at the same level as in 2018.

Profit/(loss) from associates and joint ventures resulted in a profit of USD 3.4 million (USD 1.6 million in 2018).

Interest expenses are higher in 2019 than in 2018, mainly due to IFRS 16. Of the total interest expenses of USD 68 million in 2019, USD 34 million is related to leased assets. The interest expenses related to the interest bearing debt are on the same level as for 2018. In 2018, the Group agreed with its lenders on a change in covenant structures together with a capital increase, and a partial deferral of instalments for 2018 and 2019. A cost of USD 8.5 million was accrued in the 2018 accounts for the agreed interest surcharge on the deferred amortization amount for the remaining duration of the loan, according to IFRS 9. USD 2.5 million of this accrual has been paid and amortised in 2019.

The Group sold its 50% share in Euro Marine Logistics B.V in December 2019, and recorded a loss of USD 4 million related to the write off of a receivable. On closing of the sale, Höegh Autoliners received a cash dividend of USD 6.3 million from Euro Marine Carrier B.V.

FINANCIAL POSITION

Höegh Autoliners Holdings (Group)

Gross interest bearing debt was reduced from USD 701 million in 2018 to USD 607 million at year-end 2019 as per agreed instalments. Included in the 2018 figure is USD 52 million relating to the financial lease of the vessel Höegh Copenhagen. This lease liability is for 2019 classified as lease liabilities according to IFRS 16, and thereby not included in the 2019 figure for interest bearing debt. The cash balance at the end of the year was USD 141 million, which was up from USD 122 million in 2018.

The book equity totalled USD 561 million in 2019, a decrease from USD 678 million in 2018. A negative equity effect of USD 54 million has been recorded related to the implementation of IFRS 16. Book equity represented 33% of total equity and liabilities at 31 December 2019. The Group's covenants relating to the USD 1,000 million loan facility are related to a minimum book equity ratio, working capital and a minimum cash covenant. The Group complied with these requirements at year-end 2019.

Net cash flow from operating, investing and financing activities was USD 21 million for 2019. The net cash flow from operations amounted to USD 237 million, positively impacted by USD 114 million following implementation of IFRS 16. Net cash flow from investing activities was negative with USD 23 million, mainly related to drydock and vessel equipment. Net cash flow from financing activities was negative with USD 192 million, whereof USD 121 million was related to payment of lease liabilities following the implementation of IFRS 16.

Höegh Autoliners Holdings AS (Company)

The net loss for 2019 amounted to USD 172 million (net profit of USD 8 million in 2018). The value of shareholdings was impaired by USD 180 million. The Company has a total equity of USD 695 million and an equity ratio of 52%. The Board of Directors has proposed that the net loss for 2019 is charged against retained earnings. No dividends were paid in 2019.

In accordance with the Norwegian Accounting Act § 3-3a, it is confirmed that the Company qualifies for going concern. The Board of Directors is of the opinion that the accounts give an accurate picture of the Company's financial operations.

FINANCIAL RISK

Market risk

The interest rate risk is reduced through interest rate swaps. At year-end 2019, approximately 16% of the Group's net interest bearing debt was swapped into fixed interest rates.

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 NOK and relate to general administrative expenses. The Group have USD/NOK currency hedges at the end of 2019, expiring during first half of 2020. 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.

Credit risk

The risk of losses on receivables is considered to be low. The Group has not experienced any significant losses on receivables other than the write off of the receivable on EML following the sale of the shares in the company.

Liquidity risk

The Group has a cash balance of USD 141 million, increased from USD 122 million end 2018. The increase is mainly due to a positive net cash flow during the year and lower repayment of debt, in addition to a strong focus on cash preservation.

ORGANISATION

Höegh Autoliners had at the end of the year 503 land-based employees from 33 different nations. Average age among shore-based staff was at the end of the year 44 years, and the average service in the Group was eight years.

Höegh Autoliners operates an "equal opportunities policy" in all locations and encourages continual learning and development for all employees. In 2019, females made up 22% of the Board of Directors and 32% of the global land-based organisation. In addition to the shore-based employees, the Group had 1,333 seafarers employed by the end of 2019, of which, 2.6% were females. 68% of the seafarers are from the Philippines and 32% are from China.

Absence through illness continues to be low and well below industry average. In 2019, the number of days registered as "absence due to illness" represented 0.3% for employees in Norway. Global turnover was 10.2%.

In 2019, the Group experienced four LTIs (Loss Time Incident). 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) is 0.98, slightly higher than the target of 0.8, whereas the target industrial standard is 1.0.

Onboard Höegh London we experienced a fatality when a group of crew inspected cargo that had shifted and penetrated the shipside, during heavy weather in the Mediterranean. The vessel deviated to safe port; unfortunately, one of the crewmembers passed away prior reaching hospital. On the same vessel, one crew slipped and fell down from an elevated position onto the car deck, during inspection. The fall resulted in fractures and crew was repatriated. He is currently undergoing rehabilitation. There were one foot injury resulting from slipping on stairs and one finger injury as a consequence of working with tools, both recovered after medical assistance. The Group continues to work for an injury-free workplace and its aspirational goal is zero harm to people.

In September 2019, Thor Jørgen Guttormsen was appointed CEO and Andreas Enger was appointed CFO. During the fall, a series of initiatives was launched to improve profitability and cash generation. A comprehensive reorganization and simplification was implemented at the head office in December 2019 and will be rolled out in the global organization during the first half of 2020.

SUSTAINABLE DEVELOPMENT

The Group aims to contribute to sustainable development by acting as a socially responsible shipping company. To do this, the Company 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 works actively to ensure compliance with rules and regulations, including anti-corruption, competition and anti-trust, applicable sanctions 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 positive effect. The Group has also been involved in the Norwegian working group on commissions. Höegh Autoliners has an internal learning program called "Zero". This program is developed to help employees take a stand against corruption in general and facilitation payments in particular. Most of the Group's employees have completed e-learning programs on compliance during 2019, and a number of compliance seminars have been held in several of the Group's locations around the world. Compliance Ambassadors have been appointed in all offices and the Code of conduct has been launched through the event Integrity Day conducted in all offices. Sanctions and export control compliance is a constant focus area due to the ever changing regulatory landscape. There is also an emphasis on data privacy and transfers to countries outside the EU.

Environment

The maritime industry is under continued pressure to reduce its environmental footprint. Höegh Autoliners has had a positive trend through 2019, with reduced average consumption and an EEOI at 13.3 kg fuel per knm/ceu, down from 14.2 in 2018. Fuel efficiency has improved 31% since 2008, and Höegh Autoliners continues to seek energy optimisation through innovation and operational initiatives. Höegh Autoliners purchased about 300,000 tons of heavy fuel oil and 120,000 tons of distillates in 2019.

In addition, the fleet is in progress of installing compliant ballast water treatment systems and MRV emission reporting (Monitoring, Reporting, Verification). Technical and operational preparations for IMO 2020 regulations are completed, ensuring full compliance with the IMO 2020 regulations. The Group has decided not to invest in scrubbers, for environmental, operational and financial reasons.

The Group executes disposal of old vessels in a manner that is safe to both humans and the environment. All obsolete vessels 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 is one of the founding members of the Trident Alliance, a coalition of shipowners and operators who share a common interest in robust enforcement of maritime Sulphur regulations. The alliance also partners with other stakeholder groups, who share similar interest in robust enforcement.

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 cartel investigation in the PCTC industry, which was initiated in 2012, is still on-going in a few jurisdictions, but most jurisdictions have been finalised, notably the EU and the U.S. Save for the U.S., where the Group pleaded guilty to one offence, no other fines have been invoked in any other countries. The class actions in the U.S. against the Group that were referred to the Federal Maritime Commission ("FMC") have been concluded as the plaintiffs have not appealed the decision rendered by the Administrative Law Judge dismissing claims for reparation. There are pending class actions in Canada. As before, the Group continues to cooperate fully with all relevant agencies. It is expected that the remaining investigations, class actions and private actions will continue for another few years.

LOOKING FORWARD

A challenging geopolitical environment is expected to continue during 2020. Key agenda items for in 2020 include EU28 fleet CO2 rules, Brexit outcome, unclear US policy intentions, and looming emissions deadlines (especially in China and India). The continued fragmentation of production footprint of the OEMs will continue to influence the PCTC trading patterns also in 2020. Höegh Autoliners' 2020 shipment demand forecast is set for less than 1% growth. Global vehicle sales are forecasted (by IHS) to grow by around 1.9% per year on average the next five years. The mature markets (Western Europe, Japan, Korea, US) are expected to show flat or slightly negative growth; while the key developing markets (China, Africa, South and Central America and the Indian Subcontinent) are expected to outperform the market average. Seaborne trade volumes of light vehicles are expected to grow at a similar pace as sales, and thus give room for some modest optimism. However, the rate pressure in the FNLV segment is still persistent, requiring continued focus on cost reduction and network optimization. The continued moderately positive development in the overall global construction and mining spending is a good precondition for a somewhat faster growth in shipments of High/Heavy-cargo.

The outbreak of the Covid-19 virus creates substantial risks for the near term trading environment. Höegh Autoliners has limited direct exposure to China. If the impact escalates and disrupts the global automotive supply chain or the virus disturbs port and vessel operations, the financial and operational impact could be substantial. Reduced economic activity could also reduce global demand, with subsequent impact on shipping volumes and rates.

The implementation of the IMO 2020 Sulphur Cap (Annex VI of the Marpol Convention) from 1 January 2020 has been successfully implemented. The Company is fully compliant with the new regulations.

The Board of Directors/CEO
Oslo, 11 March 2020

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Leif O. Høegh
Chairperson

DocuSigned by: C7E2DA2EE02C4C8...
Jan B. Kjærvik
Deputy Chairperson

DocuSigned by: 937CAF18752B4E7...
Morten W. Høegh
Board member

DocuSigned by: 94386E355C81440...
Lise Duetoft
Board member

DocuSigned by: C875A51C68C34CB...
Kristian Bai Høllund
Board member

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Martine Vice Holter
Board member

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Ditlev Wedell-Wedellsborg
Board member

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Kent Stig Hagbarth
Board member

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Thor Jørgen Guttormsen
CEO

Consolidated statement of comprehensive income

(USD 1 000)	*Notes*	*2019*	*2018*
Total revenues	2	936 106	1 055 081
Bunker expenses	3	(189 124)	(231 788)
Voyage expenses and other operating expenses	3	(360 943)	(412 870)
Charter hire expenses	3	(61 488)	(220 883)
Running expenses	4	(88 524)	(89 441)
Administrative expenses	5	(27 000)	(27 105)
Operating profit		**209 026**	**72 995**
Profit/(loss) from associates and joint ventures	28	3 443	1 598
Gain/(loss) on sale of assets	7	4	11
Impairment	7	(28 616)	-
Depreciation	7	(172 669)	(82 806)
Profit/(loss) before financial items		**11 188**	**(8 202)**
Interest income	9	1 459	1 504
Interest expenses	9	(67 939)	(41 100)
Income from other financial items	10	2 678	5 458
Expenses from other financial items	10	(4 977)	(12 616)
Profit/(loss) before tax		**(57 591)**	**(54 956)**
Income tax expenses	11	(4 143)	(7 992)
Profit/(loss)		**(61 734)**	**(62 949)**
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Remeasurement on defined benefit plans		(139)	47
Currency translation differences	28	(1 004)	(409)
Changes in fair value		(183)	866
Other comprehensive income, net of tax		**(1 326)**	**504**
Total comprehensive income for the period		**(63 060)**	**(62 445)**

Consolidated statement of financial position

(USD 1 000)	Notes	31.12.2019	31.12.2018
Assets			
Non-current assets			
Deferred tax asset	11	892	527
Vessels	7	1 053 960	1 194 895
Leased assets	8	329 334	-
Newbuildings and projects	7	11 436	13 703
Equipment	7	22 540	15 734
Investments in associates and joint ventures	28	18 156	22 310
Other non-current assets	12	1 363	16 888
Other non-current financial assets	12	5 607	5 377
Total non-current assets		**1 443 288**	**1 269 433**
Current assets			
Bunker		32 984	35 793
Trade and other receivables	13	87 832	122 945
Prepayments	13	2 199	1 576
Other current financial assets	14	3 173	14
Cash and cash equivalents	15	140 938	121 889
Total current assets		**267 125**	**282 217**
Total assets		**1 710 413**	**1 551 651**
Equity and liabilities			
Equity			
Share capital	17	493 358	493 358
Share premium reserve	17	255 486	255 486
Retained earnings		(188 243)	(70 889)
Total equity		**560 602**	**677 956**
Non-current liabilities			
Pension liabilities	6	5 379	4 967
Deferred tax liabilities	11	24 750	21 297
Other non-current liabilities	19	11 782	16 495
Non-current interest bearing debt	20	524 987	655 199
Non-current lease liabilities	8	290 465	-
Total non-current liabilities		**857 362**	**697 958**
Current liabilities			
Current interest bearing debt	20	82 113	45 644
Trade and other payables	21	77 089	73 917
Income tax payable	11	735	887
Current accruals and provisions	22	40 957	50 184
Other current liabilities	23	7 922	5 105
Current lease liabilities	8	83 633	-
Total current liabilities		**292 449**	**175 736**
Total equity and liabilities		**1 710 413**	**1 551 651**

The Board of Directors / CEO
Oslo, 11 March 2020

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Leif O. Høegh
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Leif O. Høegh
Chairperson

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Kent Stig Hagbarth
Board member

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Thor Jørgen Guttormsen
CEO

Consolidated statement of changes in equity

(USD 1 000)	*Notes*	*Share capital*	*Share premium reserve*	*Retained earnings*	*Total*
Equity 01.01.2018		486 725	212 120	(10 962)	687 882
Implementation effect IFRS 9				2 518	2 518
Profit/(loss) of the year				(62 949)	(62 949)
Capital increase		6 634	43 366		50 000
Other comprehensive income				504	504
Equity 31.12.2018		**493 358**	**255 486**	**(70 889)**	**677 956**
Implementation effect IFRS 16	8			(54 294)	(54 294)
Profit/(loss) of the year				(61 734)	(61 734)
Other comprehensive income				(1 326)	(1 326)
Equity 31.12.2019		**493 358**	**255 486**	**(188 243)**	**560 602**

Consolidated statement of cash flows

(USD 1 000)	*Notes*	*2019*	*2018*
Cash flows from operating activities			
Cash received from customers		967 648	1 035 564
Cash paid to bunker suppliers		(183 345)	(239 834)
Cash paid to suppliers and employees		(551 749)	(745 747)
Cash generated from operating activities		**232 554**	**49 984**
Dividends received from associates and joint ventures		6 253	1 893
Settlement of employee pension liabilities	6	-	-
Tax paid on operating income	11	(1 540)	(1 347)
Paid/received on bunker hedging	15/16	(277)	(248)
Net cash from operations		**236 991**	**50 282**
Cash flows from investing activities			
Interest received	9	1 491	1 370
Proceeds from sale of vessels and equipment	7	-	-
Acquisition of vessels, equipment and projects	7	(25 032)	(18 390)
Proceeds/(paid) from/(to) other investments	10	60	178
Net cash used in investing activities		**(23 481)**	**(16 842)**
Cash flows from financing activities			
Proceeds from issuing of share capital	17	-	50 000
Repayment of debt	20	(38 500)	(30 107)
Payment of leasing liabilities	8/15/16	(87 331)	-
Interest paid	8/9	(64 978)	(34 495)
Transaction costs paid		(100)	(302)
Paid on interest rate hedging	9/15/16	(1 427)	(4 020)
Net cash from financing activities		**(192 336)**	**(18 924)**
Net cash flow during the year		**21 174**	**14 516**
Cash 01.01.		121 889	109 588
Effect of exchange rate fluctuations on cash held		(2 127)	(2 216)
Cash and cash equivalents 31.12	**15**	**140 938**	**121 889**
Non restricted cash, 31.12		140 018	121 056
Restricted cash, 31.12	15	920	833
Cash and cash equivalents 31.12	**15**	**140 938**	**121 889**

Notes 2019

1 Corporate information

Höegh Autoliners Holdings AS (the "Company") is a privately owned company domiciled in Norway. 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 2019 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 50 vessels in global trading systems from a worldwide network of offices.

Leif Höegh & Co Holdings AS holds the majority position in Höegh Autoliners Holdings AS with 61.25% of the shares, while remaining minority interest of 38.75% is held by A.P. Møller-Mærsk A/S.

Leif Höegh & Co Holdings AS is controlled by Leif Höegh & Co AS, which ultimately is owned 50% by trusts under which Morten W. Høegh and his immediate family are the primary beneficiaries, while 50% is ultimately owned by companies controlled by Leif O. Høegh.

A.P. Møller-Mærsk A/S is a publicly listed company domiciled in Denmark. The company is one of the largest container shipping companies in the world.

Summary of significant accounting policies

BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The consolidated financial statements were authorised for issue by the Board of Directors on 11 March 2020.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis with the exception of the following material accounting entries:

- Derivative financial instruments are measured at fair value. The Group's derivative financial instruments include interest rate swaps and bunker swaps.
- Shares not held for trading are measured at fair value.

Currency

The consolidated financial statements are presented in US dollars (USD). All financial information presented in USD has been rounded to the nearest thousands, except when otherwise indicated.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to IFRS which have been implemented by the Group during the current financial year. The Group has implemented IFRS 16 for the first time in 2019. The nature and effect of the changes as a result of adoption of the new accounting standard are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements for the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

IFRS 16 – Leases

IFRS 16 was issued in January 2016. The standard replaces IAS 17 and is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The standard has resulted in almost all leases being recognised on the balance sheet for lessees, as the distinction between operating and finance leases is removed.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. Under the new standard, an asset (the right to use the leased asset) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The previous operating lease costs has been replaced by depreciation (right-of-use asset) and interest cost (lease liability). In the cash flow statement, the part of lease payments related to repayment of the lease liability has been reclassified from cash flows from operating activities to cash flow from financing activities.

Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. The new standard requires lessees and lessors to make more extensive disclosures than under IAS 17. The Group leases out some of its right-of-use assets which have been classified as operating leases. The Group is not required to make any adjustments on transition to IFRS 16 for these leases.

The Group has applied the standard on 1 January 2019 using the modified retrospective method of adoption where comparative figures for the year prior to first adoption have not been restated and continues to be reported under IAS 17 and IFRIC 4. Under the modified retrospective approach there are two options to measure the right-of-use asset, either at its carrying amount as if the standard had been applied since the commencement date, but discounted using the incremental borrowing rate at the date of application, or at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments. The choice between the two options shall be made on a lease-by-lease basis. The Group has applied the first option to all its vessel leases and major real estate and terminal leases. For all other leases, the right-of-use assets have been recognised at an amount equal to the lease liability. The Group's weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.54%.

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group has used the following practical expedients permitted by IFRS 16 when applying the standard to leases previously classified as operating leases under IAS 17. In particular, the Group:

- Did not reassess whether a contract is, or contains a lease at the date of application. Instead, the Group has relied on its previously assessment made by applying IAS 17 and IFRIC 4.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- Accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

The Group has elected to use the exemptions in the standard on short-term leases and for lease contracts where the underlying asset is of low value. These leases are recognised on a straight-line basis as an expense in profit or loss. The Group has leases of certain office equipment (i.e. coffee machines, printers and copy machines) that are considered of low value.

The reclassifications and adjustments arising from the implementation of IFRS 16 are recognised in the 1 January opening balance sheet. IFRS 16 has had the following effects on the Groups consolidated financial statements:

- Right-of-use assets have increased by USD 417 million
- Prepayments have decreased by USD 16 million
- PP&E has decreased by USD 51 million
- Borrowings have decreased by USD 54 million
- Lease liabilities have increased by USD 458 million
- Total equity has decreased by USD 54 million as at 1 January 2019

Further details on implementation effects and a reconciliation of lease commitment and lease liability is provided in Note 8.

ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

Assumptions and estimation uncertainties that have a risk of resulting in adjustments within the next financial year are related to the following conditions:

- *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.

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.

FOREIGN CURRENCY TRANSACTIONS

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.

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.

CONSOLIDATION POLICIES

The consolidated financial statements include Höegh Autoliners Holdings AS and its subsidiaries. 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.

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.

Business combinations and goodwill

The purchase method of accounting is used to account for business combinations that explicitly fall under the scope of IFRS 3. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the business combination in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is accounted for as goodwill.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group, are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at their carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity except that any share capital of the acquired entities is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

Associated companies

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.

Unrealised gains arising from transactions with associates are eliminated according to the Group's share in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. For further disclosures, see Note 28.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties (ventures) undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the ventures. A jointly controlled entity is a joint venture that involves the establishment of a company,

partnership or other entity to engage in economic activity that the Group jointly controls with its fellow ventures.
The results, assets and liabilities of a jointly controlled entity are incorporated in these financial statements using the equity method. The Group's share of its joint ventures' 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. For further disclosures, see Note 28.

REVENUE RECOGNITION

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. 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 in Note 2. 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.

Transaction price is determined based on market prices. The freight services are priced as one complete transport service to the customer. Retrospective volume rebates provided to certain customers, which represent variable consideration, are based on the expected value method and allocated to the voyage revenue. Variable considerations are only included in the transaction price if it is highly probable that there will not be a significant reversal in cumulative revenue recognised, when the uncertainties related to the variability are resolved.

Voyage revenue and expenses

All voyage revenue and expenses are recognised on a load-to-discharge basis for all spot voyages. Revenue and expenses related to voyages will to some extent be based on estimates as the actual figures are not available at year-end. All estimates are based on regular updates based on the progress of each voyage. The freight revenues measured at year-end give a faithful depiction of the transfer of services.

Performance obligations for voyage revenue are satisfied over time through the progress of the voyage, as the customer is receiving and consuming the benefits of the transport services as the Group performs. No revenue is recognised until the voyage starts and the performance obligation is partly satisfied.

Voyage expenses include all expenses that are incurred as a direct and incremental consequence of a particular voyage, such as bunker fuel, port costs, cargo loading and unloading expenses, canal and agency fees, as well as administrative expenses in the various regions. Other operating expenses include running expenses and administrative expenses. Other operating expenses are recognised when incurred.

All voyage expenses in relation to each voyage are considered costs to fulfil a contract and are capitalised and amortised through each specific voyage, based on the percentage of completion of the voyage (progress/days).

For further disclosures, see Note 3, 4 and 5.

Time charter revenue

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 revenue

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.

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 15.

FINANCIAL INSTRUMENTS

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 2019, the Group holds financial instruments classified in level two and 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 gives 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.

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*

The Group evaluates trade receivables according to the full lifetime expected credit losses.

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.

INVENTORIES

Inventories consist mainly of bunkers and are recognised at cost. The consumption of bunkers is recognised in accordance with the first-in first-out principle (FIFO).

VESSELS/ NEWBUILDINGS/ EQUIPMENT

Fixed assets are recorded at cost less accumulated depreciation and impairments. For newbuilding contracts, the cost price include 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.

For further disclosures relating to vessels, newbuildings and equipment, see Note 7.

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. The newbuilding contracts are financed generally, hence the amount of interest capitalised during the construction period is based on the effective interest of the Group's loan facilities.

Vessels held for sale
Vessels 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.

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.

Vessels in lay-up, for which there are no concrete plans for when the vessel will be back in operation, are not considered "in operation".

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.

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract 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 Group leases vessels, terminals, offices, equipment and vehicles. The lease term is defined as the non-cancellable period of the lease, which is the period where the lessee cannot exit the agreement. The lease term may include option periods which are included when the Group is reasonably certain to exercise as described below. When deciding on whether the Group is reasonably certain to exercise options, all facts and circumstances are taken into consideration. See section on Extension and termination options below for further details.

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.

The lease term will be revised if there is a change in the non-cancellable period, or it is reasonably certain that an option period is to be exercised or contracted. A revision of lease term is also relevant if an option period previously was considered as part of the lease period, but is no longer probable due to an event. A re-measurement due to change in lease period or purchase option, will entail a change in lease liability (and adjustment of the right-of-use asset) based on revised lease payments.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. 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.

Measurement
The lease liability is measured as the present value of future lease payments, which include fixed payments, variable payments based on an index or a rate, expected payments under residual value guarantees, exercise price of purchase options reasonably certain to be exercised and termination penalties if applicable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The right-of-use asset is measured at the amount of the lease liability adjusted for lease prepayments, lease incentives received, the lessee's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs. The right-of-use asset is generally depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term. The Group applies the impairment requirements in IAS 36 to the right-of-use assets. Refer to the accounting policies in section *Impairment of non-financial assets.*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

For leases where the Group is a lessor, the distinction is made between two types of leases: operating and finance leases. In leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset, are classified as operating leases. Rental income associated with operating leases are recognised on a straight-line basis and according to the agreements. See Note 7 for information on charter-out agreements.

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

Extension and termination options
Extension and termination options are included in a number of vessel, 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 Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. These considerations include penalties to terminate (or not exercise), value of any leasehold improvements, costs and business disruption required to replace the leased asset. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liability of USD 195 million.

Variable lease payments
Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. Hence, variable lease payments based on performance or usage of the underlying asset, are not included as lease payments. E.g., fees in terminals based on number of items loaded will constitute variable payments and will not be included in the calculation of the lease liability.

Discount rate
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 lessee's incremental borrowing rate is used. This rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain a similar asset in a similar economic environment with similar terms, security and conditions.

Sale and leaseback transactions
IFRS 16 requires seller-lessees and buyer-lessors to apply the requirements in IFRS 15 to determine whether a sale has occurred in a sale and leaseback transaction, meaning whether the transfer of the asset qualifies as a sale in accordance with IFRS 15. If control of an underlying asset passes to the buyer-lessor and a performance obligation is satisfied, the transaction is accounted for as a sale (or purchase) and a lease by both parties. The gain on disposal is limited to only represent the gain on the portion of the asset sold recognising that the seller-lessee has retained an interest in the asset.

PROVISIONS
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. For further disclosures, see Note 22.

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

EMPLOYEE BENEFITS

Defined contribution plans
The contribution plans comprise plans whereby the companies make 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 sufficient assets to pay all employees the benefits relating to employee service in the current and prior period. For further disclosures, see Note 6.

Defined benefit plans
Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on a set of assumptions. The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. Pension assets and obligations are calculated by an actuary each year. The Group has no significant defined benefit plans.

Termination benefits
The costs associated with termination benefits are provided for when the management has decided on a plan that will lead to reductions in the workforce and the work of restructuring has started, or a reduction in workforce has been communicated to the employees.

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. For further disclosures, see Note 11.

Tax payable
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
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 is 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.

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. Höegh Autoliners Shipping Pte Ltd is taxed under a tonnage tax scheme in Singapore where shipping-related earnings are tax-free.

CASH FLOW

The cash flow is presented according to the direct method. Due to the implementation of IFRS 16 Leases on 1 January 2019, lease payments are for 2019 presented as financing activities, whereas it was presented as operating activities for 2018.

CONTINGENT LIABILITIES AND ASSETS

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.

EVENTS AFTER THE BALANCE SHEET DATE

New information regarding the Group's situation on the balance sheet date is taken into account in the financial statements. Events occurring after the balance sheet date, that do not affect the Group on the balance sheet date, but that will affect the Group's situation in the future, are disclosed if significant.

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.

(Amounts in tables USD 1 000)

2 Revenue from contracts with customers

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	*Income statement 2019*	*Cash flow 2019*	*Income statement 2018*	*Cash flow 2018*
Freight income	863 191	891 874	978 198	961 161
TC income	53 965	56 824	59 228	56 749
Logistics income	18 950	18 950	17 655	17 655
Total	**936 106**	**967 648**	**1 055 081**	**1 035 565**

Recognition principle				
Services transferred over time	917 156		1 037 426	
Services transferred at a point in time	18 950		17 655	
Total revenues	**936 106**		**1 055 081**	

Revenue from contracts with customers are recognised upon satisfaction of the performance obligation by transferring the promised good or service to the customer. Performance obligations for Freight revenues are satisfied over time through the progress of the voyage. As the service is delivered, the customer is receiving and consuming the benefits of the transport services the Group performs. Performance obligation for TC revenue is satisfied over the period the vessel is available to the lessee. Logistics revenues are recognised at a point in time as the performance obligation is satisfied when the service delivery is complete.

	Note	*31.12.2019*	*31.12.2018*
Freight receivables in Ro/Ro operations		115 844	141 401
Deferred freight income		42 434	37 819
Net freight receivables in Ro/Ro operations	**13**	**73 410**	**103 582**
Freight receivables in Other operations		6 633	9 323
Deferred TC income on vessels chartered out		566	699
Net freight receivables in Other operations	**13**	**6 067**	**8 623**

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. Under the payment terms generally applicable to the Group's revenue generating activities, prepayments are received only to a limited extent.

Parts of deferred freight income at year-end represent 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 length is around 50 days.

3 Bunker, voyages and charter hire expenses

Bunker expenses	*2019*	*2018*
Total bunker consumption (1 000 mt)	430	525
Average price (USD / mt)	440	442
Total	**189 124**	**231 788**

Voyage expenses	*2019*	*2018*
Loading	55 905	62 616
Discharging	60 452	67 900
Port cost	84 350	98 523
Canal cost	46 556	52 236
Transhipment	26 200	32 460
Claims and insurance	2 351	358
Equipment	4 197	8 344
Commission *	55 067	59 049
Terminal	12 242	15 788
Other	13 623	15 594
Total	**360 943**	**412 870**

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

(Amounts in tables USD 1 000)

Voyage expenses
Voyage expenses are variable costs relating to vessel operation and transhipment. Lower activity in 2019 with less cargo to load and discharge has decreased the total voyage expenses.

Charter hire expenses	*2019*	*2018*
Charter hire expenses on long-term charter contracts *	-	145 296
Charter hire and space charter expenses on short-term time charter contracts	61 488	75 587
Total	**61 488**	**220 883**

** Long term contracts assume more than one year maturity.*

Charter hire expenses
Following the implementation of IFRS 16 Leases, long-term charter hire expenses are no longer presented as operating expenses, but reclassified to depreciation and interest expense. See Note 1 and 8 for further details on IFRS 16. However, there were fewer vessels on long-term charter in 2019 compared to 2018. The decrease in short-term charter hire expenses is due to less hire of short-term vessels and use of space charter in 2019 compared to 2018.

4 Running expenses

	2019	*2018*
Sea personnel expenses	41 100	40 668
Spares, repair and maintenance	14 118	16 612
Consumables	11 839	11 675
Insurance	8 151	7 749
Ship management other	13 316	12 737
Total	**88 524**	**89 441**

5 Administrative expenses

Administrative expenses	*2019*	*2018*
Salaries	16 952	13 906
Payroll taxes	2 641	2 125
Pension expenses *	447	684
Other administrative expenses	6 960	10 390
Total	**27 000**	**27 105**

** For further information see Note 6.*

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	*2019*	*2018*
Office	503	452
Sea personnel *	1 333	1 349
Total	**1 836**	**1 801**

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

Auditor's fee	*2019*	*2018*
Statutory audit	247	221
Assurance services and other audit related services	-	30
Tax services	78	24
Other services	32	134
Total	**357**	**409**

Amounts excluded value added tax.

(Amounts in tables USD 1 000)

Remuneration to the key management

2019	*Salary*	*Bonus*	*Pension premium*	*Other remuneration*	*Total*
Former Group CEO	452	309	31	1	793
Group CEO	147	-	2	0	149
Other key management	1 833	499	211	5	2 548

2018	*Salary*	*Bonus*	*Pension premium*	*Other remuneration*	*Total*
Group CEO	454	244	33	4	735
Other key management	1 166	354	235	8	1 763

Included in Other key management for 2018 and 2019 are Chief of Departments (Finance and Accounting, Staff, Sales, Trade and Capacity and Operations). A new CEO was appointed in September 2019.

Bonus plan/redundancy package

All employees are part of a bonus plan. The pay-out depends on the financial performance of the Group, and achievement of personal goals. Key management have in addition a retention bonus. The CEO and Chair of the Board do not have any agreement for redundancy package.

Remuneration to the Board of Directors

The Chair of the Board of Directors does not receive any remuneration from the Group. Two directors have received board fee in the total of USD 0.07 million in 2019 (USD 0.06 million in 2018 for three directors).

6 Pensions and other long-term employee benefits

The Group provides defined contribution plans, defined benefit plans and other post-employment benefits.

Contribution plans

Contribution plans comprise plans whereby the companies make annual contributions to the employees' pension plan. The return on the plan assets of each employee will decide the ultimate pension benefit. Contributions to the plans 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

The Group has per year-end 2019 defined benefit plans for employees in South Korea, Japan and the Philippines.
The schemes in South Korea, Japan and the Philippines are considered immaterial, hence no detailed disclosures are provided.
The Group also has an unsecured pension liability related to certain employees, which is fully vested. The liability amounts to USD 1.5 million (USD 1.7 million in 2018).

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 more relevant plans in the Group.

Pension expenses	*2019*	*2018*
Norway		
Defined contribution plan	*571*	*819*
Total Norway	571	819
Other countries	1 283	1 067
Total pension expenses*	**1 854**	**1 886**

** Of the total pension expenses USD 0.5 million (2018: USD 0.7 million) is reported as administrative expenses, the remaining is reported as voyage expenses.*

Net pension liabilities	*2019*	*2018*
Norway	1 866	1 869
Other countries	3 513	3 098
Total net pension pension liability	**5 379**	**4 967**

(Amounts in tables USD 1 000)

7 Vessels, newbuildings and equipment

2019	*Vessels*	*Newbuildings & Projects **	*Equipment*	*Total*
Cost at 01.01	2 229 765	13 703	45 985	2 289 453
Reclassified to leased assets	-55 200	-	-	-55 200
Additions	4 637	17 700	508	22 845
Transfer from newbuilding and projects	10 304	-19 967	9 663	-
Disposals	-	-	(409)	(409)
Cost at 31.12	**2 189 506**	**11 436**	**55 747**	**2 256 688**
Accumulated depreciation and impairment at 01.01	(1 034 870)	-	(30 250)	(1 065 120)
Reclassified to leased assets	4 089	-	-	4 089
Depreciation	(76 149)	-	(3 350)	(79 498)
Impairment	(28 616)	-	-	(28 616)
Disposals	-	-	394	394
Accumulated depreciation and impairment at 31.12	**(1 135 546)**	**-**	**(33 206)**	**(1 168 751)**
Net carrying amount at 31.12	**1 053 960**	**11 436**	**22 540**	**1 087 935**
Book value sold assets	-	-	15	15
Sales price	-	-	19	19
Gain / (loss)	**-**	**-**	**4**	**4**

2018	*Vessels*	*Newbuildings & Projects **	*Equipment*	*Total*
Cost at 01.01	2 215 619	8 961	50 913	2 275 493
Additions	5 041	15 579	595	21 215
Transfer from newbuilding and projects	9 105	-10 837	1 732	-
Disposals	-	-	(7 255)	(7 255)
Cost at 31.12	**2 229 765**	**13 703**	**45 985**	**2 289 453**
Accumulated depreciation and impairment at 01.01	(955 890)	-	(33 636)	(989 527)
Depreciation	(78 980)	-	(3 827)	(82 806)
Disposals	-	-	7 213	7 213
Accumulated depreciation and impairment at 31.12	**(1 034 870)**	**-**	**(30 250)**	**(1 065 120)**
Net carrying amount at 31.12	**1 194 895**	**13 703**	**15 734**	**1 224 331**
Book value sold assets	-	-	42	42
Sales price	-	-	53	53
Gain / (loss)	**-**	**-**	**11**	**11**

** Newbuildings & Projects mainly relates to investments in IT-projects.*

Vessels

Additions/Disposals

Out of total additions of USD 15 million (USD 14 million in 2018), USD 14 million (USD 12 million in 2018) is related to capitalised drydocking costs.
There were no disposals of vessels in 2019 or 2018.

Depreciation and updated accounting estimates

The residual value and useful lifetime of the fleet is evaluated yearly. There is no change in the residual values in 2019. For 2018, the depreciation of vessels included USD 3 million related to the financial lease of the vessel Höegh Copenhagen. From 1.1.2019 the financial lease has been reclassified to leased assets following the implementation of IFRS 16. See Note 8 Leases for further information on leased assets.

Charter Out

Per year-end 2019 the Group has 7 of its vessels chartered out (11 in 2018). The contracts duration are from three months to about one year.
The contracts have options for extending the charter period.

The Group is expecting to receive charter hire income of about USD 73 million in the next five years. USD 29 million in 2020 and USD 44 million throughout 2021-2024.

Charter In

Per year-end 2019 the Group has 8 vessels chartered in on time charter contracts (11 in 2018). In addition, the Group has 11 vessels on bareboat charter (11 in 2018). The contract lenghts are up to 11 years. Seven of the time chartered vessels have options of prolonging the charter periods, the average option period is about three years. Leased vessels are from 2019 recognised according to IFRS 16 Leases, see Note 8 for further information on leased assets.

Impairment

Market values of the vessels lower than the carrying amount is an indicator of possible impairment for the Group's vessels book value. All RoRo vessels in the Group operate in one cash generating unit (CGU) 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. However, four vessels have been excluded from the cash generating unit (pool) as they will no longer be part of the future fleet and will most likely be sold. A separate impairment assessment has been performed for these vessels resulting in an impairment of USD 28.6 million recorded in 2019. The net present value for these vessels are based on value in use from charter income until sale of the vessels and include estimated proceeds from sale.

The expected net present value generated from the fleet's operation is expected to be higher than the book value for the cash generating unit vessels, and no impairment is recognised in 2019. The assessment is based on management's best estimate as per the five year long term forecast.
A Weighted Average Cost of Capital (WACC) is applied as the Group's discount rate, calculated to 6.9% for 2019.

The pool (CGU) includes leased vessels and hence the impairment assessment also apply to these. See Note 8 for further details on leased assets.

Sensitivity analysis

At year-end, a sensitivity analysis is performed in order to see the consequences of variance in parameters used in the value-in-use calculation. The break even point, where book value equals value-in-use for the vessels, is with either; a decrease in estimated EBITDA of about 19%, or with a discount rate of about 8%. The below matrix illustrates calculated impairment or headroom, given a change in EBITDA at different discount rates.

	Discount rate				
Impairment vessels - in USD millions	***6,0 %***	***6,5 %***	***6,9 %***	***7,5 %***	***8,0 %***
Currently estimated EBITDA	182	143	104	48	4
10% Decrease in estimated EBITDA	137	87	49	-6	-49
20% Decrease in estimated EBITDA	79	30	-7	-61	-102
30% Decrease in estimated EBITDA	21	-27	-63	-115	-155

Leased vessels

Up to 2018, the Group's financial lease in was presented as part of PP&E according to IAS 17 Leases. Following the implementation of new standard on leases, IFRS 16, on 1 January 2019, the financial lease has been reclassified to Leased assets (note 8). For further information on leased vessels, see Note 8 Leases and Note 15 for liquidity analysis.

Newbuildings

The Group has no contracted newbuildings as of year-end 2019.

Equipment

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

8 Leases

The Group leases offices, terminals, vessels and different machinery. The office and terminal 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. Previously, these leases were classified as operating leases under IAS 17.

One of the Group's vessel leases was classified as finance leases under IAS 17, see Note 7. For information on leases where the Group is a lessor, see Charter out section in Note 7.

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.

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

Impact on transition - reconciliation of operating lease commitments at 31 December 2018

Operating lease commitments for vessels disclosed 31 December 2018 (nominal)* discounted using the incremental borrowing rate at the date of initial application (bare boat leases)		**406 936**
Finance lease liabilities recognised as at 31 December 2018		53 535
Effect of discounting using the Group's incremental borrowing rate		-82 413
Difference on implementation method chosen **		37 161
Other lease commitments (other than vessel lease commitments) ***		42 650
Total lease liability recognised at 1 January 2019		**457 869**
Of which are:		
	Current lease liabilities	*89 082*
	Non-current lease liabilities	*368 787*

* The operational lease commitments disclosed at 31.12.2018 did not include the service element of the lease on TC contracts (running expenses).
** The Group has chosen to measure some of its right-of-use (RoU) assets at their carrying amount as if the standard had been applied since the commencement date, but discounted using the incremental borrowing rate at the date of application, which implies a difference between the RoU asset and the liability recognised in equity. This option has been applied for the most material leases in the Group, including vessels, terminals and main offices.
*** Other lease commitments relate to other commitments than leases related to vessels, which existed on 31 December 2018, but which were not included in the reported figure at 31 December 2018. These commitments are included in the total lease liability recognised at 1 January 2019 and comprise office rent, terminals and machinery.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts related to leases:

	31.12.2019	*01.01.2019*
Leased assets		
Premises	24 995	27 362
Vessels	293 768	376 930
Machinery	9 857	11 985
Other	714	412
	329 334	416 689

	31.12.2019	*01.01.2019*
Lease liabilities		
Non-current	290 465	368 787
Current	83 633	89 082
	374 098	457 869

Prepaid TC hire was until 2019 presented as other non-current assets, but has been included in the right-of-use asset as of 1 January 2019 (USD 16 million).
In the previous years the Group only recognised lease liabilites in relation to leases that were classfied as "finance leases" under IAS 17 Leases. These liabilities were presented as part of the Group's borrowings. The leased asset was presented as part of PP&E. Both the lease liabilities and the leased asset have been reclassified as of 1 January 2019 and are included in the opening balances above (net liability of USD 2.4 million). The net effect on retained earnings on implementation of IFRS 16 on 1 January 2019 was USD -54 million. Please refer to Note 1 for further details on the implementation effects.

The additions to the leased assets in 2019 were USD 11.2 million.

(Amounts in tables USD 1 000)

Amounts recognised in profit/(loss)	*2019*	*2018*
Depreciation charges for leased assets:		
- Premises	5 290	-
- Vessels	83 614	-
- Machinery	4 442	-
- Other	277	-
	93 623	-
Interest on lease liabilities	32 220	-
Variable lease payments not included in the measurement of lease liabilities (LIBOR adjustment)	1 788	-
Total interest on lease liabilities	34 008	
Expenses relating to short-term leases	15 346	-
Expenses relating to leases of low-value	112	-

The total cash outflow for leases in 2019 was USD 121.3 million, including USD 34 million in interest.

The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.The Group can not draw any debt on leased assets. The Group has limited exposure to variable lease payments, other than change in LIBOR rate. The potential future lease payments should the Group exercise extension options, would increase the lease liabilities with USD 195 million. The Group does has not provided any residual value guarantees related to its lease agreements.

9 Interest income and expenses

Interest income	*2019*	*2018*
Interest income from banks	1 328	1 197
Other interest income	131	307
Total	**1 459**	**1 504**

Interest expenses	*2019*	*2018*
Interest mortgage debt	31 733	37 486
Interest on lease liabilities*	34 008	-
Interest on interest rate swaps realised	1 179	3 298
Interest on interest rate swaps unrealised	256	255
Other interest expenses	764	61
Total	**67 939**	**41 100**

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

10 Other financial items

Income from other financial items	*2019*	*2018*
Dividends	2	2
Gain on interest rate swaps	-	5 133
Gain on bunker cap	2 576	-
Other financial items	100	322
Total	**2 678**	**5 458**

Expenses from other financial items	*2019*	*2018*
Loss on interest rate swaps	358	-
Loss on currency exchange	370	1 750
Loss on bunker cap	-	235
Loss on shares, bonds and futures	141	-
Other financial items*	4 108	10 631
Total	**4 977**	**12 616**

* Other financial items in 2018 included a loss of USD 3.8 million related to the liquidation of the Höegh Pensjonskasse and a debt modification loss of USD 5.9 million related to deferral of instalments. In 2019, USD 2.5 million has been amortised related to the debt modification loss. See also Note 20.

11 Tax

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 2020 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 0.6 million (USD 0.7 million in 2018) 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	*2019*	*2018*
Current tax	(493)	(804)
Tax in subsidiaries outside Norway	(495)	(1 212)
Change in deferred tax	(3 112)	(6 252)
Currency effect on deferred tax and adjustments previous periods	(43)	276
Tax (expense) / income	**(4 143)**	**(7 992)**

Reconciliation of actual tax expense against expected tax expense in accordance with the ordinary Norwegian income tax rate of 22%	*2019*	*2018*
Profit / (loss) before tax	(57 591)	(54 956)
Estimated tax at 22% income tax rate	12 670	12 640
Tax effect of non taxable income within the tonnage tax scheme in Norway and Singapore	(6 031)	(2 976)
Other tax payable	(562)	(509)
Change in deferred tax rate	-	968
Permanent differences / deferred tax assets not recognised	(10 220)	(18 115)
Tax (expense) / income	**(4 143)**	**(7 992)**
Effective tax rate for the Group	-7%	-15%

Income tax payable	*2019*	*2018*
Tonnage tax	650	666
Current tax for the year	85	221
Tax payable (maturity within 1 year)	**735**	**887**

Deferred tax assets (liabilities)	*2019*	*2018*
Deferred tax assets (liabilities)	(11)	(49)
Non-current debt / receivables	(43 841)	(49 309)
Pension liabilities *	374	375
Loss carried forward	18 728	27 686
Deferred tax assets (liabilities)	**(24 750)**	**(21 297)**
Deferred tax assets subsidiaries outside Norway	892	527
Total	**(23 858)**	**(20 770)**

* *See Note 6 for further information.*

	2019	*2018*
Deferred tax assets / (liabilities) at 01.01.	(20 770)	(14 496)
Charged to the income statement	(3 112)	(6 247)
Charged to other comprehensive income	25	(27)
Deferred tax assets / (liabilities) at 31.12.	**(23 858)**	**(20 770)**

Deferred tax assets / (tax) within the tonnage tax scheme	*2019*	*2018*
Current assets	(618)	(1 067)
Non-current debt / receivables	8 091	9 200
Loss carried forward	64 722	66 255
Deferred tax assets not recognised	(72 195)	(74 388)
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.

(Amounts in tables USD 1 000)

12 Other non-current financial assets

	2019	2018
Pension plan assets	1 275	1 161
Investments in other companies	3 453	3 595
Other non-current financial assets	880	621
Total	**5 607**	**5 377**

Pension plan assets

The pension plan assets mainly relate to the defined benefit plans in South Korea, Japan and Philippines.

Investments in other companies

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

	2019	2018
Rental deposits	1 361	1 347
Prepaid TC hire*	-	15 538
Other	3	3
Total	**1 363**	**16 888**

* Due to implementation of IFRS 16 on Leases, prepaid TC hire is no longer classified as other non-current assets. See Note 8 for further details.

13 Trade, other receivables and prepayments

Trade and other receivables	2019	2018
Freight receivables	73 497	103 643
Provision for impairment on trade receivables	(88)	(60)
Net freight receivables	**73 410**	**103 582**
Agents	(3 165)	(683)
Other trade receivables	6 067	8 623
Tax and public duties	360	16
Unsettled claims	2 100	-
Receivables related companies	1 447	6 525
Other receivables	7 613	4 882
Total	**87 832**	**122 945**

Total outstanding as of 31.12	2019	2018
Not due	43 292	67 659
1-15	11 037	13 176
16-30	8 228	7 165
31-60	8 001	4 458
61-	2 940	11 186
Total	**73 497**	**103 643**

Prepayments	2019	2018
Prepayments administration	620	464
Other prepayments	1 579	1 112
Total	**2 199**	**1 576**

14 Other current financial assets

	2019	2018
Bunker swaps*	2 867	14
Currency hedge	307	-
Total	**3 173**	**14**

** See Note 15 for further information.*

(Amounts in tables USD 1 000)

15 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

The Group's risk management guidelines are established to identify, analyse and monitor the various risks and 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 of Directors.

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. As of year-end 2019 the Group had secured USD 100 million (USD 150 million in 2018) to fixed rates through interest rate swaps, about 21% of the Group's net interest bearing debt. The interest rate swaps are measured at fair value and changes in fair value are recognised through the statement of comprehensive income.

	2019	2018
Fair value interest rate swaps *	(3 013)	(2 655)

** Classified as other non-current financial liabilities in Note 19 and other current financial liabilities in Note 23.*

For 2019, a change in interest rate of 1 percentage would have had an effect on the Group's profit before tax and equity, through the impact of net floating rate borrowings, of about USD 3.6 million (USD 3.4 million in 2018).

Fair value interest risk

Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's fair value interest risk arises from floating-to-fixed interest rate swaps. In 2019, a change in the fair value of 0.1 percentage point of the Interest rate swap's (IRS), due to change in interest rates would profit and equity of about USD 0.1 million. For interest on interest rate swaps realised/unrealised and gain/loss on interest swaps realised/unrealised, see Note 9 and 10 respectively.

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 NOK and relates to general administrative expenses, wages and pension cost. The Group's mortgage debt is denominated in USD. The Group has active currency hedges as of 31.12.2019. For further information see Note 16.

The Group has bank deposits in the following currencies:

Cash and bank deposits	2019	2018
United States Dollar	106 750	103 933
Norwegian Kroner	7 556	3 281
Pound Sterling	1 924	1 865
Euro	16 876	4 933
Japanese Yen	4 732	3 220
Other currencies	3 101	4 657
Total	**140 938**	**121 889**

The equivalent of USD 0.9 million (USD 0.8 million in 2018) of these deposits was held in restricted accounts in respect of employee taxes.

(Amounts in tables USD 1 000)

Applied currency rates	Currency	31.12.2019	Average	31.12.2018
Pound Sterling	USD/GBP	0,76	0,77	0,78
Japanese Yen	USD/JPY	108,54	109,23	109,91
Norwegian Kroner	USD/NOK	8,78	8,73	8,69
Euro	USD/EUR	0,89	0,88	0,87

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 2019. The table below presents the total gain/loss relating to bunker swaps, including fair value changes in the current year.

The new regulation regarding the type of oil consumed on vessels (IMO 2020) became applicable on 1 January, 2020. Low-sulfur oil compliant with the 0.5% cap on sulfur content will be completely new fuel for the shipping industry. Höegh Autoliners is fully compliant from the implementation date and is currently analysing the effects the new fuel has on working capital and fuel cost.

Bunker swaps	Total Gain/(loss)
Bunker swaps	2 576
Total	**2 576**

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

For further information see Note 18 and 20.

Per 31.12.2019	Note	< 1 year	1 - 5 years	> 5 years	Total
Mortgage debt (interest included)	20	113 134	539 051	-	652 185
Lease liabilities (interest included)*	8	109 454	279 676	111 436	500 567
Interest rate swaps liabilities	19, 23	2 173	1 103	-	3 276
Trade and other payables	21	57 162	-	-	57 162
Settlement U.S. Department of Justice (cash payments)	19, 23	5 000	11 000	-	16 000
Total		**286 923**	**830 831**	**111 436**	**1 229 191**

Per 31.12.2018	Note	< 1 year	1 - 5 years	> 5 years	Total
Mortgage debt (interest included)	20	76 881	648 126	-	725 007
Financial lease liability (interest included)	7	7 154	35 255	72 768	115 177
Interest rate swaps liabilities	19, 23	1 316	1 594	-	2 910
Trade and other payables	21	62 687	-	-	62 687
Settlement U.S. Department of Justice (cash payments)	19, 23	3 000	16 000	-	19 000
Total		**151 037**	**700 975**	**72 768**	**924 780**

* See Note 7 and 8 for more information on lease liabilities.

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 market rates. No financial assets or liabilities are subject to offsetting, enforceable master netting agreements or similar agreements.

(Amounts in tables USD 1 000)

16 Financial instruments

Financial instruments by category 2019

Assets	*Note*	*Assets at amortised cost*	*Assets at fair value through profit and loss*	*Assets at fair value through OCI **	*Other*	*Total*
Investments in other companies	*12*	-	-	*3 453*	-	3 453
Other non-current financial assets	*12*	*1 275*	-	-	*880*	2 154
Trade and other receivables	*13*	*87 832*	-	-	-	87 832
Cash (and cash equivalents)	*15*	*140 938*	-	-	-	140 938
Currency Hedge		-	307	-	-	307
Bunkers swaps		-	*2 867*	-	-	2 867
Assets 31.12.2019		**230 045**	**3 173**	**3 453**	**880**	**237 551**

** 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	*Note*	*Financial liabilities at amortised cost*	*Liabilities at fair value through profit and loss*	*Financial liabilities at fair value through OCI*	*Other*	*Total*
Other non-current financial liabilities	*19*	-	11 665	-	117	11 782
Non-current interest bearing debt	*20*	524 987	-	-	-	524 987
Current interest bearing debt	*20*	82 113	-	-	-	82 113
Non-current lease liabilities	*8*	290 465	-	-	-	290 465
Trade and other payables (excl non-fin.liab.)	*21*	57 491	-	-	-	57 491
Current lease liabilities	*8*	83 633	-	-	-	83 633
Other current liabilities	*23*	-	7 922	-	-	7 922
Liabilities 31.12.2019		**1 038 689**	**19 587**	**-**	**117**	**1 058 393**

Financial instruments by category 2018

Assets	*Note*	*Amortised cost*	*Assets at fair value through profit and loss*	*Assets at fair value through OCI*	*Other*	*Total*
Investments in other companies	*12*	-	-	3 595	-	3 595
Other non-current financial assets	*12*	1 161	-	-	621	1 782
Trade and other receivables	*13*	121 096	-	-	-	121 096
Cash (and cash equivalents)	*15*	121 889	-	-	-	121 889
Bunker swaps	*14*	-	14	-	-	14
Assets 31.12.2018		**244 145**	**14**	**3 595**	**621**	**248 375**

Liabilities	*Note*	*Other financial liabilities at amortised cost*	*Liabilities at fair value through profit and loss*	*Financial liabilities at fair value through OCI*	*Other*	*Total*
Other non-current financial liabilities	*19*	-	16 391	-	104	16 495
Non-current interest bearing debt	*20*	655 199	-	-	-	655 199
Current interest bearing debt	*20*	45 644	-	-	-	45 644
Trade and other payables (excl non-fin.liab.)	*21*	62 687	-	-	-	62 687
Other current liabilities	*23*	-	5 105	-	-	5 105
Liabilities 31.12.2018		**763 529**	**21 496**	**-**	**104**	**785 129**

(Amounts in tables USD 1 000)

Fair value measurement

The following tables present 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 31.12.2019	*Level 1*	*Level 2*	*Level 3*	*Total*
Investment in other companies	-	-	3 453	3 453
Bunker swap asset	-	2 867	-	2 867
Currency hedge	-	307	-	307
Total assets	**-**	**3 173**	**3 453**	**6 626**
Currency hedge	-	-	-	-
Interest rate swaps (accrued interest included)	-	3 276	-	3 276
Total liabilities	**-**	**3 276**	**-**	**3 276**

Financial instruments at fair value 31.12.2018	*Level 1*	*Level 2*	*Level 3*	*Total*
Investment in other companies	-	-	3 595	3 595
Bunker swap asset	-	14	-	14
Total assets	**-**	**14**	**3 595**	**3 609**
Currency hedge	-	48	-	48
Interest rate swaps (accrued interest included)	-	2 910	-	2 910
Total liabilities	**-**	**2 958**	**-**	**2 958**

Reconciliation of liabilities arising from financial activities

				Non - cash changes			
Liabilities 2019	*Note*	*31.12.2018*	*Cash flows*	*Fair value changes*	*Other changes**	*New liability*	*31.12.2019*
Other non-current fin. liabilities	*19*	*1 594*	*-*	*(491)*	*-*	*-*	*1 103*
Non-current int. bearing debt	*20*	*655 199*	*-*	*-*	*(130 212)*	*-*	*524 987*
Current interest bearing debt	*20*	*45 644*	*(38 500)*	*-*	*74 969*	*-*	*82 113*
Other current fin. liabilities	*23*	*1 364*	*-*	*809*	*-*	*-*	*2 173*
Non-current lease liabilities	*8*	*-*	*-*	*-*	*50 601*	*239 864*	*290 465*
Current lease liabilities	*8*	*-*	*(87 331)*	*-*	*1 557*	*169 407*	*83 633*
		703 800	**(125 831)**	**318**	**(3 085)**	**409 271**	**984 474**

** Other changes relates mainly to reclassifications of financial lease liability (IAS 17) from interest bearing debt to lease liabilities*

				Non - cash changes			
Liabilities 2018	*Note*	*31.12.2017*	*Cash flows*	*Fair value changes*	*Other changes **	*New liability*	*31.12.2018*
Other non-current fin. liabilities	*19*	*3 780*	*-*	*(2 186)*	*-*	*-*	*1 594*
Non-current int. bearing debt	*20*	*641 877*	*-*	*-*	*13 322*	*-*	*655 199*
Current interest bearing debt	*20*	*80 223*	*(30 107)*	*-*	*(4 472)*	*-*	*45 644*
Other current fin. liabilities	*23*	*4 729*	*(4 020)*	*654*	*-*	*-*	*1 364*
		730 608	**(34 126)**	**(1 532)**	**8 850**	**-**	**703 800**

** Other changes relates mainly to a loan modification loss according to IFRS 9, see Notes 9 and 20. For information on deferral of instalments on the loan facility, see Note 20.*

17 Equity

Number of shares	*Par value NOK*	*2019*	*2018*
Ordinary shares	106	25 996 107	25 996 107
Average number of shares		25 996 107	25 996 107

The Board has not proposed any dividend to be paid for 2019. The Group has no share option scheme, and all issued shares are fully paid.

(Amounts in tables USD 1 000)

18 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 focuses on a number of financial ratios, among others;

Book equity ratio
The Group's book equity ratio is targeted to be between 30-45%. The book equity year-end 2019 is within 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 2019 is 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 2019 is above the set target.

Höegh Autoliners Holdings 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 2019.

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. The Group’s dividend policy will follow a normal distribution of 25–30% of net profit p.a. There are restrictions on dividend payments in the loan agreement.

Equity ratio	*2019*	*2018*
Total equity	560 602	677 956
Total assets	1 710 413	1 551 651
Equity ratio	**33%**	**44%**

The decrease in equity ratio from 2018 to 2019 is highly influenced by the implementation of IFRS 16 Leases, see Note 1 and 8 for further details on the implementation effect on equity on 1 January 2019.

19 Other non-current liabilities

	2019	*2018*
Settlement U.S. Department of Justice	10 562	14 797
Interest rate swap liabilities	1 103	1 594
Other	117	104
Total	**11 782**	**16 495**

In relation with U.S. investigations into the car carrier industry and ocean shipping services to and from the U.S., Höegh Autoliners accepted a settlement with the U.S. Department of Justice in 2017. Höegh Autoliners has agreed to pay USD 21 million in a plea agreement related to U.S. to Middle East exports. The liability is to be settled over a period of five years, with the first downpayment made in December 2017. A second payment was made in 2018 and a third payment in 2019. The liability is presented in the Group's Financial Statements as both non-current liability and current liability (see Note 23), discounted with an interest of 1.61%.

(Amounts in tables USD 1 000)

20 Non-current and current interest bearing debt

2019 - Interest bearing debt	*Non-current*	*Current*	*Total*
Mortgage debt	524 625	77 000	601 625
Arrangement fee mortgage debt	(634)	(1 416)	(2 050)
Accrued interest and amortised cost adjustment	996	6 529	7 525
Total interest bearing debt	**524 987**	**82 113**	**607 100**

2018 - Interest bearing debt	*Non-current*	*Current*	*Total*
Mortgage debt	601 625	38 500	640 125
Financial lease liability (vessels)*	52 158	1 377	53 535
Arrangement fee mortgage debt	(2 050)	(1 609)	(3 658)
Accrued interest	3 466	7 375	10 841
Total interest bearing debt	**655 199**	**45 644**	**700 843**

* The Group implemented IFRS 16 Leases on 1 January 2019, and lease liabilities are no longer presented as part of the interest bearing debt. See Note 1 on implementation effects of IFRS 16 and Note 8 Leases for further information.

In January 2018, the Group agreed on a deferral of instalments on the loan facility for the years 2018 and 2019. According to IFRS 9, cash flows of the modified borrowings must be discounted at the original effective interest rate. An adjustment was made to the amortised cost calculation in 2018 as a result of this modification. See also Note 9.

Mortgage debt	*Maturity*	*Outstanding amount*
USD 1 000 million senior secured facility	July 2021	601 625
Total mortgage debt		**601 625**

Security

The USD 1 000 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 986 million. In addition, the debt is secured by an assignment of earnings and insurances.

Weighted average effective interest rates of total borrowings	*2019*	*2018*
Mortgage debt	5,13%	4,86%
Financial lease liability	NA	11,06%

From 2019, lease liabilities are no longer presented as part of interest bearing debt. For information on interest rate for lease liabilities, see Notes 1 and 8.

21 Trade and other payables

	2019	*2018*
Suppliers	47 493	57 216
Prepaid TC on vessels chartered out	19 927	11 230
Public duties payable and holiday pay	9 669	5 471
Total	**77 089**	**73 917**

(Amounts in tables USD 1 000)

22 Current accruals and provisions

	2019	2018
Accrued voyage expenses	31 523	44 686
Accrued crew expenses	3 099	2 657
Accrued running expenses	2 355	2 840
Other current provisions	3 980	-
Total	**40 957**	**50 184**

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	*2019*	*2018*
Provision 01.01	**-**	**-**
Charged/(credited) to the income statement:		
Additional provisions	3 980	-
Unused amounts reversed	-	-
Used during year	-	-
Provision 31.12	**3 980**	**-**

The additional provision in 2019 is mainly related to restructuring of the offices in Japan and Korea.

23 Other current liabilities

Current financial liabilities	*2019*	*2018*
Accrued interest on interest rate swaps	263	255
Interest rate swaps liabilities	1 910	1 061
Currency hedge	-	48
Total	**2 173**	**1 364**

Other current liabilities	*2019*	*2018*
Settlement U.S. Department of Justice	4 845	2 905
Other liabilities	904	836
Total	**5 749**	**3 741**
Total other current liabilities	**7 922**	**5 105**

24 Transactions with related parties

Höegh Autoliners Management AS delivers operational, financial and administrative services to other companies in the Group. Höegh Technical Management Holding Pte. Ltd delivers technical and crewing services to Höegh Autoliners Shipping AS and Höegh Autoliners Shipping Pte. Ltd. The Group acquired the remaining 50% of the shares in Höegh Technical Management Holding Pte. Ltd (previously Höegh Wallem Ship Management) in the beginning of 2019.

The Group had three vessels under US flag with Maersk Lines Ltd and Farrell Lines during 2019. All three vessels are owned as individual US Trusts. Each vessel is on bareboat charter to Maersk Lines or Farrell Lines from the Trusts and Höegh Autoliners Shipping AS have the vessels on time charter from Maersk Lines Ltd.

The Group had a 50% interest in Euro Marine Logistics N.V up to December 2019, when the shares were sold. Euro Marine Logistics N.V. had a loan agreement with the parent company Höegh Holding B.V., owned 100% by Höegh Autoliners Management AS. The loan amounting to EUR 3.5 million, was written off when the shares were sold. Euro Marine Logistics N.V. delivers shortsea shipping services to Höegh Autoliners Shipping AS. Euro Marine Logistics N.V. charters two vessels from Höegh Autoliners Shipping AS on a time charter basis. Höegh Autoliners Holdings AS holds a 36.45% interest in ParCar AS and has an outstanding receivable of USD 1.4 million as of 31.12.2019. ParCar Shipholding AS, which is 100% owned by ParCar AS, leases Höegh Copenhagen on a bareboat lease to Höegh Autoliners Shipping AS. The Group has a 50% interest in Fast Terminals Internacional S.A., which delivers terminal services to the Group.

(Amounts in tables USD 1 000)

The main transactions are listed in the table below:

Supplier	Receiver	Type of agreement	2019	2018
Maersk Lines Ltd.	Höegh Autoliners Shipping AS	Technical Management	14 486	13 665
Höegh Autoliners Shipping AS	Maersk Lines Ltd.	Shipping services	30 020	35 731
Höegh Technical Management Holding Pte Ltd.	Höegh Autoliners Shipping Pte Ltd	Technical Management	14 889	15 227
Höegh Technical Management Holding Pte Ltd.	Höegh Autoliners Shipping AS	Technical Management	66 128	63 102
Euro Marine Logistics N.V.	Höegh Autoliners Shipping AS	Shipping services	6 526	6 832
Höegh Autoliners Shipping AS	Euro Marine Logistics N.V.	Shipping services	11 402	12 489
Horizon Terminal Services LLC	Höegh Autoliners Shipping AS	Terminal services	3 019	3 115
ParCar Shipholding AS	Höegh Autoliners Shipping AS	Bareboat lease	7 154	7 154
Höegh Autoliners Shipping AS	Euro Marine Logistics N.V.	Time charter	7 939	9 515

Year-end balances arised from sales/purchase of goods or services with related parties are as follows:

Supplier	Receiver	2019	2018
Maersk Lines Ltd.	Höegh Autoliners Shipping AS	1 189	1 137
Höegh Technical Management Holding Pte Ltd.	Höegh Autoliners Shipping Pte Ltd	4 760	2 125
Höegh Technical Management Holding Pte Ltd.	Höegh Autoliners Shipping AS	22 796	3 566
Euro Marine Logistics N.V.	Höegh Autoliners Shipping AS	601	108
Höegh Autoliners Shipping AS	Euro Marine Logistics N.V.	1 189	1 079
Höegh Autoliners Shipping AS	Maersk Lines Ltd.	11 557	22 368
Horizon Terminal Services LLC	Höegh Autoliners Shipping AS	-	592
Höegh Autoliners Shipping AS	Horizon Terminal Services LLC	707	-

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 25 million (USD 27 million in 2018) as voyage expenses.

25 Contingent liabilities

Regular claims are made against the Group as a result of its ordinary operations. These are usually cargo claims for damages to 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.

26 Events after the balance sheet date

There have been no events after 31 December that have a material effect on the financial statements for 2019.

27 Commitments and guarantees

Charter commitments

From 2019 all charter commitments are included in lease liabilities following the implementation of IFRS 16 Leases on 1 January 2019.
See Notes 1 and Note 8 for further details on implementation of IFRS 16 and leases.

Capital commitments

The Group has no capital commitments at the end of 2019.

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 Holdings AS has provided performance guarantees in relation to sale-leasebacks of the vessels Höegh Berlin, Höegh Copenhagen, Höegh Xiamen, Höegh Beijing, Höegh Maputo, Höegh Singapore, Höegh Jeddah, Höegh Jacksonville, Höegh St.Petersburg, Höegh Tracer and Höegh Trapper.

Höegh Autoliners Holdings AS has issued a guarantee in support of International Swaps & Derivatives Association (ISDA) agreement.

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

Höegh Autoliners Management AS has provided a guarantee in support of its former agent in India for claims arising on loading requirements.

(Amounts in tables USD 1 000)

28 Investment in associates and joint ventures

The Group has investments in the following associates and joint ventures accounted for using the equity method.
None of the associates or joint ventures are listed companies or assessed to be material for the group.

Company	Voting share/ ownership % 31.12.2019	Voting share/ ownership % 31.12.2018	Nature of relationship	Country	Carrying amount 2019	Carrying amount 2018
Höegh Technical Management Holding Pte. Ltd *	-	50	Joint venture	Singapore	-	40
Höegh Northern Terminal Ltd.	50	50	Joint venture	UK	40	136
Euro Marine Logistics N.V.	50	50	Joint venture	Belgium	-	39
Sinor Lines Pte. Ltd.	-	-	Joint venture	Singapore	-	-
Fast Terminals Internacional S.A.	50	50	Joint venture	Panama	3 296	2 917
Euro Marine Carrier B.V.	24,5	24,5	Associate	Netherlands	1 283	8 009
Maputo Car Terminal Limitada	30	30	Associate	Mozambique	2 495	2 183
Horizon Auto Logistics S.A. de S.V. **	75/50	75/50	Associate	Mexico	2 270	992
ParCar AS	36,5	36,5	Associate	Norway	8 772	7 994
Sum					**18 156**	**22 310**

** Formerly known as Höegh Wallem Ship Mangement Pte. Ltd. The Group acquired remaining 50% in 2019.*

*** Acquired in 2017 50% direct and 25% indirect ownership through Fast Terminal International S.A. Due to the indirect ownership, effective control is not applicable.*

Specified financial information on the largest investments in associates and joint ventures

- Euro Marine Logistics N.V. is a logistics company performing shortsea services in the European market. The shares were sold in December 2019.
- Euro Marine Carrier B.V. is a sea transportation company for unpacked motor vehicles in Europe. Owns 100% of Manx Car Carriers N.V.
- ParCar AS is a company investing in a shipowning company providing the vessel Höegh Copenhagen on a bareboat lease to Höegh Autoliners Shipping AS
- Sinor Lines Pte. Ltd. was liquidated in 2018. The company performed logistics services in southeast Asia.

Interests in associates and joint ventures are generally recognised with a certain time lag, normally one month.

Reconciliation to carrying amounts:	Euro Marine Logistics N.V.	Euro Marine Carrier B.V.	ParCar AS
Net assets 31.12.2017	1 748	31 943	23 432
Other adjustments	(384)	(1 065)	(1 932)
Profit/(loss) for the period	(1 286)	1 811	4 300
Dividends paid	-	-	(3 869)
Net assets 31.12.2018	**78**	**32 689**	**21 931**
Group share in %	50%	24,5%	36,5%
Carrying amount 31.12.2018	**39**	**8 009**	**7 994**
Net assets 31.12.2018	78	32 689	21 931
Other adjustments	-	(1 036)	291
Profit/(loss) for the period	(78)	(894)	2 843
Dividends paid	-	(25 523)	(1 000)
Net assets 31.12.2019	**-**	**5 237**	**24 065**
Group share in %	0%	24,5%	36,5%
Group's share	-	1 283	8 772
Carrying amount 31.12.2019	**-**	**1 283**	**8 772**

*Summarised financial information**	Assets	Liabilities	Equity	Revenues	Profit/(loss) for the year
Euro Marine Carrier B.V.	32 687	167	32 520	11 171	1 636
Maputo Car Terminal Limitada	10 822	3 796	7 026	4 267	704
Höegh Northern Terminal Ltd.	429	128	301	427	(232)
Fast Terminals Internacional S.A.	2 315	693	1 621	2 916	500
ParCar Group	56 744	34 434	22 309	-	4 223
Horizon Auto Logistics S.A. de S.V.	2 670	1 196	1 474	6 835	946

** Figures from audited financial statements 2018*

(Amounts in tables USD 1 000)

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

Investment in joint ventures	*2019*	*2018*
Carrying amount	3 336	3 131
Profit/(loss)	236	(911)

Investment in associates	*2019*	*2018*
Carrying amount	14 820	19 178
Profit/(loss)	3 207	2 508
Currency translation differences (OCI)	(1 004)	(409)
Total carrying amount of investments joint ventures and associates 31.12.	**18 156**	**22 310**

29 List of subsidiaries

Company	*Country*	*Principal activity*	*Owner share % * 2019*	*2018*
Höegh Autoliners Holdings AS	**Norway**	**Holding company**	**100**	**100**
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 Holdings B.V.	**The Netherlands**	**Holding company**	**100**	**100**
Höegh Autoliners Panama S. A.	Panama	Commercial operation	100	100
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
Horizon Terminal Services LLC.	USA	Terminal Services	100	100
Fast Terminal Corp	USA	Terminal Services	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 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 (Korea) Ltd.	Korea	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
Höegh Autoliners UK Ltd. (Dormant)	UK	Commercial operation	100	100
Höegh Autoliners S.A.S.	France	Commercial operation	100	100
Leif Höegh & Co China Ltd.***	China	Commercial operation	100	100
Höegh Technical Management Holding Pte. Ltd.	**Singapore**	**Holding company**	**100**	**50**
Höegh Technical Management, Inc.	Philippines	Management com	100	50

** 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*

HÖEGH AUTOLINERS HOLDINGS AS

Financial Statement 2019

Statement of income

(USD 1 000)	*Notes*	*2019*	*2018*
Operating expenses	3	(237)	(928)
Operating loss		**(237)**	**(928)**
Interest income		1 259	1 027
Interest income group companies	4	45 203	44 446
Interest expenses	4	(31 733)	(31 567)
Impairment shares	4	(180 178)	-
Other financial income/(expenses)	4	(2 216)	1 097
Profit/(loss) before tax		**(167 901)**	**14 075**
Income tax expenses	5	(3 744)	(6 000)
Profit/(loss) of the year		**(171 645)**	**8 075**

Statement of cash flows

(USD 1 000)	*Notes*	*2019*	*2018*
Cash flows from operating activities			
Net cash (to)/from Suppliers		19	17
Net cash from operating activities		**19**	**17**
Cash flows from investing activities			
Interest received		1 076	972
Dividends received		-	1 385
Investments in other companies	6	654	76
Intercompany funding	7/8	60 524	56 471
Net cash used in investing activities		**62 254**	**58 904**
Cash flows from financing activities			
Proceeds from issuing of share capital	2	-	50 000
Payment of transaction costs related to loans and borrowings		(100)	(303)
Interest paid	4	(30 970)	(28 629)
Repayment of debt	10	(38 500)	(28 875)
Net cash from financing activities		**(69 570)**	**(7 807)**
Net cash flow during the year		**(7 297)**	**51 114**
Cash 01.01		51 268	95
Effect of exchange rate fluctuations		(23)	59
Cash 31.12	**9**	**43 948**	**51 268**

Statement of financial position

(USD 1 000)	*Notes*	*31.12.2019*	*31.12.2018*
Assets			
Non-current assets			
Investments in group and other companies	6	380 491	561 033
Non-current receivables group companies	7	826 462	889 066
Total non-current assets		**1 206 953**	**1 450 100**
Current assets			
Current receivables group companies	8	80 995	41 813
Other receivables		1 485	1 599
Cash	9	43 948	51 268
Total current assets		**126 428**	**94 679**
Total assets		**1 333 381**	**1 544 779**
Equity and liabilities			
Equity			
Paid in capital	2	493 359	493 359
Share premium reserve	2	255 485	255 485
Retained earnings	2	(53 853)	117 792
Total equity		**694 991**	**866 636**
Non-current liabilities			
Deferred tax	5	26 315	23 062
Non-current interest bearing debt	10	523 991	599 575
Total non-current liabilities		**550 307**	**622 637**
Current liabilities			
Current interest bearing debt	10	79 643	41 797
Current payables group companies	8	7 756	13 649
Other current liabilities		685	61
Total current liabilities		**88 084**	**55 506**
Total equity and liabilities		**1 333 381**	**1 544 779**

The Board of Directors / CEO

Oslo, 11 March 2020

DocuSigned by: B532DC3BDEAF463...
Leif O. Høegh
Chairperson

DocuSigned by: C7E2DA2EE02C4C8...
Jan B. Kjærvik
Deputy Chairperson

DocuSigned by: 937CAF18752B4E7...
Morten W. Høegh
Board member

DocuSigned by: 94386E355C81440...
Lise Duetoft
Board member

DocuSigned by: C875A51C68C34CB...
Kristian Bai Høllund
Board member

DocuSigned by: 81CED4B714C64CB...
Martine Vice Holter
Board member

DocuSigned by: 40D531BB2CD5418...
Ditlev Wedell-Wedellsborg
Board member

DocuSigned by: E91290416EB6428...
Kent Stig Hagbarth
Board member

DocuSigned by: 7AB109EB05FA4E9...
Thor Jørgen Guttormsen
CEO

Notes

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 Holdings AS 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 recognized 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.

ARRANGEMENT FEES

Arrangement fees are recognised in the balance sheet and expensed over the loans tenor.

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 direct 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 Holdings consolidated financial statement 2019.

(Amounts in tables USD 1 000)

2 Equity

	Share capital	Share premium reserve	Retained earnings	Total
Equity 01.01.2018	486 725	212 119	109 717	808 561
Profit (loss) of the year	-		8 075	8 075
Capital increase	6 634	43 366	-	50 000
Equity 31.12.2018	**493 359**	**255 485**	**117 792**	**866 636**
Profit (loss) of the year	-	-	(171 645)	(171 645)
Equity 31.12.2019	**493 359**	**255 485**	**(53 853)**	**694 991**

In January 2018, the Group increased its share capital by USD 50 million. The capital increase was made by increasing the par value of the shares with NOK 2, from NOK 104 to NOK 106. An amount of USD 6.6 million was allocated as share capital, the remaining amount was allocated to share premium reserve.

The share capital consists of 25 996 107 shares with face value NOK 106. One share has one vote at the General Meeting in the Company. Leif Höegh & Co Holdings AS holds the majority position in Höegh Autoliners Holding AS with 61.25% of the shares. The remaining minority interest of 38.75% is held by A.P. Møller Mærsk A/S. Leif Höegh & Co Holdings AS is ultimately owned 50% by a trust under which Morten W. Høegh is the primary beneficiary, while 50% is ultimately owned by companies controlled by Leif O. Høegh. The company holds no treasury shares.

3 Operating expenses

	2019	2018
Statutory audit	57	51
Remuneration to the board	70	61
Legal fees	117	100
Consultants	5	37
Loss on other receivables	-	614
Other expenses/(revenues)	(12)	65
Total	**237**	**928**

The Company has no employees and has thus no wage expenses or pension liabilities.

4 Interest income and expenses

Interest income group companies	2019	2018
Interest income	43 594	42 650
Arrangement fee	1 609	1 796
Total	**45 203**	**44 446**

Interest expenses	2019	2018
Interest mortgage debt	30 124	29 771
Arrangement fee	1 609	1 796
Commitment fee	-	-
Total	**31 733**	**31 567**

Other financial items	2019	2018
Impairment on investment in shares*	(180 178)	-
Dividend from associated company	-	1 385
Currency gain/(loss)	4	(1)
Other financial expenses	(2 219)	(287)
Total	**(182 394)**	**1 097**

** Impairment on the investment in Höegh Autoliners Managment AS. For further information see Note 6.*

(Amounts in tables USD 1 000)

5 Tax

Income tax for the year	*2019*	*2018*
Current tax	(490)	(476)
Change in deferred tax	(3 254)	(5 523)
Currency differences and adjustments prior years	-	-
Tax (expense) / income	**(3 744)**	**(6 000)**

Reconciliation of calculated and actual tax expense	*2019*	*2018*
Profit before tax	**(167 901)**	**14 075**
Tax at 22% statutory tax rate	36 938	(3 237)
Withholding tax	(490)	(476)
Tax effect change in tax rate *	-	1 048
Permanent differences	(39 639)	161
Adjustments prior years	-	-
Currency differences	(553)	(3 496)
Tax (expense) / income	**(3 744)**	**(6 000)**

** From 1 January 2020 the corporate tax rate remains at 22%.*

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

Deferred tax	*2019*	*2018*
Deferred tax liabilities *	(26 315)	(23 062)
Total deferred tax asset / (liability)	**(26 315)**	**(23 062)**

** From 1 January 2020 the corporate tax rate remains at 22%.*

6 Investments in group and other companies

Investments in group companies

2019	*Registered office*	*Owner share in %*	*Voting share in %*	*Net profit 2019*	*Equity 31.12.2019*	*Carrying amount*
Höegh Autoliners Management AS	Norway	100	100	(132)	296 873	372 654
Total						**372 654**

2018	*Registered office*	*Owner share in %*	*Voting share in %*	*Net profit 2018*	*Equity 31.12.2018*	*Carrying amount*
Höegh Autoliners Management AS	Norway	100	100	(3 884)	429 241	552 832
Total						**552 832**

Investments in other companies

2019	*Registered office*	*Owner/ voting share*	*Net profit 2018**	*Equity 31.12.2018**	*Carrying amount*
ParCar AS (group)	Norway	36,45%	4 223	22 309	7 837
Total					**7 837**

** Financial information from statutory financial statements 2018*

2018	*Registered office*	*Owner/ voting share*	*Net profit 2017**	*Equity 31.12.2017**	*Carrying amount*
ParCar AS (group)	Norway	36,45%	2 240	23 444	8 201
Total					**8 201**

** Financial information from statutory financial statements 2017*

Höegh Autoliners Holding AS 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.

As a consequence of a reduction in the excess values for vessels owned by subsidiaries of Höegh Autoliners Management AS, an impairment of the value of the investment has been recognised to reflect this reduction.

(Amounts in tables USD 1 000)

7 Non-current receivables group companies

	2019	2018
Höegh Autoliners Shipping AS	667 114	736 335
Höegh Autoliners Shipping Pte Ltd.	159 348	152 732
Total	**826 462**	**889 066**

8 Current receivables/(payables) group companies

2019	Current receivables	Current payables	Total
Höegh Autoliners Management AS	506	-	506
Höegh Autoliners Shipping AS	80 490	(7 756)	72 734
Total	**80 995**	**(7 756)**	**73 240**

2018	Current receivables	Current payables	Total
Höegh Autoliners Management AS	16	-	16
Höegh Autoliners Shipping AS	41 797	(13 649)	28 148
Total	**41 813**	**(13 649)**	**28 164**

9 Cash

Höegh Autoliners Holdings AS 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 Holdings AS.

10 Non-current and current interest bearing debt

2019 Interest bearing debt	Non-current	Current	Total
Mortgage debt	524 625	77 000	601 625
Arrangement fee mortgage debt	(634)	(1 416)	(2 050)
Accrued interest	-	4 059	4 059
Total	**523 991**	**79 643**	**603 634**

2018 Interest bearing debt	Non-current	Current	Total
Mortgage debt	601 625	38 500	640 125
Arrangement fee mortgage debt	(2 050)	(1 609)	(3 658)
Accrued interest	-	4 905	4 905
Total	**599 575**	**41 797**	**641 372**

Mortgage debt	Maturity	Outstanding amount
USD 1 000 million senior secured facility	July 2021	601 625

In January 2018, the Company agreed on a deferral of instalments on the loan facility for the years 2018 and 2019.

Security

The USD 1 000 million senior secured term loan and revolving credit facility is secured by mortgages in the majority of Group's vessels, with a book value of USD 1 009 million. In addition, the debt is secured by an assignment of earnings and insurances.

(Amounts in tables USD 1 000)

11 Events after the balance sheet date

There have been no events after 31 December that have a material effect on the financial statements for 2019.

12 Contingent liabilities

Since 2012, the Group has been subject of the global cartel investigation in the PCTC industry, and this is still ongoing. The Group has 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.

To the General Meeting of Höegh Autoliners Holdings AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company Höegh Autoliners Holdings AS (the Company), which comprise the statement of financial position as at 31 December 2019, the statement of income and the 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 Holdings AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, 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.

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws and regulations, 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.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 11 March 2020
PricewaterhouseCoopers AS

Bjørn Rydland
State Authorised Public Accountant

(3)

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APPENDIX D

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF HÖEGH AUTOLINERS ASA FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

HÖEGH AUTOLINERS

Quarterly Report
Q3 2021

Contents

Letter from our CEO

"We are pleased to see a strong ongoing recovery in freight rates and volume, following the Covid disruption period. We are also excited to have secured delivery of the first multi-fuel and ammonia ready Aurora class vessels in 2024. The Aurora class will bring cargo efficiency to a new level and put us in the forefront of sustainable shipping."

Andreas Enger, CEO

Höegh Autoliners is delivering improved operational results in third quarter. We see an increase in volumes and net rates with repricing of cargo in several markets. A growing demand for HH, BB and electric vehicles provides further upside in improved cargo mix and earnings potential. Höegh Autoliners expects the tight capacity market development to also influence the next quarter favourably as deep-sea volumes recover.

The outstanding balance on the loan facility maturing on 15 July 2021 has been successfully refinanced until 2025.

A Letter of Intent is signed with China Merchants Heavy Industry, to build a series of multi-fuel and ammonia ready Aurora class vessels, with the first vessels for delivery already in 2024. The order is placed in a market seeing highly attractive fundamentals, with orderbook-to-fleet ratio near its all-time low and an aging fleet leaving room for further scrapping. Our transformational new-building programme is an important step for the company in the path towards zero emission.

Photo: © Höegh

To invest in future technology and newbuilds to further strengthen our service offering, we are planning a private placement followed by a stock listing on Euronext Growth in Q4.

Highlights Q3 2021

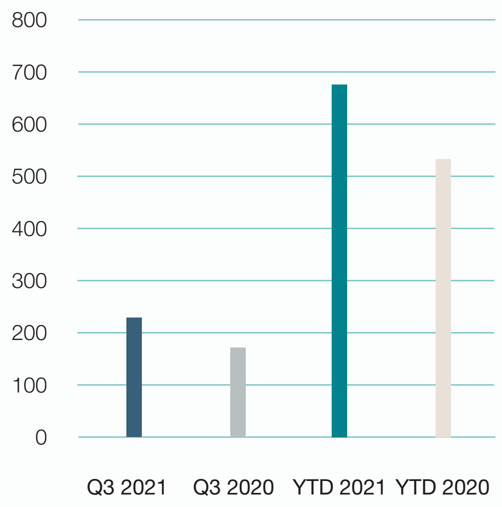
- The market recovery continued in Q3 and adjusted EBITDA increased 28% YoY and 19% QoQ.
- A tight capacity market has led to an increase in net rate and repricing of cargo in several markets.
- The semiconductor chip shortage has led to increased volatility in certain markets and trade lanes.
- The company's main loan facility was successfully refinanced in July at market terms.

Consolidated results and key figures

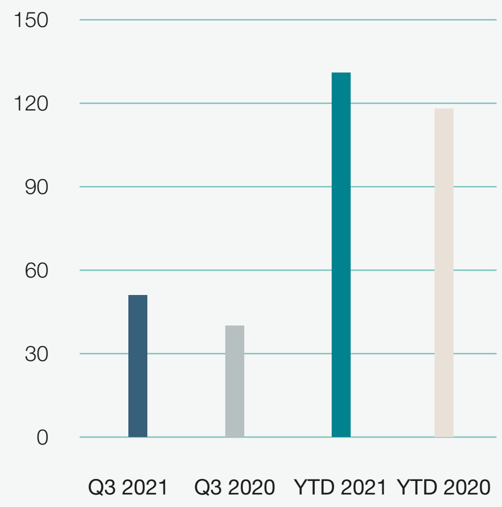
USD million	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Total revenue	229	240	171	676	533
EBITDA	45	43	39	124	127
Profit/(loss) for the period	(9,1)	0,6	(9,5)	(15,1)	(32,6)
EBITDA adjusted [1)]	51	43	40	131	118
Cash and cash equivalents	77	78	88	77	88
Cash flow from operations	41	19	38	103	112
Net interest bearing debt [1)]	646	628	762	646	762
Equity ratio	38 %	39 %	35 %	38 %	35 %

1) See section Alternative Performance Measures for reconciliation

Total revenue



EBITDA adjusted



Financial performance

Freight revenues in Q3 2021 were USD 229 million compared to USD 240 million in Q2 2021 and USD 171 million in Q3 2020. EBITDA in Q3 2021 was USD 45 million compared to USD 43 million in Q2 2021 and USD 39 million in Q3 2020. Adjusted EBITDA in Q3 2021 was USD 51 million compared to USD 43 million in Q2 2021 and USD 40 million in Q3 2020.

Net loss in Q3 2021 was USD 9.1 million compared to a net profit of USD 0.6 million in Q2 2021 and a net loss of USD 9.5 million in Q3 2020. The net loss in Q3 2021 is highly affected by a debt modification loss related to the refinancing of the loan facility, where the revised cash flow under new loan terms has been remeasured using the original effective interest rate. This adjustment to the amortised cost of the loan will be amortised as a catch-up in the profit or loss.

The Quarter-on-Quarter increase in operating results is a result of higher volumes, higher net rates and increase in BAF revenues. The increase from Q3 2020 is mainly caused by higher activity in general as Q3 2020 was hit by considerable volume reductions following from the Covid -19 shut down.

Increased bunker prices and operational delays and inefficiency caused by Covid -19, put some pressure on the Q3 2021 results. Freight revenues YTD 2021 were USD 676 million compared to USD 533 million in YTD 2020.

EBITDA YTD 2021 was USD 124 million compared to USD 127 million in YTD 2020. Adjusted EBITDA YTD 2021 was USD 131 million compared to USD 118 million YTD 2020.

Net loss YTD 2021 was USD 15 million compared to USD 33 million YTD 2020.

Cash flow and financing

Cash flow from operations was USD 41 million for Q3 2021 compared to USD 19 million in Q2 2021 and USD 38 million for the same quarter last year. USD 103 million YTD 2021 compared to USD 118 million YTD 2020. Cash and cash equivalents were USD 77 million at the end of Q3 2021 compared to USD 78 million at the end of Q2 2021 and USD 115 million at the end of Q4 2020.

The book equity ratio was 38% at the end of Q3 2021, down from 39% at the end of Q2 2021 and up from 37% the end of Q4 2020.

The outstanding balance on the loan facility maturing on 15 July 2021 has been refinanced for 3.5 years with new maturity on 30 January 2025. The annual instalments for the refinanced facility are USD 80 million. A debt modification loss of USD 10 million was recognised in Q3 2021 due to change in the amortised cost calculation following the refinancing.

Net interest-bearing debt was USD 646 million at the end of Q3 2021 compared to USD 628 million at the end of Q2 2021 and USD 762 million at the end of Q3 2020.

Fleet

The Group currently operates a fleet of 40x PCTC vessels, of which 27x are owned and 13x are chartered in, with capacity ranging from 2,300 to 8,500 CEU, with an average capacity of ~6,700 CEU. As part of balancing the capacity following the pandemic in 2020, several vessels were temporarily taken out of operation, however only two vessels went into cold lay-up. In addition, one small vessel was sold in October 2020 and further two smaller vessels were sold during Q1 2021. The vessels in cold lay-up were reactivated during the first half of 2021.

In the beginning of October 2021, the company signed a Letter of Intent (LoI), with China Merchant Heavy Industry for the building of a series of multi-fuel and ammonia ready Aurora class vessels. 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. Under the terms of the LoI, the first two vessels will already be delivered in the second half of 2024.

Photo: © Höegh Autoliners

Market update

After a strong 1H 2021 when the global light vehicle (LV) demand and shipments improved faster than anticipated, global demand in Q3 has been affected by several adverse factors. Through the summer months, vehicle supply and inventory pressures kept building due to increasing semiconductors' shortages as well as other supply chain disruptions. Recovery prospects lost some momentum as vehicle output levels struggled to rebound to pre-pandemic levels.

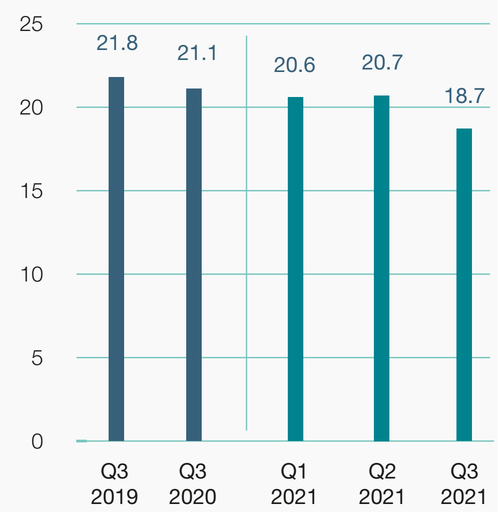
On the other hand, global H&H equipment sales performed strongly and are poised for a multiyear recovery, but also in this cargo segment supply chains disruptions will stretch pent-up demand in time.

Light vehicle market - Global level

Global LV demand struggled to continue recovering in Q3. Semiconductor shortages were a major issue, but also acute pressures on other key components, logistics, commodity prices, and workforces, alongside further COVID-19 effects were hindering the demand recovery. The auto industry continued its efforts to rebuild inventories and support recovering demand. Forecast for 2021 has been trimmed in September to reflect this unprecedented set of circumstances - a "perfect storm" clouding the outlook.

In the U.S., overall consumer spending trends and economic conditions remained positive, but auto demand has been curtailed by constrained domestic production, hit hard by chips and worker shortages, with already-tight dealer inventories running dangerously low. Similarly, in Europe, supply chain and virus concern depressed vehicle output levels and sales. The 2021 Western and Central European demand forecast has been downgraded to 14 million units, up just 1.3% on 2020.

IHS Oct 2021 Global light vehicle sales (m units)

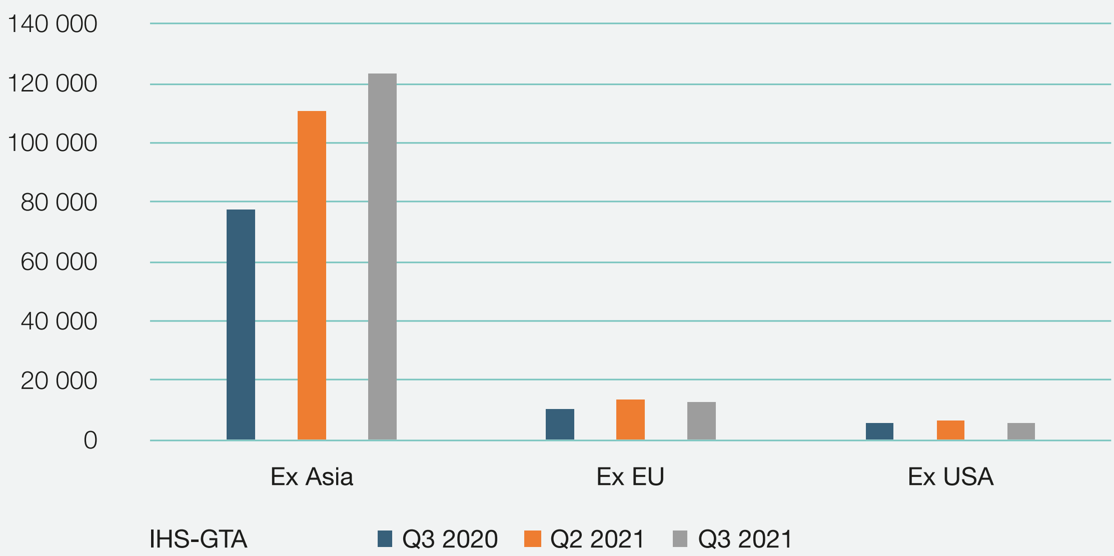


H&H shipments in HA destination markets

Global Q2 demand for equipment within H&H segment continued to improve significantly. This was reflected in strong exports growth of all three major H&H cargo types i.e., construction, mining, and farm equipment in Höegh Autoliners' trade network.

Global construction equipment demand has not been significantly affected by the COVID-19 lockdowns. Shipments recovered rapidly since the second half of 2020. Shipments of main construction equipment types from Asia were particularly strong during Q2. Exports from Japan and China combined were up 70% Y-Y and up 7% Q-Q.

Deepsea Construction equipment shipments



H&H markets

Global Q3 demand for equipment within H&H segment continued to improve significantly. This was reflected in strong exports growth of all three major H&H cargo types i.e., construction, mining and farm equipment in Hoegh Autoliners trade network.

Global construction equipment demand has not been significantly affected by the COVID-19 lockdowns. Total shipments of main construction equipment types recovered rapidly since the second half of 2020 and continued their strong recovery into 2021. Shipments from Asia, the dominating manufacturing region, were particularly strong during Q3. Exports from Japan and China combined were up 64% Y-Y and up 6% Q-Q, driven mainly by strong equipment exports from China (up 94% Y-Y).

Q3 shipments of mining equipment continued to reflect general mining market improvement. Miners were focusing on restocking following the contraction that ended in Q3 2020 and on prospects for growth in mining capital expenditure. Large surface equipment shipments index was up by 23% Y-Y (in unit volumes) and by 4% in value terms.

The largest gains were in shipments to Australasia, Africa, North America and Russia.

Sales of farm equipment were improving in Q3 in major markets, supported by strong farm commodity prices propping up farmers' incomes and spending. Australia, a large agriculture producer and exporter, has seen a boom in sales of tractors and other equipment in 2020. Sales were highest since 1980. Positive sales momentum continued in 2021. Sales of agricultural tractors are on track to reach 16.000 units sold this year, which is 30% ahead of the previous year. The demand has faced significant supply chain challenges and long lead times.

Health, Safety, Security & Environment (HSSE) update

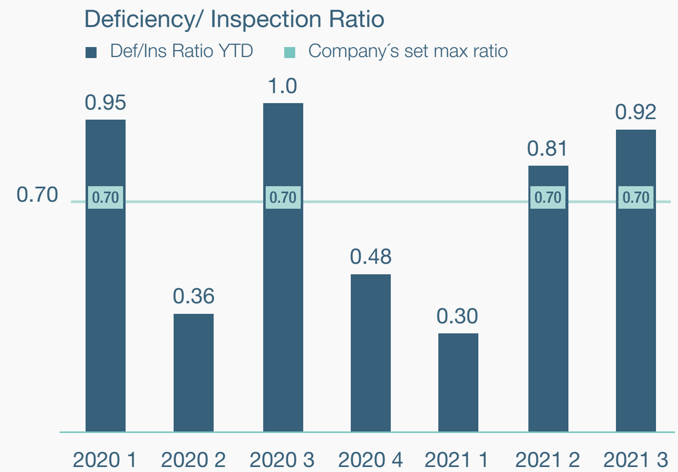
Health, safety and security

At the onset of COVID-19 in 2020, the company introduced stringent policies, procedures and measures to ensure the health and safety of our people, which included introducing home working, targeted wellbeing initiatives and leadership development in addition to comprehensive infection control and crew change procedures for our seafarers. Whilst these measures have contributed a maintaining operational productivity, we are pleased that in some regions where the COVID-19 pandemic is under control we are able to focus on a return to more normal working environments.

We have, by a combined effort from our crewing offices and port agents and Seafarers Welfare Centers been able to source for vaccines for our crew. Currently over 92% of our seafarers are fully vaccinated. Our crew continue to follow stringent routines both on board and in port, ensuring we deliver reliable transportation services for our customers. One of the greatest challenges during the pandemic have been to perform crew changes on time and within the COVID restrictions that have been imposed both in home country and country of embarkation/disembarkation. Special focus has been placed on carrying through scheduled crew changes and to repatriate as many as possible of our crew at the end of their contract period. By the end of third quarter 2021 26% of crew had extended their contract, compared to 38% by end Q2 and 30% by the end of Q1. By end Q3 three crew had extended beyond 11 months, compared to none by end of Q2. All extensions have been caused by restrictions outside of our control and all crew have extended their contract voluntarily.

To ensure that Höegh Autoliners abides to the international provisions of ship safety, protection of the marine environment and the requirements for working and living conditions of seafarers, we continuously monitor performance and proactively works to eliminate causes for deficiencies in port state controls. We have a close follow up of the crew from our crewing teams, to monitor their welfare and mental conditions.

Höegh Autoliners deploys active safety management systems within both off- and on-shore environments to protect staff and safeguard against occupational hazards. We initiated a safety campaign onboard our vessels in late 2020, in order to reduce our exposure for unwanted events further. The safety campaign involves remotely assisted training and assessment performed by third party service provider, and internal training and follow up by our technical team. The yearly goal is to have a ratio not exceeding 0.7.



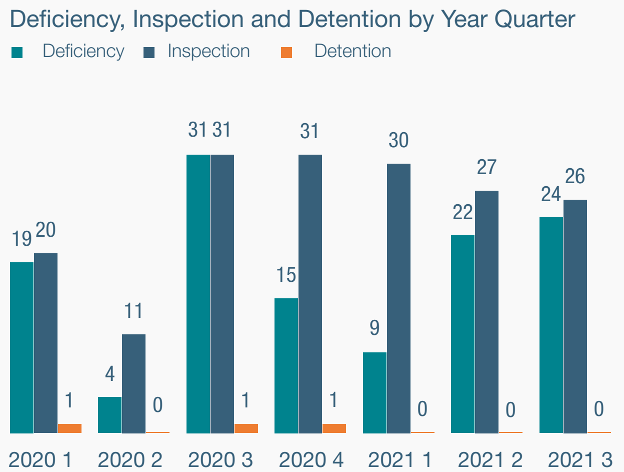
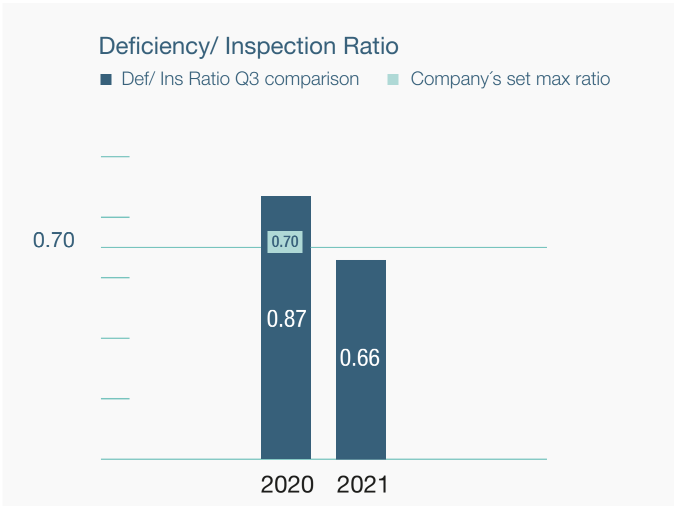


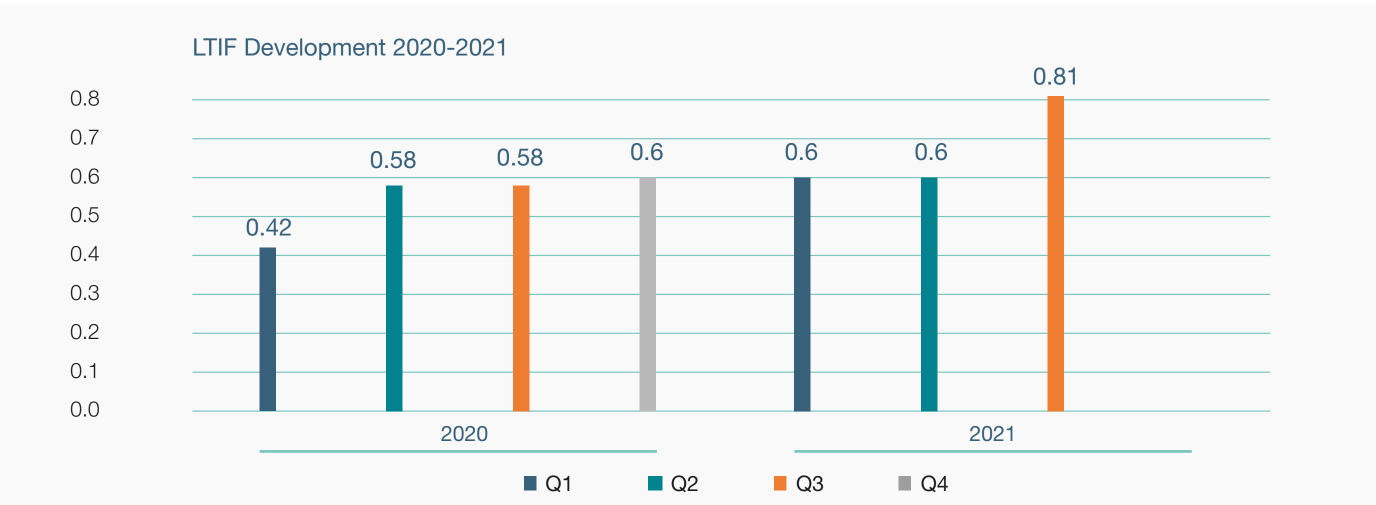
Photo: © Höegh Autoliners

We see that despite an increased number of inspections, the Deficiency/Inspection Ratio have decreased from 0.87 to 0.66 in combination with zero detentions for YTD 2021. The Deficiency/inspection rate is lower than our target of 0.70 and zero detentions is aligned with target.



The LTIF rate per quarter is reported on 12 months rolling basis and varies depending on number of incidents and number of crew on board. The LTIF rate at end of Q3 2021 was 0.81 which shows a negative development compared to 0.60 in the Q4 2020 and Q1 2021, and slightly above our target of 0.70, but however lower than the Maritime Industry average

LTIF of 1.00. 50% of the LTI cases for 2021 are none work related.

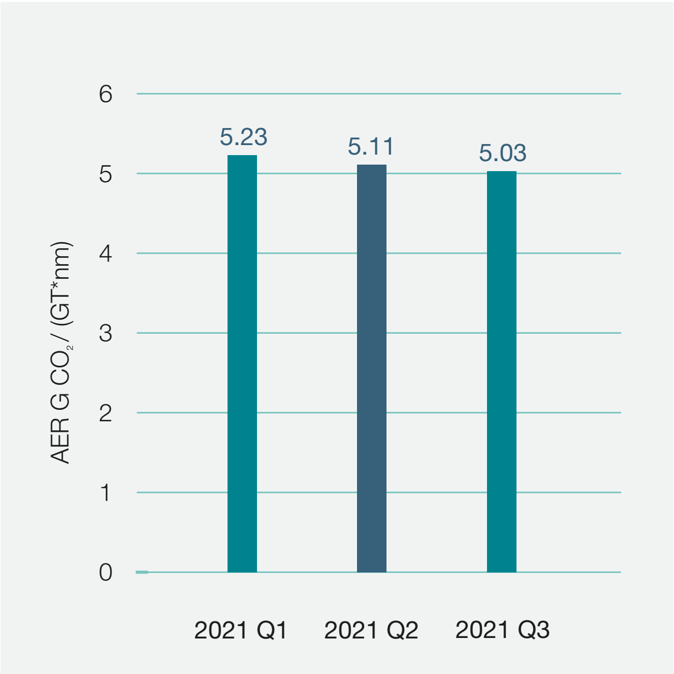


ESG/Sustainability

Höegh Autoliners has a solid history on emission cuts and long-term efforts to combating climate change. Since 2008, the company has achieved an improved carbon intensity of 37 per cent in its fleet and is well on track to meeting the IMO's 2030 40% intensity reduction target.

Our main emission challenge as a shipping company is emissions to air. To meet this challenge, we commit to use only compliant fuel and focus our efforts on reducing our vessels' fuel consumption. Höegh Autoliners focuses both on ambitious fuel savings programs and on hull/machinery modifications. Our overall ambition is to be carbon neutral by 2040. To quantify our emissions, we continuously monitor the Annual Efficiency Ratio (AER).

Annual Efficiency Ratio (AER) data for past quarter is presented in the graph below.



The AER shows a positive development during 2021. The reduction is mainly due to improved weather in the northern hemisphere and marginally reduced speed from Q2 to Q3.

The calculations of Annual Efficiency Ratio (AER) are based on the data submitted for Q3 2021. Carbon intensity for the current year and quarter is based on unverified DCS data and may change after the final verification in beginning of each calendar year. Höegh Autoliners uses DNV for verification of AER data.

Risk and uncertainties

The Group's performance and growth depends heavily on the demand for deep-sea transportation of cars, high and heavy machinery and break-bulk cargo. The supply of vessels built, and old vessels recycled, converted to other uses or lost, as well as government and industry regulation of maritime transportation, also impact the Group. An increase in the supply of vessels or other vessel capacity without a corresponding increase in demand for transportation, could cause freight rates to decline. An oversupply of vessels that can cause pressure on rates may materially adversely affect Group's business, financial condition, cash flow, results of operations and/or prospects.

Photo: © Höegh Autoliners

The Group is also exposed to risk in respect of fuel oil costs. Fuel oil prices are affected by the global political and economic environment. The risk is managed by fuel oil adjustment clauses in freight contracts, and by entering into forward fuel oil contracts if applicable. Other risks that are taken into account are credit risk, interest rate risk and liquidity risk. Management does not expect the exposure to these risks to change materially and cause a significant impact on the financial results for Höegh Autoliners for the remaining part of 2021.

After the outbreak of the Covid-19 pandemic, the global economy has been experiencing a period of uncertainty. Authorities worldwide have adopted strict measures to reduce and slow its spread. These measures also impact global economic activity, and the Group has experienced negative impacts on the demand for ocean transportation of cargo. While the business activity and operational results now are coming back to pre-pandemic levels, there are still operational challenges such as travel limitations, congestion in ports and other effects disturbing global supply chains.

Outlook

We continue to see improvement in the global shipping market with strong volumes and higher net rates especially for cargo out of Asia. Even with more stable market conditions, there are still operational challenges due to COVID-19 restrictions, delays in supply of semiconductor chips and fleet capacity constraints impacting the overall results.

The continued increase in fuel cost gives some negative effects as it takes time to recover the higher prices through BAF compensation.

Oslo, 18 November 2021
Board of directors, Höegh Autoliners ASA

Consolidated interim financial statements

Photo: © Unsplash

Consolidated statement of comprehensive income

(USD 1 000)	Notes	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Total revenues	2	229 326	170 753	675 581	533 467	736 691
Other income		-	159	-	10 153	10 412
Bunker expenses		(55 715)	(29 439)	(151 833)	(111 571)	(145 104)
Voyage expenses and other operating expenses		(95 062)	(74 896)	(296 663)	(217 784)	(307 792)
Charter hire expenses		(5 358)	(2 662)	(20 628)	(9 985)	(14 210)
Running expenses		(24 374)	(21 470)	(70 407)	(66 264)	(88 543)
Administrative expenses		(4 231)	(3 368)	(11 898)	(11 034)	(16 301)
Operating profit before depreciation, amortisation and impairment (EBITDA)		**44 586**	**39 077**	**124 152**	**126 983**	**175 152**
Profit/ (loss) from associates and joint ventures		-	(5)	-	384	463
Gain/(loss) on sale of assets		12	(2 413)	(160)	(2 400)	(2 651)
Impairment	3	-	-	-	-	(8 194)
Depreciation	3	(32 246)	(38 789)	(101 933)	(120 146)	(153 020)
Operating profit/(loss) before financial items		**12 353**	**(2 131)**	**22 059**	**4 820**	**11 750**
Interest income		13	84	35	375	341
Interest expenses	4	(8 373)	(10 150)	(24 715)	(36 510)	(44 558)
Income from other financial items	4	418	4 032	3 086	4 748	4 980
Expenses from other financial items	4	(16 217)	(881)	(18 253)	(6 286)	(5 184)
Profit/(loss) before tax from continued operations		**(11 805)**	**(9 047)**	**(17 787)**	**(32 852)**	**(32 671)**
Tax income / (expense)		2 699	(205)	2 699	(355)	(936)
Profit/(loss) from continued operations		**(9 106)**	**(9 252)**	**(15 088)**	**(33 208)**	**(33 607)**
Discontinued operations						
Profit/(loss) for the year from discontinued operations		-	(268)	-	644	14 935
Profit/(loss) for the period		**(9 106)**	**(9 521)**	**(15 088)**	**(32 564)**	**(18 672)**
Other comprehensive income **Items that may be reclassified to profit and loss:**						
Currency translation differences		(236)	(1 205)	(236)	(1 205)	369
Items that will not be reclassified to profit and loss:						
Remeasurement on defined benefit plans		-	-	22	78	(217)
Changes in fair value of equity investments		-	-	-	-	(1 039)
Other comprehensive income, net of tax		**(236)**	**(1 205)**	**(214)**	**(1 128)**	**(886)**
Total comprehensive income for the period		**(9 342)**	**(10 726)**	**(15 302)**	**(33 691)**	**(19 558)**
Earnings per share, continued operations (USD)		**(0,35)**	**(0,36)**	**(0,58)**	**(1,28)**	**(1,29)**
Earnings per share, discontinued operations (USD)		**-**	**(0,01)**	**-**	**0,02**	**0,57**
Earnings per share, (USD)	7	**(0,35)**	**(0,37)**	**(0,58)**	**(1,25)**	**(0,72)**

Consolidated statement of financial position

(USD 1 000)	Notes	2021 30.09	2020 30.09	2020 31.12
Assets				
Non-current assets				
Deferred tax asset		892	892	892
Vessels	3	942 397	1 006 499	978 161
Leased assets	3	210 766	265 599	217 921
Newbuildings and projects	3	13 211	16 722	12 294
Equipment	3	14 863	22 537	15 859
Investments in associates and joint ventures		8 196	12 186	8 960
Other non-current assets		1 636	1 280	1 288
Other non-current financial assets		2 654	4 495	2 834
Total non-current assets		**1 194 613**	**1 330 210**	**1 238 209**
Current assets				
Bunker		39 524	22 823	24 942
Vessels held for sale	3	4 192	-	13 610
Trade and other receivables		66 636	66 679	68 265
Prepayments		1 652	992	2 322
Other current financial assets		-	-	971
Cash and cash equivalents		77 053	87 737	115 148
Total current assets		**189 057**	**178 231**	**225 258**
Total assets		**1 383 670**	**1 508 442**	**1 463 467**

Consolidated statement of financial position *continued*

(USD 1 000)	Notes	2021 30.09	2020 30.09	2020 31.12
Equity and liabilities				
Equity				
Share capital	7	493 358	493 358	493 358
Share premium reserve		255 486	255 486	255 486
Retained earnings		(223 104)	(221 934)	(207 801)
Total equity		**525 741**	**526 910**	**541 043**
Non-current liabilities				
Pension liabilities		2 725	2 217	2 588
Deferred tax liabilities		21 482	24 720	24 214
Other non-current liabilities		9 369	10 693	7 343
Non-current interest bearing debt	5	380 423	-	-
Non-current lease liability	5	206 205	246 523	207 561
Total non-current liabilities		**620 203**	**284 153**	**241 705**
Current liabilities				
Current interest bearing debt	5	85 408	539 166	520 751
Trade and other payables		48 689	40 927	51 151
Income tax payable		188	198	482
Current accruals and provisions		52 308	51 080	45 042
Other current financial liabilities		-	1 576	7 586
Current lease liability	5	51 134	64 432	55 706
Total current liabilities		**237 727**	**697 378**	**680 718**
Total equity and liabilities		**1 383 670**	**1 508 442**	**1 463 467**

Consolidated statement of cash flows

(USD 1 000)	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020*
Cash flows from operating activities					
Profit/(loss) before tax	(11 805)	(9 047)	(17 787)	(32 852)	(32 671)
Financial (income)/ Expenses	24 158	6 894	39 846	37 651	44 421
Depreciation and amortisation	32 246	38 789	101 933	120 146	153 020
Impairment	-	-	-	-	8 194
(Gain)/loss on sale of tangible assets	(12)	2 413	160	2 400	2 651
Changes due to discontinued operations	-	268	-	(644)	(14 935)
Tax paid (company income tax, withholding tax)	(2)	(164)	(399)	(820)	(840)
Cash flow from operating activities before changes in working capital	**44 584**	**39 154**	**123 753**	**125 880**	**159 840**
Changes in Working Capital					
Trade and other receivables	2 800	(4 497)	1 384	19 712	19 567
Bunker	(287)	999	(14 582)	10 160	8 042
Prepayments	3 336	1 792	1 913	5 145	(124)
Trade and other payables	752	7 569	(12 175)	(36 162)	(25 938)
Accruals and provisions	(7 111)	(921)	2 188	1 876	3 414
Income tax payable	192	(342)	(148)	(537)	(253)
Other current liabilities	(828)	(859)	(1 537)	(291)	(330)
Other changes to working capital	(1 842)	(4 754)	2 318	(14 035)	3 043
Net cash flow provided by operating activities	**41 595**	**38 141**	**103 114**	**111 749**	**167 262**
Cash flows from investing activities					
Proceeds from sale of tangible assets	14	3 563	8 992	3 578	4 003
Investment in vessels, other tangible	(4 227)	(2 822)	(19 375)	(19 622)	(27 388)
Investments in joint ventures and associates	219	5 562	529	6 521	9 640
Sale of operations, net of cash sold companies	-	-	-	-	19 184
Net cash provided by/(used in) investing activities	**(3 994)**	**6 303**	**(9 854)**	**(9 524)**	**5 440**
Cash flows from financing activities					
Repayment of mortgage debt	(19 535)	(25 667)	(64 497)	(64 167)	(83 417)
Repayment of lease liabilities	(11 713)	(15 715)	(44 135)	(54 692)	(71 436)
Interest received	-	89	-	406	408
Interest paid on mortgage debt	(3 301)	(4 140)	(9 974)	(16 767)	(20 390)
Interest paid on lease liabilities	(4 108)	(6 469)	(11 655)	(20 229)	(21 990)
Other financial items	131	(157)	(1 094)	23	(1 666)
Net cash flow used in financing activities	**(38 526)**	**(52 059)**	**(131 355)**	**(155 425)**	**(198 491)**
Net change in cash during the period	(925)	(7 614)	(38 095)	(53 200)	(25 789)
Cash and cash equivalents beginning of period	77 978	95 351	115 148	140 938	140 938
Cash and cash equivalents end of period	77 053	87 737	77 053	87 737	115 148

* Restated

Consolidated statement of changes in equity

(USD 1 000)	Share capital	Share premium reserve	Retained earnings	Total
Equity 01.01.2020	493 358	255 486	(188 243)	560 602
Profit / (loss) of the period YTD 2020			(32 564)	(32 564)
Other comprehensive income YTD 2020			(1 128)	(1 128)
Equity 30.09.2020	**493 358**	**255 486**	**(221 934)**	**526 910**
Equity 01.01.2020	493 358	255 486	(188 243)	560 602
Profit / (loss) of the year			(18 672)	(18 672)
Other comprehensive income			(886)	(886)
Equity 31.12.2020	**493 358**	**255 486**	**(207 801)**	**541 043**
Profit / (loss) of the period YTD 2021			(15 088)	(15 088)
Other comprehensive income YTD 2021			(214)	(214)
Equity 30.09.2021	**493 358**	**255 486**	**(223 104)**	**525 741**

Notes

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Note 1 Basis of preparation and accounting policies

Principal activities and corporate information

Höegh Autoliners ASA is a public limited liability company, registered and domiciled in Norway, with its head office in Oslo. The consolidated interim accounts for the Group include Höegh Autoliners ASA with its subsidiaries.

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.

Basis of preparation

The Group's financial reporting is in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not contain all the information and disclosures required in an annual financial report and should be read in conjunction with the Group's annual report for 2020.

The interim consolidated financial statements have been prepared in accordance with the accounting principles followed in the Group's annual financial accounts for the year ended 31 December 2020. The interim financial information for 2021 and 2020 is unaudited.

All presented figures in this interim report are presented in US dollars and have been rounded to the nearest thousands and consequently, the sum of individual figures can deviate from the presented sum figure.

Use of judgements and estimates

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. Actual results may differ from these estimates. The important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for the interim financial statements as for the consolidated financial statements for 2020.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Management and the Chief Executive Officer (CEO), and are assessed, monitored, and managed on a regular basis.

Tax

The effective tax rate for the Group will, from period to period, change depending on the gains and losses from investments inside the exemption model and tax-exempt revenues from tonnage tax regimes.

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

Earnings per share

Calculation of basic earnings per share is based on the net profit or loss attributable to ordinary shareholders using the weighted average number of shares outstanding during the year after deduction of the average number of treasury shares held over the period.

The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share, while giving effect to all dilutive potential ordinary shares that were outstanding during the period.

Note 2 Total revenues

Category of services	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Voyage revenues	228 465	168 066	670 034	516 333	714 610
Time charter (TC) revenues	-	2 089	2 314	15 742	17 935
Terminal related revenues	861	599	3 233	1 392	4 145
Total revenues	**229 326**	**170 753**	**675 581**	**533 467**	**736 691**
Other income	-	159	-	10 153	10 412
Total income	**229 326**	**170 912**	**675 581**	**543 620**	**747 102**

Recognition principle					
Services transferred over time	228 465	170 155	672 348	532 075	732 545
Services transferred at point in time	861	599	3 233	1 392	4 145
Total revenues	**229 326**	**170 753**	**675 581**	**533 467**	**736 691**

Revenue from contracts with customers are recognised upon satisfaction of the performance obligation by transferring the promised good or service to the customer. Performance obligations for Freight revenues are satisfied over time through the progress of the voyage. As the service is delivered, the customer is receiving and consuming the benefits of the transport services the Group performs. Performance obligation for TC revenue is satisfied over the period the vessel is available to the lessee. Logistics revenues are recognised at a point in time as the performance obligation is satisfied when the service delivery is complete.

Note 3 Vessels, newbuildings, equipment and leased assets

30.09 2021	Vessels	Newbuildings & Projects *	Equipment	Leased Assets	Total
Cost at 01.01	1 984 932	12 294	32 237	354 367	2 383 830
Additions	1 111	17 477	795	41 123	60 505
Transfer from newbuilding and projects	16 533	(16 533)	-	-	-
Remeasured leases	-	-	-	(1 829)	(1 829)
Disposals	-	(27)	(780)	(43 063)	(43 871)
Cost at 30.09	**2 002 576**	**13 211**	**32 251**	**350 598**	**2 398 636**
Accumulated depreciation and impairment at 01.01	(1 006 771)	-	(16 377)	(136 446)	(1 159 594)
Depreciation	(53 716)	-	(1 768)	(46 449)	(101 933)
Reclassification to assets held for sale	308	-	-	-	308
Disposals	-	-	757	43 063	43 821
Accumulated depreciation and impairment at 30.09	**(1 060 180)**	**-**	**(17 387)**	**(139 832)**	**(1 217 399)**
Net carrying amount at 30.09	**942 397**	**13 211**	**14 863**	**210 766**	**1 181 236**
Cost at 30.09 vessels held for sale	47 477	-	-	-	47 477
Accum. depreciation and impairment at 30.09 vessels held for sale	(43 285)	-	-	-	(43 285)
Net carrying amount at 30.09 **	**4 192**	**-**	**-**	**-**	**4 192**
Book value sold assets	9 110	27	15	-	9 152
Sales price	8 949	-	43	-	8 992
Gain / (loss)	**(161)**	**(27)**	**28**	**-**	**(160)**

* Newbuildings & Projects mainly relates to investments in IT-projects.

** One vessel is reclassified as asset held for sale at 30.09, and has received write-downs to the expected sales value. Two vessels classified as held for sale at 31.12.20 have been sold in first half of 2021.

2020	Vessels	Newbuildings & Projects *	Equipment	Leased Assets	Total
Cost at 01.01	2 189 506	11 436	55 747	426 593	2 683 281
Additions	11 419	14 933	1 036	-	27 388
Transfer from newbuilding and projects	14 061	(14 061)	-	-	-
Remeasured leases	-	-	-	(19 090)	(19 090)
Reclassification to assets held for sale	(135 147)	-	-	-	(135 147)
Sales of operations	-	-	(6 981)	(16 504)	(23 485)
Disposals	(94 906)	(14)	(17 565)	(36 632)	(149 116)
Cost at 31.12	**1 984 932**	**12 294**	**32 237**	**354 367**	**2 383 830**
Accumulated depreciation and impairment at 01.01	(1 135 546)	-	(33 206)	(97 259)	(1 266 011)
Depreciation	(73 548)	-	(2 560)	(76 911)	(153 020)
Impairment	(8 194)	-	-	-	(8 194)
Reclassification to assets held for sale	121 537	-	-	-	121 537
Sales / disposals of operations	-	-	2 539	2 494	5 033
Disposals	88 979	-	16 851	35 230	141 060
Accumulated depreciation and impairment at 31.12	**(1 006 771)**	**-**	**(16 377)**	**(136 446)**	**(1 159 594)**
Net carrying amount at 31.12	**978 161**	**12 294**	**15 859**	**217 921**	**1 224 235**
Cost at 31.12 vessels held for sale	135 147	-	-	-	135 147
Accum. depreciation and impairment at 31.12 vessels held for sale	(121 537)	-	-	-	(121 537)
**Net carrying amount at 31.12 ** **	**13 610**	**-**	**-**	**-**	**13 610**
Book value sold assets	5 927	14	714	-	6 655
Sales price	3 557	-	447	-	4 003
Gain / (loss)	**(2 370)**	**(14)**	**(267)**	**-**	**(2 651)**

* Newbuildings & Projects mainly relates to investments in IT-projects.

** Three vessels are reclassified as assets held for sale at 31.12, and have received write-downs to the expected sales value, comprising the full impairment amount for 2020 of USD 8.2 million.

Note 4 Financial income and expenses

Interest expenses	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Interest mortgage debt	3 901	2 984	10 959	14 852	19 927
Other interest expense to banks	31	26	67	-	-
Capitalised interest on newbuildings	-	-	-	-	-
Interest on lease liabilities	4 108	6 314	11 655	19 734	21 395
Other interest expenses	333	827	2 034	1 924	3 236
Total	**8 373**	**10 150**	**24 715**	**36 510**	**44 558**

Other financial items

Income from other financial items	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Dividends	-	-	-	1	2
Gain on interest rate swaps	323	796	2 022	155	991
Gain on currency exchange	0	1 353	934	1 474	3 320
Gain on shares**	-	1 265	-	1 265	651
Other financial items	96	617	130	1 853	16
Total	**418**	**4 032**	**3 086**	**4 748**	**4 980**

Expenses from other financial items	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Loss on interest rate swaps	-	-	-	-	-
Loss on currency exchange	277	-	2 704	1 148	-
Loss on bunker cap	-	-	-	2 867	2 867
Loss on shares**	89	-	177	37	1 354
Other financial items*	15 850	859	15 373	2 212	963
Total	**16 217**	**859**	**18 253**	**6 264**	**5 184**

* Other financial items for 2021 and 2020 include debt modification loss on the refinanced loan facility.

** Gain on shares is related to sale of shares in Maputo Car Terminal. Loss on shares is related to liquidation of Euro Marine Carriers and sale of shares in Fast Terminal Internacional S.A and Horizon Auto Logistics S.A.

Note 5 Interest bearing debt

Interest bearing debt	30 Sep 2021	30 Sep 2020	31 Dec 2020
Non-current mortgage debt	373 711	-	-
Non-current debt modification	6 711	-	-
Total non-current interest bearing debt	380 423	-	-
Non-current lease liabilities	206 205	246 523	207 561
Current mortgage debt *	80 000	537 458	518 208
Accrued interest	2 531	1 063	2 181
Current debt modification & arrangement fee	2 876	644	362
Current lease liabilities	51 134	64 432	55 706
Total interest bearing debt	**723 169**	**850 120**	**784 018**
Cash and cash equivalents	77 053	87 737	115 148
Net interest bearing debt	**646 116**	**762 383**	**668 870**

* The mortgage debt has been classified as current liabilities at 31 Dec 2020 and 30 Sep 2020 as maturity date is less than12 months.

The following repayment schedule reflects the refinanced mortgage debt concluded on 15 July 2021, in event of an IPO.
If there is no IPO, the mortgage debt falls due in 2023.

Repayment schedule for interest bearing debt	Mortgage debt	Leasing commitments	30 Sep 2021
Due in 2021	20 000	13 292	33 292
Due in 2022	80 000	46 222	126 222
Due in 2023	80 000	37 590	117 590
Due in 2024	80 000	32 581	112 581
Due in 2025 and later	193 711	127 654	321 366
Total repayable interest bearing debt	**453 711**	**257 339**	**711 050**
Debt modification	9 588	-	9 588
Book value interest bearing debt	**463 299**	**257 339**	**720 638**

Note 5 Interest bearing debt *continued*

Reconciliation of liabilities arising from financial activities			Non - cash changes			
Liabilities 2021	31.12.2020**	Cash flows	Fair value changes	Other changes*	New liability	30.09.2021
Non-current interest bearing debt	-	-	-	373 711	6 711	380 423
Current interest bearing debt	520 751	(64 497)	-	(373 723)	2 876	85 408
Non-current lease liabilities	207 561	-	-	(36 653)	35 297	206 205
Current lease liabilities	55 706	(42 881)	-	32 484	5 825	51 134
	784 018	**(107 378)**	**-**	**(4 181)**	**50 710**	**723 169**

* 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 LIBOR adjustments.

** Restated

Reconciliation of liabilities arising from financial activities				Non - cash changes			
Liabilities 2020	Note	31.12.2019	Cash flows	Fair value changes	Other changes*	New liability	31.12.2020**
Non-current interest bearing debt		524 987	-	-	(524 987)	-	-
Current interest bearing debt		82 113	(83 412)	-	522 050	-	520 751
Non-current lease liabilities		290 465	-	-	(90 770)	7 866	207 561
Current lease liabilities		83 633	(71 436)	-	41 687	1 822	55 706
		981 198	**(154 847)**	**-**	**(52 021)**	**9 688**	**784 018**

* Other changes relate mainly to reclassifications of non-current and current portions of lease liabilities and interest bearing debt, remeasured lease liabilities due to LIBOR adjustments and derecognition of discontinued operations.

** Restated

Mortgage debt	Maturity	Outstanding amount
USD 1 000 million senior secured	January 2025	453 711
Total mortgage debt		**453 711**

Security

The USD 1 000 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 880 million. In addition, the debt is secured by an assignment of earnings and insurances.

Note 6 Segment reporting

The Group has two operating segments, Shipping services and Logistics services. The Logistics segment represents less than 10% 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 30 September 2021 and has reported information as one combined segment.

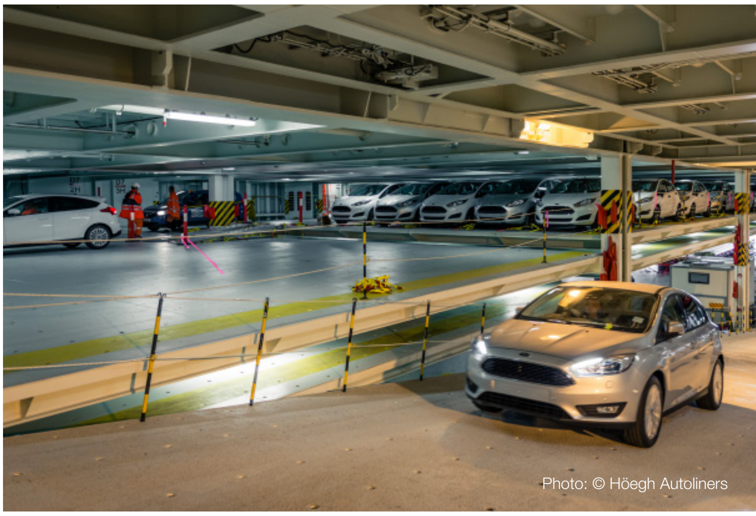
Photo: © Höegh Autoliners

Note 7 Shares

Earnings per share takes into consideration the number of outstanding shares in the period. However, the company had no outstanding shares in the period.

Basic earnings per share is calculated by dividing profit for the period after non-controlling interest, by average number of total outstanding shares (adjusted for average number of own shares). Basic and diluted earnings per share for the third quarter was negative with USD 0.35 compared with negative USD 0.37 in the same quarter last year.

Share capital 30 September 2021	
Number of shares	25 996 107
USD million	493.4

Photo: © Höegh Autoliners

Note 8 Transactions with related parties


Photo: © Höegh Autoliners

Höegh Autoliners Management AS delivers operational, financial and administrative services to other companies in the Group. Höegh Technical Management Holding Pte. Ltd. delivers technical and crewing services to Höegh Autoliners Shipping AS and Höegh Autoliners Shipping Pte. Ltd.

The Group has three vessels under US flag with Maersk Lines Ltd. and Farrell Lines during the first half of 2021. All three vessels are owned as individual US Trusts. Each vessel is on a bareboat charter to Maersk Lines or Farrell Lines from the Trusts and Höegh Autoliners Shipping AS has the vessels on time charter from Maersk Lines Ltd. As of 30 September 2021, Höegh Autoliners Shipping AS has an outstanding receivable of USD 17.1 million. Transactions between Maersk and Höegh Autoliners Shipping amount to USD 32.6 million for the first nine months of 2021.

Höegh Autoliners ASA holds a 36.45% interest in ParCar AS and has an outstanding receivable of USD 1.2 million as of 30 September 2021. ParCar Shipholding AS, which is 100% owned by ParCar AS, leases Höegh Copenhagen on a bareboat lease to Höegh Autoliners Shipping AS. Transactions between ParCar and Höegh Autoliners amount to USD 5.4 million for the first nine months of 2021.

A co-investment agreement was entered into on 2 June 2020 between the Company, the Group's CEO Andreas Enger and Leif Höegh & Co Holdings AS to govern the CEO's investment in the Company following a successful refinancing. On 10 August 2021, this agreement was executed by the CEO's wholly owned company Damgård Invest AS investing NOK 9 million, and Damgård Invest receiving a derivate giving Damgård Invest economic rights and risks as if it was a shareholder in the Company owning 339,534 Shares (the "Derivative"), but without shareholder rights.

The Derivative has been valued using a method which combines DCF based on business plan and budget approved by the Board of Directors and a forward EBITDA multiple based on listed peers. The value of the Derivative has been reduced due to no or little trade in the shares and lack of control over ownership decisions as it is a minority stake. By the end of Q3 the Derivative was valued to USD 3.3 million and is classified as non-current liabilities in the financial statements of the group. The initial valuation of the Derivative was negatively impacted due to a less favourable outlook for the Company's EBITDA in 2021 and 2022 when the initial valuation was done.

The Derivative shall be terminated against delivery of shares in the Company corresponding to 1.3061 % of the shares in the Company upon certain events, including initiation of a listing of the Company on Euronext Growth Oslo. 1/3 of the shares are subject to lock-up until 10 August 2022, 1/3 of the shares are subject to lock up until 10 August 2023, and 1/3 of the shares are subject to lock up until 10 August 2024.

Note 9 Subsequent events

Photo: © Höegh Autoliners

Newbuildings

In October 2021, the company signed a letter of Intent (LoI) with China Merchant Heavy Industry to build a series of its multi-fuel and ammonia ready Aurora class vessels. Under the terms of the LoI, the first two vessels will already be delivered in the second half of 2024. 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.

Share capital increase

On 5 November 2021, the Board of Directors and AGM of the Company decided to increase the share capital by NOK 36,466,862 from NOK 2,755,587,342 to NOK 2,792,054,204 by transfer of funds from other equity. The share capital increase was done by issuance of 344,027 shares, each with a nominal value of NOK 106. Upon completion of the transaction the shares will be delivered to Damgård Invest.

Share split

On 10 November 2021, the Company's general meeting resolved to split the Company's shares in the ratio 1:5.

Stock listing - IPO

A stock listing on Euronext Growth is planned for Q4 2021.

Alternative Performance Measures (APMs)

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 Autoliner's 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.

USD million	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Reconciliation of Total revenues to EBITDA and Adjusted EBITDA				
Total revenues (incl other income)	229	171	676	544
Operating expenses	(185)	(132)	(551)	(417)
EBITDA	**45**	**39**	**124**	**127**
Other income (insurance settlement)	-		-	(9)
Anti-trust expenses	6	1	7	1
Adjusted EBITDA	**51**	**40**	**131**	**118**

USD million	30 Sept 2021	30 Sept 2020	31 Dec 2020
Net interest bearing debt			
Non-current interest bearing debt	380	-	-
Non-current lease liability	206	247	208
Current interest bearing debt	85	539	521
Current lease liability	51	64	56
Less Cash and cash equivalents	77	88	115
Net interest bearing debt	**646**	**762**	**669**

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